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Ambiente Risorse Sviluppo



**Preparation of Destination Management Organization (DMO)
Development Model for the Republic of Armenia**

Ref. Number: DMO-01

ASSIGNMENT 1

TASK 2

Local Context Analysis

Deadline: 07.11.2022

ARS Progetti SPA

in association with ARPA Environmental Foundation



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ABBREVIATIONS

Abbreviation	Definition
AUA	American University of Armenia
BA	Business Armenia
CJSC	Close Joint Stock Company
DFA	Development Foundation Armenia
DM	Destination Management
DMO	Destination Management Organization
EDGE	Economic Development, Governance and Enterprise growth
EU	European Union
FB	Facebook
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i>
IDeA Foundation	Foundation for Initiatives in Development and Education for All
KE	Key Expert
LLC	Limited Liability Company
MoE	Ministry of Economy
NCFA	National Competitiveness Foundation of Armenia
NGO	Non-governmental Organization
RA	Republic of Armenia
SMEs	Small and Medium Enterprises
TC	Tourism Committee
TDF	Tourism Development Foundation
US	United States
USAID	United States Agency for International Development
VC	Visitor Centre
VD	Vayots Dzor
UNWTO	United Nations World Tourism Organization
WTTC	World Travel and Tourism Council



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EXECUTIVE SUMMARY

The present study (Task 2) is intended to provide Local Context Analysis, so as to inform, along with examples of international best practices in destination management (Task 1) the models for DMO establishment in Armenia (Task 3).

According to Consultant's technical offer, Local Context refers to two key aspects:

- a) Analysis of the local, international and private entities and partners engaged in Armenia in DM, along with brief overview of their strong and weak aspects, from both an operational and provided quality level of services;
- b) Analysis of legal, institutional and functional requirements for DMO modalities to be applicable and established in Armenia.

The **analysis of entities engaged in Armenia in DM** is conducted according to DMOs' basic features as analyzed in Task 1 ("Best practices in DM"), that is:

- DMO structure: Legal status, Organization, Staff, Sources of finance;
- Key performed functions (Strategy formulation, Tourism industry coordination, Representing the interests of stakeholders, Partnership creation and investment attraction, Management of Tourism attractions and visitor services. Marketing and destination branding, Tourism information provision)¹.

► Of course, **it would does not make sense to analyze structure and performed functions so as to inform DMO establishment in Task 3 without taking a look to the current and perspective external environment**, that is the marketplace in which DMOs operate now and in the future. Structure is indeed the design of the organization through which strategy is administered², and strategy, in turn, is the determination of long-term goals and objectives, the adoption of courses of action and associated allocation of resources required to achieve goals, by providing focused attention to key actors' (i.e. customers/competitors) strategic moves³, besides changes at least in the political, economic, social, technological environment⁴.

The previous version of this study therefore included an overview of the historical and current tourism scenario in order to provide key issues that arise both at international and domestic level, including changing of travelers' attitudes and behaviors following the COVID-19 pandemic. Building on available documents and secondary sources the intention is to picture Armenia's tourism in the global competitive arena and to highlight its key features, to be valorized through effective destination management. Following TC request to skip such section, it was postponed in Annex 1.

Analysis of legal, institutional and functional requirements for DMO modalities to be applicable and established in Armenia is made by matching Armenian laws and regulations with key DMO's models provided by Task 1, which basically refer to the following basic options:

- a) Public government;
- b) Public agency, company or other public owned or controlled structures;
- c) PPP (Public-led);
- d) PPP (Private-led);

¹ In Task 1 the set of potential functions was extended so as to include also some specialized functions such as Management of the destination area/region, Management of tourism products, Training and capacity building, Monitoring, Digitalization and innovation, Marketing intelligence, Crisis Management, Funding and fostering investments. The list used in this task is however comprehensive of most relevant functions and rely on well-known tourism scientific literature (For instance: Bieger T., Beritelli P., Laesser C. (2009). Size matters! Increasing DMO effectiveness and extending tourism destination boundaries, *Tourism Review*, 57(3), 309-327 and Borzyszkowski, Jacek. 2013. Legal forms of modern destination management organizations and their influence on the range of tasks and responsibilities. *UTMS Journal of Economics* 4 (3): 367–376

² Chandler, A. D. (1962). *Strategy and structure: Chapters in the history of the industrial empire*. Cambridge Mass.

³ Machiavelli, N. (1993). *The prince* (1513). Hertfordshire: Wordsworth Editions.

⁴ Scholes, K., Johnson, G., & Whittington, R. (2002). *Exploring corporate strategy*. Hoboken: Financial Times Prentice Hall.



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- e) NGO (created by the Public Government);
- f) NGO (established by Private Operators).

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The Report is opened by a description of current “marzes” features in tourism terms, along with possible clusters provided by the TC. Such insight is essential to design the DMOs’ model expected in Task 3.

It follows a presentation of the results of the field work conducted by the Consultant in August 2022 by interviewing all DMOs currently operating in the Armenian territory, along with further governmental and private key players.

► Such results – on request of TC - were already anticipated in the Inception Report, but according to TORs ad Consultant Technical Offer were supposed to be contained in the present Report. They are **partially re-elaborated in order to provide a clear view about strengths and weakness of the on-going model** and to highlight common issues that will in turn inform the conceptualization of Armenia’s future DMOs. Some repetitions are off course unavoidable so as to ensure the consistency of the Report.

Finally, the analysis of the legal, institutional and functional requirements for DMO modalities is provided.



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## 1. TOURISM REGIONS

### 1.1. Regions (“Marzes”)

The territory of the Republic of Armenia is composed of ten marzes (regions) and Yerevan city which is governed by the law on local self-government in the city of Yerevan. Public administration in the marzes is governed by RA President’s decree “*On public administration in the marzes of the Republic of Armenia*” and other legal acts.

Marz governors implement the regional policy of the government. They coordinate the activities of local branches of the executive authority, except as otherwise specified by law. Within the bounds of the authority, they are vested with by law, marz governors carry on the government’s regional policy in their respective marzes in the following areas: finance, urban development, housing and utilities, transport and road construction, agriculture and land use, education, healthcare, social security, culture and sports, nature and environmental protection, commerce, public catering, and services. Regional policy in the foregoing sectors is carried on by means of marz administrations, as well as through subordinate organizations.

Marz governors coordinate the activities of regional services of central executive authorities in the areas of internal affairs and national security, defense, communication, energy, taxes, emergency situations, civil defense and others.

Marz governors are appointed and dismissed by government decrees. Such government decrees are subject to ratification by the President of the Republic of Armenia. The office of marz governor is a discretionary one. Marz governors are accountable to the Government of the Republic of Armenia.

There are **ten Marzes** in Armenia, exactly: Aragatsotn, Ararat, Armavir, Gegharkunik, Kotayk, Lori, Shirak, Syunik, Tavush, Vayots Dzor, whose main features area summed up in the following tables.



Figure 1: Armenia Marzes (Regions)

The following table reports key features of each Marz (area, population, capital city, key morphological features, key tourism products/locations, n. of hospitality establishments, n. of visitors in 2019, Average spent per day).

► **The table does not intent to be a catalogue of Armenia resources, which is out of scope of the Assignment, but to identify key features to inform DMOs Conceptual Framework which will be provided as Task 3.**

| 1. ARAGATSOTN                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Area (sqkm)                                    | 2,756                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Population                                     | 129,800                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Capital city                                   | Ashtarak                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Key morphological features                     | <b>The marz is featured by the presence of Mount Aragats, which is the highest peak in Armenia</b> (13,418 feet). Besides the Akhurian river, Kasagh, Gegharot, and Amberd rivers are the main water resources in the province along with mountain lakes (Lake Kari, Lessing, Amberd, Tagavor, and Kuraghbyur on Mount Aragats). Between 1962 and 1967, the Aparan reservoir was built on the Kasagh river. The climate is deeply diversified due to the wide range of altitudes of the region. Here the government protects the area as a <b>wildlife sanctuary named Aragats Alpine Sanctuary</b> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Key tourism products/locations                 | <p>a) <b>Cultural &amp; Heritage:</b> Byurakan Astrophysical Observatory; Ashtarak town; Ashtarak Old Bridge; Amberd Fortress; many churches; some dating 4<sup>th</sup> century A.C: Saghmosavank; Oshakan; Armenian Alphabet monument; Tegher Monastery; St. Sargis Monastery in Ushi; Petroglyphs of the Mt. Aragats System; Aghtsk - Arshakid Mausoleum, a large grave monument complex; Dashtadem Fortress.</p> <p>b) <b>Adventure &amp; Nature:</b> Aragats Mountain; Mount Ara and more than 15 mountain peaks 2000m above sea level and several river gorges, which make the region very attractive for hikers, mountaineers, and anyone interested in both the discovery of the region's diverse wildlife and simply exploring the great outdoors; Aparan reservoir – biking; Mastara-Garnahovit – biking; Hiking – Aragats, Ara, Kasakh River canyon, Amberd River canyon, Kari Lake-Amberd Fortress; Horseback riding - “Ayrudzy” Horse Riding Club in Ashtarak, Tsaghkahovit Plain; Bird Watching - Kasakh River gorge, Mt. Aragats, Mt. Ara, and the Aparan Reservoir; Paragliding – Aragats, Aparan, Lusagyugh, rock climbing, fishing.</p> <p>c) <b>Gastro &amp; Wine:</b> Agarak Archeological site, Van Ardi, Armas, Voskevaz, Armenia wines with the Wine history museum.</p> <p>d) <b>Winter:</b> According to the Ministry of Economy, an Armenian company called Mayler Mountain Resort will build a new ski resort in the village of Yeghipatrush. The Armenian government approved on July 29th the company's investment program worth 30 billion drams (about \$60 million). According to the minister, Mayler Mountain Resort will invest 15 billion drams of the indicated amount, and the rest will be invested by other private investors. The resort is expected to have a total area of 2,080 hectares and would serve 500 thousand tourists a year to be able to compete not only with other ski resorts in Armenia, but also with those in other regional countries by attracting tourists from Russia, Iran and Europe. The construction of the new ski resort that will involve some 250 workers is to be completed in two years. It will hire 1,500 personnel<sup>5</sup>.</p> |
| N. hotel facilities in 2021                    | 8 <sup>6</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| N. incoming tourists in hotel facilities, 2019 | 93                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Average spent per day                          | 15-23,000 AMD per day <sup>7</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

<sup>5</sup> ARKA New Agency (2021), Mayler Mountain Resort to build \$60 million worth ski resort in Armenia, 29 July

<sup>6</sup> Source: Arm Stats service. The same source applies to all marzes. Inconsistencies emerge with field research, as for instance a search on Google reveals 46 accommodation structures

<sup>7</sup> Source; USAID ISP Armenia: Tourism Data Pack, undated. The same source applies to all marzes

| <b>2. ARARAT</b>                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Area (sqkm)                                    | 2,090                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Population                                     | 258,900                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Capital city                                   | Artashat                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Key morphological features                     | Artashat is <b>the most important region of Armenia for agriculture</b> , with the rich valley of the Araks River south of Yerevan abounding in vineyards, orchards and fishponds. It is surrounded by the hills of the lower Azat and Vedi river watersheds, with their fine green valleys and mountains of the Khosrov Reserve. <b>The landscape is dominated by the Mount Ararat</b> , with most of the mountain regions occupied by the slopes of the Geghama Mountains as well as the Urts and the Yeranos ranges, left uninhabited. The marz contains the <b>Khosrov Forest State reserve</b> , the jewel of pride in this area, with woods planted by Armenian prince Khosrov Kotak in the 4th century.                                                   |
| Key tourism products/locations                 | <ul style="list-style-type: none"> <li>a) <b>Cultural &amp; Heritage:</b> Khor Virap (over 200,000 visitors per year); Dvin-old Capital of Armenia; Silk Road; majority of Armenian capitals located in this state; numerous ancient churches and monasteries. Kakavaberd fortress.</li> <li>b) <b>Adventure:</b> Target Shooting Club.</li> <li>c) <b>Nature: Rural:</b> Khosrov Forest State Reserve (56% of all the bird species present in Armenia can be found inside); The Caucasus Wildlife Refuge - a 2000 hectare protected area next to the Khosrov Forest State Reserve.</li> <li>d) <b>Gastro &amp; Wine:</b> Taperakan and Tushpa Wine Cellar (about 3,000 visitors per year).</li> <li>e) <b>Agritourism:</b> Urts Bridge; Araks River.</li> </ul> |
| N. hotel facilities in 2021                    | 10                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| N. incoming tourists in hotel facilities, 2019 | 11                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Average spent per day                          | 8-15,000 AMD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>3. ARMAVIR</b>                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Area (sqkm)                                    | 1,242                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Population                                     | 266,600                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Capital city                                   | Armavir                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Key morphological features                     | Amavir is <b>entirely located at the heart of the Ararat plain and consists mainly of agricultural lands</b> , with an average height of 850 mt. above sea level. Metsamor river (also known as Sevjur river) is the only river that originates from the province. The small lake of Ayger located near the Aknalich village is among the few water surfaces. The <b>Vordan Karmir Sanctuary</b> is the only protected natural area. The region has a dry continental climate, with hot summers and mildly cold winters.                                                                                                                                                                                                                                         |
| Key tourism products/locations                 | <ul style="list-style-type: none"> <li>a) <b>Cultural &amp; Heritage:</b> home to the spiritual center of the Armenian nation - the <b>Mother See of Holy Etchmiadzin</b> (UNESCO Heritage); Metsamor archaeological site of Taronik, 5th millennium BC; Zvartnots Cathedral</li> <li>b) <b>Gastro &amp; Wine:</b> Karas, Voskeni, Aratashen, Alluria, Jraghatspanyan, etc.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                           |
| N. hotel facilities in 2021                    | 18                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| N. incoming tourists in hotel facilities, 2019 | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Average spent per day                          | 15,000 AMD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>4. GEGHARKUNIK</b>                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Area (sqkm)                                    | 5,349                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Population                                     | 231,800                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Capital city                                   | Gavar                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Key morphological features                     | 24% of marz territory is covered by <b>Lake Sevan</b> , which is the largest lake in Southern Caucasus. There is a mountainous landscape, with the territory dominated by the Gegham Mountains in the west, the Vardenis Mountains in the south, the Sevan Mountains in the east. The height ranges between 2500 and 3500 meters, with the highest point of the marz located on Mount Azhdahak of the Gegham Mountains (3597 meters in the western part). Gegharkunik has cold and snowy winters, warm and humid summers. <b>Many forests are listed among the protected areas of Armenia</b> , including the Sevan National Park, the Getik Sanctuary, and the Juniper Woodlands Sanctuary of the mountains of Sevan. The <b>Sevan Botanical Garden</b> is a major destination for the lovers of ecotourism. The Yerevan-Sevan-Dilijan republican highway runs through the province.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Key tourism products/locations                 | <p>Tourism services in Gegharkunik are seasonal.</p> <p>a) <b>Cultural &amp; Heritage:</b> 7 fortresses and archaeological sites, 10 monasteries; Noratus village and Cemetery; Lchashen Cyclopean Fortress-Settlement and Burial Place; Sevsar Ancient Astronomical Observatory.</p> <p>b) <b>Adventure:</b></p> <ul style="list-style-type: none"> <li>o Gavar – Living with the Shepards;</li> <li>o Biking tours; Tsovagyugh – Kalavan ; Drakhtik – Kalavan; Panoramic biking tour: Sevan Peninsula -“Akhtamar” Hotel in Tsovagyugh;</li> <li>o Hiking (Mount Metsep Hiking Trail; Mt. Azhdahak - 3597m being the main target for the hikers; Mt. Mets Spitakasar; Mt. Armaghan; Mt. Kartakary; Mt. Vardenis);</li> <li>o Horseback riding; Argichi River Plateau Horseback Riding Tour; Mt. Armaghan Horseback Riding Tour; Selim caravanserai – Lichk Horseback Riding Tour;</li> <li>o Birdwatching; Sevan National Park, recognized as a globally important habitat for the conservation of bird populations (Important Bird Area (IBA), has 267 registered bird species;</li> <li>o Paragliding: Lake Sevan, Tsovagyugh, Mt. Armaghan, Mt Large Lchasar, Mrghuz;</li> <li>o Kalavan Village: Archery tournaments, horse chariot rides, hiking, biking, bird watching and the “Mammoth” intellectual team building game.</li> </ul> <p>c) <b>Nature:</b></p> <ul style="list-style-type: none"> <li>o Lake Sevan;</li> <li>o Mount Azhdahak Petroglyphs;</li> <li>o Many forests listed among Armenia’s protected areas, including Sevan National Park, Getik Sanctuary, Juniper Woodlands Sanctuary of Sevan mountains;</li> <li>o Sevan Botanical Garden, which is a major destination for ecotourists.</li> </ul> |



|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                | <p>d) <b>Gastro &amp; Wine:</b> The villages of Getik and Martuni the “Cross of Armenian Unity” started an agritourism initiative including cheese and honey producers, rural households offering B&amp;B services, and different activities, such as carpet waving, cooking and fishing, initiated by the “Cross of Armenian Unity”.</p> <p>e) <b>Agritourism:</b> Tsaghkunk with the “Tsaghkunk” Guesthouse and a network of B&amp;Bs and crafts manufacturers; Vardenis (“Areguni” NGO, strong promoter of rural tourism) offers hospitality with local families, organizes cooking and dancing classes, craftsmen visits and cultural excursions.</p>                                                                                                                                                                                                                                                                                                                                                                        |
| N. hotel facilities in 2021                    | 42                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| N. incoming tourists in hotel facilities, 2019 | 5,662                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Average spent per day                          | 20-30,000 AMD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>5. KOTAYK</b>                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Area (sqkm)                                    | 2,086                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Population                                     | 253,900                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Capital city                                   | Hrazdan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Key morphological features                     | Located in the center of Armenia, with the <b>Tsakhkunyats and Geghama mountain ranges dominating Kotayk</b> ; Mount Ara (2577 m) and Mount Hatis (2528 m) being the main peaks. Two major river systems flowing through the region carving dramatic gorges in the landscape, with the Hrazdan over 140 kilometres long and the shorter Azat river.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Key tourism products/locations                 | <p>a) <b>Cultural &amp; Heritage:</b> Garni; Geghard Havuts Tar (Khostov Forest state reserve)</p> <p>b) <b>Adventure:</b> Paragliding – Teghenis</p> <p>c) <b>Winter:</b> Tsaxhkadzor-ski &amp; health resort</p> <p>d) <b>Rural:</b> Hankavan, Aghveran, Arzni . Ecotourism: Garni Canyon; Khosrov Reserve</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| N. hotel facilities in 2021                    | 101                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| N. incoming tourists in hotel facilities, 2019 | 5,778                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Average spent per day                          | 10-12,000 AMD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>6. LORI</b>                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Area (sqkm)                                    | 3,799                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Population                                     | 225,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Capital city                                   | Vanadzor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Key morphological features                     | The marz is located in the north of the country, <b>bordering Georgia</b> . It is a <b>mountainous region</b> , dominated by the ranges of Javakheti, Bazum, Pambak, Gugark, Halab and Somkheti, with the highest point being Mount Achkasar of the Javakheti (3196 meters) and the lowest point being 380 meters in the valley of Debed in the northeast of the province. The main water resource of the province is the Debed river. There are 3 nature protected areas, including the Gyulagarak Sanctuary, the Margahovit Sanctuary, and the Rhododendron caucasicum Sanctuary near Aghstev river. The Stepanavan Dendropark as well as the Vanadzor Botanical Garden are major destinations for ecotourism lovers. Compared to the rest of Armenia, the region is featured with a mild climate through the summer months, particularly humid in the mountains. It is considered <b>Armenia’s greenest area</b> , with more native forest land than any other province of the country. It is one of <b>best destinations</b> |





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|                                                | <b>for nature lovers, botanists and bird watchers.</b> The region is home to over 3,000 species of plants and some 350 species of birds, including the rare and beautiful Armenian Water Lily.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Key tourism products/locations                 | <p>a) <b>Cultural &amp; Heritage:</b></p> <ul style="list-style-type: none"> <li>o home to the UNESCO WHS of Haghpat and Sanahin monasteries and the well-preserved Akhtala monastery; 7 fortresses dating from the 10th Century; More than 15 churches;</li> <li>o Industrial tourism: Vanadzor (potential);</li> <li>o Russian Heritage: Tashir, Amrakits, Fioletov, Lermontovo with ethnic minorities in Lori;</li> </ul> <p>b) <b>Adventure:</b></p> <ul style="list-style-type: none"> <li>o Rafting in Debed river;</li> <li>o Cycling, Trekking and hiking. The four trails around Dsegh and the surrounding areas include historic, cultural and nature attractions and are focused on the rich biodiversity of the forested region around the village. The area encompasses the Marts and Alareks rivers as well as Lake Tsover and a key bird watching site, located around 3.5 kilometers from the village;</li> <li>o Debet Canyon;</li> <li>o Off Roding: Tashir;</li> </ul> <p>c) <b>Nature:</b></p> <ul style="list-style-type: none"> <li>o Caving: in Geghasar, Noramut, and Stepanavan and in caves along the Debed River;</li> <li>o Tumanyan region;</li> <li>o Ecotourism: Stepanavan, Gyulagarak, Margahovit; Trchkan Waterfall; Dsegh.</li> </ul> <p>d) <b>Agritourism:</b> Stepanavan area.</p> |
| N. hotel facilities in 2021                    | 31                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| N. incoming tourists in hotel facilities, 2019 | 1,702                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Average spent per day                          | 10-25,000 AMD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>7. SHIRAK</b>                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Area (sqkm)                                    | 2,680                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Population                                     | 243,200                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Capital city                                   | Gyumri                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Key morphological features                     | The marz is surrounded by mountain regions from the east, north and south and bordering Georgia in the North. It is mainly dominated by the <b>Ashotsk Plateau</b> at the north and the <b>Shirak Plain</b> at the center and south of the province. <b>Lake Arpi</b> at the northwest of Shirak is the only lake of the province. The area is protected by the government as the Lake Arpi National Park.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Key tourism products/locations                 | <p>a) <b>Cultural:</b> Gyumri, the second largest city in Armenia, located in the country-side with various sites.</p> <p>b) <b>Adventure:</b> Mount Aragats.</p> <p>c) <b>Nature:</b> Birdwatching – Arpi.</p> <p>d) <b>Winter:</b> Ashotsk, Amasia, with winter sports being a key opportunity given the regions natural landscapes, mountains and alpine zones.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

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| N. hotel facilities in 2021                    | 34                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| N. incoming tourists in hotel facilities, 2019 | 11,868                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Average spent per day                          | 28-33,000 AMD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>8. SYUNIK</b>                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Area (sqkm)                                    | 4,506                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Population                                     | 139,400                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Capital city                                   | Kapan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Key morphological features                     | Syunik is the <b>southernmost province of Armenia</b> . It is a <b>mountainous</b> region, mainly covered with <b>thick green forests</b> . The Zangezur Mountains occupy most of its territory. Mount Kaputjugh (3905 meters) and Mount Gazanasar (3829 meters) are the highest peaks of the province. <b>Many forests are protected by the government</b> , including the Arevik National Park, the Shikahogh State Reserve, the Boghakar Sanctuary, the Goris Sanctuary, the Plane Grove Sanctuary, the Sev Lake Sanctuary, and the Zangezur Sanctuary. Major water basins including the rivers of Vorotan, Voghji, Sisian, Meghri and Vachagan. This marz has most of Armenia's climatic zones creating a rich diversity of ecosystems: semi- deserts, dry steppes, forests, alpine and subalpine meadows and snowy zones. About 20% of Armenia's forests are located in Syunik, covering most of the Southern part of the region.                                                                                                                                                                                                                                                                                     |
| Key tourism products/locations                 | <p>a) <b>Cultural &amp; Heritage:</b></p> <ul style="list-style-type: none"> <li>o Monasteries and Churches scattered around the region (Kapan, Meghri, Goris)</li> <li>o Tatev Monastery and Tatev Aerial Tramway;</li> <li>o Museums in Goris;</li> <li>o Zorats Karer prehistoric archaeological site, which is believed by many scientists including Paris Herouni and Onik Khnkikyan to be a prehistoric astronomical observatory;</li> <li>o Artificial Caves of Kndzoresk</li> <li>o Abandoned old villages.</li> </ul> <p>b) <b>Adventure:</b></p> <ul style="list-style-type: none"> <li>o Hiking, Mountain climbing (Khustup mountain), Shaki Waterfall;</li> <li>o Shikahogh State Reserve, Zangezur State Sanctuary and Arevik National Park, where visitors can explore pristine nature along trails for hiking, cycling and horseback riding, as well as by off-road cars along dirt roads leading to crystal-clear springs and mountain lakes;</li> <li>o Bird watching and other wildlife observation including indigenous and rare species of flora and fauna, with Syunik's mountainous terrain offering almost unlimited rock-climbing options;</li> </ul> <p>c) <b>Festivals:</b> Mulberry, vodka.</p> |
| N. hotel facilities in 2021                    | 42                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| N. incoming tourists in hotel facilities, 2019 | 669                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Average spent per day                          | 25-28,000 AMD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |





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| <b>9. TAVUSH</b>                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Area (sqkm)                                    | 2,680                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Population                                     | 125,500                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Capital city                                   | Ijevan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Key morphological features                     | Tavush is bordered by Georgia to the north and by Azerbaijan to the east. Its territory is mainly mountainous and rocky hillsides covered with a green carpet of Alpine meadows. It entirely lies among the mountains of the Lesser Caucasus and is a major source of water in Armenia, with the main source being Aghstev river. It is rich for its mountain springs, mineral water and small lakes, with most of the territory covered with thick forests. 51% of Tavush territory is covered by forests, hosting several protected areas including the Dilijan National Park, Akhnabad Taxus Grove Sanctuary, Arjatkhelni Hazel Sanctuary, Gandzakar Sanctuary, Ijevan Sanctuary and Zikatar Sanctuary.                                                                                                                                                                                                                          |
| Key tourism products/locations                 | <p>a) <b>Cultural &amp; Heritage:</b></p> <ul style="list-style-type: none"> <li>o Historical monuments area scattered throughout the region;</li> <li>o Educational: UWC in Dilijan;</li> <li>o Master classes around the region;</li> </ul> <p>b) <b>Adventure:</b></p> <ul style="list-style-type: none"> <li>o Noyemberyn (Rafting);</li> <li>o 26 hiking trails;</li> <li>o 85 km of Transcaucasian Trail passing through the forests and mountains;</li> <li>o Adventure Parks: Yell Extreme and Verev;</li> </ul> <p>c) <b>Nature:</b></p> <ul style="list-style-type: none"> <li>o Dilijan National Park, Yenokavan;</li> <li>o Ecotourism: Noyemberyan, Berd;</li> </ul> <p>d) <b>Rural:</b> Noyemberyan, Koghb, Ayrum, Berd;</p> <p>e) <b>Festivals:</b> six festivals around the region;</p> <p>f) <b>Gastro &amp; Wine:</b> more concentration of restaurants and cafes than other marzes, particularly in Dilijan.</p> |
| N. hotel facilities in 2021                    | 79                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| N. incoming tourists in hotel facilities, 2019 | 15,368                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Average spent per day                          | 18-40,000 AMD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>10. VAYOTS DZOR</b>                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Area (sqkm)                                    | 2,308                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Population                                     | 50,800                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Capital city                                   | Yeghegnazor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Key morphological features                     | Vayots Dzor is defined by deep gorges, high mountains, cold springs, swift rivers and mysterious caves. The weather is continental with elevations ranging from 850m (Areni village) to 3,522m (Vardenis mountains). The region possesses a wide diversity of flora and fauna with many animals listed in Armenia's Red Book (list of endangered species).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |



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|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                | <p>It includes the protected areas of Herher, Jermuk, Yeghegnadzor and Gnishik (Arpa), while near Noravank there are two IBAs (Important Bird Areas) where there are over 300 species of birds.</p> <p>The region has many rivers, mountains springs and mineral water, with the Arpa River being the most significant. It flows 92 km in the territory of Vayots Dzor, through the settlements of Jermuk, Vayk, Yeghegnadzor, and Areni.</p>                                                                                                                                                                                                                                                                                                            |
| Key tourism products/locations                 | <p>a) <b>Cultural &amp; Heritage:</b></p> <ul style="list-style-type: none"> <li>o Crossed by the Silk Road;</li> <li>o Areni caves;</li> <li>o 6 fortresses;</li> <li>o 11 churches;</li> <li>o Master classes in Yeghegnadzor;</li> </ul> <p>b) <b>Adventure:</b></p> <ul style="list-style-type: none"> <li>o Birdwatching in Noravank;</li> <li>o Off road in Arpa;</li> <li>o Mountain biking trails;</li> <li>o Rock climbing in Noravank;</li> </ul> <p>c) <b>Gastro &amp; Wine:</b></p> <ul style="list-style-type: none"> <li>o A dozen wineries, including some quite famous;</li> <li>o Vayots Dzor Wine Route;</li> </ul> <p>d) <b>Wellness:</b> Jermuk;</p> <p>e) <b>Festivals:</b> Areni Wine Festival, Gata Festival, Vodka festival.</p> |
| N. hotel facilities in 2021                    | 28                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| N. incoming tourists in hotel facilities, 2019 | 11,008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Average spent per day                          | 25-28,000 AMD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

**Table 1:** Key territorial and tourism data at marz level



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## 1.2. Tourism Clusters

The TC is currently working on the clusters. There are 20 clusters identified at the moment of writing: 1. Alaverdi; 2. Debed Canyon; 3. Stepanavan; 4. Ashotsk; 5. Gyumri; 6. Ashtarak; 7. Aragats (Yeghipatrush); 8. Bjni; 9. Garni; 10. Tsaghkadzor; 11. Goris; 12. Meghri; 13. Jermuk; 14. Dvin; 15. Yeghegis; 16. Areni; 17. Sevan; 18. Gagarin; 19. Dilijan. 20. Yeghegnadzor-Selim carvansarai (Silk Road).

| Cluster             | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Alaverdi</b>     | City of about 16,400 inhabitants in the Lori province (2011 Census). A 12th century bridge crosses the Debed with many monasteries present in the area: Sanahin, Haghpat, Kobayr, Akhtala, Khorakert, Khuchap, Ardvi and a basilica in the nearby town of Odzun. Despite this wealth, the <b>tourist infrastructures are scarce</b> . Currently, the influential tourist guide Lonely Planet <sup>8</sup> and other websites strongly discourage its visitation due to its squalid Soviet-era apartment buildings and the smelly copper mine, almost in disuse, which continues to emit fumes <sup>9</sup> .                                                                                                                                                                                                                                                                                                                                            |
| <b>Debed Canyon</b> | One of Armenia's most impressive natural landscapes, the Debed Canyon stretches from the city of Vanadzor, the administrative center of Lori province, along the River Debed and all the way up north to the Armenian-Georgian border. The Debed river that flows through the canyon, the winding road running along it, the surrounding mountains and the breathtaking views that open up from their slopes make Debed canyon a popular destination.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Stepanavan</b>   | It is a town and municipal community in the Lori province. It is located 139 km north of the capital Yerevan and 24 km north of the provincial centre Vanadzor, halfway between Yerevan and Tbilisi. Currently, the town has an approximate population of 10,800 as per the 2016 official estimate. As described by a frequent traveler website, it is a quite typical Armenian town, with a very Soviet layout of parallel and perpendicular streets. Its architecture is rather nondescript, even if its central avenue is quite pleasant and shaded. Its interest lies elsewhere: in the magnificent landscape formed by the volcanic relief and by the canyon of the Dzoraget and Urut rivers, as well as by the historic remains that can be discovered in the region: the Lori Berd Fortress, the Hnevank Monastery or, a bit further away, that of Odzun, a remarkable place <sup>10</sup> .                                                     |
| <b>Ashotsk</b>      | Deservedly the coldest place in Armenia, also known as the "Armenian Siberia", Ashotsk village is located approximately one hour away from the historic and beautiful city of Gyumri in the Shirak region. The temperature here can drop to -30C, hence winning the title of being the coldest place in the country. While it is known for its low temperatures, it is also renowned for its unique nature, which is barren and without trees. As the land is not too rocky, it is a fine place for cross-country skiing and other winter sports. Indeed, there is a ski centre owned by Miqayelyan family, well-known athletes and professional skiers that have been living in and skiing around the Ashotsk mountains for generations. At the beginning of 2019, with the help of an EU-funded project, the Ashotsk Ski Centre was created with the mission to be a skiing school for kids and adults and help promote winter tourism in the region. |
| <b>Gyumri</b>       | Armenia's second largest city with cultural, recreational, rural, and natural tourist assets in close proximity. Its accessibility to and from both Tbilisi and Yerevan, Vanadzor, and Dilijan by road and rail facilitates a smooth onward journey to exploring more of Armenia. It is also a key transit hub due to Shirak International Airport, which infrastructure has recently been improved to foster national and international route opening (e.g. Ryanair recently introduced a route to Memmingen, Germany; direct flights to Moscow are in place). Thanks to this, the city is well positioned to become a recreational, cultural, and nature pole for tourism. Road networks support ease of travel between attractions in the cluster but require improvements to enhance convenience. Currently, accommodation capacity is significantly low if considering the cluster's impact and potential.                                         |

<sup>8</sup> Lonely Planet (2016). *Georgia, Armenia and Azerbaijan*.

<sup>9</sup>We found that the factories that still operate emit dark clouds of smoke in the air which is supposed to cause lung cancer which is here much more frequent than elsewhere in the country. If this is true, according to the UNWTO Global Code of Ethics for Tourism, but also to common wisdom, we would strongly recommend to solve this problem before considering it a potential tourist attraction.

<sup>10</sup> Source: [Reviews of Stepanavan](#)



**THE  
WORLD  
BANK**



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|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ashtarak</b>     | It is the administrative center of the Aragatsotn province and an important crossroad of routes for the Yerevan–Gyumri–Vanadzor triangle. Although it has developed as a satellite town of Yerevan, it plays a great role in the cultural life of Armenia through several industrial enterprises and cultural institutions. The valley of Kasagh river - locally known as Ashtaraki dzor - is provided with several restaurants and recreation areas and is a major destination for visitors from Yerevan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Aragats</b>      | Mt. Aragats plays a special role in Armenian history and culture. Along with Ararat, it is considered a sacred mountain for the Armenians. The government protects the area as a wildlife sanctuary named Aragats Alpine Sanctuary, which are great for hiking. The zone hosts Armenia's two key scientific tourism attractions in close proximity (Observatory and historic abandoned Soviet ROT-54/2.6, radio telescope). This zone has significant potential to become a key area for cross-border tourism for short trips in which Georgians or tourists in Georgia want to experience something new without having to travel too far.                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Bjni</b>         | Bjni is a small village (less than 3 thousands inhabitants according to the 2011 Census) in the Kotayk Province. It is situated in a valley between canyon walls and a small river. The remains of the 9th- to 10th-century Bjni Fortress of the Pahlavuni family sit along the top and sides of a mesa that divides the village almost in half. The village is home to other churches as well. The largest is Surb Astvatsatsin built in 1031, which sits within the village just west of the mesa. To the south, there is the small church of Surb Gevorg built in the 13th century.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Garni</b>        | The pagan Temple of Garni is located on the Azat River. Nearby there is the medieval monastery of Geghard, partially carved out of the adjacent mountain and surrounded by the spectacular cliffs of the Azat River gorge. Both are enlisted as WH and account as one of the most frequented tourist destinations in Armenia. It is common to visit Garni and Geghard in the same journey.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Tshaghkadzor</b> | It is the <b>most famous ski resort in Armenia</b> . It is located at 1,750 m above sea level on the southeast slope of mount Teghenis. It offers very picturesque gorges in summer, while during winter is attractive for skiing, ice skating, snowboarding, snowmobile driving, etc. The ski resort started functioning during Soviet times (1967) to prepare Soviet athletes for the 1988 Winter Olympics. It is planned according to '60s and '70s winter resort approach, which foresaw concentration of tourism accommodation and skiing infrastructures, later substituted and modernized. For professional and amateur skiers there is an armchaired <i>ropeway</i> , located on the eastern slope of Mount Teghenis, 1966-2819 meters above sea level. The location is however losing its appeal as the ropeway is old and needs investment.                                                                                                                                                                                                                                      |
| <b>Goris</b>        | Goris is a town and the centre of the urban community of Goris, in Syunik Province at the south of Armenia. Located in the valley of the Goris River, it is the second-largest city in Syunik in terms of population (20,591 inh. according to 2011 Census). As for other Armenian cities, the popular independent traveler guide Lonely Planet strongly discourages from visiting it, as it presents itself very depressed and unattractive. <sup>11</sup> Nevertheless, it has major potential to be a fully-fledged gateway to the southern region of Armenia, which requires a lot of support to thrive as a tourism destination. It can leverage its proximity to Tatev, accommodation offerings, and transport network connectivity to Kapan further south to solidify its gateway status. Goris, one of Armenia's oldest towns, is well suited as a "small town" for tourists to explore and embrace—but much work is needed to restore the infrastructure of the town to prepare it for increased tourism and protect the ancient artefacts in the town from increased visitation. |
| <b>Meghri</b>       | Meghri is a town and the center of the urban community of Meghri, in Syunik Province, near the border with Iran. As of the 2011 census, the population of the town was 4,580. The region is unique for its climate and abundant honey and fruit production (such as pomegranate, one of the national symbols of Armenia), the Aras River, an equally unique cultural heritage that is partly influenced by the Persian culture (i.e. the murals of Saint Sargis, recently renovated thanks to a US Aid subsidy). Although its attractiveness, its remoteness and the complicated conditions of the mountain roads                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

<sup>11</sup> Lonely Planet (2016), Op. cit.



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|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                   | discourage tourism visits. Visitors to the area are indeed mostly adventurers who visit Armenia with the aim of later reaching Iran.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Jermuk</b>                                     | Jermuk, located in the center of the Jermuk Municipality of the Vayots Dzor Province in southern Armenia, was considered one of the popular destinations for medical tourism in the Soviet Union. It is indeed better known for its hot springs and mineral water brands bottled in the town. For skiing and snowboarding, there are 3 km of slopes available with 1 lift to transport the guests. As per the 2016 official estimate, Jermuk had a population of around 3,400 inhabitants. In 2011 census, the population was 5,572.                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Dvin</b>                                       | Dvin was a large commercial city and the capital of early medieval Armenia. It was situated north of the previous ancient capital of Armenia, the city of Artaxata, along the banks of the Metsamor River. The site of the ancient city is currently not much more than a large hill located between modern Hnaberd and Verin Dvin. Situated in the central square of the ancient city was the Cathedral of Saint Grigor. All that remains of the cathedral today are the stone foundations uncovered during archaeological excavations in the 20th century. The modern village of Dvin has a population of around 3 thousands inhabitants according to 2001 Census.                                                                                                                                                                                                                                                                                                                  |
| <b>Yeghegis</b>                                   | Yeghegis is a village in the Yeghegis Municipality of the Vayots Dzor Province. It has a rich historical heritage, with the medieval Zorats Church, the Tsakhats Kar Monastery and the Smbataberd fortress being located in the vicinity of Yeghegis, as well as a Jewish cemetery from the 13th century.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Areni</b>                                      | This cluster plays an important role as the gateway to Armenia's relatively under-explored South, home to a diversity of cultural and recreational sites. It offers a range of recreational, cultural, wellness, nature, and adventure attractions. Areni is a particularly important point for tourists coming from Iran and the extreme south of Armenia before entering into the rest of the country's tourism zones. The cluster is well-positioned to leverage its wine industry as a growth catalyst. Further, Areni has a strong amount of historical and cultural sites cluster also includes Jermuk, Armenia's premier spa and mineral springs town, which offers wellness tourism particularly for local Armenians. Given its strategic importance, the cluster needs to develop a diverse accommodation offering that caters to the various personas who visit it and use it as a stop <i>en route</i> to the south.                                                       |
| <b>Sevan</b>                                      | Sevan is a town and urban municipal community, as well as one of the most popular resorts in Armenia. It is surrounded by the Sevan National Park, a natural protected area extending from the northeastern parts of the town to the southwest, while Lake Sevan forms the natural border of the city to the east. This is the largest lake in the South Caucasus. It is home to one of the most notable samples of medieval Armenian architecture, the Sevanavank Monastery of the 9th century. During the summer, Sevan turns into a <b>popular beach resort</b> , offering several accommodation to visitors. In February 2011, the Sevan ropeway was opened at the north of the town. It has a length of 1,130 meters. Sevan is among the three Armenian towns allowed to accommodate a gambling house and related activities in urban settlements (along with Tsaghkadzor and Jermuk), while the Sevan National Park and Botanical Garden are major destinations for ecotourism. |
| <b>Gagarin</b>                                    | Gagarin is a village in the Gegharkunik Province. It was founded in 1955 and named after the cosmonaut Yuri Gagarin. Administratively, the village is under the subordination of the Sevan municipality.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Dilijan</b>                                    | Key hub in the Northern Access Corridor with tourism propositions for nature, adventure, cultural, and business tourists. Its position along the Ijevan-Yerevan highway makes it a key stop for tourists coming in from Georgia via Ijevan. It is hub for business tourists doing business in and around the Armenian Central Bank, the United World College campus, and several 4-star hotels. Dilijan National Park and its Gosh lake offers adventure tourists good hiking trails in close proximity to cultural monuments.                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Yeghegnadzor-Selim carvansarai (Silk Road)</b> | Selim Caravanserai, is a caravanserai in the Vayots Dzor Province. It was built along the Vardenyants Mountain Pass (also known as the Selim Mountain Pass) in 1332, by prince Chesar Orbelian to accommodate weary travelers and their animals as they                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |





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crossed from, or into, the mountainous Vayots Dzor region. Located at a height of 2,410 metres above sea level, Orbelian's Caravanserai is the best preserved caravanserai in the entire country.

Table 2: Armenia tourists' clusters

## 2. TOURISM ORGANIZATION IN ARMENIA

### 2.1. Organization

Annex 1 reports the key institutional framework for tourism development in Armenia, which reports relevant articles from the Law of the RA on Tourism and Tourism Activities and the Law of the Republic of Armenia on Territorial Governance. It particularly includes, with regard to tourism:

1. Competences of **Government**, whose role includes definition of tourism centers, destinations and routes and decision to include them in urban and tourism development programs (Article 6 of the Law of RA on Tourism and Tourism Activities).
2. Competences of **Ministry of Economy**, that among others implements management and control over Tourism Committee, including reviewing of its decisions.
3. Competences of the **Tourism Committee** that is responsible for elaboration and implementation of tourism policy in the RA and covers a central pivotal role also for strategies at the local level, as it is in charge to:
  - Cooperate with other ministries, territorial governance and local self-governance bodies and private sector.
  - Elaborate and submit to the Minister proposals to define tourism centers, destinations, and routes and to include them in urban and tourism development programs.
  - Make proposals to the local self-government bodies on due maintenance of tourism centers, destinations and attractions within the territories of their communities.
  - Participate in elaboration of tourism development strategies and programs and provision of its implementation and monitoring.
  - Elaborate and submit via Minister to the state administration and local self-government bodies tourism development proposals related to their scope of competencies.
  - Elaborate and implement joint projects with local organizations and their unions.
  - Coordinate and control tourism development projects, implemented or financed by international organizations.
4. Competences of the **Marzes** (Provinces) that implement the Government territorial policy in their reference territory via the Marzpet (Governor).
  - ▶ It is notable that **there is no Tourism department in the Marzpet Office**, with usually an officer appointed in the Cultural or other department taking care of tourism affairs.
5. Competences of **Local Self-Government Bodies, Chief of Community and Community Council**, which include – among the others – the cooperation with state administration bodies, private sector and population for the purpose of implementation of state policy in the field of tourism and sustainable development of tourism and the promotion and the creation of tourist structures and infrastructures, as well as the organization of events for tourism development.
  - ▶ It is notable that despite there are no Tourism departments in Community offices, **Local Self-Governance Bodies have more tourism related activities, than the Marzpets**. In the office of the Chief of Community, also, an officer takes care of tourism affairs.
  - ▶ Based on current competencies, we can argue that, as far as institutional competences are considered, **DMOs are a subject which is under the “umbrella” of the TC**, whose decision has to be approved by the Ministry of Economy, with **Marzes playing only an implementation role**, while **Local Self-Governance Bodies might cover a more important role, according to competences that will be assigned to DMOs**.



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## 2.2. The regulatory framework concerning DMOs

The regulatory framework of the DMOs is currently among the most challenging issues of the tourism sector in Armenia. At the moment of writing such concept does not exist in the legal and administrative scope. Indeed, neither the current law on tourism, nor the publicly available new draft law envisages the term of DMO. However, the TC Policy department along with experts implementing DMO-01 project, is working to integrate a definition of “DMO” into the draft.

Tentative regulatory indications will be provided at the end of Task 3 - *Conceptual framework of the DMO content* of Assignment 1, as it will benefit, besides the results of the present document, also of the outputs of Task 1 - *Comparative analysis of best known/functional international DMOs models*.

## 2.3. Financing

A key issue, which is of cumbersome relevance, is the budget provided by the RA State Budget 2022 to the Tourism Committee of the Ministry of Economy for implementing the *Program 2022 on Support to Tourism Development*.

Such a budget amounts to **200 million AMD (492,670 USD)**, and is intended to support direct marketing activities, along with other actions aimed to support tour product development, capacity building, tourism information centers management, and international cooperation. At the moment, it is therefore the “box” that should provide for the financial needs of new DMOs as well.

It is worthwhile to mention that, adding to such a budget, there are currently in place further financial resources provided by GIZ<sup>12</sup> through a Financing Agreement with the Ministry of Economy. They consist of 450.000 Euros conceded for Marketing and Promotion activities by Innovation Tourism Technology Programme, which is to be completed by October 2023.

- ▶ Although additional further funds might be provided by international donors, it is important to remark that **the financial sustainability of the DMO project should rely on self-sustained Armenia financial resources**, guaranteed from the public or also from the private scene.

To such extent, it is necessary to highlight that the above reported Programme 2022 budget is much lower, both considering per resident and per tourist, to that committed by nearby Caucasian and also, on average, by other countries around the world.

**Government spending on Travel and Tourism in Armenia in 2018 resulted much lower than that committed by nearby Caucasian countries (Georgia and Azerbaijan), corresponding to less than 0.01 cents/inhabitant<sup>13</sup>.**

- ▶ Such a figure reveals an **underestimation of the Travel and Tourism contribution to the Armenia economy**. As we already pointed out, the tourist expenditure per capita in Armenia is higher than that enjoyed by much more renowned countries around the world and should deserve more commitment by the RA Government.

<sup>12</sup> Deutsche Gesellschaft für Internationale Zusammenarbeit

<sup>13</sup> Source: [World Bank Indicators](#)



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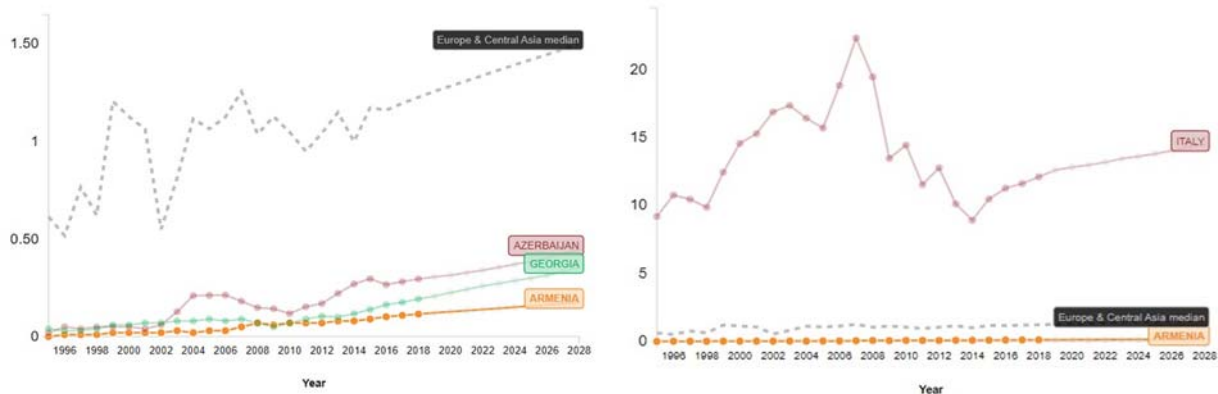


Figure 2: Capital investment in Armenia, Caucasian country and Italy (US\$ in bn). 1996 – 2028 (forecast)

### 3. CURRENT STATUS OF DMOs IN ARMENIA

#### 3.1. History of DMOs in Armenia

Although DMOs have never been defined nor regulated by Armenian law, the country has gained some experience in this field upon commitment of various public and private entities, operating both at the national and the international level.

Such experiences have been analyzed by the Consultant and are hereafter commented. They took place at the national, regional, and local levels. Although inspired by international current practices, they are **self-referential** as not endorsed by any Government formal approval.

At the national level, since 2008, the role of DMO was undertaken by the **National Competitiveness Foundation of Armenia (NCFA)**. This was a public-private entity established through a partnership between the Government of Armenia and a group of global business leaders of Armenian descent. The mandate of NCFA was to achieve international competitiveness through the development of key areas of economic activity. With this goal, the foundation mobilized strategic investments and implemented programs in different fields, including tourism. NCFA was later renamed **Development Foundation of Armenia (DFA)** and in 2018 renamed again to **Business Armenia (BA)** in order to make it understandable to foreign investors. The Board of Directors was chaired by Armenia's Prime Minister, and members included both the government sector and the business sector.

In 2017, the **Tourism Development Foundation (TDF)** was established by the Ministry of Economy (MoE) as the first official national-level DMO, with the purpose to align tourism policy and its implementation. The Minister of Economy was the Chair of the Board.

In 2018, the new government decided to close TDF, due to an overlap with TC functions.

With regard to the sub-national level, the Consultant has identified **seven organizations currently working as DMOs in Armenia**, which operate in different geographic scopes:

- a) Regional;
- b) Local.

As above said, they root their identity in the outcome of different cooperation projects (top-down approach) or bottom-up initiatives also carried out by residents. Specifically, we can divide existing DMOs into four groups:

- DMOs established by USAID “My Armenia Program”;
- DMOs established by GIZ;





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- DMOs established by Private Actors;
- DMOs established by Bottom-up initiatives.

### 3.2. Typologies of DMOs currently operating at the Regional and local level

There are several regional organizations self-declaring to be DMOs operating at the regional level. USAID My Armenia Program has established four of them, whilst GIZ is fully financing another.

The four DMOs established by USAID are in an embryonic stage, having completed their start-up through USAID in 2020. The DMO financed by GIZ has been in operation since 2013, but although older than the US-financed ones, is as well currently working without any recognition from the local, regional or national government.

#### 3.2.1. DMOs established by My Armenia program

My Armenia Program is funded by USAID and implemented by Smithsonian Institute. At the end of a 6-year program, it established four DMOs, whose founding members are local SMEs. These were My Armenia Program beneficiaries and included either artisans or tourism experience providers.

The Program established four 4 DMOs in four regions: **Lori**, **Shirak Vayots Dzor** and **Syunik**. At the beginning, it started helping a DMO in **Sisian**, in the Syunik region, as the area had a strong player (Basen Hotel), that hopefully would have helped to grown into a regional DMO. However, Sisian DMO members preferred to operate on a local level, thus the program established an independent further DMO in such region.

DMOs founding members are local SMEs, that were selected by the Programme as beneficiaries. They were established using the **US private-led DMO Model**.

- ▶ In 2021, the program finished its operation and the newly-created DMOs are now operating independently and struggling for survival and obtaining institutional recognition.

In an effort to ensure their livelihood, USAID My Armenia has financed the first phase of the project “*DMOs Interregional Cooperation: Interregional Planning Workshops*” while USAID’s Economic Development, Governance and Enterprise Growth Project (EDGE) in Georgia funded the “*DMOs Interregional Cooperation: Transnational Tourism Products Development and Promotion*”, which includes 4 Armenian and 2 Georgian DMOs. The aim of the Program is to develop regional itineraries and further strengthen the capacities of DMOs.

**Key characteristics** of the US private-led DMO model are:

- a) Members are mostly local business owners, whose ability to develop and implement a resident-centered and endorsed co-created vision for the future of the destination, holding a wide-scope strategy, is limited.
- b) There is no formal legal structure used by DMOs to aggregate members, thus they cooperate in an informal manner.
- c) The business model is based on collecting revenues from different fields, with a relevant role assigned to fees paid by DMOs' “members”, that have however so far been reluctant to do so;
- d) SMEs that had any connections with My Armenia Program in the region are skeptical about the role and the agenda of DMO and reluctant to join or pay any fees;
- e) DMOs are expected to provide successful tangible results in order to build trust. Until that moment members too are likely to remain skeptical about providing their resources (time and money) in order to sustain their development.
- f) DMO President is one of the members (he is an SME owner). As the other members, he is mostly busy with his daily routines and unwilling to allocate the time that is needed to the develop the DMO.



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### 3.2.1.1. Lori DMO

#### Key features:

- Following initial funding by My Armenia Program, it was established as NGO "Lori Tourism Destination Management Office"
- It was founded by 9 members, some of which were My Armenia beneficiaries
- The management Structure includes General Assembly, Board and CEO/General Manager
- According to the Charter, there is a membership option with rights and responsibilities clearly defined
- It operates with a staff of 4 people, with wages covered by GIZ
- It now operates as a market-led DMO, with great autonomy
- It has secured some further support from GIZ and obtained a further small grant for Georgian Armenian Interregional tourism development project funded by the USAID EDGE project in Georgia

| STRENGTHS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | WEAKNESSES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>- Founding members are My Armenia Program beneficiaries</li> <li>- They have a satisfactory level of knowledge about DMO operations</li> <li>- It is the most active DMO of those financed by USAID</li> <li>- Such proactivity is explicable as:               <ul style="list-style-type: none"> <li>▶ It operates through a grant from the GIZ (the only DMO besides Tavush) which gives them a competitive edge compared to other DMOs;</li> <li>▶ Although not strong, compared to other DMOs, the management is more proactive and seizes all opportunities to take the stewardship role;</li> <li>▶ It was the lead applicant of the USAID EDGE project which allowed to furtherly increase their capacity and skill level</li> </ul> </li> <li>- It has strong leadership skills provided by Founding members</li> <li>- It demonstrates a proactive approach in working with the local government</li> <li>- It runs bottom-up initiatives in a private-led way</li> <li>- It organizes events, workshops and classes for local SMEs, as well as tourism talks</li> <li>- It runs a <u>FB page</u> to raise awareness about its activities</li> <li>- It created the <u>Travellori.am</u> website by support of My Armenia Program</li> <li>- It has secured a grant from GIZ</li> <li>- It has a further small grant for Georgian Armenian Interregional tourism development project by the USAID EDGE in Georgia</li> <li>- It associated almost 30 new members since its establishment</li> </ul> | <ul style="list-style-type: none"> <li>- It was established with no sustainable Business Plan in place</li> <li>- It is not collecting membership fees</li> <li>- There is no government endorsement: Lori's governor office pictures them as a competitor since previous government efforts in tourism management/development did not work<sup>14</sup></li> <li>- It hasn't a location for the Information Center to serve as the forefront of its operations</li> <li>- It shows weak organizational, marketing, and operational capacity</li> <li>- Although there are major players in Lori, it lacks coordination capacity to coordinate due to lack of endorsement from the government               <ul style="list-style-type: none"> <li>▶ This applies to all DMOs. When try to meet with the Marzpet or anyone at the Governor's office they have difficulties as they have no status. The local government vies them as a competitor due to the failure of the Alaverdi tourism information center and try to hinder the DMO's activities.</li> </ul> </li> <li>- Albeit the members' business insight, its management is not much business oriented</li> <li>- It has not enough funds to actively promote the website and social media pages</li> <li>- <u>FB page</u>, which intended to promote the region is new and has only 784 members<sup>15</sup></li> <li>- Such page is separated from the DMO social media pages</li> <li>- It shows inability to consolidate fragmented promotional channels</li> </ul> |

Table 3: Initial assessment: Lori DMO

#### Assessment:

- ▶ Despite drawbacks, Lori DMO has the potential to cover all of the region and to achieve destination stewardship.

<sup>14</sup> We refer to the Alaverdi Info Center by Tumanian Foundation.

<sup>15</sup> It must be considered that there is there is VisitLori Facebook page which has over 12,000 members not related to the DMO, while the Welcome to Lori private Group has over 33,000 members

As mentioned above, they are consistently building their capacity through EDGE grant, GIZ financing, organizing various trainings for the local SMEs. They also collaborate with the AUA Open Education and played an instrumental role in reaching out to SMEs for the OE training programs. Moreover, they initiated a collaboration with the VSU and consistently organize stakeholder meetings. Recently they collaborated with the Spring Association of Poland and organized two-day trainings. They also keep their hand on the pulse of all capacity building and SME grant opportunities and notify their stakeholders about various opportunities. To have a better idea, visit the [FB page](#).

### 3.2.1.2. Shirak DMO

#### Key features:

- Following initial funding by My Armenia Program, it was established as NGO "Shirak Tourism Destination Management Office"
- It was founded by 13 members, some of which were My Armenia beneficiaries
- The management Structure includes General Assembly, Board and CEO/General Manager
- According to the NGO's Charter, there is a membership option with rights and responsibilities clearly defined
- It now operates as a market-led DMO, with great autonomy

| STRENGTHS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | WEAKNESSES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>- Founding members are My Armenia Program beneficiaries</li> <li>- They have a satisfactory level of knowledge about DMO operations</li> <li>- It still operates on savings from USAID funding</li> <li>- It doesn't pay a rent since its office is located in a members' business location</li> <li>- It has a further small grant for Georgian Armenian Interregional tourism development project by the USAID EDGE in Georgia</li> <li>- It runs a <a href="#">FB page</a> to raise awareness its activities</li> <li>- Such page has about 800 members</li> <li>- It associated 9 new members since its establishment</li> </ul> | <ul style="list-style-type: none"> <li>- It was established with no sustainable Business Plan in place</li> <li>- It is not collecting membership fees</li> <li>- There is no government endorsement: Gyumri Municipality sees them as a competitor: Deputy mayor expressed a wish to open Gyumri DMO and refuses to cooperate with Shirak DMO</li> <li>- It is not provided with office space to serve also as Information Center</li> <li>- It shows weak organizational, marketing, and operational capacity</li> <li>- Albeit the members' business insight, its management is not much business oriented</li> <li>- It has not enough funds to actively promote the website and social media pages</li> <li>- It shows problems in coordinating web activities, as two domain names have been acquired</li> <li>- There are no social media pages to promoting Shirak region</li> </ul> |

Table 4: Initial assessment – Shirak DMO

#### Assessment:

► *The DMO is weak also in the light of hierarchical management tradition of the Region. It therefore needs endorsement by the TC. If not, local government might hinder its operations. As Gyumri is a potential leading Armenia tourist destination, it would be advisable to hold a strategic focus, while developing a territorial strategy dividing the region into clusters and progressively expanding from Gyumri.*

### 3.2.1.3. Syunik DMO

#### Key features:

- Following initial funding by My Armenia Program, it was established as NGO "Syunik Tourism Destination Management Office"
- It was founded by 11 members, some of which were My Armenia beneficiaries
- The management Structure includes General Assembly, Board and CEO/General Manager



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- According to the NGO's Charter, there is a membership option with rights and responsibilities clearly defined.
- It now operates as a market-led DMO, with great autonomy

| STRENGTHS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | WEAKNESSES                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>- Founding members are My Armenia Program beneficiaries, as such they have a satisfactory level of knowledge about DMO operations</li> <li>- It has a further small grant for Georgian Armenian Interregional tourism development project by USAID EDGE</li> <li>- It entertains good relations and shared objectives with Goris municipality</li> <li>- It acts as a proactive liaison between the SMEs in the region through organizing local expos</li> <li>- It obtained funds from the TC and a suitable space from the Municipality to establish a Tourist Information Center.</li> <li>- It declares to have negotiations with Vien Municipality to secure financing from 2023</li> <li>- It runs a <a href="#">FB page</a> (460 members) to raise awareness its activities.</li> <li>- It associated 13 new members since its establishment</li> </ul> | <ul style="list-style-type: none"> <li>- No sustainable Business Plan in place</li> <li>- Weak government endorsement</li> <li>- It shows weak organizational, marketing, and operational capacity</li> <li>- Albeit the members' business insight, its management is not much business oriented</li> <li>- There is no website promoting Syunik due to lack of funds and lack of leadership</li> <li>- There are no social media pages to promoting Syunik region</li> </ul> |

**Table 5:** Initial assessment – Syunik DMO

**Assessment:**

- It is the only DMO that has a working relationship with the local municipality.  
*We refer to unofficial good relationship: it entertains good relations and has shared values with the local municipality. DMO Tavush is financed by the municipalities. In Syunik case it is not. And the only one from DMOs created by My Armenia.*

**3.2.1.4. Vayots Dzor DMO**

**Key features:**

- Following initial funding by My Armenia Program, it was established as NGO Vayots Dzor Tourism Destination Management Office"
- It was founded by 10 members, some of which were My Armenia beneficiaries
- The management Structure includes General Assembly, Board and CEO/General Manager
- According to the Charter, there is a membership option with rights and responsibilities defined.
- It now operates as a market-led DMO, with great autonomy

| STRENGTHS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | WEAKNESSES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>- Founding members are My Armenia Program beneficiaries</li> <li>- They have a satisfactory level of knowledge about DMO operations</li> <li>- It has a further small grant for Georgian Armenian Interregional tourism development project by the USAID EDGE in Georgia</li> <li>- It has a ready project to manage the Vayots Dzor Wine Route, which is officially in place</li> <li>- It runs a <a href="#">FB page</a> to raise awareness its activities, but it has only 3 members</li> <li>- It has a potential space for opening a Tourist Information Center</li> <li>- It cooperates with the start-up CyArc to finance the 3D scanning of the Areni Cave</li> </ul> | <ul style="list-style-type: none"> <li>- No sustainable Business Plan in place</li> <li>- It is not collecting membership fees</li> <li>- There is no government endorsement</li> <li>- It shows weak organizational, marketing, and operational capacity</li> <li>- Albeit the members' business insight, its management is not much business oriented</li> <li>- There is no website promoting Vayots Dzor due to lack of funds and lack of leadership</li> <li>- Although Vayk Info Center and Arpa Info Center are members of the DMO, it does not run a regional level information center</li> <li>- It made few efforts in stakeholder coordination</li> <li>- It has only one person in the staff</li> </ul> |

**Table 6:** Initial assessment – Vayots Dzor DMO





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### Assessment:

- ▶ *The DMO needs to get visibility through acting more proactively and demonstrating leadership and stewardship capabilities to consolidate the fragmented suppliers of VD. The establishing members are My Armenia beneficiaries, and with Vayk Info Center and Apra Info Center they have a good potential to operate as an official DMO.*

### 3.2.2. DMOs established by GIZ

Tavush DMO (registered as «*Tavush Region Tourism Development Agency*») was established in 2013 with the support of the “*Good Governance for Local Development in South Caucasus*” project, implemented by GIZ. It was also set in close cooperation with the District Regen of Bavaria in Germany, with whom there have been constant mutual visits and trainings during the past years. The DMO was also co-financed by partner communities of Ijevan, Dilijan, Noyemberyan, Berd, Koghb, Ayrum.

It **started as a small private agency** with just one staff working on event organization. In 2019, it relaunched its operations thanks to funds provided by the EU and GIZ (“*Innovation Tourism Technology Programme*”). The aim was to present the region of Tavush as a destination, including the four large communities Dilijan, Noyemberyan, Berd, and Ijevan).

On self-initiative and using its own funds, in the same year it started to write a tourism development concept together with stakeholders of the tourism industry<sup>16</sup>. However, such concept has neither been presented nor approved by the local government.

It also started to collect a **membership fee**, which was however temporarily suspended due to Covid and the war with the DMO declaring the willingness to re-signing the contracts. Thanks to funds received as membership fees, they intend to sustain the [Visit-Tavush](#) website and a promotional video, which are based on a needs assessment made in the region.

It currently funds arts and crafts festivals, as well as a pumpkin festival, with a key aspect of its experience being **capacity building**. The DMO is indeed providing training to 12 guides so as to re-profile them through new skills (e.g. digital). Using both **community (10%)** and **GIZ funds (90%)**, it also designed and implemented **trekking routes signage**

The DMO also collaborates with:

- a) The Tourism Club, including 25 private sectors operators aggregated by another GIZ project;
- b) GO2Dili, which is a private-funded DMO, that is however neither part of Tavush DMO nor participating in its activities.

The key characteristics of this model are:

- a) It tried to mix German and US models of management adapting them to the local conditions. Particularly, the private sector is less intensively involved in the DMO than in the experience of My Armenia Program.
- b) By depending on grants, the DMO is not free to choose its strategy as is therefore constrained by grant donors.
- c) The Board consists of Mayors of three municipalities, plus the University President and the head of the tourism section in the regional government office.

#### 3.2.2.1. Tavush DMO

#### Key features:

- It was funded by EU through GIZ
- It operates as a market-led DMO, with great autonomy

<sup>16</sup> Only 2 regions have such document: Gyumri and Tavush



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| STRENGTHS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | WEAKNESSES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>- It is the oldest DMO operating in Armenia, dating back to 2013</li> <li>- The manager has a graduate Certificate degree in Hotel and Hospitality Management from the AUA</li> <li>- It demonstrates a proactive approach in working with the local government, other bottom-up initiatives and private-led DMOs It is actively involved in the local community through funding community events and festivals</li> <li>- It has marketing collateral for the region in place (website, promotional films and brochures)</li> <li>- It has capacity to offer training programs to local SMEs</li> </ul> | <ul style="list-style-type: none"> <li>- It was established with no sustainable Business Plan in place</li> <li>- There is no government endorsement</li> <li>- It is not grant with a location for an Information Center</li> <li>- As it was funded by GIZ it is at risk of stopping operations when funding stops</li> <li>- Board constitution is not balanced as it does not represent the local tourism sector</li> <li>- Neither the Board nor the management has a business approach, thus it operates as an NGO</li> </ul> |

Table 7: Initial assessment – Tavush DMO

**Assessment:**

- ▶ To enhance its effectiveness, the DMO would need a radical business model change along with revision of the Board constitution.

**3.2.3. DMOs established by private actors**

There are several organizations identified as private-led DMOs in Armenia. These are Go2Dili (a project by IDEa Foundation), Apaga Resort in Ijevan and Debed Canyon in Lori.

The key characteristics of this model are:

- Initiatives started following a lack of trust in the local government and donor-funded projects.
- Although they have funds, such DMOs operate on a local basis, without pursuing a large-scale strategy.
- As previously mentioned DMOs have difficulties in cooperating with local businesses and strive to collect fees. This happens also because locals perceive them as rich organizations and therefore expect their support without paying any fee.

As they are funded by a private organization, they assume to have better strategic planning capabilities and hence tend to operate independently.

| STRENGTHS                                                                                                                                                                                                                                                                                                                                                                                                                                               | WEAKNESSES                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>- They implemented iconic tourism development projects (Tatev Revival Project, COAF Concept Hotel, Apaga Resort and Yell Extreme Park) and bring successful business stories</li> <li>- They have financial strength provided by the founders</li> <li>- Debed Canyon and Go2Dili have Information Centers in the communities where they operate</li> <li>- They have a strong commitment to the area</li> </ul> | <ul style="list-style-type: none"> <li>- Weak cooperation with the local government, TC and other established DMOs.</li> <li>- Their role in the regional tourism industry overlaps with that played by regional DMOs, of which they are not members</li> </ul> |

Table 8: Assessment of DMOs led by private actors

**Assessment:**

- ▶ Although these organizations have been working in the respective regions for a significant period, the concrete impact on local communities is questionable and should be assessed, while encouraging them to join their efforts with current and future DMOs.

**3.2.4. DMOs established by bottom-up initiatives**

There have been several initiatives by NGOs to create small-scale DMOs or “Tourism Associations”. Practices include one in Kotayk Region (Arzakan, Aghveran, Hankavan, Bjni) and another one in Tavush (Noyemberyan, Ayrum, and Koghb). Both projects were financed within a GIZ grant scheme, but none continued its operations after the grant period ended.

Key characteristics of these organizations were:

- a) They were grant-driven without self-sustainability, which meant that they expired once grant funding was over.
- b) They were promoted by experts very good at grant writing but without knowledge and expertise in tourism, and particularly in DMO. This brought them to hire further consultants to help them, but once the consultancy was over, there was no capacity to continue.
- c) They had no strong community ties, as this was not a priority in the promoters’ personal agenda.

### 3.2.5. DMOs operating on the Community level

#### 3.2.5.1. Sisian DMO

**Key features:**

- It was started by USAID My Armenia Program, but later excluded because its operations were at municipal (and not regional) level.
- It is currently inactive due to the lack of funding.

| STRENGTHS                                                                                                                                                                                                                           | WEAKNESSES                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>- It had a sound management</li> <li>- It benefited of consultancy by international experts on strategy development</li> <li>- Its members recognized the value of DMO operations</li> </ul> | <ul style="list-style-type: none"> <li>- It had volatile political support</li> <li>- It had no physical office (currently home officing)</li> <li>- Absence of funding (both national and international) caused temporary ceasing of operations.</li> </ul> |

**Table 9:** Initial assessment – Sisian DMO

**Assessment:**

▶ Although Municipality and DMO cooperated on some activities, the DMO was not always involved in tourism initiatives carried out in the city (e.g. Iran-Armenian food festival). A greater cooperation would be advisable.

### 3.2.6. Summary of functions carried out by DMOs

The following table summarizes functions currently performed by DMOs operating in Armenia. Such functions are classified considering international DMO practice such as assessed in task 1 of the present assignment (“Comparative analysis of best known/functional international DMOs models”).

| DMO               | Functions                                                                                                                                                                                                                                          |                                                                                                                                                   |                                                                                                                                                                                                                                                         |                                                                                                                                |                                                        |                                                                                                    |                                                                                                            |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
|                   | Strategy formulation                                                                                                                                                                                                                               | Tourism industry coordination                                                                                                                     | Local stakeholder coordination                                                                                                                                                                                                                          | Partnership creation / Investment attraction                                                                                   | Management of Tourism attractions and visitor services | Marketing and destination branding                                                                 | Tourism information provision                                                                              |
| <b>Lori DMO</b>   | It attempted to develop a draft strategic document with its members. It offered contribution to the Lori Governor's office for drafting a tourism strategy. It actively participated in a project promoted by COAF to define strategic objectives. | It continuously implements needs assessment, to understand the needs of stakeholders and avoid dispersing funds (e.g. training on the same topic) | It organizes the "Tourism Talks" event, by inviting stakeholders and decision-makers in one place to talk about the future of the destination. It is a self-initiative foreseeing round tables discussions and social gatherings to create cooperation. | It attempts to provide prospect investors with realistic information and to show them potential places for their investments.  | It has no assets under its management.                 | It developed a map of the Region, while implementing social media pages to promote the region.     | There are no info centers in the region, but it has one in project of construction by COAF <sup>17</sup> . |
| <b>Shirak DMO</b> | Along with its members, it drafted a short/medium term strategy for tourism development.                                                                                                                                                           | Members involved in the DMO raise key issues for the region                                                                                       | It has conducted some trainings.                                                                                                                                                                                                                        | It was working on creating a plan to engage investors, but has currently paused this activity to concentrate on development of | It has no assets under its management.                 | It developed a logo, a branded map and the website VIsitshirak.com (currently under construction). | There are no info centers in the region.                                                                   |

<sup>17</sup> COAF is a charitable association having individual donors supporting them – their budget is 20 times is higher than the DMO ones.





|                        |                                                                                                |                                                                                                                     |                                                                                                                                                                                                                                                                                       |                                                                                                            |                                        |                                                                                                                                                                                                                                                                            |                                                                                                           |
|------------------------|------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
|                        |                                                                                                |                                                                                                                     |                                                                                                                                                                                                                                                                                       | under-developed areas of the region.                                                                       |                                        | It developed an informative website, but in future it foresees to upgrade it to a commercial platform.                                                                                                                                                                     |                                                                                                           |
| <b>Syunik DMO</b>      | It developed a strategy (5 years) and workplan (1 year).                                       | It plans to organize round table sessions with tour operators, experts and members, as advised by the municipality. | It is willing to become coordinator of tourism stakeholders and promote their products and services. An example is the Woman center “ <i>from wool to carpet</i> ”, which is a carpet weaving masterclass. They agreed that the DMO will promote and sell their services to tourists. | Currently, there are no investors interested.                                                              | It has no assets under its management. | Along with other 4 information centers (Garni, Sevan, ARPA PL), it was awarded 1.5 million Drams by TC to act as information center.                                                                                                                                       | Grant from the TC will be used for opening the Information center.                                        |
| <b>Vayots Dzor DMO</b> | It developed a strategy for the tourism development of the region but did not yet finalize it. | Coordination is not formalized, but it brainstorms on activities with its members.                                  | It represents only members vis-à-vis the tourism committee and local municipalities.                                                                                                                                                                                                  | It performed an asset mapping of the region, however it does not have any formal investment plan in place. | It has no assets under its management. | It initiated branding strategy under My Armenia programme. It has a structured and designed website domain, but still have to generate content. There is no direct booking system in place, but it plans to give space to partners to promote their activities and provide | Vayk Info Center and Arpa Info Center are members of the DMO, but there is no regional level Info Center. |

|                   |                                                                                                                                                  |                                                                                                                                                       |                                                                                                                                                                                                          |                                                                                                                 |                                               |                                                                                                     |                                                                         |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
|                   |                                                                                                                                                  |                                                                                                                                                       |                                                                                                                                                                                                          |                                                                                                                 |                                               | information on how to book.                                                                         |                                                                         |
| <b>Tavush DMO</b> | It developed a tourism concept for the region.                                                                                                   | It performs data collection for the tourism sector in the region.                                                                                     | It works with local SMEs but not on a large scale.                                                                                                                                                       |                                                                                                                 | It is limited to manage some trekking routes. | It developed a website that will soon be launched, along with a brand book and a promotional video. | It cooperates with existing centers by provides information informally. |
| <b>Go2Dili</b>    | It plans to develop a tourism strategy for Dilijan.                                                                                              | It operates as a private entity, and is not very successful in tourism coordination.                                                                  | The municipality is not an official partner and is not cooperating with the DMO.                                                                                                                         | It does not operate in this field.                                                                              | It has no assets under its management.        | It limited to social media marketing with gotodili.com platform to be launched.                     | There is an Info Center in the Dilijan Park, financed by IDeA and EU.   |
| <b>Sisian DMO</b> | It performs tourism surveys and needs assessment to implement future projects. It was assisted by MyArmenia that hired experts for supporting it | Its upcoming projects include conducting training for HORECA sector, while in the mid-run it plans to rate HORECA service providers and certify them. | It consulted 40 stakeholders and the municipality applying a participative methodology. In 2019 it provided trainings for guides. It provides hotel customers with the possibility to donate to the DMO. | It is not involved, but believes that it should be, especially for a future tourism Master Plan implementation. | It has no assets under its management.        | It planned a website that has members information, with a fee-based service for the members.        | It operated a Tourism Center 2019, but it is currently closed.          |

**Table 10:** Summary of functions carried out by DMOs



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### 3.2.7. Common issues of current Armenia's DMOs

After analyzing past and current DMOs' experiences in Armenia some common issues arise, which include:

- a) **Current DMOs are self-proclaimed entities**, which means that different typologies of operators claim to that recognition. These include large private players, such in the case of the GO2Dili program. This is operated by Impulse Management Company and funded by IDeA Foundation, which plans to replicate such spin-off project in other Armenian destinations (Gyumri, Sevan, Meghri, Tatev).
- b) In this framework, **partnership among private operators and existing DMOs is scarce**. For instance, in the above-mentioned case, there is little collaboration with the already established, and GIZ-funded, Tavush DMO, while cases of interregional cooperation among Armenia's DMOs are rare.
- c) **DMOs are not recognized for destination stewardship as they do not have a clear institutional mandate and are not endorsed by the Government**. Even when it is present, political support is volatile, as governments change and with them the relevance given to DMOs, which negatively affects DMOs' operations, leaving room to potential conflict of interest.
- d) The agenda of stakeholders/board members is sometimes **driven by their vested interests**, with the underlying business model traditionally rewarded **short-term gains** (e.g. tourists' volume growth) **at the expenses of longer-term community or environmental values**. Beyond companies' own ethical values, there are few incentives to consider the wider negative impacts of tourism, and no clear mechanism to ensure that responsibility is shared.
- e) As DMOs do not have a clear mandate for considering the impacts of tourism on host communities and the environment, **the voice of communities and the destinations' needs get lost**, leading to reduced cross-sector collaboration and low-ranking representation.
- f) The current mode thus often suffers from with **low involvement of the community**, highlighted by **lack of people who represent it** and an **absence of formal and informal local leaders**. People currently behind DMOs are not always well known and neither respected member of the community. Since the government, the community and the private sector often speak "different languages", mistrust frequently arises, with no one entrusted with the authority to lead the process.
- g) Current DMOs also suffer of a **weak entrepreneurship mindset and limited connections outside of the tourism industry**, which determines an inefficient use of assets.
- h) Particularly, **lack of education and training, also related to product development**, brings to neglect customer needs, with players concerned mostly with their own ones. The consequence is that service quality standards vary greatly from destination to destination and are often not in line with international requisites.
- i) **Neglecting also applies to knowledge and data, which area usually scarce and underrated**. The impact of visitors is often not accurately measured, with data typically insufficient, incomplete, unreliable, and fragmented. Moreover, even when researched, data are collected and interpreted for very narrow purposes, making them un-useful for getting a broader picture. This also happens as the private sector can be untrusting of government data whilst being reluctant to share its own intelligence and insights.
- j) As there is no single representation, **tourism offer and promotional efforts are fragmented, with many players** developing and creating social media pages and websites to promote the same region.
- k) In the meanwhile, **some Armenia regions** (such as Kotayk, Armavir, Ararat, and Aragatsothn), which so far have not been under the radar of international organizations, albeit the rich cultural and natural heritage, are not yet familiar with the concept of DMO.
- l) However, where they were present, **international funded-programs invested heavily in capacity building, network construction and, – in some cases – also tourism products**



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**supply**, which represent assets to build on future developments, at least at regional or community level.

- m) Nevertheless, **lack of funding for strategy implementation reduces the scope of current DMOs**, forcing them to limit their approach to play the role of a tour operator by selling tours.
- n) In any case, cultural attractions, both historical and natural, are managed by other government entities (e.g. Ministry of Education, Science, Culture and Sports or Ministry of Environment) and sometimes the Church, thus preventing DMOs to operate on the supply-side and forcing them to focus on marketing activities only.
- o) For the same reasons **they cannot sustain the offer of Visitor/Information Centers**, thus not only reducing the service provided to visitors, but also **preventing them from interacting with customers and gathering visitors' statistics**. Existing Information Centers indeed operate independently of DMOs and only partially comply with collecting data on tourism behavior and demand for the TC.

Such situation creates a **strong competition with NGOs and public institutions in accessing funding opportunities**.

## 4. INSTITUTIONAL, LEGAL AND FUNCTIONAL REQUIREMENTS

### 4.1. Legal and institutional framework of the tourism sector

#### 4.1.1. Legal and institutional framework of the tourism sector

The study of the legal framework and the administrative system of the tourism sector is carried out based on the publicly available information. Besides the field study, the legal and institutional situation on the ground was analyzed using the information collected through the meetings and discussions with corresponding state and local self-government bodies, local non-governmental organizations and other actors of the sector. Clear understanding of the existing system of administration has led to offer the most preferable examples of sector management and avoid the possible overlaps in the proposed system of administration.

The possibility of Public Private Partnership (PPP) in the tourism sector was also evaluated, based on the existing legal framework and policy priorities of the Armenian Government. At the same time, the system of taxation, including the possibility of exemption from the profit tax, deduction of other types of taxes for the organizations and private entrepreneurs dealing in the tourism sector.

One of the main objectives of legal and institutional analysis, among other issues, is to support the task to provide a conceptual framework of DMOs establishment in Armenia, as an implementation body for development of the tourism strategy, destination development and serving the interests of the entire value chain. The legal analysis will focus on the grounds of establishment, structure, conditions of activities, as well as the varieties of organizations, which can operate as a DMO. Moreover, the existing regulatory framework for PPP and special taxation systems relating to tourism sector is also presented. Together with mapping of the institutional structure, it will provide with the clear picture of preferable models for the establishment and functioning of the DMOs. It is necessary to indicate that not only DMOs but also tourism information centers, tour operators and other functioning players shall correspond to the organizational and operational structure of organizations defined by the national legislation. In line with the international best practice, the local features in respect of DMO structure and management was analyzed.

It is important to emphasize, that legal and institutional structure around the tourism sites management require distinguished approach, as unlike the general regulatory and institutional issues with regard to DMOs and sector-specific legislation, the site-management plans require taking into account the specific conditions relevant to each of them. The interactions between state, local and public-private relations concerning land property, environmental restrictions, attitude to cultural heritage and religious institutions shall be treated separately. Surely, the proposed model of DMOs plays fundamental role for institutionalizing of relations between different stakeholders in the sector.



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|     |                                                                                                              |     |                                                                           |
|-----|--------------------------------------------------------------------------------------------------------------|-----|---------------------------------------------------------------------------|
| 1.  | RA Constitution                                                                                              | 10. | Law on Local Fees                                                         |
| 2.  | Law on Tourism and Touristic Activity                                                                        | 11. | Law on Registration of Legal Entities                                     |
| 3.  | New draft Law on Tourism                                                                                     | 12. | Law on Non-Governmental Organizations                                     |
| 4.  | RA Civil Code                                                                                                | 13. | Law on Foundations                                                        |
| 5.  | Law on Territorial administration                                                                            | 14. | Law on Licensing                                                          |
| 6.  | Law on Local Self-Government bodies                                                                          | 15. | Law on Notification of the implementation of the activity                 |
| 7.  | Law on Environmental Impact Assessment and Expertise                                                         | 16. | Law on Notification of the Announcement of Implementation of the Activity |
| 8.  | Law on Specially protected areas of nature                                                                   | 17. | Tax Code                                                                  |
| 9.  | Law on the Preservation and Use of Immovable Monuments of History and Culture and the Historical Environment | 18. | Law on Public-Private Partnership                                         |
| 19. | Law on Limited Liability Companies                                                                           | 20. | Law on Joint Stock Companies                                              |

**Table 11:** Legal acts on which is based the Armenia general regulatory framework

The listed legal acts are regulating quite broad area of public relations and not necessarily relate to the tourism sector. However, they may apply for different situations in respect of a case-specific circumstances. For instance, the legislation on the specially PAs of nature can be relevant in case of development of site management plans involving state reserves and national parks with the specific environmental restrictions and protection regimes. Land Code and Civic Code may be applicable in case of the land acquisition or contractual relations with the private owners, etc.

One of the main innovations in the regulatory framework is the relatively new law on the PPP. Though it regulates broader scope of potential partnership between the public and private actors, it can slightly relate to the tourism sector development either, as the law states that the aim of the PPP is the construction, improvement, operation or technical maintenance of a public infrastructure. The details of PPP are discussed more in detail followingly. Similarly, the organizational structure and operational features of DMOs are also thoroughly analyzed.

#### 4.1.2. Institutional and administrative structure of administrative bodies

The analysis of administrative institutions acting in the tourism sector is necessary to highlight the possible incompleteness in the overall sectoral administration and to suggest a system of governance, which will effectively address all needs of proper functioning governance of the sector, including the interactions between the local self-government bodies, private sector, international organizations and non-governmental actors.

Based on the analysis of current legislation, the state and local administrative bodies are identified, which have specific liabilities related to the tourism sector governance. The **Government of Armenia** develops and implements state policies, including in different sectors of economy. The policy of the Government based on its annual program and long-term strategic development plans. Tourism sector development is declared as one of the economic priorities by the Government. Moreover, in line with the spheres of water system government, agriculture and forestry, energy and others, tourism is one of the sectors where the climate adaptation policy development is mandatory, according to the [Government Decree adopted in 13 May, 2021](#). The indicated document on climate adaptation in the tourism sector, including its action plan for 2022-2026 is already drafted. In line with the general policy-making, the operational activities of the Government, such as approval of tourism development programs, definition of the status of DMOs, including their structures and functions, etc.

The next state body in the hierarchy of the tourism-related institutions is the **Ministry of Economy**, which is responsible for development and implementation of the Government's policy in tourism





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sector. Obviously, in the operational level, the economy conducts its activities in the tourism sector through the **Tourism Committee**, which is in the structure of the mentioned ministry. In the institutional level, the Ministry of Economy interacts with the Government to regarding the policy issues of the tourism sector, adoption of legislation, etc.

As mentioned, the Tourism Committee operates in the structure of the Ministry of Economy and responsible for the implementation of the state policy in the tourism sector. The relevant legislation thoroughly regulates the activities of the Tourism Committee, including its liabilities and responsibility in management of tourism infrastructure, tourism development projects, contribution to improvement of investment climate and human resources development, etc. In fact, the Tourism Committee is the core representative body of the Government in the tourism sector, which is reflected in the large scope of its competencies defined by the legislation.

The next institutional body, which has legally defined liabilities in the tourism sector is the **Province** administration body (**Marzpetaran**), which is the institution of territorial governance. In the administrative system this body is structured in the system of the Ministry of Territorial Administration and Infrastructures. The head of the Province (Marzpet) coordinates state policy with the local self-government bodies, which encompasses certain liabilities in the tourism sector development, as a part of economic development activities. It is worth to emphasize, the Province administration body has several departments in its structure, including those who are responsible for the tourism-related economic activities. Indication of this aspect is important not only to outline the institutional actors of the tourism sector but also for having clear understanding of the scope of cooperation and division of responsibilities in terms of the DMO management and decision-making. As well, it is important to mention that the Tourism Committee is the only liable body, as the state administration institution. All other state bodies, which have competence in participation of sectoral governance can have only supportive role within the proposed structure of DMOs. Moreover, in accordance with the legislation on public service, all officials working in the system of administration have their specific areas of liabilities and scope of responsibility for which they are paid from the state budget. Therefore, from the point of view of proper state administration, the DMOs shall be within the structure of the Tourism Committee (the Ministry of Economy), and all other administrative institutions (officials and public servants of Marzpetarans, administrative staff of Self-Government Bodies), can be the part of the DMOs to implement their administrative liabilities deriving from their administrative position. Furthermore, the indicated persons can be involved in the structure of DMOs on an unpaid basis, as they already receive salary for their work in the corresponding administrative body.

Finally, the **Local Self-Government Bodies** are the final institutions, which have liabilities in respect of the tourism sector development and management matters. There is a well-adapted division of competencies in the system of local self-governance in Armenia. The liabilities are divided between the Community Council and the Mayor (Head of Community). However, in the overall system of governance the Local Self-Governance authority is also considered to be the administrative body, which has the scope of liabilities and responsibility, including with regard to the tourism sector development. In particular, this authority shall cooperate with state administration bodies, private sector and other stakeholders for the implementation of state policy in the field of tourism. It also shall promote the creation of tourism infrastructures, to conduct inventory of tourism resources (natural, historical, cultural, human), etc.

The legally defined liabilities of the community administration are very significant, if implemented properly. After each election period the Community Council shall adopt the Community Development Program for five years, where the areas of economic development, potentials, resources and other features are addressed. Tourism development projects, including those developed by the DMOs shall be corresponding to the mentioned Community Development Programs in order to avoid contradictions and overlaps. Community administration also approves the master plan of the community, including land zoning, construction plans, maintenance of historical and cultural sites and other liabilities crosscutting with the tourism sector.



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Another functional liability of the community administration is to approve the community budget, in which all expected incomes to the budget are planned. In particular, the Law on Local Fees stipulates that Local Self-Governmental Bodies can impose the local fees, including regarding the tourism activities in the area of the administrative borders of the community. In practice, there are some inconsistencies between the central administration of the tourism development and the activities of local administration. For example, the Community Council of Garni community decided to collect fees from the visitors to attend certain sightseeing located in the area of the community, which caused some confusion in respect to general site management plans of that area. Considering the legally defined liabilities of Local Self-Government Bodies in relation to tourism sector, coordination of work with local communities under the general tourism destination management has critical importance.

At the same time, the local authorities are not entirely independent from the central government both financially and by the commitment to follow the state economic and other policies. The legislation adopted by the central Government and the Parliament has higher legal force than the regulations of Local Self-Government bodies. Furthermore, the significant part of the local budgets most of the communities are composed from the subventions allocated by the central Government. However, the inclusive and balanced policy development in the tourism sector is necessary for the harmonious relations and partnership

#### 4.1.3. Structure and objectives of legal entities

During discussions about the organizational structure and scope of competences of DMOs very different options are observed. In practice there are many functioning organizations in the sector, whose legal structure is in line with the non-governmental organizations and foundations. Having in mind this reality, the possibility of establishment of DMO within the structure of non-governmental organizations or corporations was also examined.

The following basic issues on the legal entities are essential to take into consideration, based on the short analysis of the Civic Code, Law on Non-Governmental organizations, Law on Foundations, Law on Limited Liability Companies and law on the Joint Stock Companies:

- The legislation clearly separates the organizations into two main groups: **non-profit organizations** (mainly NGOs and Foundations) and **for-profit organizations** (mainly the Limited Liability Companies (LLC) and Closed Joint Stock Companies (CJSC). Non-profit organizations cannot distribute the income of the organization between their members or stakeholders but only in favor of their statutory goals. Unlike them, the for-profit organizations are established to gain the profit and distribute it among its participants (founders, shareholders, etc.)
- All organizations shall have the Charter, which is the founding document of the organization, where the statutory goals and objectives of the organization, as well as the organizational structure, system or governance and other distinctive features are presented. They are established for the purpose to gain profit. General assembly of the participants (shareholders) is the supreme body of these organizations. Usually, the CJSC has more solid structure than the LLC. Some companies have multi-branch structure, with complicated system of management. In accordance with the Charter of the companies, the Board can be formed. The board's liabilities are also defined by the company's Charter. The executive body of the company (chief director, president, etc.) is also elected by the general assembly of the company, although statutory structures may vary.
- Private entrepreneurs and physical persons operating in the tourism sector can create the association, cooperative and other for-profit organization or they can and participate in the tourism development activities within the DMO structure in person. However, it is not preferable to have them among the decision-making systems to avoid the conflict of interest, as they interested parties.



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Hence, the interactions between the for-profit organizations and the state and municipal bodies are also regulated by the legislation within the trade-based relations mainly. The companies can participate in state procurements, work with the Government in contractual basis via PPP mechanism and others. However, it is necessary to emphasize that for-profit organizations cannot replace or be a part of the administrative governance system, as it will compose certain corruption risks. **In the system of DMO management, the for-profit companies can either participate in the consultative basis (advisory board or similar) or perform a procurement-based activity (outsourced operations).**

Unlike the for-profit companies, the NGOs and Foundations do not follow the profit-gaining purposes. Even though the Law on Non-Governmental Organizations envisages for the NGOs the possibility to establish an LLC, as an organization attached to the NGO but there is a clear restriction in distribution of the profit. All means gained as a result of the operations of the mentioned LLC shall be spent for the goals and objectives stipulated by the Charter of the NGO (e.g. non-profit objectives). Among the distinctive features of non-profit organizations are:

- They can be established without any statutory capital but need to have clear goals and objectives foreseen in the Charter. Judicial practice has come to prove that the accuracy of statutory objectives is critical for the activities of NGO. In particular, there is a large scope of judicial case study, where the court denied to recognize the legal standing of NGOs to protect the public right of their stakeholders in the court if the statutory objectives of an NGO does not clearly indicate the sphere of activity of the NGO. Among others, this feature also needs to be taken into account when discussing the possibility of considering DMOs to be established in the structure of NGO.
- The NGOs also can establish different bodies in their structure, such as the board, executive director, ethics committee, etc. They are free to cooperate with the state and private institutions within the statutory objectives foreseen in their Charter and beyond them. The legislation does not restrict the possibility to have the permanent core funding from the state institutions as well. However, the lack of the sustainable core funding makes the financial dependence of NGOs incompatible with large scale of competent work as DMO appropriate.
- Likewise, Foundations are also non-profit organizations. However, the founder of the Foundation can be the state or municipal institutions, which allows them to have annual core funding from the state budget. **This structure has been used in the tourism management sector recently but it was denied by the government as a result of policy-making.**

Unlike the for-profit organizations (companies and similar corporations), the decision-making participation of non-profit organizations in the structure of DMOs is preferable and does not bear corruption risks. However, establishment of DMOs in the structure of NGOs is not sustainable financially and from the point of view of competent management. Acting as a civic organization, the NGO cannot effectively coordinate the operations of different state and municipal bodies related to the tourism industry. Hence, the interested NGOs and other civic partners can also participate in the operations of DMOs as members of advisory board and even participate in decision making process through some mechanism envisaged by the Charter of a DMO. Surely, through the mechanism of NGOs the interests of entrepreneurs working in the tourism sector can be protected via human rights protection instruments of civic activities. It also needs to be noted that NGOs involved in the tourism sector development can also have funding from the Government in a general basis, which is regulated by the legislation. However, the members of NGOs involved in the structure of a DMO cannot be paid from the state budget for their activities.

The research findings show that **NGOs have significant participation in non-formal tourism destination management.** Some of them have visible success their relations with communities, state and international institutions. Among them is the ARPA Environmental Foundation (Former Gnishik Foundation), which established the Arpa (Former Gnishik) protected area. It included a participation in planning and management of the area. Alaverdi tourist information center also have community engagement, as the Alaverdi municipality was involved in the establishment of the center.





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Another example is the Syunik NGO, which received even political support from the local government by discussing the plans for tourism development.

There are successful examples of international partnership and cooperation with the private sector, even with businesses outside of the tourism industry, in participation with the Armenian Society for the Protection of Birds. Therefore, even before **the establishment of formal DMOs cooperation between different actors of the Tourism sector is already a reality**. However, the smart and comprehensive destination management is absolutely necessary sustainable development and obligatory green transition of the tourism sector.

#### **4.1.4. Public Private Partnership in the tourism sector**

One of the main challenges in the tourism sector is the possibility of the PPP, the participants, regulatory framework and the scope of activities within that mechanism. Before starting the legal and policy analysis of the PPP in Armenia, it should be noted that the concept of PPP can be perceived in a different manner. First of all, it is a philosophy of cooperation and participatory decision-making between all interested parties, which is a large concept and can be reached by all means allowed by the legislation. From the point of view of state policies and corresponding legislation, the preferable sectors, actors and scope of relations of the PPP is clearly presented by the state policies and legislation, which significantly narrows the possibility to materialize this instrument in the tourism sector, as it is not indicated by the [Government among the sectors specified for the PPP](#). However, it is important to analyse the existing information about PPP to pick up the logic and the main concept of this instrument for potential cooperation in the tourism sector in a larger scope.

Thus, according to the official statement of the Ministry of Economy of Armenia, the 2019 program of the Government of the Republic of Armenia emphasized the importance of the policy development for the Public-Private Partnership and efficient implementation of PPP projects. The objective of RA Government is to implement such PPP projects, under which the concluded contracts in the long-term perspective will effectively manage the risks allocated between the public and private partners, will contribute to building and development of infrastructures in the country within the framework of PPP projects, as well as will ensure positive outcomes based on the quality and value of services rendered to the public. In order to achieve the specified objectives, processes aimed at developing PPP projects and forming the legislative framework for implementation have been initiated.

Within the framework of the PPP policy development, the document [“The Public-Private Partnership Policy of the Republic of Armenia”](#) was approved by the RA Government in 2017. Based on the policy measures, the RA Law [“On the Public-Private Partnership”](#) was adopted in 2019.

There is even an official definition of PPP constituted by the RA Ministry of Economy, which states that “PPP is contractual relationship on provision of services between the public and private partners, which is aimed to financing, construction, renovation, management, maintenance, and operation of infrastructures and is based on the Private Partner Selection Process (PPSP) by unified, competitive, transparent public principles and arrangement of long-term cooperation by non-discriminative fundamentals. A PPP is a long-term contract between the private sector and a body of the public administration system/local self-government body (public partner), usually for a period of 20 years, for provision of public services, as well as for development of public infrastructures.”

Based on the position of the Government, the cooperation between different actors is organized through the interrelation between the Competent authority, Authorized body, the Public partner and the Private partner. As the “Competent authority” can be the RA Government, a body of the public administration system that develops and implements a policy in a specific field of public administration, a local self-government body of Armenia. “Authorized body” is a body of the public administration system that develops and implements the policy of the RA Government in the field of public finance management. Correspondingly, the “Public partner” is a competent authority, which countersigns a PPP contract with the successful tenderer. Finally, the “Private partner” is a private legal entity established and operating in accordance with the legislation of the Republic of Armenia.



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The sectors and criteria of the Public-Private Partnership are also outlined. It encompasses the Postal infrastructures and services, transport infrastructures, energy industry, solid waste, water economy, healthcare and education. The criteria to launch the PPP are:

- At least five years of the project duration,
- Construction or improvement of a public infrastructure, operation, as well as technical maintenance,
- Risk allocation between the public and private partners,
- Ensuring the economic profitability of the Republic of Armenia,
- Compliance with the RA Government priorities,
- Ensuring fiscal affordability,
- Ensuring value for money.

The Government has also presented clear measures to differentiate the PPP from the Public Procurement based on the criteria mentioned above. Here are the differences:

**PPP:**

- Long term agreement
- An infrastructure project is fully or partly financed by the private sector
- Relations between public and private actors continue after completion of the construction phase. Upon expiration of the term of the agreement the right of possession of the assets is returned to the state
- Answers the question “What procure?”
- Risks are allocated between the public and private partners

**PP:**

- Short term agreement
- The project is financed by the resources of the state/community budgets only
- Relations between public and private sectors end in parallel of the end of content of liabilities with regard to the subject of the agreement. The performance of the agreement by the bidder is monitored by the state throughout the project duration
- Answers the question “How to procure?”
- Risks are assumed by the authority only

All indicated issues are regulated by the legislation. There are three clusters of legal acts regulating the sector. One is the complex of legal acts concerning the Procurements. Second complex is legislation of public-private partnership and the last one is the complex of PPP methodology manuals, template forms and guidelines. In particular, the Law on Public-Private Partnership, including the rules and procedures related to the development and implementation of the PPP projects, the institutional framework of governance, applicable criteria and other issues related to the PPPs. Other related regulations reflect the above-mentioned differentiated approach to PPP and PP.

The agreement is fixed by the PPP contract, which is the legal agreement for a PPP project implementation countersigned by the Public partner (competent authority) and Private partner (private legal entity) with a mid-term or a long-term program timeline. In order to become a public partner, the competent authority countersigns a PPP contract with an applicant who has been recognized the winner in the private partner selection process. The main requirements of a PPP contract are distribution of the PPP project's risks between the public and private partners, including distribution of the rights and responsibilities of the parties, responsibility taken by the private partner for public service (for example, as well as to provide infrastructure to the public, provide services, etc.)

Therefore, there is sufficient ground to affirm that policy-making and legislation are duly set up for entire application of the Public-Private Partnership in different sectors. Even though the tourism industry is not in the list, it always can be enlarged in the future.



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## 4.2. Policy recommendations based on legal and institutional character of DMOs

The data collected during the site visits illustrated that currently the regulatory framework of the DMOs are among the most challenging issues of the tourism sector in Armenia. In fact, the ongoing legislation does not envisage any regulation concerning the legal status, structure or scope of activities of DMOs in the tourism sector. Hence, the concept of DMO is not even exist in the ongoing legal and administrative scope. Even though some public organizations working in regions call themselves as DMOs however, their structure and objectives do not even slightly correspond to the profile and distinctive features of the DMO. Therefore, it is necessary to conduct general analysis of the regulatory framework of establishment and operation of the legal entities to choose the optimal model applicable for DMOs.

The organizational structure of the proposed model of DMO shall effectively combine the scope of liabilities of state and local self-government bodies (e. g. administrative institutions), and ensure the effective and non-discriminatory participation in decision making process for all interested partners from non-governmental and private sectors. Consideration of conflict of interests is vital when drawing the governance structure of DMOs. The indicated DMO modality shall also leave the door open for the possibility of PPP even if it is not among the policy priorities at this moment.

The scope of liabilities of the administrative bodies involved in the governance of the tourism sector, as well as the general legal status of civic and commercial organizations was presented above. Based on the general legislation, two possible models for the organizational structure of DMOs are described followingly:

1. **Local DMOs can be established and operated as sub-divisions of the TC, as playing the role of the supreme or central DMO.** Under this model, the DMOs shall be established through the enlargement of the structure of the TC, within the administrative system of the Ministry of Economy. It will lead to creation of new positions paid by the state budget, as other officials or public servants working in the TC. In collaboration with the Ministry of Territorial Administration and Infrastructures, the DMOs can be located in the residences of the Province administration bodies (Marzpetaran), which will facilitate the contacts and cooperation between different representatives of state (two indicated ministries) and municipal administrations within the certain Province (Marz).
2. The second model does not significantly differ from the first one. Within this model, the DMOs can be established as **separate bodies and will have a status of state-owned Foundations**. They will have core funding from the state budget but the legal status will allow them to have more flexibility in fund-raising from different sources, including membership fees from the organizations operating in the tourism sector. The main weakness of this model is the disruption from the TC.

Both modalities of DMOs are in line with the legislation and practice. The legal basis of establishment of DMOs within the first modality is the amendment in the state administration system in the Ministry of Economy through establishment of new structural division. The amendment of the Charter may also be needed.

To establish the DMO within the second modality shall also be accompanied by adoption of the Charter for each of the established DMOs. It can be the decision of Prime Minister, Order of the Minister of Economy or even the joint order of the two related ministers, including the Minister of Territorial Development and Infrastructure. It will be based on the structure and scope of liabilities and the structure of management of the DMO.

## 4.3. Functional

In § 3.2.6 we provided a summary of functions carried out by current DMOs in Armenia. Such functions, coupled with those emerging at the international level from Task 1.1 (“Comparative analysis of DMOs”) provides a large spectrum of activities.



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From a management perspective, these can be grouped in back and front-office activities. The first include all those functions that make up administration and are not external-facing, such as human resources, information technology / Data Management, legal, procurement, finance and accounting. They also normally include creating and printing collaterals and maps. The latter include all those that are “customer”-facing and eventually revenue-driving. DMO’s “customers” in broad terms, are all its stakeholders, particularly tourists and public/private operators with whom the DMO relates.

**Back-office activities** do not require specific design requirements as they can be implemented in any location, also online. Customer-facing activities instead require a different and focused design.

With regard to visitors, the DMO must provide both on-line and on-site services. **On-line services** include phone relations and interactive web activities, which again can be held in any location and also outsourced. **On-site services** are instead to be planned with great attention, as they usually include the management of **visitor centers (VC)**.

When envisioning how a visitor center should operate, many options arise, which are also partly dependent on the destination’s offerings. Considerations include opening hours, number of staff onsite, kinds of local merchandise sold, size of the center itself, and availability of parking and bathrooms.

The types of services that a DMO usually provide in a VC include:

- Distribution of collaterals and maps;
- Provision of key information (where to go, what to do, where to stay, events, planning your trip, etc.);
- Running of public services (parking, bathrooms, wifi, etc.);
- Management of complaints;
- Receive and accommodate group of tourists to provide collective information;
- Etc.

This means that the VC should be conveniently located according to visitors’ fluxes and possibly close to key attractions so as to allow visitors to easily move through the destination. Findings from other researches show that tourists’ VC usage is needs based<sup>18</sup>. They are most likely to stop at a VC when visiting a location for the first time, if they have insufficient access to information before arrival or if they are staying more than one night. Most visitors plan to stop to a VC in advance.

The same research shows some positive impact of VCs on length of stay and spend, particularly in more remote locations. Visitors indeed reported improvements in their knowledge, perceptions and experience in an area as a result of their VC stop, thus gaining information on visiting attractions that might not have visited instead. Results also indicated VCs are most valued when they go beyond providing maps and guide books to give additional local knowledge. This not only enhances the visitor experience, but also improves their recollection of the area. VCs therefore support local economies, improve the visitor experience for tourists and boost advocacy for the region. In turn, this require for VC to rely on very competent staff, which has not only to provide to information needs in different languages, but also to be proactive in order to cater to more sophisticated needs.

In some cases, VCs can act as key information centers in addition to their various communication and education activities. For instance, the American National Park Foundation (NPF) is working “to envision a 21st century visitor experience and transform visitor centers across the country, creating engaging spaces where visitors are immersed in the NPS site as soon as they enter the doors, harnessing the most advanced technologies and applying the most up-to-date knowledge<sup>19</sup>.” As such VCs are also used to implement unique architectural structures blending the built and natural environment, in any case establishing a modern sense of place and community for all visitors.

<sup>18</sup> Tourism Research Australia (2015), *The influence of Western Australian Visitor Centres on Tourist Behaviour*. Australian Government

<sup>19</sup> Source: NPF (2022) [Envisioning a 21st century visitor experience](#), accessed the 9<sup>th</sup> December 2022





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UNESCO too, holds a broad approach to VCs, defining it “any kind of organized service with front-desk activities, the main purpose of which is to welcome and orient visitors, facilitate the visit, and enhance the presentation and interpretation of UNESCO designated sites”<sup>20</sup>. This concept includes a broad range of different structures, sometimes carrying different names such as “interpretation center”, “information center”, “house”, site’s “house” or “museum”, among others.

Three core functions were identified by UNESCO:

- a) **Information.** The first, most obvious and intuitive role of a VC is to provide information to its different target groups, with regard to any possible issue of relevance to the site. Information provided by the Centers mostly concerns the values of the site (starting with those that determined its designation), to facilitate its understanding and appreciation; secondly, it is aimed at facilitating the sites’ visit (schedules, itineraries, services, codes of conduct, etc.). This function includes the production and dissemination of specific information materials, that should be conceived to serve the Centre’s specific communication purposes;
- b) **Education.** To achieve this goal, experience shows that cooperation with formal education actors is of strategic importance. Schools are one of the main target groups, as VCs regularly host study visits and offer specific activities for school-age children. Universities and research centers are also important partners (in some cases, having managerial responsibilities in the VC’s governance), through forms of cooperation that may include internships, advice, and applied scientific research. Many VCs also highlight the importance of voluntarism as a way to mobilize local communities and engage them in a process of increasing understanding, appreciation, and active care of their heritage and the surrounding environment;
- c) **Accessibility.** Besides being the main interface of a site with external actors, VCs in some cases act as entry points to the tourist sites: they are the gate through which visitors access the site, offering a strategic opportunity to guide and influence the entire visit experience. In these cases, VCs are fundamental to filtering access through opening hours and maintaining the established carrying capacity. As part of their core mandate, VCs can have the function to facilitate access to the site, especially in cases where access is restricted for conservation or security reasons, or hindered by physical barriers. This may apply to both real (with special focus on people with reduced mobility) and virtual access (considering the potential of new technologies for virtual or augmented reality). With regard to local communities, some VCs have developed experiences to encourage local stakeholders to experience the site, through measures that include priority access (no or reduced entry fee, when entry tickets are entailed), communication campaigns, recreational facilities, and cultural activities open to the public. The presence in the VCs premises of a good cafe, restaurant, or similar public space – whenever feasible – often proves to be a good practice to encourage access and to diversify the Centre’s funding sources. More generally, accessibility functions are however intended in the broader sense to facilitate information access to numerous audiences, with diverse intellectual needs, aiming at stimulating curiosity and contributing to a positive experience,

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Among the functions to be carried out by DMO, along those enlisted above, which represent its core activity, the TC raised the issue of **whether the DMOs might be entitled to manage tourist sites or attractions**. According to international experience the answer is positive. DMOs, particularly in the form of NGO (Foundation), can conveniently be assigned such competence, which would strategically expand their role. In Italy, for instance, the Ministry of Culture is encouraging the establishment of Foundations as the managing entities for key cultural sites, while assigning them a broader role for tourism development at the destination level. The same applies for nature sites, where Foundations have been put in place not to only to protect but also to valorize natural sites.

²⁰ EduActive (2022). [4th Regional workshop for Europe on Visitor Centres in UNESCO Designated Sites](#), accessed the 9th December 2022



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5. CONCLUSIONS AND RECOMMENDATIONS

Armenia's strategy for DMOs establishment take places while international tourism is recovering from the COVID-19 pandemic, which brought to a shift in traveler requirements and expectations that have been investigated by several researches. The country therefore is in the position to strategically define its new tourism organization while trying to match some emerging trends. These include preferences towards less crowded and unfamiliar destinations, committed to sustainability, with rural connotation, coupling soft adventure with wanderlust to explore unfamiliar destinations. New travelers show also a desire to lessen their footprint and enhance their social impact, being engaged in a sort of "philantourism", which brings to specifically choosing an experience or vacation cable to support a destination through tourism. The lockdowns moreover caused a major concern on overall health, driving travelers to seek out wellness experiences, also through personalized offers, while enhancing the demand for longer and relaxing stay, provided that destinations and tourism services are equipped with digital connections, not only to explore in advance their feature, but to allow for permanent interaction by social media.

At the light of such changes, Armenia has experienced a steady growth of tourism, reaching almost 1,9 million overnights stays in 2019, with diaspora tourism being a key sub-segment but also appealing to newcomers from countries such as from Germany, France, GCC and some others from Asia. Tourism contribution to Armenia's economy, which stands at 12.6% of national GDP, with an incidence per resident also higher than the one experienced by much more touristic known countries, appears still underrated in current tourism organization.

Tourism public management in Armenia is much centralized with the TC attributed key competences on the behalf of the Ministry of Economy, while Marzes, which implement the Government territorial policy at the regional level, do not usually have a tourism department, with competences left to other departments. At the local level, despite the lack of financial resources, more effort for tourism development is apparently produced by Local Self-Governance Bodies where at the office of the Chief of Community, there is often an officer taking care of tourism affairs.

Such institutional framework witnessed, in the last decade, and particularly in the years preceding the Pandemic, the attempt of international organization – USAID and GIZ – to bring to the Armenian context global DMO experience, so as to stimulate localized tourism development starting with the building of capacity in visitor services management, information and promotion. According to the international cooperation tradition, such efforts were intended to disseminate good practice and to put the seeds for successive development, which has to occur paying attention to different aspects of sustainability, starting with financial one, but not only

To such extent, current experiences, which were surveyed by the Consultant through personal semi-structured interviews at almost all DMOs' premises, show several drawbacks, that should be overcome by a sound government intervention. We have highlighted the following key issues, which have to be investigated in the next report - *Conceptual framework of the DMO content* (assignment 1, task 3) – taking also into account experiences provided by international practice - *Comparative analysis of best known/functional international DMOs models* (assignment 1, task 1): Sustainability; Governance; Role of existing DMOs; Operational scope; Geographical and administrative boundaries; Regulatory Framework.

It is not rhetorical to say that **financial sustainability** of the DMO must be at the center of the process. As also the on-going international comparison is demonstrating, there is little room for self-sustaining DMOs without substantial public finance support. To such extent, historical budgets committed to tourism in Armenia are very low not only if compared with wealthier European countries, but also with regard to the Caucasian countries. Should such expenditure continue to be not in line with DMO financial needs, it might be beneficial to integrate public transfers with fiscal entrances provided by additional taxes (earmarked tax income or fee from tourists), while generating and retaining own income from the provision of market service (e.g. product sales, events, booking services, tours, rentals, catering at visitor centers).



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In such assessment, it should not be disregarded the role that might be played by **private partnerships**, at least in some activities. Although the examined experience of private operators revealed a lack of awareness of broader social and environmental impacts that the DMO should take into account, fees derived from the concession of management of cultural or natural attractors and from related tourist services might help to sustain information provision and other tourist services at the local level. **Community involvement** is also a pillar of sustainable development. To such extent it is necessary to give DMOs a clear mandate for destination stewardship. This, in turn, suggest to adopt a public-driven model, capable of reflecting interest of different parties, but without leaving private vested interests to prevail and thus eliminating the potential conflict of interest that arose in some current DMOs experiences.

With regard to **existing DMOs**, it is very important that their cumulated experience, although yet not complete, does not go wasted. There are 5 organizations currently operating as DMOs, plus other private and community-driven; it is wise to valorize and integrate their potential rather than create completely new entities. Obviously, such organizations would be required to comply and adapt to new optimal models recommended by the law and there might be some of the unable to conform, but an effort is recommended to be inclusive and take advantage of their experiences and their at least partially skilled staff.

Operational scope should also be planned with attention. Travel & tourism activities and impacts cut across multiple industries and government departments, which operate at different levels and geographies. Even the core roles of developing and promoting tourism products, and managing visitors and their impacts, are usually dealt with by distinct organizations. Although extremely challenging, the coordination of public and private efforts is a key requisite, that is currently missed by silo-made decisions and a lack of ownership, accountability, as well as competing agendas. More precisely, there is a need to shift DMO approach from narrow destination marketing to broader destination management, caring for the supply-side development as well, till including the possible DMO's mandate – if considered valuable - to manage heritage sites and natural attractions. In any case, finance should be provided – or obtained through PPP or other above-mentioned revenues – to run information Centers, as they are the forefront of DMO operations.

A key issue refers to the **geographical scope** of DMOs. Armenia has 10 Marzes, some of which have already experienced international cooperation in DM, while others (Kotayk, Armavir, Ararat, Aragatsotn) have been so far excluded. A key principle should be, of course, to cover the entire Armenian territory with DMO service. The way to select them is not however unique, since a destination is not decided through an administrative act, but its definition is up to the visitor, which are influenced by marketing, as well as by physical and cultural perceptions²¹. To such extent, it must be highlighted that Armenia's marzes were formed after the collapse of the Soviet Union and some territories that have similar historical and natural resources find now themselves located in different regions. Furthermore, territories identified as a destination, besides being determined by geographical boundaries, can also be determined on economic factors, such as where tourists spend the longest amount of time or the most money. Finally, WTO²² also states that a destination can be defined by the psychographic factors, "which constitutes the main reason for the journey"²³. Taking these key aspects in mind, simplicity and administrative sustainability considerations, albeit diversity and fragmentation of tourism supply in one region, would suggest to focus on matching the Destination and DMO to the country's marzes, also considering to aggregate two or more marzes to obtain consistent destinations. With regard to the **regulatory framework**, starting from the current blurring concepts of DM and DMOs, a clear definition should be embedded in the Armenia's Tourism law, entailing concepts so far discussed, so as to promote efficient and effective implementation.

²¹ Stange, J., & Brown, D. (2013). *Tourism destination management achieving sustainable and competitive results*. US Agency for International Development.

²² WTTC Towards Destination Stewardship Achieving Destination Stewardship through scenarios & a Governance Diagnostics framework, July, 2021

²³ Manente, M. (2008, October). Destination management and economic background: defining and monitoring local tourist destinations. In *International Conference on Measuring Tourism Economic Contribution at Sub-National Levels* (pp. 29-31).

Annex 1: Tourism Scenario

a) Overview of the Global Tourism Sector

According to the World Travel and Tourism Council (WTTTC), in 2019 Travel & Tourism (including its direct, indirect, and induced impacts) was one of the world’s largest sectors, accounting for **1 in 4 of all new jobs** created in the world, **10.3% of all jobs** (333 million), and **10.3% of global GDP** (USD 9.6 trillion). Meanwhile, international visitor spending amounted to USD 1.8 trillion in 2019 (6.8% of total exports)²⁴. The benefits of Travel & Tourism indeed spread far beyond its direct impacts in terms of GDP and employment, with indirect gains extending through the entire travel ecosystem as well as the supply chain linkages to other sectors.

2021 saw the beginning of the recovery from the dramatic 2020 downfall due to the pandemic. Although this was slower than expected, due to the impact of COVID variants and border restrictions, WTTTC projections point to a strong decade of growth, as Travel & Tourism GDP is set to grow on average by 5.8% annually between 2022 and 2032, outpacing the growth of the overall economy (2.7% per year).

United Nations World Tourism Organization (UNWTO) forecasts that Travel & Tourism GDP will return to 2019 levels by the end of 2024, according to different scenarios that take into considerations possible new outbreaks of the pandemic and successive closure responses²⁵.

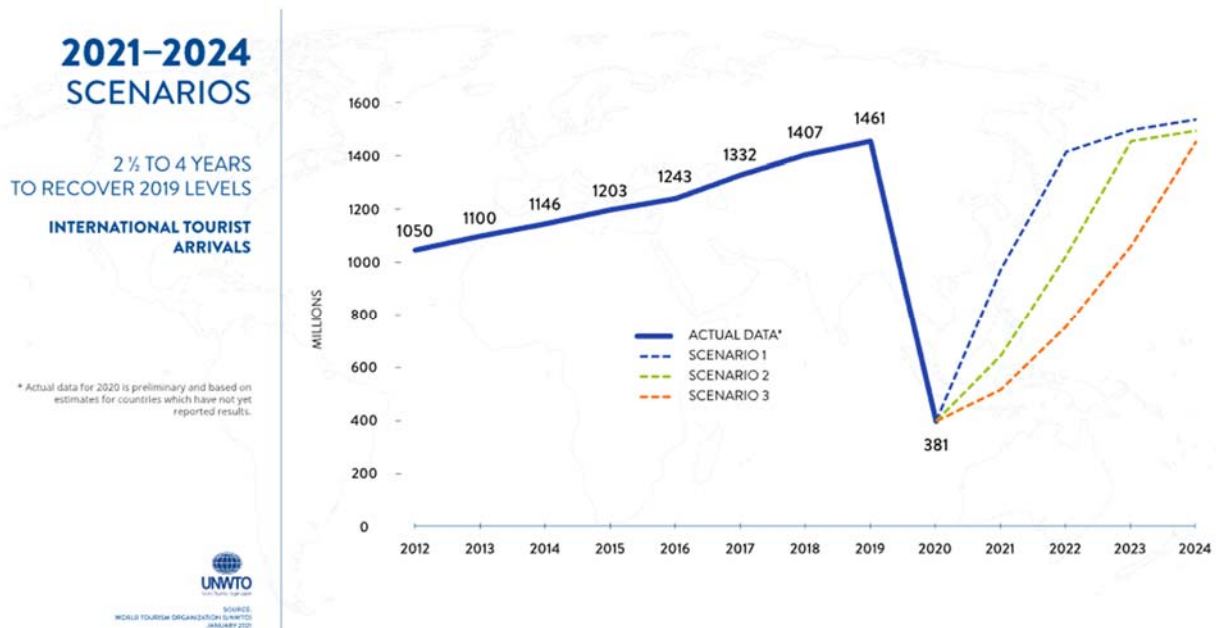


Figure 3: International Tourism Arrivals 2021-2024 Scenarios

Looking at a longer-term forecast, between 2022 and 2032, WTTTC expects that Travel & Tourism’s contribution to the global economy will grow at an average annual rate of 5.8%, which is more than double the 2.7% average annual growth rate estimated for the global economy²⁶.

²⁴ World Travel and Tourism Council (WTTTC). *Travel and Tourism Economic Impact 2022*

²⁵ Source: <https://www.unwto.org/covid-19-and-tourism-2020>

²⁶ WTTTC (2022). Op. cit.

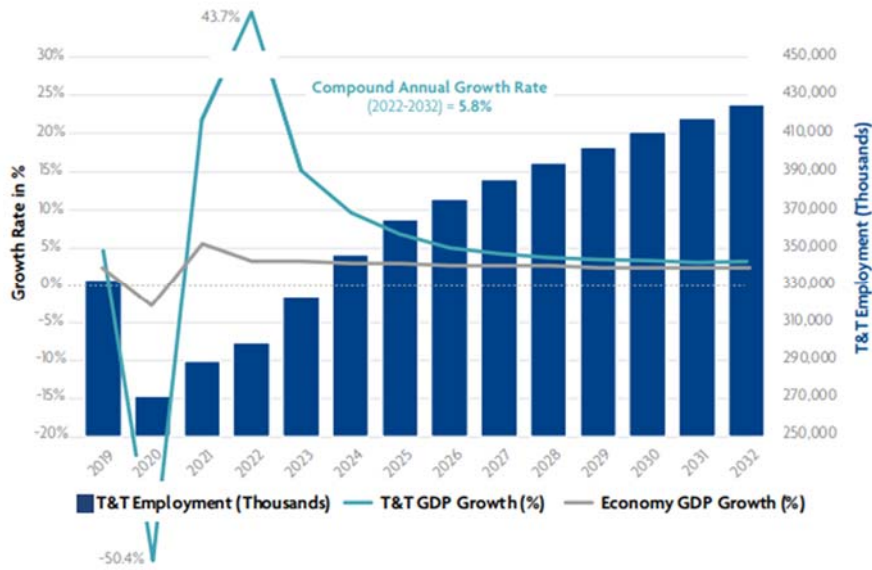


Figure 4: Travel & Tourism Forecast (2022 – 2032)

In that same period, the sector is forecasted to generate 126 million additional jobs. Many of these will be concentrated in the Asia-Pacific region (64.8%) in general, China (25.5%) and India (20.4%) in particular²⁷.

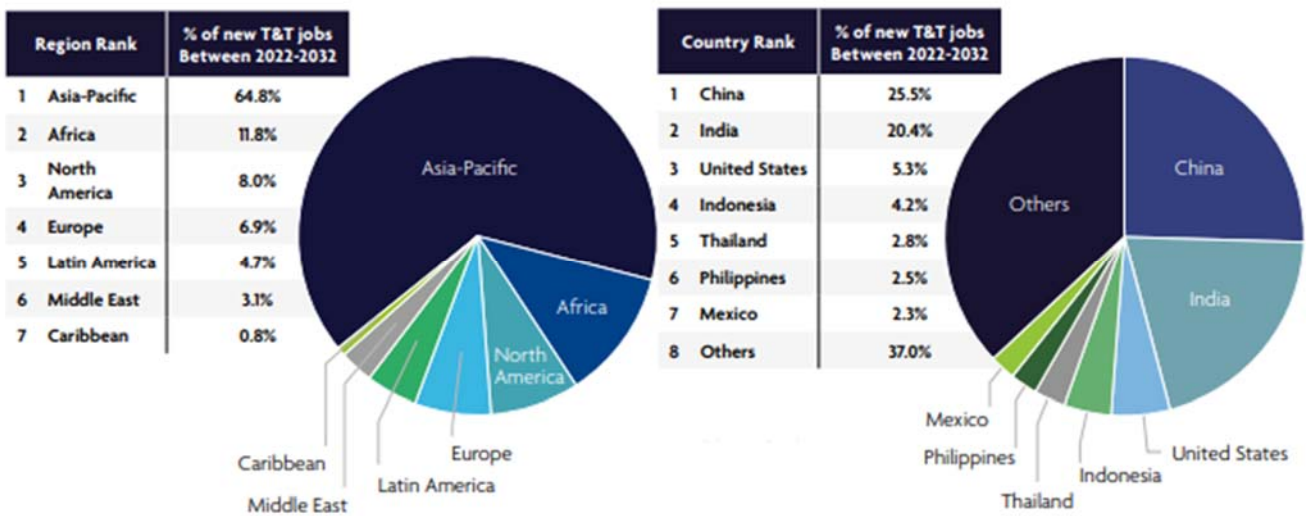


Figure 5: New jobs created in Travel & Tourism between 2022 and 2032

While projections are positive overall, the WTCC highlights some downside risks. They include the negative impacts of the conflict in Ukraine, including supply chain disruptions and rising energy prices which have increased inflationary pressures, in turn reducing disposable incomes in important source markets. In addition, the effects of airspace restrictions and rising oil prices could feed into transport ticket prices, thereby making travel costlier.

b) Emerging Global Consumer Trends

According again to WTCC²⁸, COVID-19 altered the way people live, work and travel, and shifted traveler requirements, expectations, and preferences, with trends shaping the recovery investigated in several research. Soon after the pandemic, in 2021, booking trends showcased a domestic

²⁷ WTTC (2022). Op. cit.

²⁸ World Travel and Tourism Council (WTTC). *Trending in Travel. Emerging consumer trends in Travel and Tourism in 2021 and beyond*



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rediscovery, with ongoing restrictions compelling consumers in search of travel experiences to explore within the borders of home destinations. The concept of a **staycation** has taken on new meaning in this era, as consumers create workcations and increasingly stay longer in destinations, given the normalization of remote work.

Following a period of lockdowns and isolation, a **preference to travel to less crowded and even unfamiliar destinations** emerged. There has been increased interest in exploring secondary destinations and nature, with travelers more committed to **sustainability**, which in turn is affecting their travel choices. There has been an increasingly seeking out of **secondary destinations, rural areas and nature-based destinations**. Travelers are increasingly seeking adventure to satisfy their pent-up wanderlust, with 40% of travelers opting to explore unfamiliar destinations²⁹.

Travelers also show a desire **to lessen their footprint and enhance their social impact**. Already pre-pandemic, 51% of global travelers declared their willingness to exchange their original destination for a lesser known but similar alternative if it had a smaller footprint and greater community impact³⁰. Further research found that 69% of tourists are interested in **visiting lesser-known destinations**, with 72% hoping to support local communities through their travel, and 59% showed interested in **“philantourism”**, specifically choosing an experience or vacation to support a destination through tourism. Moreover, 52% of consumers are more likely to take an outdoor trip than before the pandemic, with 47% of travelers wanting their next trip to be in nature³¹.

At the global level, COVID-19 had a detrimental effect on mental health with individuals struggling with anxiety and isolation, among other issues. The lockdowns therefore shed a brighter light on **wellness and overall health**, driving more consumers to seek out further wellness experiences. Since 2015, the global wellness tourism industry has grown steadily, experiencing 6.5% annual growth between 2015 and 2017³². While primary wellness travelers take trips motivated by wellness³³, secondary wellness travelers, who participate in wellness experiences while taking any type of trip for leisure or business, account for 89% of wellness trips and 86% of expenditures and, as such, form the larger share of the market³⁴. As consumers continue to blur the lines between business and leisure travel and become more aware of and search for more self-care and wellness activities to cultivate healthier lives, wellness tourism will continue to see growth in the long term. For travel providers, there is room to offer more personalized wellness experiences, from specific products to entire retreats.

From domestic travel leading the recovery and younger generations being the first to travel again, to an increased **demand for longer stays**, fee-free cancellations, and enhanced health & hygiene measures, consumers have made their preferences clear. While in 2019, the average domestic trip length was 4.4 days and 9.2 days for international trips; in 2021 over 52% of global travelers indicated a preference for longer stays, with approximately one in four (26%) favoring to stay 10+ nights³⁵.

Social media and digital marketing will continue to be powerful marketing and selling tools for travelers in the long term, requiring more destinations and businesses to respond with innovative and engaging strategies. As travelers plan and book their next trips, younger generations will continue to seek **engaging and interactive content** on digital channels when choosing where to go.

Average travel expenditure is also expected to increase. The **luxury travel market**, which was valued at US\$ 945.6 billion in 2019, is expected to reach US\$ 1.12 trillion in 2027³⁶. Within the luxury segment, consumer budgets will remain the same or increase, with tourists being more likely to book

²⁹ Amadeus (2020). “Destination X: Where to next”. Mentioned in WTCC (2021). Op. cit.

³⁰ Booking.com (2020). “Booking.com predicts the top travel trends for 2020”. Mentioned in WTCC (2021). Op. cit.

³¹ Source: <https://www.americanexpress.com/en-us/travel/discover/get-inspired/global-travel-trends>. Mentioned in WTCC (2021). Op. cit.

³² Global Wellness Institute (2018). “Global Wellness Tourism Economy”

³³ Global Wellness Institute (2021). “What is wellness tourism?”. Mentioned in WTCC (2021). Op. cit.

³⁴ Wellness tourism is not to be confused with medical tourism which ranges from travel for necessary medical procedures, such as cardiac or orthopaedic surgery, to elective and cosmetic surgeries.

³⁵ Global Data (2021). “Longer trips look set to boom post-COVID-19, says Global Data”. Mentioned in WTCC (2021). Op. cit.

³⁶ Alliedmarketresearch.com (2021). “Luxury Travel Market”. Mentioned in WTCC (2021). Op. cit.



through a travel advisor in the future. Pre-pandemic luxury travelers will continue to demand luxury travel, with some even increasing their expenditures.

c) Armenia position in the World Tourism and Travel Market

i) Tourism flows and expenditure

According to UNWTO, Armenia enjoyed a steady growth in tourism since the end of 1992-94 war with Azerbaijan. Overnight visitors reached 1,894,000 in 2019, with a 23,5% yearly growth rate, which reduced to a however notable 12.0% since 2009.

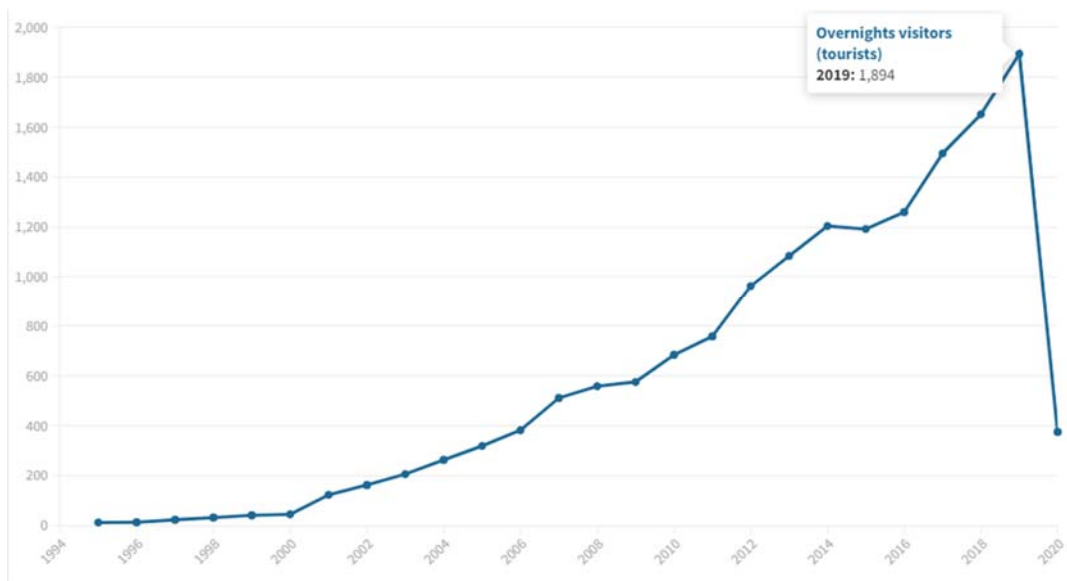


Figure 6: Overnights tourist in Armenia, 1994-2020³⁷

In 2019, Europe (80.0%) was the first region of origin of arrivals in the country, followed by South Asia (10.5%), Americas (4.0%), East Asia and Pacific (3.4%) and Middle East (2.0%).

Globally, the steady market of tourists in Armenia comes from Russia, USA and Iran. These tourists serve as a strong base for Armenia's tourism, among which **diaspora tourism** is a key sub-segment. Traditional markets include also Germany and France, while newer tourism markets are Gulf Cooperation Council (GCC).

The growth generated notable economic impact. In 2019, **total Travel and Tourism contribution to Armenia's GDP stood at 12.6%** and amounted to a total of USD 1.8 billion. This growth supported a total employment (direct plus indirect) of 137,600 people in the Country, equalling to 13.8% of Armenia's total employment. International visitor spending was USD 1.5 billion or **25.9% of total exports** against USD 0.2 billion of domestic spending. In 2019, **51.7% of international arrivals reached the country by air**, against 48.3% by land. **Personal leisure travels contributed to 84.1% of visitor spending**, against 15.9% of business and professional travel³⁸.

ii) Tourism patterns and motivations

³⁷ Source: <https://www.unwto.org/tourism-statistics/key-tourism-statistics>

³⁸ Source: Armenia, in <https://wtcc.org/research/economic-impact>. Accessed on November 2nd, 2022



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Total overnight stays accounted for 18,9 million in 2019, which is a very notable figure if compared to Armenia's total population, as it corresponds to 6.4 overnights per resident³⁹. Through 2009-2019 the average increase per year has been 16.8%.

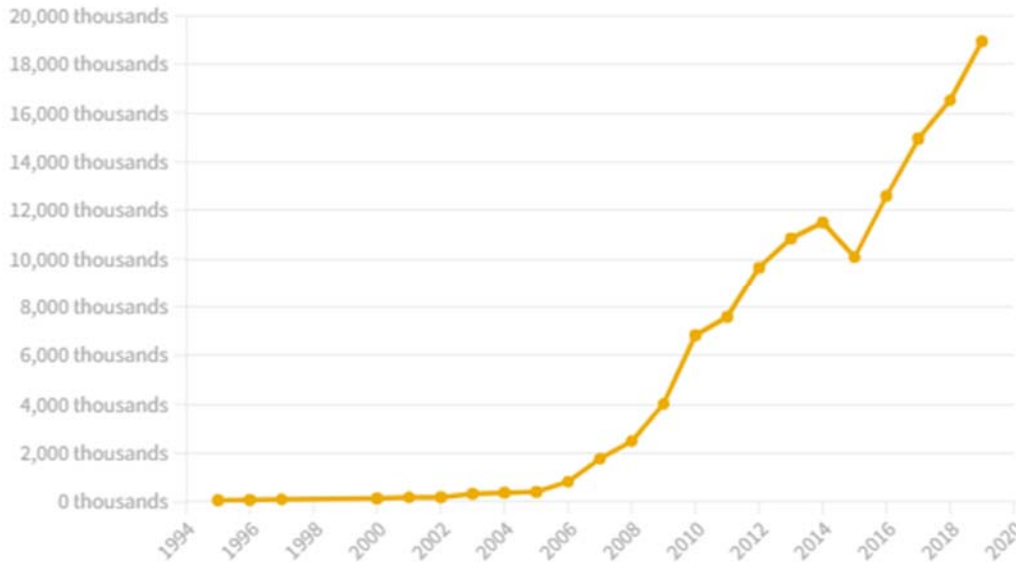


Figure 7: Total overnights stays in Armenia, 1994-2020⁴⁰

According to the unpublished draft of tourism strategy for Armenia⁴¹, **such growth stems from Armenia's three main tourism assets**, that include:

- Firstly, Armenia's rich **history and culture**, which has always stood at the heart of the country's tourism industry, with the many monasteries and archaeological sites, which are a reflection of the country's ancient and at times painful history, with few other places having such a deep history or so many "firsts" as Armenia, and few places in the world providing an opportunity to learn about challenge, adversity, loss, and revival;
- Secondly, the country's **natural landscape**, which provides an easily-accessible and relatively untouched setting for a growing number of adventure activities like hiking, mountain biking, and skiing;
- Thirdly, the **people** of Armenia, who continue to attract tourists who seek a deeper, more personal, and more experiential destination. Armenia remains a country where its people happily welcome travelers into their homes, kitchens, farms, and places of work. Tourists increasingly travel to Armenia specifically to engage with and learn from Armenia's welcoming citizens through activities like ecotourism, agritourism and volunteering.

Many of these tourists are part of **Armenia's global diaspora population of 8 million people, which collectively support high rates of repeated visits**. Diaspora tourists are an important population for Armenia's tourism both in terms of visitor numbers and benefits they bring. According to the mentioned draft strategy, Armenian diaspora from countries such as Russia and USA represent a significant share of **31% of total tourists**. The diaspora group is made up of almost entirely cultural tourists as both "early" and "recent" diaspora groups desire to reconnect with personal / family heritage. Almost 50% of diaspora tourists stay with their family and friends during their trips to Armenia, while 4- and 5-star hotels are also popular choices for diaspora tourists. They are also generally more patient with longer flights and are more willing to pay for them. Apart from

³⁹ To have a comparison, Italy registered 220.6 million visitors in 2019, over a 59.7 million residents, which correspond to a lesser ratio of 3.69 : 1

⁴⁰ Source: <https://www.unwto.org/tourism-statistics/key-tourism-statistics>

⁴¹ RA (2019). Op. cit.

the sheer number of tourists the diaspora group brings to Armenia, they act as a valuable source of market awareness through strong ties among diaspora communities. Diaspora tourists also tend to pay repeated visits to Armenia, bringing a continuous flow of tourism revenue to the Country. Further, the diaspora group is often aware of lesser-known tourism activities, such as winter resorts and medical treatments, through previous visits or family connections.

The draft strategy highlights that, compared to diaspora tourists, **non-diaspora tourists** stay in a more diversified range of accommodation. Popular options include 3- and 4-star hotels (37%), friends/family (19%), hostels (14%) and home stays with local residents (12%).

The following table breaks down overall, diaspora, non-diaspora tourist's primary activities.

Niche Tourism	Diaspora (%)	Non-diaspora (%)	Overall (%)
Cultural Tourism	22%	27%	49%
Natural Tourism	5%	14%	19%
Recreational Tourism	2%	14%	16%
Business Tourism	1%	6%	7%
Adventure Tourism	0.4%	4%	4%
Medical and Wellness Tourism	1%	1%	2%
Long-term Tourism	1%	2%	3%
Total	31%	69%	100%

Table 12: Breakdown of overall, diaspora, and non-diaspora tourist primary activities

Domestic tourists represent an important tourism segment and consisted of 1.09 million visitors in 2018.⁴² This statistic, however, is based only on overnight stays and is not taking into account daily travelers who visit local monasteries and other archaeological sites along with spas and wellness centers. A key driver for domestic tourism is the Government employee “*Social Tourism Packages*” which provides around \$150 per year to each employee for domestic travel. According to the draft strategy, this program, started in 2012, has led to increased demand for hotels across the country. It has also incentivized the refurbishment of many Soviet-era tourism centers and destinations, which remain popular among Armenian tourists. Some of the more popular facilities with domestic tourists include **spas and sanitoriums** where they can receive treatments such as mud baths, massages, and more. **Domestic tourism is facilitating an expansion of the tourist season as well.** With tourists able to get better prices outside of peak season, domestic travelers keep hotels occupancy rates up in the off-season.

Regional tourism is also a strong driver of Armenia's overall tourism. 42% of travelers to Armenia often come as part of a regional visit, but the majority of regional travelers visit Armenia as their primary destination. Georgia is the main second destination, likely due to easy border crossings and transport.

⁴² RA (2019). Op. cit.



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Annex 2: Reference Laws and regulations

N	Authority	Status and Competencies	Legal Base
1	Government of RA	<p>Status - Supreme body of the executive power</p> <p>Competencies</p> <p>The competencies of the Government shall be prescribed by the Constitution and laws. The matters pertaining to the executive power and not reserved to other state administration bodies or local self-government bodies shall fall under the competence of the Government.</p> <p>The Government shall:</p> <ol style="list-style-type: none"> 1. based on its program, develop and implement domestic and foreign state policies exercise general management of the bodies of the state administration system 2. approve tourism and its material and technical base development programs 3. approve the order and conditions of hotel services as well as the hotel classification procedure and hotel classes 4. define tourism centers, destinations and routes and decide to include them in urban and tourism development programs 5. conclude international agreements in the scope of its competencies 6. implement other competencies provided by the law. 	<p>Article 146 of the Constitution of RA</p> <p>Article 6 of the Law of RA on Tourism and Tourism Activities</p>
2	Ministry of Economy of RA	<p>Status – Body of State Administration System</p> <p>Competencies</p> <p>The Ministry develops and implements the Government's policy in tourism sphere.</p> <p>Minister shall:</p> <ol style="list-style-type: none"> 1. independently manage the field of activity entrusted to the Ministry, independently develop and implement the policy of the Government in tourism sphere 2. implements the management of and exercises control over Tourism Committee, including reviewing the decisions of Tourism Committee 3. submits recommendations to the Prime Minister regarding the sphere of tourism 4. submits draft laws and Government decisions for consideration by the Government 	<p>Article 159 of the Constitution of RA</p> <p>Article 2 of the Law of RA on the State Administration System Bodies</p> <p>Point 11 of the Clause 1 of the Article 2, Articles 9 and 15 of the Law of RA on the Structure and Activities of the Government</p>
3	Tourism Committee of RA	<p>Status – Body of State Administration System Subordinated to the Ministry of Economy of RA</p> <p>Competencies</p> <p>Tourism Committee is responsible for implementation of tourism policy</p> <p>The tourism Committee shall:</p> <ol style="list-style-type: none"> 1. elaborate and submit to the Minister proposals concerning the development of tourism and its material, technical and social base 2. cooperate with other ministries, territorial governance and local self-government bodies and private sector 	<p>Article 159 of the Constitution of RA</p> <p>Article 2 of the Law of RA on the State Administration System Bodies</p> <p>Government Decision N. 580 by 22.05.2018</p>



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		<ol style="list-style-type: none"> 3. elaborate and submit to the minister proposals to define tourism centers, destinations and routes and to include them in urban and tourism development programs, 4. contribute to provision of favorable investment climate 5. make proposals to the local self-government bodies on due maintenance of tourism centers, destinations and attractions within the territories of their communities 6. support to human recourse development and research works in the field of tourism 7. represent the Government within the framework of international cooperation and relationships, participate in the process of conclusion of International Agreements 8. participate in elaboration of tourism development strategies and programs and provision of its implementation and monitoring 9. conduct the administrative registry of tourism sphere 10. conduct necessary researches and analysis for elaboration of tourism policy 11. elaborate and via Minister submit to the state administration and local self-government bodies tourism development proposals related to their scope of competencies 12. implement registration of tour operators involved in social package service 13. elaborate and implement joint projects with local organizations and their unions 14. coordinate and control tourism development projects, implemented or financed by international organizations 15. provide making and strengthening the image of Armenia in world market as an attractive and favorable tourism destination 16. represent and promote Armenia and Armenian tour product in world market, elaborate and implement marketing and promotional programs 17. implement market research and analysis and share the results with stakeholders 18. make and conduct tourism database and provide the stakeholders with necessary information 19. coordinate activities of tourist information centers, acting with state support 20. develop and submit proposals on improvement of tourism legislation 21. support to the implementation of international agreements and conventions. 	<p>Article 7 of the Law of RA on Tourism and Tourism Activities</p>
4	Marzpet	<p>Status – Territorial Government body Marzpet is nominated by the Government</p> <p>Competencies The Government implements its territorial policy in the Marzes (Provinces) via relevant Marzpet (Governor)</p> <p>Marzpet shall:</p> <ol style="list-style-type: none"> 1. submit issues of territorial policy to the Government and Prime Minister for discussion via Deputy Prime Minister 	<p>Articles 5 and 6 of the Law of RA on Territorial Governance</p>



2. receive information and materials concerning equal territorial development policy from the territorial departments of State Administration System Bodies and Local Self-Government Bodies
3. submit proposals to the authorized state body on implementation of equal territorial development policy
4. cooperate with State Administration System Bodies and submit proposals to them on the issues of Province development within the scope of their competencies
5. submit proposal to the Government on financial allocation from the State Budget for the implementation of Government's territorial policy
6. participate in the process of elaboration of territorial policy and draft State Budget
7. submit annual reports on his activities and social economic situation of the province, as well as current reports to Deputy Prime Minister and Authorized State Body
8. discuss the proposals made by Deputy Prime Minister and State Administration System Bodies on the activities of Marzpet Office departments and reports them about the measures taken
9. take measures for maintenance and effective use of state property in the territory of Marz
10. provide information to the State Administration System Body about the implementation of policy in relevant field
11. take measures to provide implementation of human rights and freedoms within the scope of his competencies
12. upon request and within the scope of his competencies participate in the activities of relevant State Administration System Body.

The fields of implementation of territorial policy by Marzpet are:

- 1) Finance
- 2) Urban development
- 3) Transport and road construction
- 4) Agriculture and land use
- 5) Education
- 6) Healthcare
- 7) Social security
- 8) Culture, sport, youth affairs
- 9) Environment
- 10) Defense
- 11) Civil defense and extraordinary situations management
- 12) Economic development

There is no Tourism department in the Marzpet Office. Usually an officer in Cultural or other department taking care of tourism affairs in the Marz (Province).



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5	<p>Local Self-Government Bodies</p> <p>Chief of Community</p> <p>and</p> <p>Community Council</p>	<p>Status - Local Self-Government Body Elected</p> <p>Competencies General Description: The Competencies of local self-government bodies are divided into their own Competencies and Competencies delegated by the State. Own Competencies are divided into mandatory and voluntary.</p> <p>The Competencies of a Community Council more related to economy and tourism Community Council shall:</p> <ol style="list-style-type: none"> 1. Approve development program of the community 2. Approve the master plan for community urban development, land zoning and use scheme, drafts of detailed planning of individual districts and construction complexes, and drafts of planning and maintenance of historical and cultural sites 3. Approve the urban development charters of the settlements 4. Approve the community budget amendments thereto proposed by the Chief of the Community and the statement on execution of the annual budget 5. Supervise the performance of the community budget and the use of loans and other financial resources received by the community 6. Define the procedure for implementation of the voluntary powers and required financial resources upon the submission of the Chief of the Community 7. Take decision to form intercommunity unions 8. Define its representative in the Council of intercommunity association 9. Define the community rules for operations of agencies and organizations in the sectors of trading, public catering and services in compliance with the respective legislation 10. Define the rates of local duties and fees set by the legislation 11. Define the rates of services delivered by the Community 12. Take decision on lease or alienation of the property owned by the community; approve rates of rents, alienation prices and terms as well as the floor price of a property to be alienated through an auction 13. Ratify cooperation agreements concluded with other communities of the Republic of Armenia and other states in its decision. With the objective to coordinate the activities of the communities, as well as represent and protect common interests, take decision on membership in associations created by communities and paying the respective membership fees 14. carry out other Competencies prescribed by the Constitution and legislation. <p>The Competencies of the Chief of a Community</p>	<p>Articles 3, 6 and 10 of the law of RA on Local Self-Government</p> <p>Article 18 of the Law of RA on Local Self-Government</p>
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	<p>The Chief of Community shall have General Competencies and Competencies in Specific Spheres</p> <p>In Tourism Sphere the Chief of Community shall implement the following own competencies:</p> <ol style="list-style-type: none"> 1. inventory and conduct the register of tourism resources (natural, historical, cultural, human) of the community 2. as necessary, provide the authorized body of the Government of the Republic of Armenia with information on the tourism resources of the community 3. provide relevant information to the state authorized body for conducting tourism administrative registry 4. define and provide special parking and stopping places for tourist vehicles in the community 5. cooperate with state administration bodies, private sector and population for the purpose of implementation of state policy in the field of tourism and sustainable development of tourism 6. within the scope of his competencies promote the creation of tourist structures and infrastructures, as well as the organization of events for tourism development. <p>The Chief of Community also shall have competencies in other Specific Spheres, such as:</p> <ol style="list-style-type: none"> 1. Finance 2. Regulation of public events 3. Urban Development 4. Land use 5. Transport 6. Trade and services 7. Education, culture and youth affairs 8. Public Health, Physical Culture and Sports 9. Agriculture 10. Environment Protection 11. Rights of Citizens and Entrepreneurs 12. Population involvement in the self-government process 13. Social Security 14. Extraordinary Situations 15. Defense <p>Despite there are no Tourism departments in Community offices, Local Self-Governance Bodies have more tourism related activities, than the Marzpets.</p> <p>In the office of the Chief of Community, also, an officer takes care of tourism affairs</p>	<p>Articles 35-52 of the Law of RA on Local-Self Government</p>
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