Armenia: South Corridor Tourism Development Strategy






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List of Abbreviations

ADS - Armenia Development Strategy
AIT - Armenian Institute for Tourism
AMAP – Armenia Monuments Awareness Project
AMD – Armenian dram
B&B – Bread and Breakfast
CAPS – Competitive Armenian Private Sector
CIS – Commonwealth of Independent States
CNF – Caucasus Nature Fund
COAF - Children of Armenia Fund
DMO - Destination Management Organizations
EDMC– Enterprise Development and Market Competitiveness Project
EU - European Union
GDP - Gross Domestic Product
GoA – Government of Armenia
JICA – Japan International Cooperation Agency
LLC – Limited Liability Company
MoC –Ministry of Culture
MoE –Ministry of Economy
NCFA – National Competitiveness Foundation of Armenia
DFA - Development Foundation of Armenia
NSS –National Statistics Service
OSCE - Organization for Security and Co-operation in Europe
PPP –Public-Private Partnership
RA – Republic of Armenia
SC – South Corridor
SME DNC – Small and Medium Entrepreneurship Development National Center
TDZ – Tourism Development Zones
UK – United Kingdom
UNESCO – United Nations Educational, Scientific and Cultural Organization
UNWTO – United Nations World Trade Organization
UAE – United Arab Emirates
USAID – United States Agency for International Development
VFR – Visits with friends and relatives
WB – The World Bank Group
WEF TTCI - World Economic Forum's Travel & Tourism Competitiveness Index
WTTC – World Travel and Tourism Council
WWF – World Wide Fund

A. Executive Summary

Travel and tourism is an important key for accelerating and expanding economic development, investment and employment in Armenia with visitor numbers increasing year-on-year, growing private and public investment, and broad consumer satisfaction. **The Government of Armenia (GoA) is keen to leverage this growth to increase overall spending per visitor, attract greater numbers of visitors, and secure meaningful local economic development in the regions.** The GoA has committed to **a path of responsible tourism development** and is especially committed to ensuring that the benefits of tourism are sustained and maximized to develop and protect the country's natural and cultural heritage.

Responsible Tourism

Responsible tourism seeks to maximize the positive impacts of tourism and minimize negative ones. It combines the sustainable and responsible tourism approaches of multiple organizations, including the UNWTO, World Travel & Tourism Council and the Earth Council. In following this approach, tourism development can be pursued according to a triple bottom line of maximizing social, economic and environmental benefits, thus always with the objective of 'creating better places for people to live in, and better places for people to visit.' (Cape Town Declaration, 2002). This approach is directly in-line with global demand trends and the main market segment that the Government is keen to target.

Furthermore, according to **Armenia's National Development Strategy 2014-2025**, tourism is one of five priority sectors for job creation. The strategy indicates that incoming tourism should retain its role as the second main export sector and will account for around 20 percent of exports. It is estimated that the number of directly tourism-related jobs will increase and account for 3.3 percent of non-agricultural jobs by 2025.

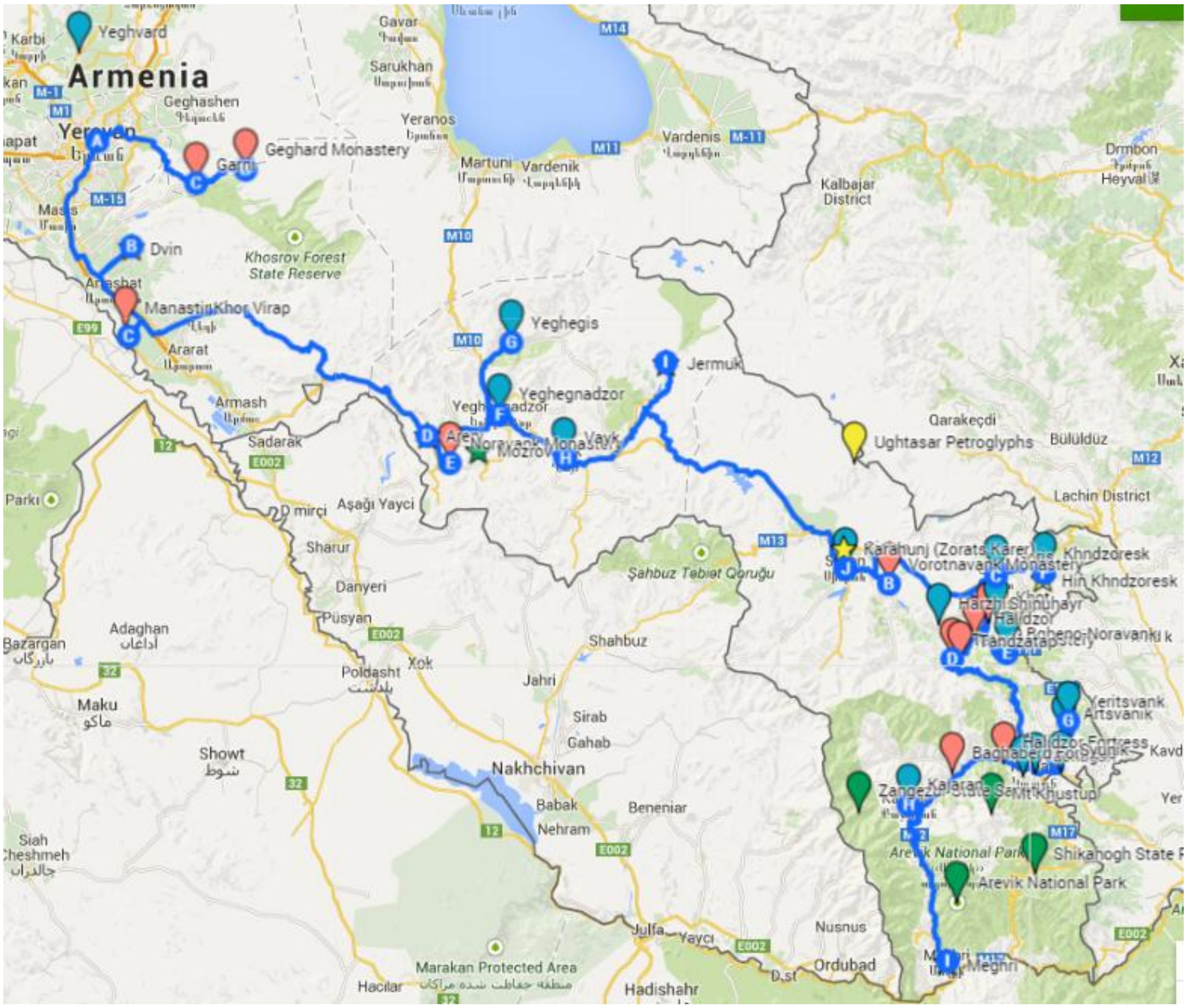
This report focuses on the South Corridor, which has the natural and cultural assets to help drive growth in the sector, particularly at the local economic level. Since 2011, extensive analysis has been conducted for this Corridor by the USAID EDMC and CAPS projects, AECOM for the National Competitiveness Foundation of Armenia and the Armenian Monuments Awareness Project. Their work provided important references for this report and many of their recommendations are included. The Government has identified the Southern Corridor as a key development area to spur economic growth through diversification of tourism product offers.

In early October 2014, the GoA committed to establishing a new Development Foundation of Armenia. A Development Foundation of Armenia is urgently needed in order to move forward with full implementation of strategies both at the national and South Corridor levels.

Given the cultural and nature-based tourism attractions along the South Corridor, the main strategic recommendation of this strategy is to strengthen the cultural and nature-based tourism value chain through actions to improve or build on each of the critical value components of infrastructure, products and marketing, human resources and investment.

These actions should be undertaken through work with tour operators, government agencies at the national, marz and municipal levels and investors.

Figure 1: Map of South Corridor



1. Methodology & Structure of the Strategy

Both value chain and SWOT analysis have been used to analyze the tourism assets of the Corridor. A hub and spoke approach has been used in which three sets of hub destinations would be a central and/or overnight stop and short excursions could be conducted from the hub to spoke destinations. **Visitor and tourism supplier data for the South Corridor, however, is almost completely lacking, thus limiting the extent to which the analysis could be conducted.** In addition, given that a national tourism organization was just launched and no local level organizations exist for tourism development marketing, this strategy has emphasized institutional capacity building for development and implementation.

Challenges→Vision→Objectives→Value Chain Components Analysis→Actions based on components

In this strategy, the challenges and performance targets for overcoming the challenges, and a strategic vision and objectives are specified. Then, global and Armenian tourism trends are presented followed by the value chain analysis and detailed review of each main "value chain link."

The strategy is structured based on the following key topics and **value chain "links."** The final chapter lays out the strategic direction for tourism development in the South Corridor, together with a proposed action plan.

Note: The following are not in order of priority. All areas are important and interdependent.

Chapter 1: Introduction to the Armenian Tourism Sector and South Corridor

Chapter 2: Value Chain Analysis

Chapter 3: Tourism Product Offers

Chapter 4: Tourism Infrastructure

Chapter 5: Human Resources/Workforce Development

Chapter 6: Activating the Value Chain: Private Investment and Public-Private Dialogue (PPD)

Chapter 7: Facilitating the Value Chain: Policy and Investment climate

Chapter 8: Benefiting from the Value Chain: Benefit Sharing with Local Communities

Chapter 9: Combining the Value Chain Links: Corridor Development Vision and Action Plan

2. Key Challenges & Targets

One of the main challenges for Armenian tourism is that while international arrivals have been increasing dramatically – more than tripling from 319,000 in 2005 to 957,000 in 2013[1], average **receipts earned per visitor have steadily declined from US$699 per visitor in 2005 to US$479 per visitor in 2013**.[2] This could mean that visitors are not finding additional opportunities for spending -- activities, experiences and souvenir items.

The decline does not tell the whole story though since selected groups of visitors, such as Russians, French, Germans, Polish and Americans spend comparatively more in Armenia than other nationalities.[3] To ensure that overall spending per visitor increases, and that the benefits of tourism are sustained and maximized as a way to develop and protect the country's natural and cultural heritage, the Government and industry have launched a new strategic planning and development process for responsible tourism with the cooperation of the World Bank, USAID, the Asian Development Bank, IDEA Foundation and other stakeholders. The process, which is

[1] UNWTO Tourism Barometer, August 2014
[2] UNWTO Tourism Barometer, August 2014
[3] Armenia 2013 International Visitor Survey,

proposed as a **Regional Development Program**, focuses on responsible tourism as a catalyst for broad economic development, especially in selected regional corridors.

For the South Corridor, the below challenges and targets could be addressed and achieved through the below mentioned vision, objectives, and actions to leverage the strengths and opportunities and overcome the weaknesses and threats to the various value chain components of Armenian tourism. However, given the lack of visitor and Corridor destination data, these targets are only estimates.

Table 1: Challenges & Performance Targets

Key Challenges	Approximate Targets
Product, Marketing and Promotion	
Increase marketing of international and domestic day trips to SC destinations.	10 new operators add Areni/Noravank for 120 new day tours each year from 2016-2020, totaling approximately 18000 more clients by 2025.
Increase international and domestic overnights to SC destinations by developing more product reasons to stay overnight.	10% additional international overnights are at SC destinations by 2025, thus an additional 843,000. 10% additional domestic overnights by 2025 are at SC destinations, thus an additional 51,000.[4]
Increase visitor spending in SC destinations by developing more experiential and product-based spending opportunities.	10% increase visitor spending by 2025 above 2013 national total to US$504 mn with an additional US$46mn spent on the SC.[5]
Infrastructure	
Improve site management, roads, services and facilities to attract more visitors to SC destinations.	Site and facility upgrades at Garni, Geghard, Khor Virap, Areni, Yeghegis, Karahunge, Goris, Khndzoresk, and Tatev.
Human resources	
Increase number of persons locally trained and employed in hotels, restaurants and attractions in SC destinations.	10% increase above 2013 national total of 21,500 jobs, thus at least 2150 more jobs on SC by 2025.[6]
Investment	

[4] UNWTO Compendium of Tourism Statistics, Armenia 2008-2012; latest statistics available.
[5] UNWTO Compendium of Tourism Statistics,
[6] Jobs total from WTTC 2014 Armenia Report, p. 1.

Key Challenges	Approximate Targets
Attract and facilitate the necessary investment to increase the number of high quality international brand hotels.	Increase from one in 2015 (Hyatt in Jermuk) to five hotels by 2025.

3. Vision for the South Corridor Tourism Development

The underlying **vision** of the South Corridor tourism development is to establish a new responsible tourism destination that offers rich, authentic cultural and nature-based Armenian experiences by 2025.

4. Objectives of Corridor Tourism Development

As emphasized in the Government's National Development Strategy (2014-2025), it is a priority **objective of the Government** to "ensure quality economic growth" for "balanced development of the regions."[7] Development of the South Corridor intends to increase tourism arrivals and spending along this route and thus stimulate more business and employment growth, and protect cultural and natural heritage.

The tourism **objectives stimulated by South Corridor growth**, which are in line with Armenia's National Development Strategy, are:

1) Grow responsible higher spending tourism arrivals from approximately 957,240 in 2013 to 2.7 million and employing 28,300 by 2025[8] for the entire country with at least 10 percent visiting the SC each year (270,000) and 2150[9] jobs resulting from SC growth.

2) Diversify tourism product/experience offers that attract increased international tour operators and independent travelers resulting in increased value for money, local jobs, improvement in skills, and SME opportunities in SC destinations with at least 10 new operators adding at least 120 tours that go as far as Areni/Noravank on day trips and Goris/Tatev for overnight trips from 2016 to 2025.

3) Increase overnights and thus spending from targeted segments of international and domestic tourists with at least 10 percent growth by 2025 due to SC growth, thus an average of 84,300 more room nights and US$4.6 mn in spending each year above the 2012 national total of 8.4 mn room nights and US$460 mn in tourism receipts (spending in Armenia).

4) Increase "incoming tourism expenses" (spending) from US$513 mn in 2011 to US$2.4 bn in 2025.[10]

[7] Armenia National Development Strategy, 2014-2025, p. 41 and p. 47

[8] RA ArmStat Publications, 2013 and Armenia National Development Strategy 2014-2025, p. 47

[9] Note: 2150 jobs is 10% of the national estimate in the WTTC 2014 Armenia Report.

[10] Armenia National Development Strategy 2014-2025, p. 11.

5. Market Demand Analysis

This strategy reviewed the demand of international and domestic visitors – at the national and, to the extent possible, corridor level. The Ministry of Economy, which is the main government entity collecting tourism statistics, does not collect visitor data for the South Corridor, which restricts the analysis.

5a. Visitors to Armenia and the South Corridor

5a1. International Visitors

International tourist arrivals have been growing steadily in Armenia well above the world average. From 2010 to 2013, the number of international tourists increased from 687,000 to 957,000, increases of more than 10% each year – **more than double the average global tourism growth rate of 4%.** Similarly impressive growth occurred with international tourist receipts more than doubling from US$220 mn in 2005 to US$408 mn in 2010, but then slowed in the following years. With the decline in receipts, the spending per visitor also declined.

Based on UNWTO's 2012 statistics for Armenia – the most recent available via UNWTO -- the top generating markets, accounting for approximately 71% of total international arrivals, include CIS (41.5%), Iran (18.4%), USA (8.2%), Argentina (3%), France (3%), Lebanon (3%), Germany (2.7%), Greece (1.5%), UK and Italy (1%). Of these visitors, 287,000, thus 34%, came through organized tours.[11] Note: UNWTO includes Georgia and Ukraine arrivals as part of the CIS total.

For the South Corridor, the Ministry of Economy provided the World Bank team with visitor statistics based on an "International Tourism Survey" conducted in 2013 for the Syunik Marz. Also in 2013, the USAID EDMC project conducted a visitor survey for all of Armenia. Both surveys focus on percentages of total visitors, but for EDMC, these would be percentages of the total number of visitors surveyed, which were 23,658 with a "valid tourist sample size" of 10,448.[12] The sample error and validity rates were not reported though. For the MOE survey, no sample size was reported with the data. Consequently, visitor totals for the South Corridor are unclear.

Of the total visitors surveyed by EDMC, they reported that 4.6% visited Vayots Dzor, 5.3% visited Syunik and 5.8% visited Ararat, which amounted to 1088, 1253 and 1372. And also among the total surveyed, the main source markets were Russia (41.6%), Georgia (33.7%), Iran (6.6%), Ukraine (2.4%), Germany (1.6%) and the USA (1.4%).

When the data is available, one indicator that might provide further insight into the number of visitors along the South Corridor is the increase in the number of new hotels and beds over the past years. From the total number of available bed-nights and available occupancy rates, the total numbers of overnight visitors could be extrapolated. However, this data was unavailable from the Ministry of Economy.[13]

[11] UNWTO 2012 Yearbook of Tourism Statistics, published in 2013.

[12] USAID EDMC 2013 International Visitor Survey, published in 2014.

[13] Confirmed in a telephone call with Meghak Apresyan, MOE tourism official, October 15th, 2014.

5a2. Domestic Visitors

In their 2011 Armenia South Corridor Tourism Strategy, AECOM reported an **estimated** 450,000 domestic overnight tourist visits in 2009-2010, much of which would be generated from Yerevan.[14] In part, AECOM explained, this estimate was derived from the Tourism Development Concept Paper developed by the USAID CAPS Project and adopted by the Government in February 2008.[15]

In the Tourism Development Concept Paper, the number of "internal" (domestic) tourism visits was estimated at 308,000 for 2006, growing to 500,000 by 2010, 1 million by 2020 and 1.5 million by 2030.[16]

To estimate the number of domestic visitors for the South Corridor, AECOM referred to a 2007 Tourist Visitor Survey[17], which "assumed that 15 percent of [all] tourist arrivals visit the South Corridor" and that by 2030 this rate would increase to 20 percent.[18] Based on this, AECOM forecast approximately **900,000 tourists by 2030 for the South Corridor with 300,000 generated by domestic tourists.**[19] More precise data is needed for the South Corridor; the accuracy of this estimate is unknown.

5b. International and Armenian Tour Operator Surveys

Armenian tour operators are important to the success and further development of the sector. The World Bank tourism team conducted primary data collection consisting of a survey conducted in September-October 2014, three workshops with tour operators and a review of the circuits of more than 50 Armenian operators. (See: Table 8) The survey was sent to 85 operators; 17 responded. For most of them, Russia was a principal source market and all marzes were popular destinations, including the marzes of the South Corridor. They reported that their **best-selling circuits were South Corridor destinations: 1. Yerevan-Khor Virap-Noravank-Tatev and 2. Yerevan-Garni-Geghard.** The operators also reported that Tatev was the most popular attraction for their clients.

To reinforce what was mentioned above, the operators indicated that **the most appealing aspects of visiting Armenia for their clients were hospitality, food, nature, cultural heritage and quality of service.** And **the least appealing aspects and main sources of complaints were the road conditions, poor visitor infrastructure, lack and poor state of toilets, lack of information centers and signage/panels, abundant waste both on sites and roads in general.** The operators also considered a decrease of airfares and improvements in human resources, education and training as high priorities.

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[14] 2011 Armenia Southern Corridor Tourism Strategy, AECOM, p. 29
[15] 2011 Armenia Southern Corridor Tourism Strategy, AECOM, p. 58
[16] USAID CAPS Tourism Development Concept Paper, p. 25
[17] USAID CAPS Armenian International Visitor Survey, September 2006-August 2007
[18] AECOM Armenia Southern Corridor Tourism Framework, p. 71
[19] AECOM Armenia Southern Corridor Tourism Framework, p. 8

The AECOM Corridor study also projected purposes of travel among South Corridor domestic and international arrivals, again based on the 2007 Tourist Visitor Survey, for 2015, 2020 and 2030. For international visitors, holidays and leisure would continually be the dominant purpose of visit for 45 percent of visitors followed by 28 percent for visits with friends and relatives (VFR), 7 percent each for health and wellness and business/conferences. For domestic arrivals, the purposes of visit differed significantly from international visitors. Their purpose of visit would be continually dominated by VFR at 64 percent for 2015, 60 percent for 2020 and then declining to 56 percent by 2030.

According to the USAID EDMC 2013 International Visitor Survey, of the visitors surveyed, the Russian market alone accounted for 46.3 percent of all international arrivals, followed by Georgia at 27 percent, Iran seven percent, Ukraine 2.4 percent, Germany two percent, which means that 84 percent of 2013 arrivals came from just five markets.[20] **Among all international arrivals, "Diaspora" visitors, thus those with Armenian ancestry, comprised 66 percent.**

Average length of stay is 17.4 days, but the average varies from 6.2 days for a hotel stay vs 39 days for rented apartment, 12. 5 days in a B&B and 20 days with friends and relatives.[21]
Data is not known specifically for the corridor.

6. Summary of the Strengths and Weaknesses of the South Corridor

Armenia offers an attractive range of cultural and nature-based attractions on the South Corridor, as well as the unique built attraction of the Tatev Tramway. These attractions have stimulated tourism demand – as shown by an increased number of hotels and tramway ticket sales. However, due to serious institutional weaknesses – a lack of national and corridor level organizations that collect visitor and industry supplier data, facilitate development and conduct marketing – it is difficult for Government to fully develop and implement the necessary plans for the South Corridor to leverage the Corridor's strengths and address the weaknesses.

Table 2: Summary of Strengths and Weaknesses of South Corridor Tourism

	Strengths	Weaknesses
Products & Marketing	• Iconic historical monuments and cultural heritage. • Strong domestic potential.[22] • Good potential for natural attractions, agro-tourism and culinary experiences. • Tatev Tramway is unique. .	• Product offers require further development, investment and/or training. • Lack of country/corridor brand. • Lack of solid diverse markets. • Potential experiences are not easily discovered.

[20] USAID EDMC 2013 International Visitor Survey, p. 5.

[21] EDMC 2013 International Visitor Survey, p. 17

[22] According to the 2011 AECOM Report on the Southern Corridor, the Corridor received approximately 500,000 domestic visitors and 600,000 international visitors. This data, in turn, was extrapolated from estimates in the 2008 Tourism Development Concept Paper.

	Strengths	**Weaknesses**
	• Online visitor information is available.	• Lack of national organization and marketing plan. • Lack of international hotels limit tour operator overnights. • Insufficient online visitor information. • Visitor data lacking at national and corridor levels. • No local tourism organizations.
Infrastructure	• Major Corridor sights are accessible to tour groups. • Some limited services offered to visitors. • Tourist class accommodations available on or near Corridor. • Extensive AMAP infrastructure needs analysis for most Corridor destinations. • North-South highway under construction.	• Site management plans not being applied. • Insufficient visitor services. • Limited tourist class accommodations. • Roads require repair and/or paving.
Human Resources	• Traditional Armenian hospitality • 98 percent of international visitors want to return.[23] • EDMC training programs, but not sustainable yet. • Yerevan-based Armenian Institute for Tourism.	• Hospitality education, and management and vocational training is missing at the national and Corridor levels. • Migration of youth to Yerevan and beyond is depopulating South Corridor.
Policy & Investment Climate	• Positive legal framework. • Positive investment climate resulting in more hotels. • Competitive rankings on several WEF indicators. • TATEV investments stimulated regional hotel investment.	• Lack of policy implementation and enforcement due to lack of human, institutional and financial resources.

[23] USAID EDMC 2013 International Visitor Survey, p. 7

7. Tourism Product Offers

The South Corridor offers extensive cultural and nature-based experiences that include national parks and protected areas, a UNESCO World Heritage Site (Geghard Monastery), three properties on the UNESCO Tentative List (Dvin, Noravank, and Tatev), archaeological sites (i.e. Karahunge), and wine tourism opportunities (Areni), among many others. Many of these assets, particularly along the South Corridor, lack the necessary infrastructure to receive visitors.

Based on the analysis and past donor reports, discussions with stakeholders and site visits, the report team concludes that three sets of hub and spoke destinations are priorities for development and/or improvements with the fourth set – ending in Meghri – the lowest priority due to poor access and a lack of accommodations.

All of the destinations listed below require similar interventions of varying degrees – site management plans with the architectural design of a tourism facility (visitor and information center) that includes the establishment of or improvement of public parking, public toilets, souvenir areas, and/or a café/restaurant area.

The first two sets – Yerevan and Areni – are feasible in day trips from Yerevan, which are offered by multiple Yerevan-based tour operators. **The third set – Goris** – is also feasible in a day trip from Yerevan, but operators appear to offer it only as part of an overnight circuit and itinerary. **The fourth set – Meghri** -- At this point, given the poor road conditions, the three-four hour travel time between Goris and Meghri, and lack of accommodations in Meghri, this fourth set of the Corridor has not yet generated interest among the 50+ Armenian tour operators reviewed for this report.

7a.1 Spoke Destinations from Yerevan

The first part of the South Corridor is comprised of destinations that are **easily accessible for day visits from Yerevan:**

- **Currently popular destinations**
  - **Khor Virap Monastery** – One of the most popular tourist destinations, this appears on many tour operators' circuits.
  - **Garni and Geghard** are already well established cultural heritage sites and considered "must-sees" by tour operators.
- **Less visited destinations**
  - **Dvin** -- **Archeological site of Dvin town**.
  - **Khosrov Reserve** – A protected area comprised of desert/semi-desert, mountain steppe, woodlands, and alpine meadows.

7a.2 Areni Hub Destination and Spokes

The second hub destination is Areni with spoke destinations of Noravank Monastery, Yeghegnadzor, Yeghegis and Jermuk:

- **Currently popular destinations**
  - **Areni 1 Cave (Bird Cave) – restricted visits**

    - **Areni Community, including the wineries and vineyards**.
    - **Noravank Monastery**
    - **Yeghegis** -- Known for recent archaeological discoveries of a medieval Jewish community that once resided there.
  - **Less visited destinations (especially for tour operators)**
    - **Mozrov Cave** – not open for visitors yet.
    - **Jermuk**
    - **Yeghegnadzor** town

7a.3 Goris Hub Destination and Spokes

The Goris Hub offers multiple sites and attractions, some of which can be experienced in a day trip from Yerevan, but a very long day. Overnight stops for Corridor visits are usually in Goris. Key destinations are:

- **Currently popular destinations**
  - **Karahunge** – Ancient archaeological site.
  - **Hin Khndzoresk** -- Historical site of cave dwellings.
  - **Goris** -- Known for the unique architecture of its houses and tall cone-like rock formations.
  - **Tatev --** The Tatev Monastery is considered jewel of medieval Armenian architecture. And the "Wings of Tatev" cableway – the longest reversible aerial tramway in the world --connects the monastery to Halidzor village. Plans to develop nearby villages were also created by the Tatev Foundation.
- **Less visited destinations**
  - **Sisian** – Access to Karahunge – the Stonehenge of Armenia and the less accessible site of Ughtasar where there is an ancient **Petroglyph Field**.
  - **Shaki Waterfall** – A legendary 18 meter waterfall three kms northwest of Sisian.

7a.4 Meghri Hub Destination and Spokes

Meghri is 154 kms and requires three to four hours from Goris along an unimproved road, which limits access for visitors, especially tour groups. In addition, there are no hotels in Meghri. For Meghri to be marketable, the road between Goris and Meghri would have to be improved and more accommodations developed.

7b. Opportunities

Addressing the above issues, especially the infrastructure and human resource constraints, will help unlock product opportunities for investors, entrepreneurs, tour operators and visitors. These include:

- **Events**
  - International sporting events perhaps competitions such as for mountain biking, running marathons, and bicycle races.
  - Cultural events related to wine and agriculture, similar to the Areni Wine Festival.

- **Experiences**
    - Agro-tourism and culinary experience based on local products; linking nature and culture products.
    - Expanded adventure travel, such as hiking and trekking.
- **Accommodations**
    - More international class accommodations to attract more overnights from tour operators.

8. Tourism Infrastructure

Infrastructure is the foundation of the tourism value chain, thus of all tourism development initiatives, especially well-paved roads, signage and visitor facilities such as clean public toilets. The South Corridor lacks both, which constrains the expansion of tourism offers, especially by tour operators. In the World Bank survey of Armenian tour operators, these infrastructure concerns were cited as some of the main constraints to offering more of the South Corridor.

9. Human Resources/Workforce Development

An essential link in the tourism value chain for Armenia is human resources and workforce development. Without the necessary trained human resources, it is difficult, if not impossible, to develop tourism along the South Corridor. The absence of hospitality education and training programs in the towns of the South Corridor is a constraint. The IDeA Foundation is launching capacity building initiatives in the Tatev area, which could be models for replication.

10. Private Investment and Public-Private Dialogue (PPD)

According to UNWTO, the number of accommodation facilities in Armenia has increased dramatically in only six years from 792 to 1,405 hotels and similar establishments (UNWTO Compendium of Tourism Statistics 2007-2011 and 2008-2012), a positive indicator for private tourism investment in Armenia. Within the corridor, as of 2013, there were 50 local accommodation establishments, thus 3.5 percent of total accommodations in the country.

One of the largest recent investments was the “Wings of Tatev” tramway and Tatev Revival Project – a US$22mn investment, which is a public-private partnership that is being implemented by the National Competitiveness Foundation (and in 2015 by its successor). The Tatev Revival Project is also intended to have a broader impact on the region by further developing tourism attractions in the surrounding villages.

11. Policy & Investment Climate

In general, there do not seem to be serious constraints for tourism investment. In fact, the American Bar Association and KPMG stated in a 2009 report that “the legal framework for foreign investors is viewed as being one of the most liberal and successful among emerging market economies."[24]

From 2011 to 2013, Armenia improved its ranking on the World Economic Forum's Travel & Tourism Competitiveness Index (WEF TTCI) from 90th to 79th. The Index summarized the country's tourism competitiveness as more positive than negative.

Armenia's National Development Strategy 2014-2025 highlights tourism as one of five priority sectors for job creation and exports. The main sector policy directions are the improvement of relevant infrastructure through Public-Private Partnerships, particularly policies to reduce high transport costs related to entry to and exit from Armenia. With the country's new open skies policy, air transport was already beginning to progress as of October 2014.

12. Benefit Sharing with Local Communities

Focusing on tourism opportunities for "shared prosperity" along the Corridors supports the Government's Armenia Development Strategy (ADS), which aims to triple per capita income to $10,000, lift 800,000 people out of poverty by 2025. The World Bank's Country Partnership Strategy for 2014-2017 supports this focus by emphasizing the near-term needs of sharing prosperity and reducing poverty through accelerated economic growth and job creation. To maximize potential benefit sharing in local communities, additional data about local needs and priorities is recommended to ensure sustainability. It will be necessary to conduct validation workshops and consultations with local residents to determine how acceptable levels of tourism development and how the tourism economy can best serve their development needs.

13. Corridor Development Next Steps

Through this report, specific destinations and attractions along the corridor have been highlighted for potential interventions by the World Bank, the Armenian Government, the future Development Foundation of Armenia, communities, civil society and businesses. The World Bank collaborated closely with USAID to build on the past work of Enterprise Development & Market Competitiveness (EDMC) and the Armenia Private Sector Project (CAPS).

Development of the South Corridor should proceed in coordination with national level efforts through a new Development Foundation of Armenia and national tourism strategy. The new organization and strategy need to establish a national level framework into which the strategic recommendations for the South Corridor should fit. It does not make sense for the South Corridor strategic recommendations to proceed ahead of a national level strategy, unless it is considered an integral component of the national strategy. With this coordination, the underlying strategic **vision** of establishing the South Corridor as a new responsible tourism destination can become attainable.

In terms of tourism assets, as described above, the South Corridor has a lot to offer, but challenges especially in regards to infrastructure, product development and marketing, human

[24] American Bar Association - KPMG Armenia; *Investment in Armenia Introduction for foreign companies considering doing business in Armenia*; August 2009; page 11

resources and implementing institutions are serious constraints. These constraints also limit the market, especially for tour operators. While over 50 Armenian operators offer the South Corridor, their offers are limited, particularly in regards to overnight visits (See: Table 7). Improving the accommodations situation is critical to further developing tourism along the Corridor. However, in order to stimulate more accommodations investment, more infrastructure (roads), product development and human resource training are needed. All value chain "links" are interdependent and "linked."

Based on product development and marketing potential, infrastructure needs, and marz employment levels, the destination hubs with the greatest potential to be catalysts for tourism development along the Corridor are: Yerevan-Garni-Geghard, Areni and Goris.

And in these destinations, the priorities are:

- Small hotels and perhaps some B&Bs, which means offering training to local owners. Note: this is less relevant for Garni-Geghard because most tourists are day visitors from Yerevan.
- Improved visitor facilities at attractions.
- Hospitality training.

The "Strategic Action Plan" addresses each key value chain link in a national context:

- Infrastructure
- Product and Marketing
- Human Resources
- Policy & Investment, including Institutional Development

The national level Strategic Action Plan is extracted from the USAID EDMC Tourism Development Strategy – A Roadmap 2014-2019 (statements in italics are added by consultant).

Chapter 1: Introduction to the Armenian Tourism Sector and South Corridor

1.1 Introduction

Travel and tourism is an important key for accelerating and expanding economic development, investment and employment in Armenia. The Ministry of Economic Development, the main government agency responsible for growing the sector has made good progress over the last decade, with visitor numbers increasing year-on-year, growing levels of private and public investment, and broad levels of consumer satisfaction. The Government of Armenia, however, is keen to leverage this growth to increase overall spending per visitor, attract greater numbers of visitors, and secure meaningful local economic development in the regions. The GoA has committed to a path of responsible tourism development and is especially committed to ensuring that the benefits of tourism are sustained and maximized to develop and protect the country's natural and cultural heritage.

The Government's positive tourism policy directions can be traced, in part, to the Tourism Development Concept Paper, 2008-2012 developed by the USAID **Competitive Armenian Private Sector** (**CAPS**) project. Although the paper has not been formally updated since 2012, it is still an important resource and valid for the development of the South Corridor. The paper is summarized in section 7.2.1.

The GoA recognizes the trends, opportunities and challenges facing the tourism industry and thus has launched a new strategic planning and development exercise for responsible tourism, together with the private sector, local communities, local government, World Bank, USAID, the Asian Development Bank, IDEA Foundation and other stakeholders. In addition, a new "foundation" for investment promotion, export promotion and tourism was created in late 2014; the tourism section will serve as the country's new national tourism organization.

This strategy supports that process with a focus on the country's South Tourism Corridor for the period 2015 – 2020. It **focuses on the South Corridor (See maps below)** because the Corridor has the natural and cultural assets to help drive growth in the sector, particularly at the local economic level. Since 2011, extensive analysis has been conducted for this route by the USAID EDMC project (Syunik Guidebook and the Armenia Southern Tourism Corridor - Legal and Institutional Framework), AECOM for the National Competitiveness Foundation of Armenia (Armenia Southern Corridor Tourism Framework) and the Armenian Monuments Awareness Project (Southern Corridor Strategy). All three sources were important references for this strategy and many of their recommendations are included.

This chapter is structured as follows:

1) Methodology and Structure of the Strategy
2) Description of the key challenges and targets for South Corridor tourism development
3) Vision for tourism development on the South Corridor
4) Objectives of Corridor Tourism *Development*
5) Global tourism trends and tourism demand in Armenia.

Figure 2: Responsible Tourism Approach

Responsible Tourism

According to the Cape Town 2002 Declaration on Responsible Tourism in Destinations, responsible tourism seeks to maximize the positive impacts of tourism and minimize negative ones. It combines the sustainable and responsible tourism approaches of multiple organizations, including the UNWTO, World Travel & Tourism Council and the Earth Council. In following this approach, tourism development can be pursued according to a triple bottom line of maximizing social, economic and environmental benefits, thus always with the objective of 'creating better places for people to live in, and better places for people to visit.' This approach is directly in-line with global demand trends and the main market segment the Government is keen to target.

A Responsible Tourism Approach:

• minimizes negative economic, environmental, and social impacts;

• generates greater economic benefits for local people and enhances the well-being of host communities, improves working conditions and access to the industry;

• involves local people in decisions that affect their lives and life chances;

• makes positive contributions to the conservation of natural and cultural heritage, to the maintenance of the world's diversity;

• provides more enjoyable experiences for tourists through more meaningful connections with local people, and a greater understanding of local cultural, social and environmental issues;

• provides access for physically challenged people; and

• is culturally sensitive, engenders respect between tourists and hosts, and builds local pride and

Given the cultural and nature-based tourism attractions along the South Corridor, the main strategic recommendation of this strategy is to strengthen the cultural and nature-based tourism value chain through actions to improve or build on each of the critical value components of infrastructure, products and marketing, human resources and investment. These actions should be undertaken through work with tour operators, government agencies at the national, marz and municipal levels and investors.

Figure 3: Map showing Yerevan & Areni Sets

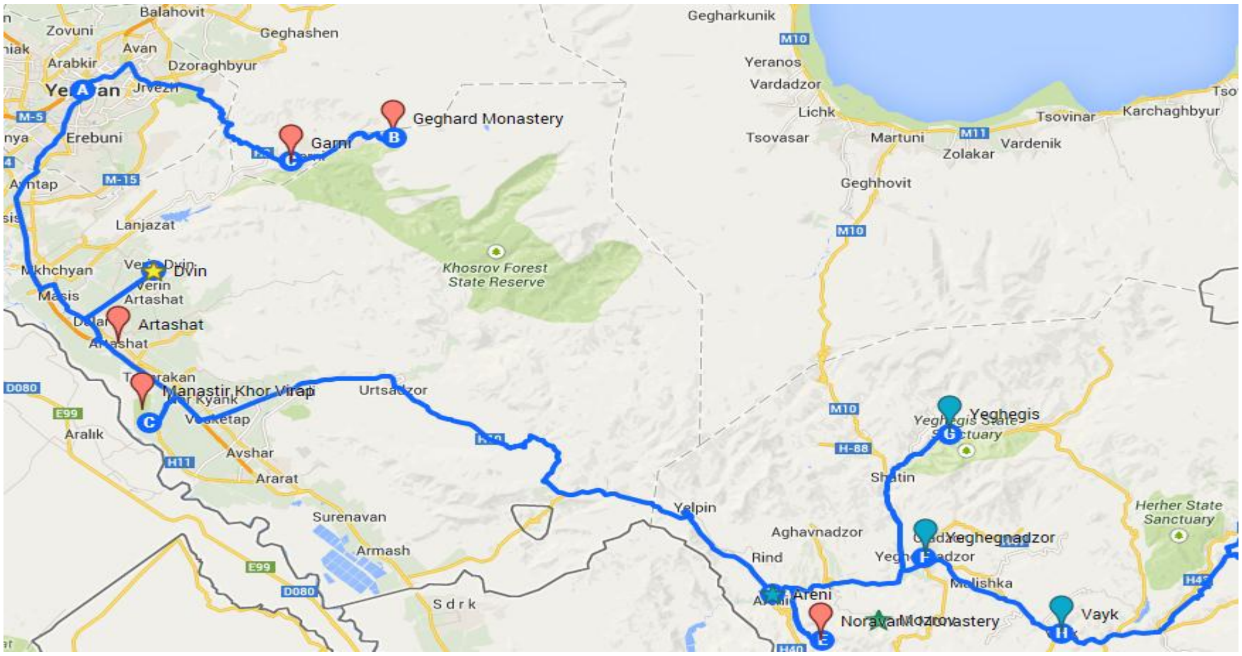


Figure 4: Map showing Goris Hub & Spokes

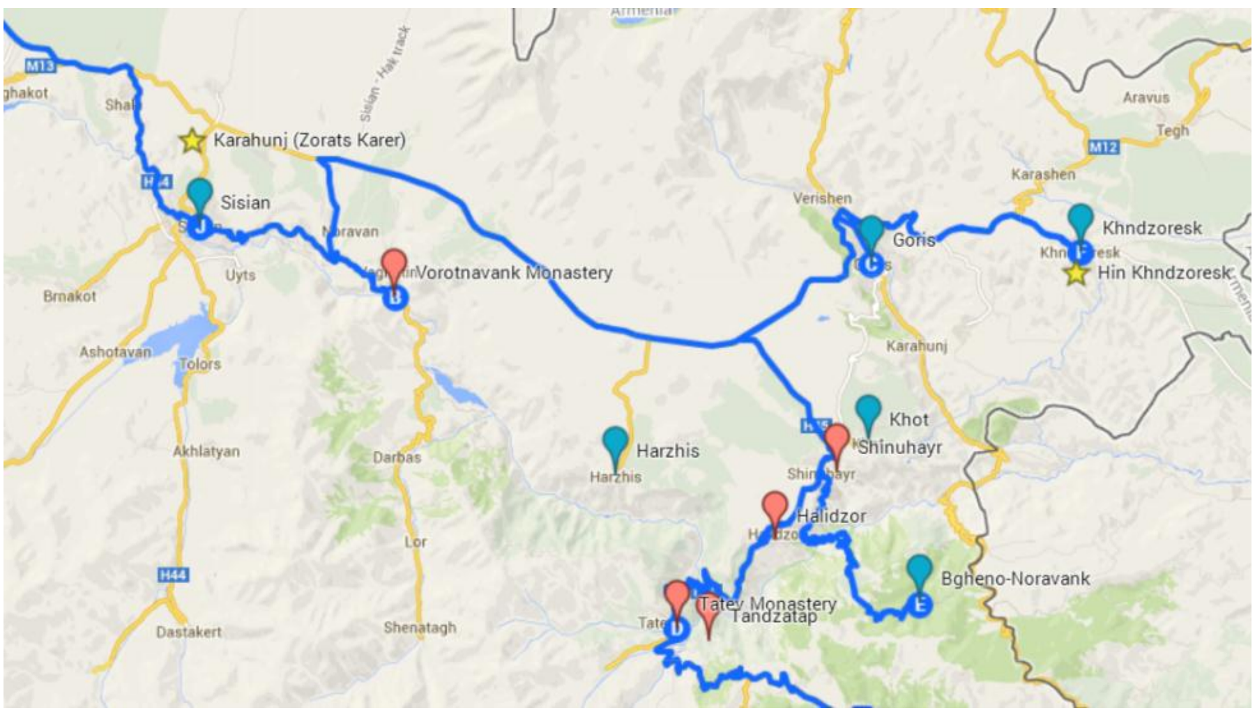


Figure 5: Map showing Meghri Hub & Spokes

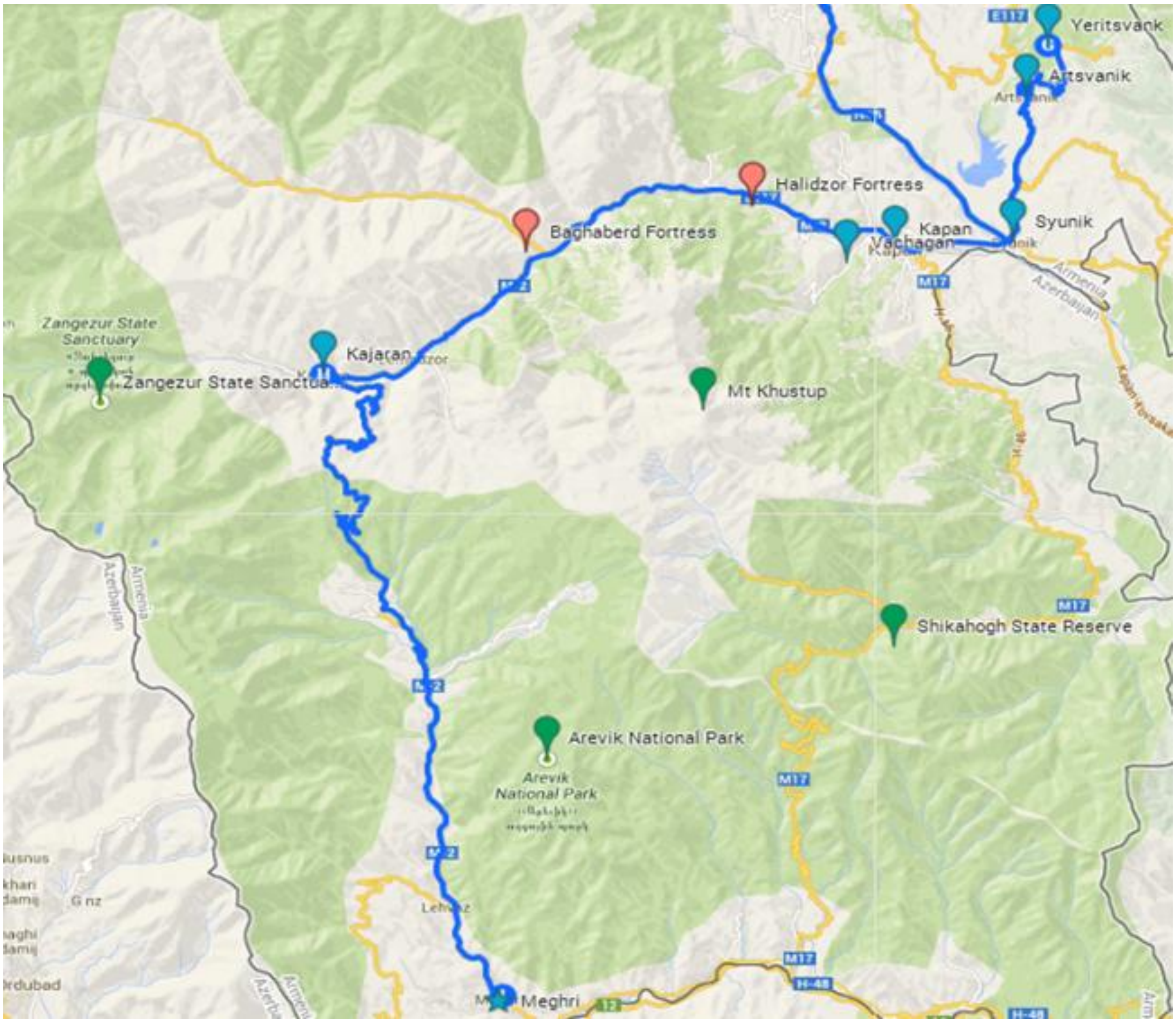


Figure 6: Photos of the South Corridor

Khor Virap and Ararat Mountain

Wine tasting in Areni

Handicrafts (carpet production)

Noravank Monastery and Museum

Handicrafts (Souvenirs)

Local cuisine in Yeghegnadzor

Source: Ahmed Eiweida

1.1.1 Methodology & Structure of the Strategy

Challenges→Vision→Objectives→Value Chain Components Analysis→Actions based on components

Each of these components is elaborated below. First, the challenges facing Armenian tourism and the South Corridor are briefly described in this chapter and later more extensively in the strategy. Second, a strategic vision and objectives are specified for overcoming the challenges. Third, global and Armenian tourism trends are presented.

And then, to realize the vision and achieve the objectives, **Chapter 2** presents a value chain analysis based on the key components of infrastructure, products and marketing, human resources and investment.

Chapter 3 presents an analysis of the strengths and weaknesses of Corridor products based clustering of four key sets of "hub and spoke" destinations.

Chapter 4 provides a description of infrastructure challenges and solutions along the South Corridor.

Chapter 5 provides a description of the human resources component followed by **Chapter 6** which focuses on private investment and public-private dialogue, **Chapter 7** covering the policy and investment climate, **Chapter 8** covering benefit sharing.

A draft action plan is then proposed in **Chapter 9** with actions specified for each value chain component.

1.1.2 Key Challenges & Targets

One of the main challenges for Armenian tourism is that while international arrivals have been increasing dramatically – more than tripling from 319,000 in 2005 to 957,000 in 2013[25], average **receipts earned per visitor have steadily declined from US$699 per visitor in 2005 to US$479 per visitor in 2013**.[26] This means that visitors are finding fewer activities, experiences and items to spend money on in Armenia.

The decline does not tell the whole story though since selected groups of visitors, such as Russians, French, Germans, Polish and Americans spend comparatively more in Armenia than other nationalities.[27] To ensure that overall spending per visitor increases, and that the benefits of tourism are sustained and maximized as a way to develop and protect the country's natural and cultural heritage, the Government and industry have launched a new strategic planning and development process for responsible tourism with the cooperation of the World Bank, USAID, the Asian Development Bank, IDEA Foundation and other stakeholders. The process, which is proposed as a **Regional Development Program**, focuses on responsible tourism as a catalyst for broad economic development, especially in selected regional corridors.

For Armenia overall and the South Corridor, the below challenges and targets could be addressed and achieved through the below mentioned vision, objectives, and actions to leverage the strengths and opportunities and overcome the weaknesses and threats to the various value chain components of Armenian tourism.

Note: As mentioned previously, baseline data from the South Corridor is not collected, so the following values are based on national figures with 10 percent growth estimates; tourism arrivals and receipts grew at least 10 percent from 2012 to 2013 and 2010 to 2012 respectively.

Table 3: Key Challenges and Approximate Targets

Key Challenges	Approximate Targets
Product, Marketing and Promotion	
Increase marketing of international and domestic day trips to SC destinations. Most of the 50+ Armenian tour operators reviewed offer only Garni, Geghard and Khor Virap.	10 new operators add Areni/Noravank for 120 new day tours each year from 2016-2020, thus an average of two tours per month for each operator over the six month high and shoulder seasons. Each tour would have an estimated 15 clients, thus totaling 18000 more clients by 2025.

[25] UNWTO Tourism Barometer, August 2014
[26] UNWTO Tourism Barometer, August 2014
[27] Armenia 2013 International Visitor Survey,

Key Challenges	Approximate Targets
Increase international and domestic overnights to SC destinations by developing more product reasons to stay overnight.	10% additional international overnights are at SC destinations by 2025, thus an additional 843,000, which represents a 10% increase in international overnights above the 2012 national total to 9.2 mn. 10% additional domestic overnights by 2025 are at SC destinations, thus an additional 51,000.[28]
Increase visitor spending in SC destinations by developing more experiential and product-based spending opportunities.	10% increase visitor spending by 2025 above 2013 national total to US$504 mn with an additional US$46mn spent on the SC.[29]
Infrastructure	
Improve site management, roads, services and facilities to attract more visitors to SC destinations.	Site and facility upgrades at Garni, Geghard, Khor Virap, Areni, Yeghegis, Karahunge, Goris, Khndzoresk, and Tatev.
Human resources	
Increase number of persons locally trained and employed in hotels, restaurants and attractions in SC destinations.	10% increase above 2013 national total of 21,500 jobs, thus at least 2150 more jobs on SC by 2025.[30]
Investment	
Attract and facilitate the necessary investment to increase the number of high quality international brand hotels.	Increase from one in 2015 (Hyatt in Jermuk) to five hotels by 2025.

1.1.3 Vision for the South Corridor Tourism Development

The underlying **vision** of the South Corridor tourism development is to establish a new responsible tourism destination that offers rich, authentic cultural and nature-based Armenian experiences by 2025.

[28] UNWTO Compendium of Tourism Statistics, Armenia 2008-2012; latest statistics available.
[29] UNWTO Compendium of Tourism Statistics,
[30] Jobs total from WTTC 2014 Armenia Report, p. 1.

1.1.4 Objectives of National and South Corridor Tourism Development

As emphasized in the Government's National Development Strategy (2014-2025), it is a priority **objective of the Government** to "ensure quality economic growth" for "balanced development of the regions."[31] Development of the South Corridor intends to increase tourism arrivals and spending along this route and thus stimulate more business and employment growth, and protect cultural and natural heritage.

The tourism **objectives**, which are in line with Armenia's National Development Strategy, are:

1) Grow responsible higher spending tourism arrivals from approximately 957,240 in 2013 to 2.7 million and employing 28,300 by 2025[32] for the entire country with at least 10 percent visiting the SC each year (270,000) and 2150[33] jobs resulting from SC growth.

2) Diversify tourism product/experience offers that attract increased international tour operators and independent travelers resulting in increased value for money, local jobs, improvement in skills, and SME opportunities in SC destinations with at least 10 new operators adding at least 120 tours that go as far as Areni/Noravank on day trips and Goris/Tatev for overnight trips from 2016 to 2025.

3) Increase overnights and thus spending from targeted segments of international and domestic tourists with at least 10 percent growth by 2025 due to SC growth, thus an average of 84,300 more room nights and US$4.6 mn in spending each year above the 2012 national total of 8.4 mn room nights and US$460 mn in tourism receipts (spending in Armenia).

4) Increase "incoming tourism expenses" (spending) from US$513 mn in 2011 to US$2.4 bn in 2025.[34]

1.2 Global Trends

Tourism is one of the largest and fastest-growing service industries globally. In 2013, tourism amounted to nearly US$7 trillion, which is approximately 9.5% of world GDP. The sector employed over 265 million people worldwide, about 8.9% of global employment. The Travel and tourism industry is expected to grow by an average of 4% annually, reaching 10% of global GDP or US$10 trillion in a decade. The number of international arrivals increased by 5% in 2013 and reached the record number of over 1.087 billion. UNWTO expects growth to maintain its steady rate at about 3.3% until 2030.[35]

Although the world economy still remains challenging, WTTC research suggests that as incomes grow, not only in large emerging economies (Brazil, Russia, India and China), but also in the rest

[31] Armenia National Development Strategy, 2014-2025, p. 41 and p. 47

[32] RA ArmStat Publications, 2013 and Armenia National Development Strategy 2014-2025, p. 47

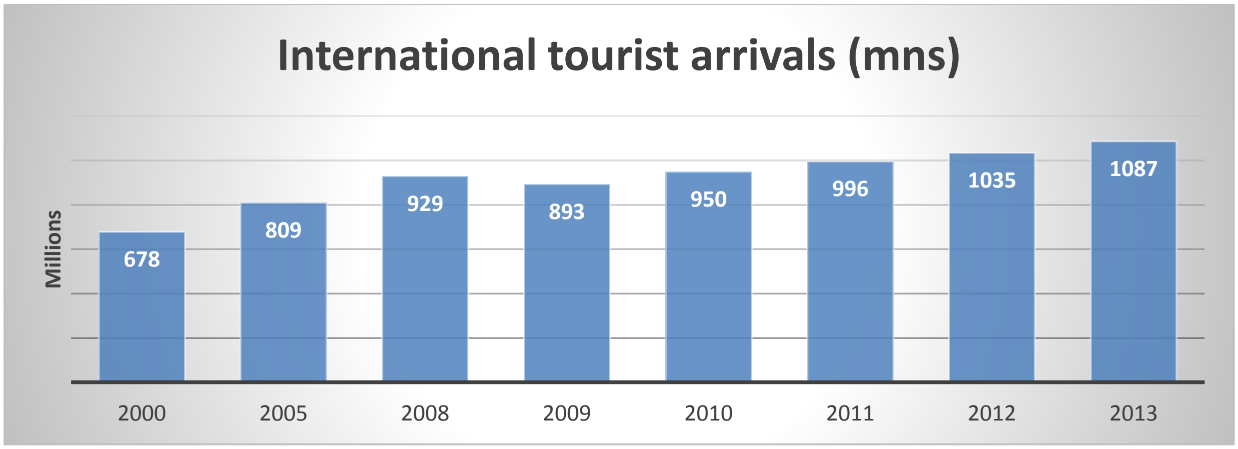
[33] Note: 2150 jobs is 10% of the national estimate in the WTTC 2014 Armenia Report.

[34] Armenia National Development Strategy 2014-2025, p. 11.

[35] UNWTO Tourism Barometer, August 2014 and WTTC Tourism Economic Report 2014

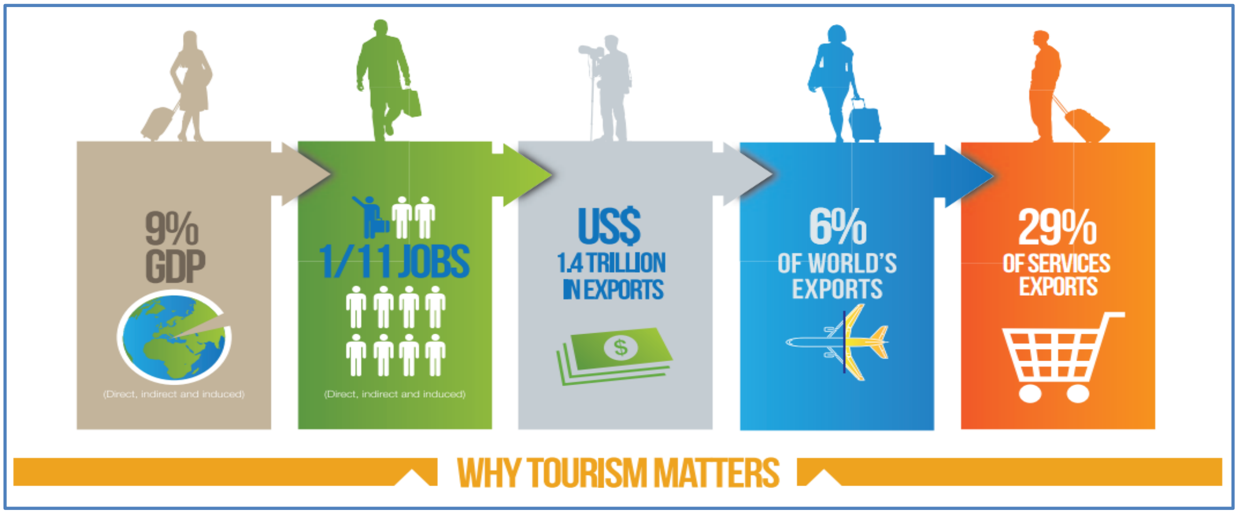
of Southeast Asia and Latin America, travel and tourism will also grow. With increasing international trade, especially from emerging markets, business travel demand will also increase.[36]

Figure 7: International Arrivals (mns) & Tourism Receipts (US$ bns)[37]



[36] World Travel & Tourism Council, 2012. Travel & Tourism Economic Impact
[37] UNWTO Tourism Barometer, August 2014

Figure 8: Why Tourism Matters

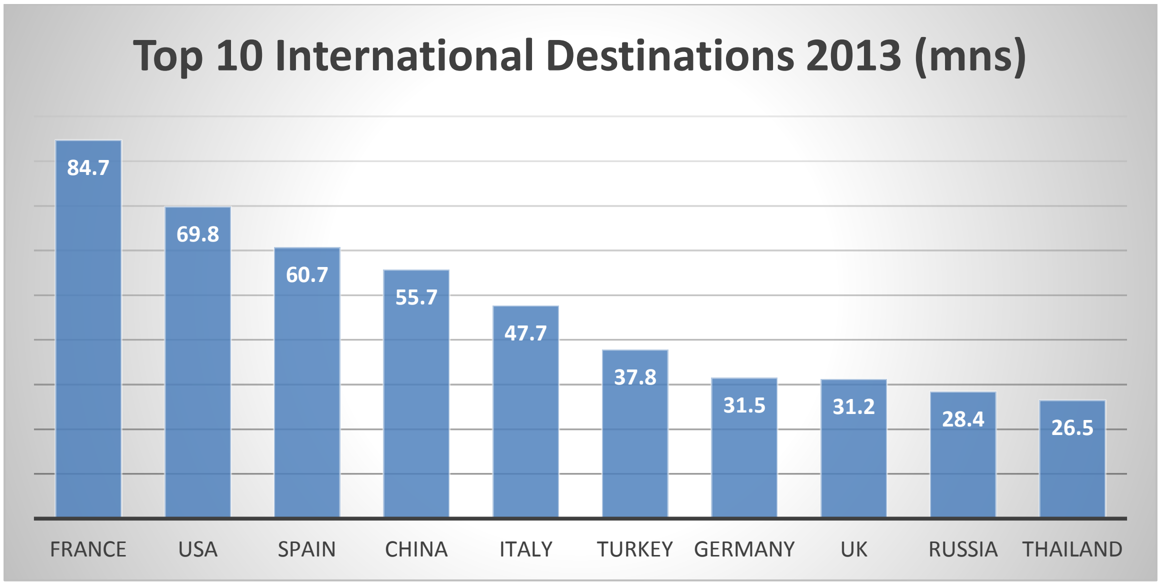


Source: UNWTO Tourism Highlights 2014 Edition

Figure 9: International Tourist Arrivals (mns) & Tourism Receipts (US$ bns) 2013

Source: UNWTO Tourism Highlights 2014 Edition

Figure 10: International Arrivals: Top 10 Countries[38]



The rise of China, Turkey and Russia as main destinations is an important trend that is also reflected in their outbound tourism expenditures. The following chart shows the Top 10 Tourism Spenders. China surpassed the USA in 2011 and Russia surpassed the UK in 2013.

Figure 11: International Tourism Expenditures (US$ bns)[39]

[38] UNWTO Barometer of Tourism Statistics, August 2014
[39] UNWTO Barometer of Tourism Statistics, August 2014

1.3 Armenia Trends

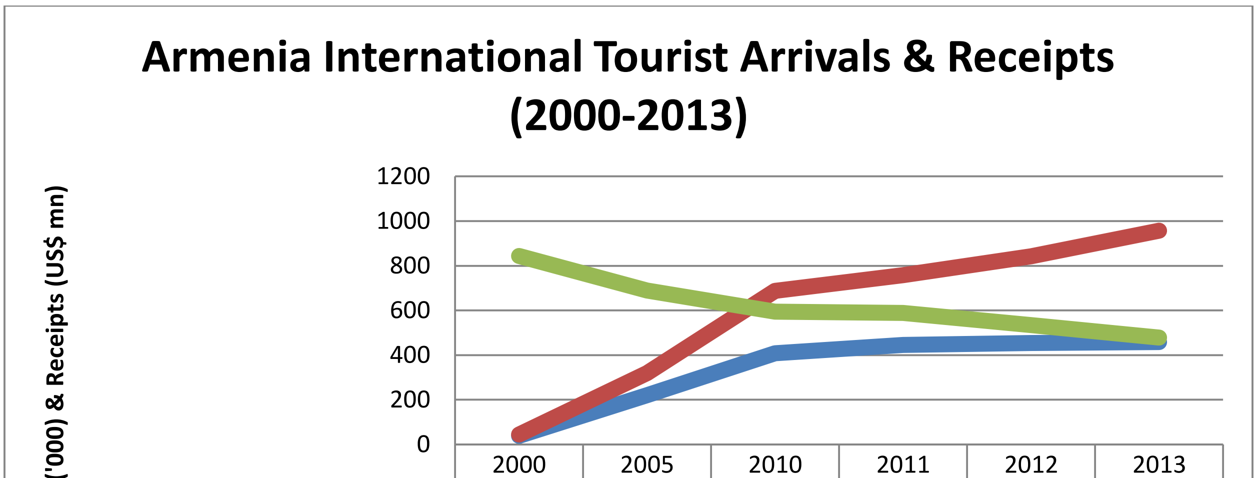
1.3.1 Visitors to Armenia and the South Corridor

1.3.1.1 International Visitors

International tourist arrivals have been growing steadily in Armenia well above the world average. As

Figure 12 shows, from 2010 to 2013, the number of international tourists increased from 687,000 to 957,000, increases of more than 10% each year – **more than double the average global tourism growth rate of 4%.** Similarly impressive growth occurred with international tourist receipts more than doubling from US$220 mn in 2005 to US$408 mn in 2010, but then slowed in the following years. With the decline in receipts, the spending per visitor also declined.

Figure 12: Armenia International Tourist Arrivals & Receipts (2000-2013)[40]



	2000	2005	2010	2011	2012	2013
International Tourism Receipts ($mn)	38	220	408	446	454	458
International Tourist Arrivals ('000)	45	319	687	758	843	957
Receipts per International Tourist (US$)	844	690	594	588	535	479

Based on UNWTO's 2012 statistics for Armenia – the most recent available via UNWTO -- the top generating markets, accounting for approximately 71% of total international arrivals, include CIS (41.5%), Iran (18.4%), USA (8.2%), Argentina (3%), France (3%), Lebanon (3%), Germany (2.7%),

[40] UNWTO Tourism Barometer, August 2014.

Greece (1.5%), UK and Italy (1%). Of these visitors, 287,000, thus 34%, came through organized tours.[41] Note: UNWTO includes Georgia and Ukraine arrivals as part of the CIS total.

For the South Corridor, the Ministry of Economy provided the World Bank team with visitor statistics based on an "International Tourism Survey" conducted in 2013 for the Syunik Marz. Also in 2013, the USAID EDMC project conducted a visitor survey for all of Armenia. Both surveys focus on percentages of total visitors, but for EDMC, these would be percentages of the total number of visitors surveyed, which were 23,658 with a "valid tourist sample size" of 10,448.[42] The sample error and validity rates were not reported though. For the MOE survey, no sample size was reported with the data. Consequently, visitor totals for the South Corridor are unclear.

Of the total visitors surveyed by EDMC, they reported that 4.6% visited Vayots Dzor, 5.3% visited Syunik and 5.8% visited Ararat, which amounted to 1088, 1253 and 1372. And also among the total surveyed, the main source markets were Russia (41.6%), Georgia (33.7%), Iran (6.6%), Ukraine (2.4%), Germany (1.6%) and the USA (1.4%).

When the data is available, one indicator that might provide further insight into the number of visitors along the South Corridor is the increase in the number of new hotels and beds over the past years. From the total number of available bed-nights and available occupancy rates, the total numbers of overnight visitors could be extrapolated. However, this data was unavailable from the Ministry of Economy.[43]

1.3.1.2 Domestic Visitors

Since the Ministry of Economy does not collect visitor statistics for the South Corridor, it is not possible to accurately determine the number of international and domestic visitors. In their 2011 Armenia South Corridor Tourism Strategy, AECOM reported an estimated 450,000 domestic overnight tourist visits in 2009-2010, much of which would be generated from Yerevan.[44] In part, AECOM explained, this estimate was derived from the Tourism Development Concept Paper developed by the USAID CAPS Project and adopted by the Government in February 2008.[45]

In the Tourism Development Concept Paper, the number of "internal" (domestic) tourism visits was estimated at 308,000 for 2006, growing to 500,000 by 2010, 1 million by 2020 and 1.5 million by 2030.[46]

To estimate the number of domestic visitors for the South Corridor, AECOM referred to a 2007 Tourist Visitor Survey[47], which "assumed that 15 percent of [all] tourist arrivals visit the South Corridor" and that by 2030 this rate would increase to 20 percent.[48] Based on this, AECOM

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[41] UNWTO 2012 Yearbook of Tourism Statistics, published in 2013.

[42] USAID EDMC 2013 International Visitor Survey, published in 2014.

[43] Confirmed in a telephone call with Meghak Apresyan, MOE tourism official, October 15th, 2014.

[44] 2011 Armenia Southern Corridor Tourism Strategy, AECOM, p. 29

[45] 2011 Armenia Southern Corridor Tourism Strategy, AECOM, p. 58

[46] USAID CAPS Tourism Development Concept Paper, p. 25

[47] USAID CAPS Armenian International Visitor Survey, September 2006-August 2007

[48] AECOM Armenia Southern Corridor Tourism Framework, p. 71

forecast approximately 900,000 tourists by 2030 for the South Corridor with 300,000 generated by domestic tourists.[49] More precise data is needed for the South Corridor; the accuracy of this estimate is unknown.

1.3.2 International and Armenian Tour Operator Surveys

1.3.2.1 Armenia Tour Operator Survey

Armenian tour operators are important to the success and further development of the sector. To gauge their current and future plans and demand for South Corridor destinations, the World Bank tourism team conducted primary data collection consisting of a survey conducted in September-October 2014, three workshops with tour operators and a review of the circuits of more than 50 Armenian operators. (See: Table 8) The survey was sent to 85 operators; 17 responded. They reported that their best-selling circuits were South Corridor destinations: 1. Yerevan-Khor Virap-Noravank-Tatev and 2. Yerevan-Garni-Geghard. The operators also reported that Tatev was the most popular attraction for their clients.

To reinforce what was mentioned above, the operators indicated that **the most appealing aspects of visiting Armenia for their clients were hospitality, food, nature, cultural heritage and quality of service.** And **the least appealing aspects and main sources of complaints were the road conditions, poor visitor infrastructure, lack and poor state of toilets, lack of information centers and signage/panels, abundant waste both on sites and roads in general.** The operators also considered a decrease of airfares and improvements in human resources, education and training as high priorities. Below is a detailed ranking of gaps, which operators identified as priorities to be addressed from highest to lowest (**from 1st to 8th in priority or importance**):

Table 4: Tour Operator Ranking of Gaps

Increased marketing & publicity for Armenia	3.6
Improved infrastructure	4.2
Availability of guides	4.7
Improved hospitality services	4.7
More hotels/accommodation	4.9
Entertainment/nightlife	5.4
Enriched calendar of festivals/events	5.6
Increased historical markers/information signs	5.8

As mentioned elsewhere in this strategy, when the new Development Foundation of Armenia launches having Tourism Armenia department, the adaptation and updating of previous tourism marketing plans developed by the EDMC project should be a priority. As these plans are

[49] AECOM Armenia Southern Corridor Tourism Framework, p. 8

implemented, the tour operators' concern about marketing and publicity and events calendar – should be addressed.

Addressing the infrastructure and signage issues will require coordination between the DFA and other Government agencies. The guide issue was beginning to be addressed through an association with the World Federation of Tourist Guide Associations, but as the IDeA Foundation's Tatev Resource Center launches, guide training would be a useful activity to include with the Center's programs. The Center's programs will also help address the hospitality services issue.

The hotel/entertainment/nightlife issues are product development issues that will require private sector initiative and investment. However, the new DFA will be able to play an important role in providing the necessary market research and visitor data to assist investors with deciding investments in these areas.

Among the 17 operators surveyed, the following activities and destinations are being or will be offered over the next three years in the South Corridor marzes:

Ararat Marz:

- Khor Virap
- Khosrov Reserve
- Urtsadzor Eco-Training Center
- Mountain climbing
- Visits to harvest sites

Vayots Dzor:

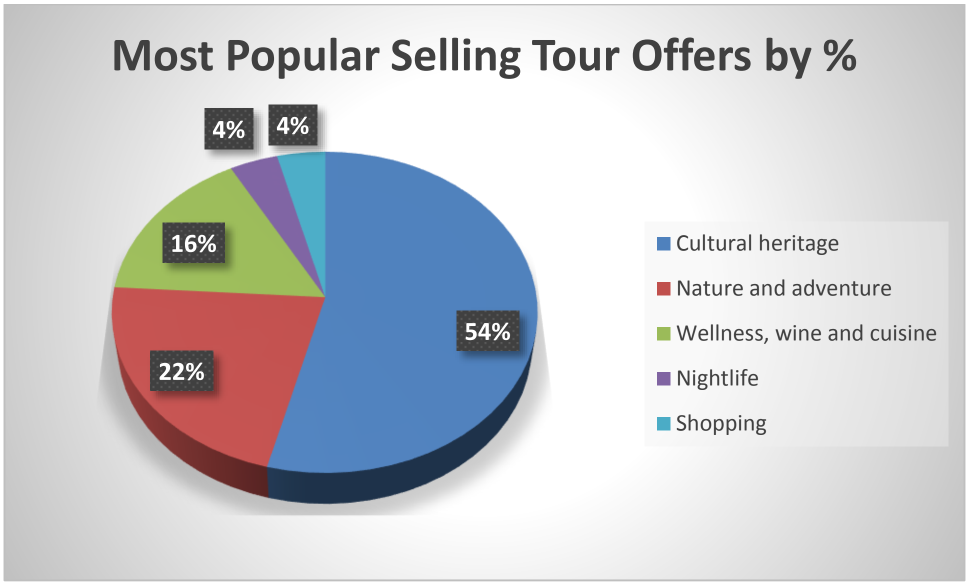
- Caves
- Noravank
- Animal watching
- Alpinism

Syunik:

- Tatev
- Sisian-Ukhtasar
- Tatev
- Vorotan Canyon
- Kapan
- Shikahogh
- Khustup

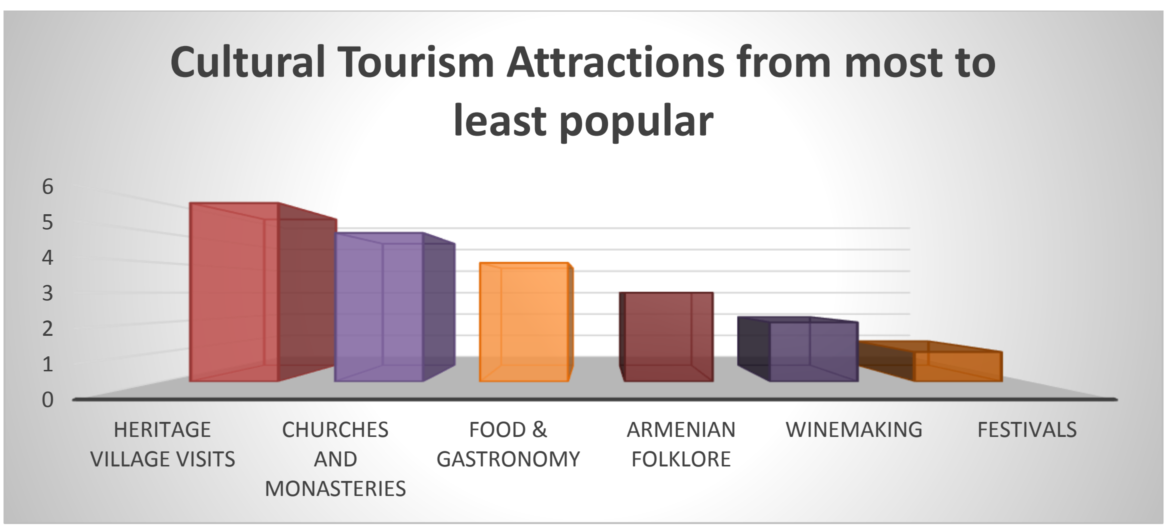
Judging from their plans, a few of these operators are gradually offering more adventurous options such as the nature-based activities listed above. Again, all of this bodes well for the development of the South Corridor.

Figure 13: Tour Operators Survey - Most Popular Selling Tour Offers by %



As the chart above shows, cultural heritage tours are the most popular among the operators who were surveyed. And among the types of cultural tourism activities, the below chart shows from the most to least popular activities.

Figure 14: Tour Operators Survey - Popularity of Cultural Tourism Attractions

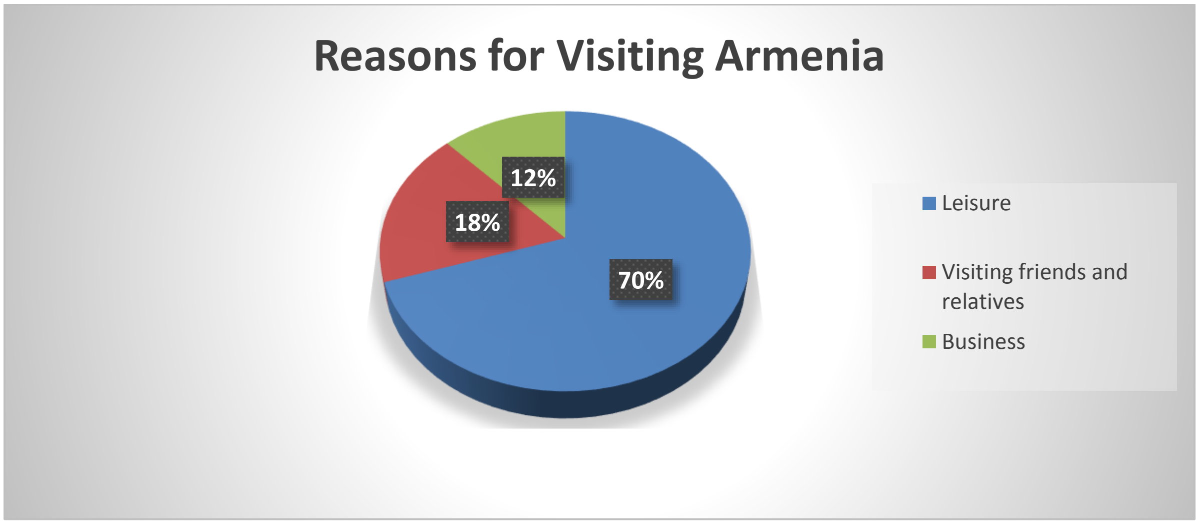


Judging from these results, itineraries that include more interaction with local communities and their heritage would be popular. As the review of 50 tour operators' Southern Corridor itineraries show, some operators have begun to add activities such as meals with local families

Visitor Profiles

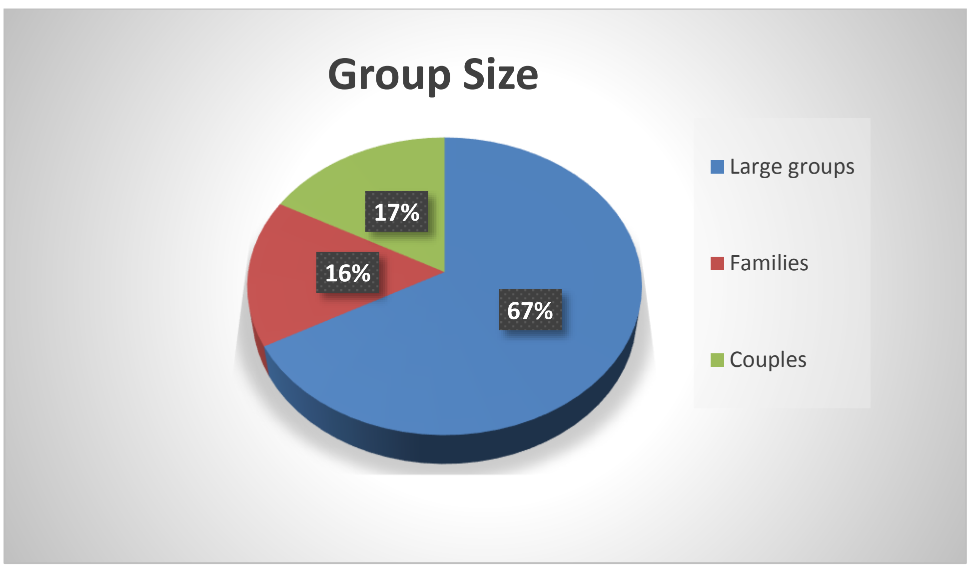
Among the respondents' clients, most came for leisure followed by visiting friends and relatives and business:

Figure 15: Tour Operator Survey - Reasons for Visiting Armenia



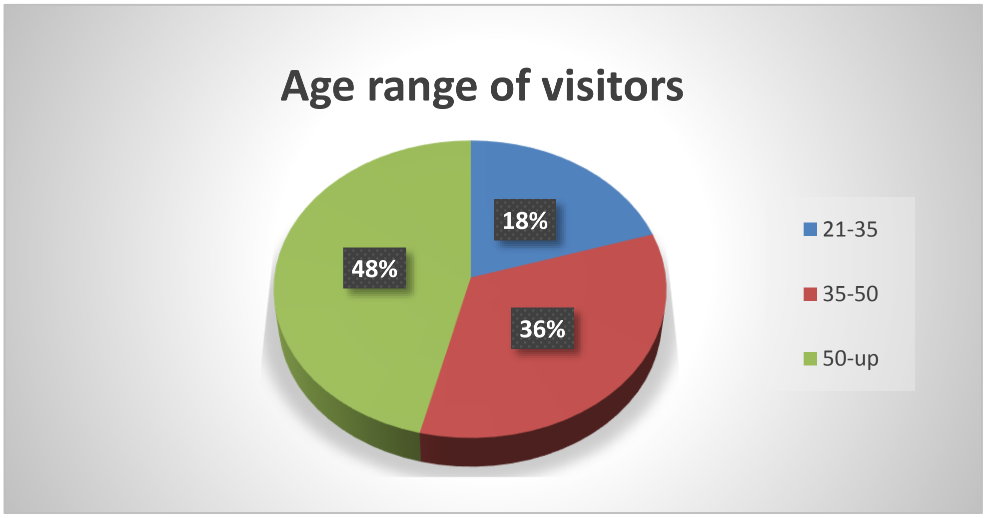
The operators reported advance booking times ranging from three to nine months with most bookings for large groups followed by families and couples.

Figure 16: Tour Operator Survey - Group Size



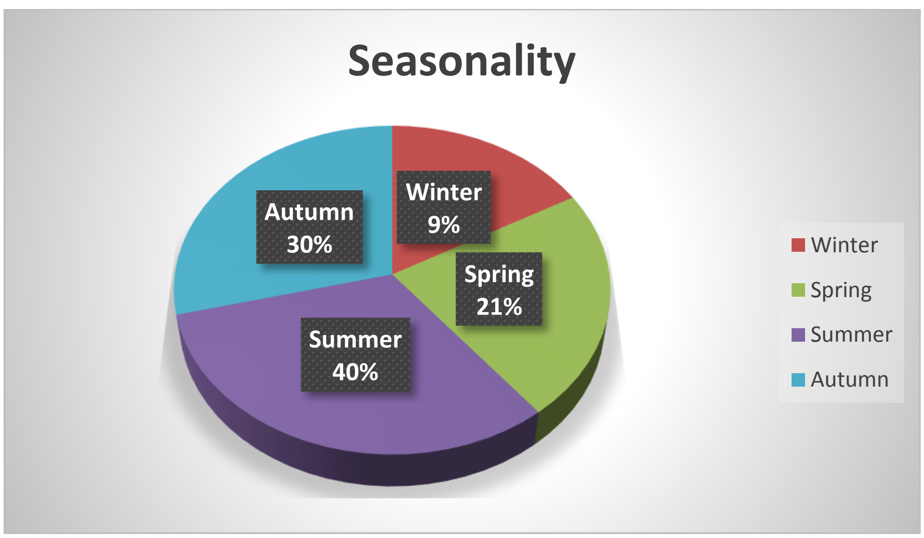
Nearly half of visitors that come via the tour operators are 50 and older with just over a third 35 to 50 years old and 18 percent 21 to 35 years old.

Figure 17: Tour Operator Survey - Age range of visitors



Most visitors come during the summer followed by the spring and autumn with relatively few coming during the winter.

Figure 18: Tour Operator Survey - Seasonality



For most of them, Russia was a principal source market and all marzes were popular destinations, including the marzes of the South Corridor. Other fast growing markets included Israel, China, Japan, Poland and Hungary. Some operators are also targeting the USA and Middle East. It is difficult to discern a trend on targeting markets since operators may specialize in one or more markets because no one else is doing so.

Generally, the top three generating countries for these tour operators are:

1) Russian Federation
2) Germany
3) France

1.3.2.2 International Tour Operator Survey

In 2010, the USAID CAPS project published a comprehensive survey of 311 international tour operators from 31 countries. The purpose of the survey was to determine levels of interest among operators that were already offering Armenia tours, stopped offering tours or were not offering tours.

Over 70 percent, thus 220 operators, were not offering or had stopped offering Armenia tours. Their main reasons were:

- 87 operators cited a lack of information.
- 61 cited insufficient promotion in international media.
- 71 said they had no contacts with regional/local operators.
- 115 operators that they would be interested in establishing tours to Armenia.

Among those offering Armenia:

- 29 operators had been selling Armenia prior to 2005 with another 17 starting in 2008.
- 23 had repeat clients for visits to Armenia.
- 32 offered Armenia-only tours with 19 offering Armenia in combination with one or more countries.
- 31 (of 47) were pleased with local Armenian ground operators.
- 18 (of 37) rated accommodations as expensive for the quality and somewhat limited.
- 28 (of 46) recognized the cultural value of the attractions, but said improvements were needed, i.e. visitor information, toilets and food services.)
- 28 (of 47) considered Armenia overpriced for the quality of facilities and services.
- **33 operators cited the culture as the country's unique selling proposition.**

Overall, the results of their survey were positive and boded well for increased tours to Armenia. For both groups of operators – those offering and those not offering Armenia – the main attractions of Armenia were history, heritage, culture and people. The South Corridor should appeal to these operators and their clients. And with over 50 Armenian operators already offering tours to the Corridor, there are many prospective local partners for the foreign operators. (See: Table 8)

1.3.2.3 Purpose of Visit

The AECOM study also projected purposes of travel among South Corridor domestic and international arrivals, again based on the 2007 Tourist Visitor Survey, for 2015, 2020 and 2030.

For international visitors, holidays and leisure would continually be the dominant purpose of visit for 45 percent of visitors followed by 28 percent for visits with friends and relatives, 7 percent each for health and wellness and business/conferences. The remaining purposes of visits –

employment, education, sport and cultural events and miscellaneous – comprised less than five percent each. By 2020 and 2030, VFR is expected to decline to 25 percent and 20 percent, business/conferences to rise to eight percent and nine percent, and health/wellness eight and 10 percent respectively.[50]

In the September/October 2014 local tour operator survey conducted by the World Bank team, operators reported that 69 percent of their tours were for leisure purposes. And among these visitors, the best-selling activities in order of popularity were: 1) Visits to cultural sights, heritage villages, churches, monasteries and religious sights, 2) Historical and political sights, 3) Gastronomy and wine, 4) Adventure, 5) Events and 6) Nature-based activities. The first three activities could all be considered cultural tourism and heritage-based activities. All of this bodes well for the South Corridor, which has strong existing and potential cultural tourism attractions.

For domestic arrivals, the purposes of visit differed significantly from international visitors. Their purpose of visit would be continually dominated by VFR at 64 percent for 2015, 60 percent for 2020 and then declining to 56 percent by 2030. The next popular purposes – business/conferences and holidays/leisure – trail substantially at eight percent followed by health and wellness at 6 percent and other segments at less than five percent. Both business/conferences and holidays/leisure are forecast to grow to nine percent by 2020 and ten percent by 2030 for business and 11 percent for holidays. So, by 2020 and 2030, some small incremental increases in business and holiday travel are expected for domestic visitors.[51]

1.3.2.4 Visitor Profile

According to UNWTO 2012 generating market data – the most recent available for Armenia – over 40 percent of Armenia's international visitors come from CIS countries, which include Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Ukraine, and Uzbekistan.[52] UNWTO statistics do not differentiate between these generating markets, although most CIS visitors to Armenia are believed to come from Russia and Georgia.

According to the USAID EDMC 2013 International Visitor Survey, of the visitors surveyed, the Russian market alone accounted for 46.3 percent of all international arrivals, followed by Georgia at 27 percent, Iran seven percent, Ukraine 2.4 percent, Germany two percent, which means that 84 percent of 2013 arrivals came from just five markets.[53] **Among all international arrivals, "Diaspora" visitors, thus those with Armenian ancestry, comprised 66 percent.** Among the top five generating markets for Armenia, Diaspora visitors also dominated: 76 percent of Russian tourists, 84 percent of Georgians, 50 percent of Ukrainians, 64 percent of Americans, 16 percent of Iranians and 16 percent of Germans.

Other key results from the USAID EDMC 2013 International Visitor Survey about visitors to Armenia:

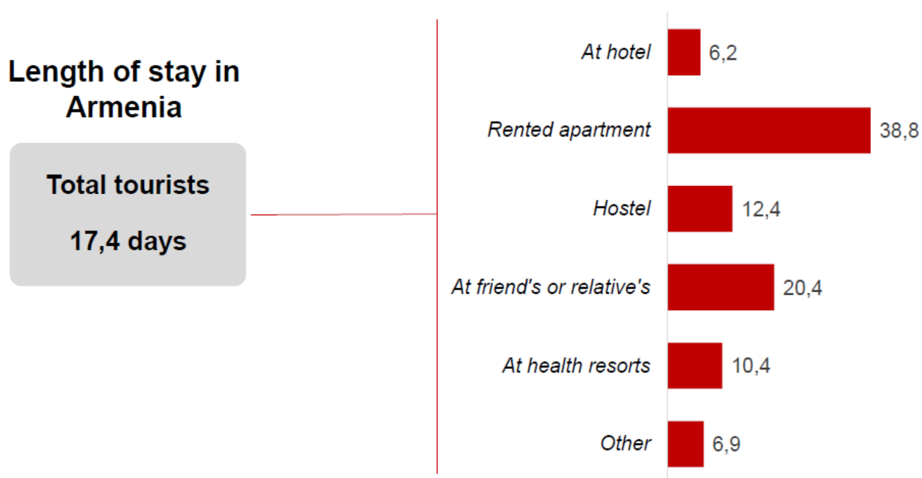
[50] AECOM Armenia Southern Corridor Tourism Framework, p. 72
[51] AECOM Armenia Southern Corridor Tourism Framework, p. 72
[52] UNWTO Tourism Factbook online database, accessed October 2014.
[53] USAID EDMC 2013 International Visitor Survey, p. 5.

- **Target Markets**
  - Leisure visitors should be the priority because they spend more than Diaspora visitors.
  - Russian market for leisure also a priority, although it is small, it is growing.
  - Attempt to increase product offers for Diaspora visitors.
- **Demographics**
  - Male visitors accounted for nearly 58 percent of total visitors.
  - Nearly 58 percent of all Russian visitors, 50 percent of Georgians, 75 percent of Iranians, 67 percent of Ukrainians, 54 percent of Americans and 60 percent of Germans were male.
  - More than 34 percent were 18-35, over 60 percent were 36-63 and only 4.6 percent were 64 and above.
- **Satisfaction rate**
  - 98 percent of visitors surveyed want to return.
  - 96 percent of visitors surveyed will recommend Armenia.
  - Nearly universal dissatisfaction with the quality of roads and lack of clean toilets.

1.2.1.4 Length of Stay

Average length of stay is 17.4 days, but the average varies from 6.2 days for a hotel stay vs 39 days for rented apartment, 12. 5 days in a B&B and 20 days with friends and relatives.[54]
Data is not known specifically for the corridor. However, as the data above and results from the USAID EDMC 2013 International Visitor Survey show, most of the longer stay visitors are staying with friends and family, and thus not spending less than leisure visitors.

Figure 19: Average length of stay per accommodation type 2013



Source: EDMC 2013

[54] EDMC 2013 International Visitor Survey, p. 17

1.2.1.5 Spending Patterns of Visitors to Armenia

International tourism receipts in Armenia increased reaching approximately US$458mn in 2013, a respectable 12% increase over 2010, but as mentioned previously, receipts per visitor have declined over 19% in the same period. The declining amount of spending per visitor suggests that the available tourism offers are somewhat static and not improving in quality and variety. It also suggests that marketing efforts are not being directed and/or not succeeding in capturing higher spending visitors. Lower spending static tourism markets run the risk of being less competitive and thus less able to sustain increased earnings. The focus on corridor development could be a key solution for diversifying Armenia's tourism product offers, increasing quality and thus spending.

However, as data from the USAID EDMC International Visitor Survey 2013 shows below in

Table 5, estimated spending for each of the top 10 markets for Armenia varies substantially for each market. Some highlights worth noting from this table are:

- Among visitors surveyed by EDMC, Americans spent the most per visit ($2231), but Polish visitors spent the most per day ($109).[55]
- Americans traveling via tour packages spend much more per trip than other markets: US$2960 vs the next highest being French who spent US$1755.
- The same is true for independent travelers, although UAE visitors spend more than French travelers and the amounts spent by each market are less than package travel – except for independent travelers from Russia and the UAE.

Table 5: Visitor Spending among Top 10 Markets[56]

	Russia	Georgia	Iran	Ukraine	Germany	USA	Poland	UAE	Belarus	France	TOTAL Average
Total											
Average total expend.	1093.4	118.3	545.2	815.6	1169.5	2231.4	1133.0	1382.7	718.4	1494.0	**727.7**
Average daily expend	40.7	24.7	83.8	41.2	106.6	84.7	108.9	106.6	51.4	91.2	**41.9**
Traveling with a tour package											
Average total expend.	855.3	n.a.	1321.3	1250.0	1263.7	2960.0	1258.3	690.0	1000.0	1755.2	**1331.4**
Average daily expend	83.3	n.a	259.5	138.9	155.5	287.8	213.7	88.1	90.9	236.8	**172.2**
Traveling on own arrangements											
Average total expend.	1095.4	118.3	530.4	814.4	1145.5	2197.4	1108.9	1449.3	713.3	1416.1	**712.6**
Average daily expend	40.6	24.7	81.2	41.0	98.6	81.3	96.5	108.7	50.9	74.0	**40.3**

[55] EDMC 2013 International Visitor Survey, p. 22
[56] EDMC 2013 International Visitor Survey, p. 22

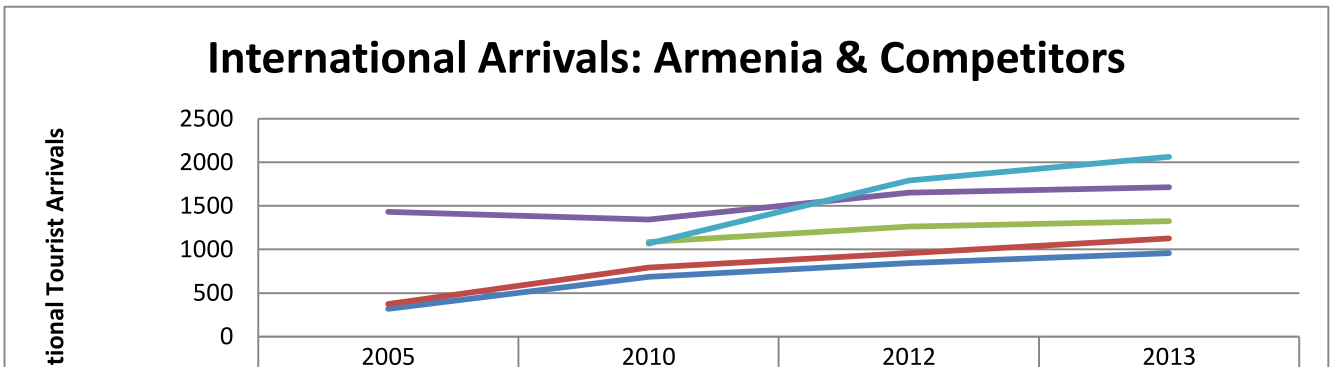
1.3.3 Armenia and Competitors

The following charts compare Armenian arrivals, receipts and receipts per visitor with the countries of Nepal, Montenegro, Georgia and Romania. All of these countries are marketing and promoting tourism offers similar to Armenia's – history, culture, food, wine, and adventure.

As Figure 20 shows, all five countries have experienced steady increases in international arrivals since 2010. However, as

Figure 21 shows, growth in receipts appears to be slowing in Montenegro, Romania and Armenia. When comparing performance based on receipts per visitor, as Figure 22 shows, only Georgia shows strong growth since 2010.

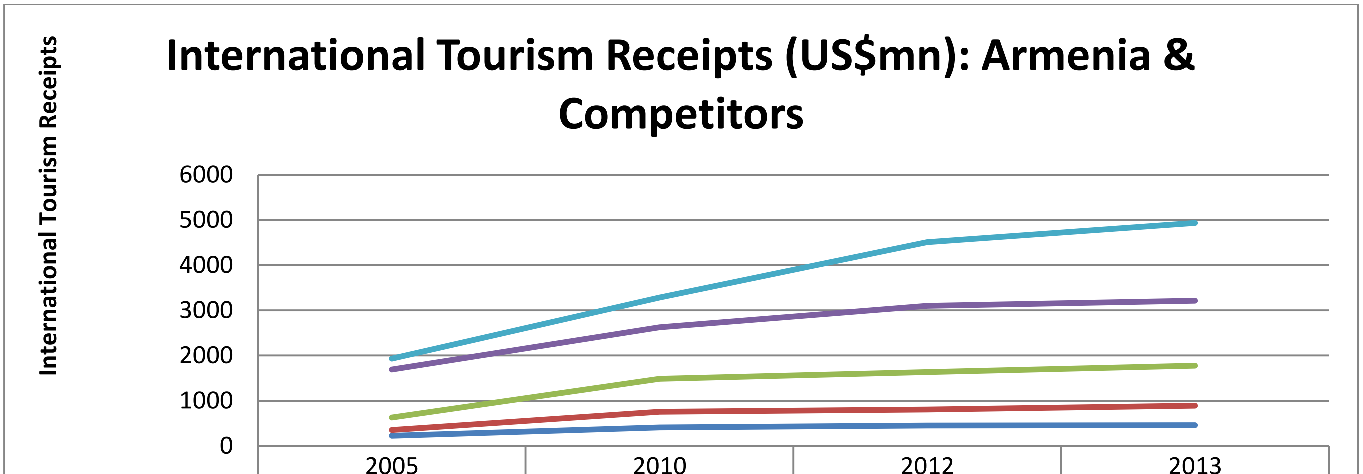
Figure 20: International Arrivals: Armenia & Competitors 2005-2013



	2005	2010	2012	2013
Armenia	319	687	843	957
Nepal	375	792	958	1125
Montenegro		1088	1264	1324
Romania	1430	1343	1653	1715
Georgia		1067	1790	2065

Source: UNWTO data

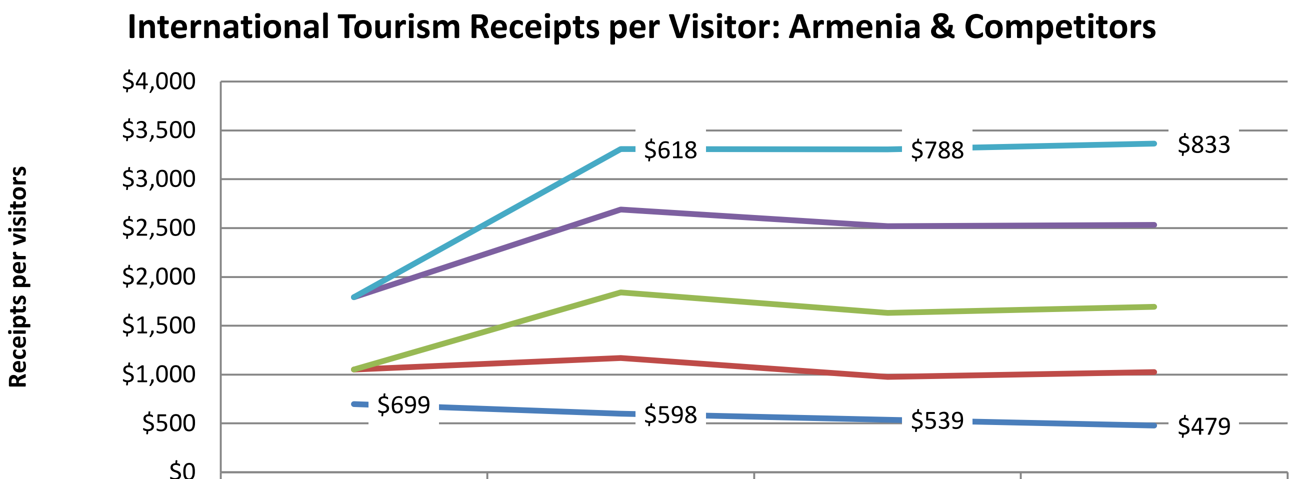
Figure 21: International Tourism Receipts (US$mn): Armenia & Competitors 2005-2013



	2005	2010	2012	2013
Georgia	241	659	1411	1720
Romania	1061	1140	1468	1438
Montenegro	276	732	826	884
Nepal	132	344	352	436
Armenia	223	411	454	458

Source: UNWTO data

Figure 22: International Tourism Receipts per Visitor: Armenia & Competitors



	2005	2010	2012	2013
Georgia		$618	$788	$833
Romania	$742	$849	$888	$838
Montenegro		$673	$653	$668
Nepal	$352	$570	$438	$546
Armenia	$699	$598	$539	$479

Source: UNWTO data

Trends regarding the performance of key competitors follow:

- Georgia grew over 15 percent in terms of arrivals in 2013 (to over 2 million arrivals), and matched this with strong growth in receipts to over US$1.7 billion (UNWTO, 2014). Georgia has a similar product offering to Armenia in terms of natural and cultural heritage (and shares a border). Georgia continues to promote itself as an authentic, experiential destination and is investing strategically in infrastructure, cultural heritage restoration, promotion and product development.
- Nepal's international arrivals and receipts increased by 42% and 26.7% respectively from 2010 to 2013, but as with Armenia receipts per visitor declined during the same period. Some of the arrivals growth has been propelled by an increased push for tourism to the Buddhist circuit, which is attracting more visitors for religious purposes who tend to be lower spending. (UNWTO 2014). Nepal also experienced the tragic loss of 26 trekkers and three farmers in mid-October, 2014 may negatively impact arrivals though.[57]
- Montenegro's international arrivals and receipts increased by 21.6% and 20.7% respectively from 2010 to 2013, but also as with Armenia receipts per visitor declined during the same period, despite a continual international marketing push via CNN International. The depressed earnings per visitor are a possible indicator that the

[57] http://www.bbc.com/news/world-asia-29625605

country's marketing of its "Wild Beauty" beyond the coastline has not yet attracted increased spending. (UNWTO 2014)

- Romania's international arrivals and receipts increased by 27.7% and 26% respectively from 2010 to 2013, but also as with Armenia, receipts per visitor declined during the same period. As an EU member, Romania should be benefiting from comparatively easier access, but the depressed earnings again signal a challenge of attracting higher spending from visitors. (UNWTO 2014)

While all of these countries have been pushing to develop additional products, these efforts have not been resulting in increased spending per visitor, except in Georgia where receipts per visitor increased by 34.7% from 2010 to 2013. (UNWTO 2014)

Chapter 2: Value Chain Analysis of the Armenian Tourism Sector and South Corridor

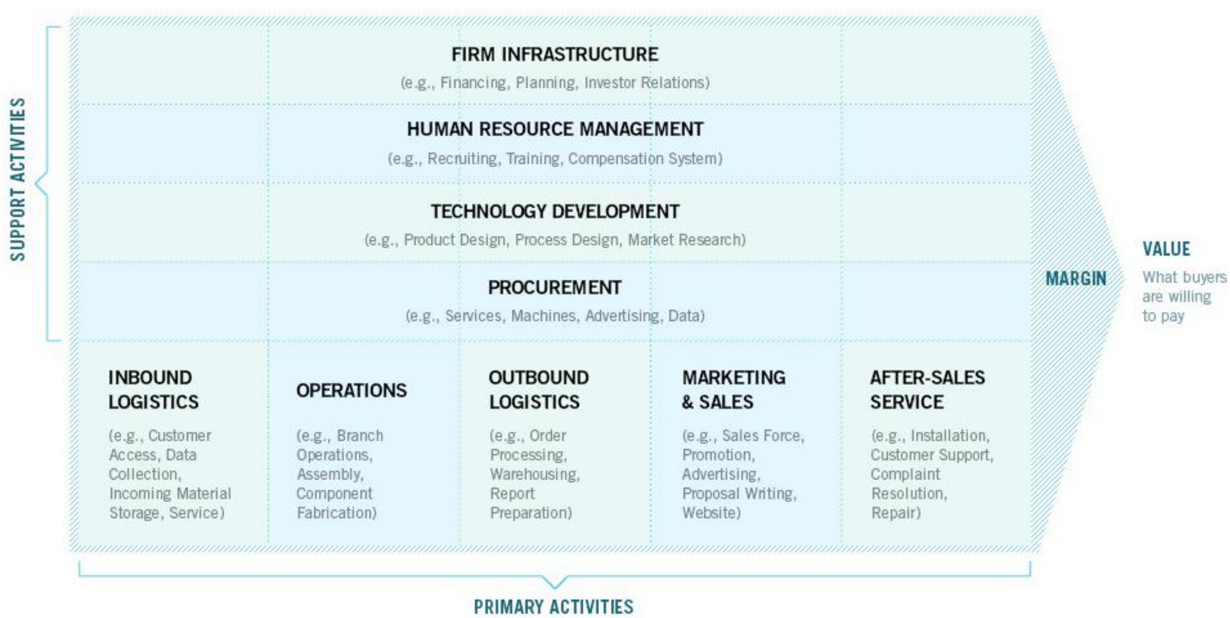
2.1 The Tourism Value Chain, Armenian Tourism and the South Corridor

The concept of a "Value Chain" was first elaborated by Michael Porter in the 1980s. In his book, The Competitive Advantage of Nations, he summarized the Value Chain as follows:

"The activities performed in competing in a particular industry can grouped into categories as shown in [Figure 23] in what I call the value chain. All the activities in the value chain contribute to buyer value."[58]

The concept can be useful for analyzing tourism development in countries as an adaptation and not as it was originally intended, which is depicted in Figure 23. The latter was intended for an individual company or firm. Elements of his approach are relevant, especially the division into primary and support activities, although for tourism development both infrastructure and human resources are essential and could perhaps be considered more than "support."

Figure 23: Value Chain Concept from Michael Porter



Source: Institute for Strategy & Competitiveness, Harvard University

An adaptation of the concept applies well to tourism and serves as the basis for the analysis of tourism on the South Corridor. In their September 2013 "Master Plan for Developing a PPP Framework for Tatev," the USAID EDMC project provided a useful summary of the value chain as it relates to tourism (Figure 24) and development of the South Corridor.

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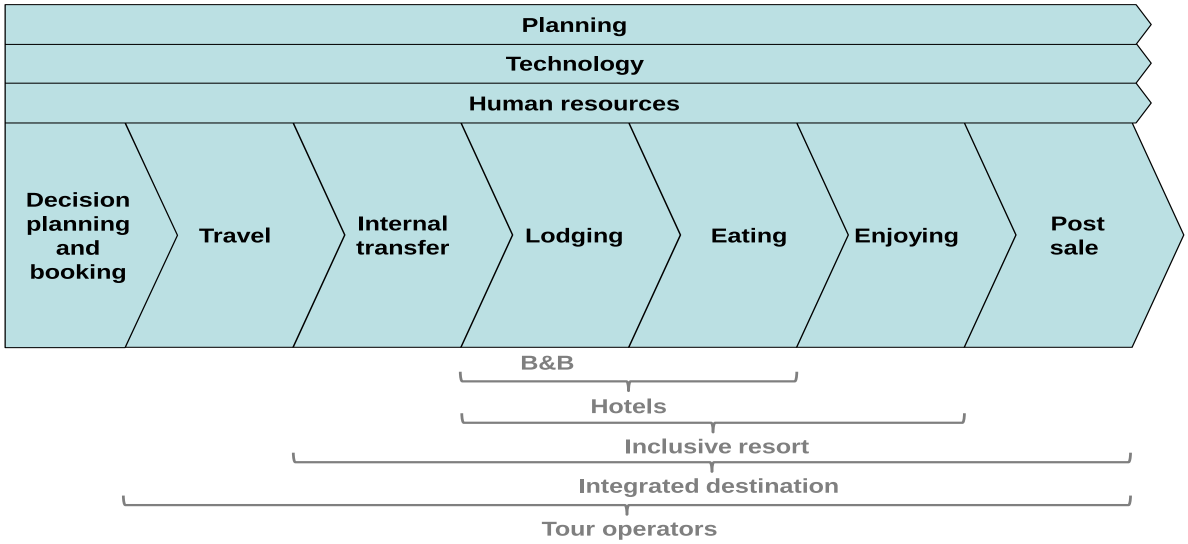
[58] Porter, Michael. *The Competitive Advantage of Firms in Global Industries*, Simon & Schuster, 1990, pp. 40-41

Figure 24: Adaptation of Porter Value Chain for Tourism



2.1.1 Planning and Booking the Trip – The Marketing Value Chain "Link"

The first links of the value chain for a visitor involve planning and booking the trip, thus the availability of information is critical, which is usually the result of traditional, online and word-of-mouth marketing. Marketing is a function of the available products, thus the objects of marketing efforts. Chapter 2 of this report analyzes the available tourism product offers and marketing efforts. At the time of writing in December 2014, a new Development Foundation of Armenia was due to be launched in early 2015, which was also expected to begin building a new national tourism strategy and marketing plan. The lack of an organization, strategy and marketing plan weakened this first link of the value chain at least in terms of providing a cohesive and coordinated approach to tourism development nationally and along the South Corridor. Travel information and booking options for Armenia have been available through several websites maintained by Armenian and international tour operators and agencies, as well as TripAdvisor, Booking.com and others.

As mentioned later in this report, the circuits of over 50 Armenian tour operators were reviewed and all of them offer tours that include the South Corridor (See: Table 8). However, it is difficult, if not impossible, to communicate an overall image of Armenia and the South Corridor as destinations from multiple individual information sources.

In a foreign tour operator survey conducted by the USAID CAPS project in 2009, 311 operators from 31 countries were asked about their interest in Armenia as a destination. Of the operators surveyed, 220 were not offering Armenia as a destination. Their main reasons were: over 26 percent cited a lack of destination information, 18.4 percent cited insufficient promotion of Armenia in international media, and 21.5 percent cited no contact with regional/local tour operators – thus the first link of the value chain.

2.1.2 Value Chain Travel & Internal Transfer Links

For the "Travel" link, the "Open Skies" policy initiative is making the country more accessible to international airlines, which should eventually lead to lower fares and more frequent flights.

For the “Internal Transfer” link, infrastructure challenges are covered in Chapter 4. Road quality is often cited by tour operators as a constraint on expanded tours, particularly on the South Corridor. It is also a main reason that none of the 50 Armenian tour operators whose circuits were reviewed offers South Corridor destinations beyond Tatev (See: Table 8Table 8: Sample Armenian Tour Operators Offering Circuits on the).

2.1.3 Value Chain Lodging, Eating, Enjoying & Post Sale Links

For the “Lodging, Eating and Enjoying” links, it is not surprising that these form half of the value chain -- product offers and experiences are critical to the overall visitor experience. A lack of international standard hotels and diverse product offers are often cited by tour operators as key constraints. The lack of accommodations is also a reason that most of the 50 operators reviewed offer only day trips to Garni and Geghard on the South Corridor (See: Section 3.2.2.2 Insufficient International Standard Accommodations). These “links” are discussed in Chapter 3, which focuses on product offers.

For the Post Sale link, the lack of a Development Foundation of Armenia that implements a tourism marketing plan, which should include the South Corridor, has hindered implementation of post-trip follow-up with tour operators and visitors.

2.1.4 Value Chain Support Activities of Planning and Human Resources

For the entire value chain, the “support activities” of planning, human resources, and technology are important to the success of the primary activities. With the establishment of the Development Foundation of Armenia, tourism planning should become more synchronized with product opportunities, human resources and investment. At the marz and municipal levels, “there is extensive legislation for every level of planning, down to detailed site planning, [but] evidence on the ground suggests that local planning control is often poor and as a consequence the character and amenity of many key tourism resources is being degraded.”[59] According to the July 2014 USAID EDMC Tourism Development Strategy Review, “the local planning framework is very weak, or even non-existent”[60] at the municipal level.

Human resources for tourism and hospitality is also lacking at the national and South Corridor levels. As the Roadmap explains, “the sector faces a skilled labor shortage, paradoxically in a high unemployment environment. Preliminary investigations have also revealed that current training programs may be producing insufficient graduates and that international training standards require to be adopted to meet the modern needs of the industry.”[61] Currently, the only two educational institutions with hospitality training are the Armenian Institute for Tourism and the Armenian Greek College. The AIT has only seven academic staff and the College is a high school that provides vocational training. **No formal ongoing training is available along the South Corridor.**

[59] USAID EDMC Tourism Development Strategy Review: A Roadmap 2014-2019, p. 31.
[60] USAID EDMC Tourism Development Strategy Review: A Roadmap 2014-2019, p. 32.
[61] USAID EDMC Tourism Development Strategy Review: A Roadmap 2014-2019, p. 13.

2.1.5 Representative Sample of Core Recommended Actions

Given the cultural and nature-based tourism attractions along the South Corridor, the main strategic recommendation of this strategy is to strengthen the cultural and nature-based tourism value chain through actions to improve or build on each of the critical value chain components of infrastructure, products and marketing, human resources and investment. These actions should be undertaken through work with tour operators, government agencies at the national, marz and municipal levels and investors.

Note: The below list is a sampling of the recommendations contained in this strategy. It is not intended to be a final definitive list. That should be developed based on the resources that will become available, especially via the new Development Foundation of Armenia, and for further development and implementation of the strategy.

2.1.5.1 Ensuring market demand (Product & Marketing Component)

One of the most important factors for developing the South Corridor is ensuring that market demand, especially from local and international tour operators, can be stimulated through improvements in the tourism value chain.

A. **This means persuading operators to extend their existing circuits to include at least one overnight on the Corridor** – which means helping to create more reasons, thus products, for visitors to spend more time and money at destinations.

Longer term, the goal would be to entice operators into adding even more overnights. *So, as the proposed improvements to hub and spoke destinations mentioned below are tested with local and international tour operators, demand could be ensured.* Creating products also means increased investments across a range of possibilities from micro-enterprises such as market vendors and tour guiding services to boutique hotels and restaurants.

B. In reviewing the circuits of more than 50 Armenian tour operators, all are offering South Corridor circuits, but most are offering the same sights and activities – relatively few experiences that directly involve local communities are offered. (See: Table 7 and Table 8) These experiences could be further developed in cooperation with local communities. The Tatev Revival Project has been pursuing this type of development since 2010 and thus offers some valuable best practices and lessons learned for sharing the benefits of tourism with the communities along the South Corridor.

2.1.5.2 Local community support (Human resources component)

As the Tatev Revival Project has demonstrated and this strategy emphasizes, local community support is important to development success and sustainability. T**he Principles of Responsible Tourism mentioned above provide some guidance**, which includes recommending that local communities in each set of destinations be consulted about proposed tourism developments to ensure that these developments are acceptable to them.

A. Community engagement needs to be an ongoing, long term participatory process that begins with community meetings conducted by Government to discuss the strategic recommendations and proposed actions for implementation. Included in this should be addressing needs such as creating local employment opportunities especially for youth to reduce their migration to cities. Actually, until community “buy-in” occurs, strategic recommendations cannot be responsibly implemented. This process will need to be conducted by the new Development Foundation of Armenia.

B. Again, the Tatev Revival Project, which has been working on this process in the villages near Tatev, could serve as a useful model. This could include collaboration with the IDeA Foundation to launch the Tatev Resource Development Center as a pilot center for capacity building, especially in regards to general job skills, hospitality industry skills and basic business management. And then replicate the pilot center in Jermuk, Yeghegnadzor and Areni.

2.1.5.3 Institutional support (Investment & Policy Component)

A. As the new Development Foundation of Armenia launches, it will need support in coordinating and developing partnerships with the 50+ Armenian tour operators who currently offer tours with South Corridor destinations (See Table 8: Sample Armenian Tour Operators Offering Circuits on the) on the following:
   - Encourage those operators who do not offer overnight circuits to include an overnight in Goris, Sisian or Yeghegnadzor.
   - Encourage those operators who do offer overnight circuits to extend their stays by at least one night.

B. By assisting both sets of operators with identifying and developing additional product opportunities among South Corridor destinations, including more cultural experiences especially with local families, events such as the sheep shearing festival in Tatev and the wine festival in Areni, development and packaging of local agriculture goods and handicrafts for visitor sales. (See: Table 7: Sample of Special Experiences offered by Armenian Tour Operators).

C. Assist investors and municipalities with increased investment in the principal destinations, especially Areni and Tatev for hotel and restaurant developments. The Tufenkian Group has plans to develop a hotel and other facilities in Areni. Their plans could contribute significantly to the economic and tourism development of the region.

2.1.5.4 Infrastructure support

A. Assist with finalizing master plans and site management plans according to international standards, especially for the principal destinations of Khor Virap, Areni, Noravank, Yeghegnadzor, Karahunge, Goris and Tatev, in order to specifically identify infrastructure needs in each destination.

\

2.2 Summary of the Strengths and Weaknesses of the South Corridor

In Chapters 3 to 6, the strengths and weaknesses of each main value chain "link" or component – products and marketing, tourism infrastructure, human resources, and the policy/investment climate are reviewed in detail. For now, below is a summary of the main strengths and weaknesses that apply to the entire South Corridor:

2.2.1 Products and Marketing

- **Strengths**
    - Iconic historical monuments and cultural heritage attracting tour groups, domestic and independent travelers, especially Diaspora visitors.
    - Strong potential for increased domestic visitors.[62]
    - Good potential for attracting more visitors to natural attractions.
    - Tatev Tramway is a unique attraction for the country and region.
    - Strong agro-tourism and culinary potential for expanded experiences, especially with cheese, fruit, wine and spirits.
    - Visitor information is available online through several commercial sights, but objective information provided via Government is limited.
- **Weaknesses**
    - Potential and existing attractions and activities require further development, investment and/or training to make accessible, attractive and marketable.
    - Country brand is not iconic for international market and corridor brand is not yet discernible.
    - Diversifying markets beyond Diaspora visitors is a challenge that is limited by insufficient product development, human resources and organizational resources.
    - Potential agro-tourism and other cultural experiences are not easily discovered.
    - Incomplete implementation of a national tourism marketing plan due to lack of organizational resources.
    - Lack of tourist class and international standard/branded hotels limit tour operator interest to expand overnights.
    - Insufficient distribution of objective visitor information, especially online.
    - Data collection about visitors is lacking at both the national and corridor levels, thus limiting development, investment and marketing.
    - The lack of local "Destination Management Organizations" (DMO) or more proactive local organizations with well-trained staff and sufficient budgets also hinder marketing and promotion efforts, as well as the collection of local visitor data.

[62] According to the 2011 AECOM Report on the Southern Corridor, the Corridor received approximately 500,000 domestic visitors and 600,000 international visitors. This data, in turn, was extrapolated from estimates in the 2008 Tourism Development Concept Paper.

2.2.2 Infrastructure

- **Strengths**
    - Major Corridor sights such as Garni, Geghard, Khor Virap and Noravank are accessible to tour groups.
    - Some limited services offered to visitors – visitor information, cafes, gift shops, and toilets – available to visitors.
    - Tourist class accommodations available in or near South Corridor hub destinations.
    - AMAP has already conducted extensive analysis on the infrastructure needs for most of the Corridor destinations.
    - North-South highway under construction should improve access to South Corridor.
- **Weaknesses**
    - Site management plans for major sights are not being applied to manage visitor flows and provide services according to international standards.
    - Services are insufficient for visitors at main sights and sometimes non-existent, i.e. lack of information, signage, and toilets.
    - Tourist class accommodations are too limited for high seasons.
    - Main road and secondary roads require repair and/or paving and thus limit the time that visitors, especially tour groups, can spend on the Corridor.

2.2.3 Human Resources

- **Strengths**
    - Traditional Armenian hospitality leads 98 percent of international visitors to want return visits.[63]
    - EDMC has realized several training programs, but these have not resulted in sustainable solutions yet.
    - The Armenian Institute for Tourism in Yerevan is a branch of the Russian International Academy for Tourism and provides management level training.
- **Weaknesses**
    - A systematic institutional approach to hospitality education and training is missing at the national and Corridor levels.
    - A lack of vocational training for waiters, cooks, front-desk workers, as well as top-management for the hotel business. This training is nearly non-existent along the Corridor.
    - Migration of youth to Yerevan and beyond is depopulating South Corridor centers.

2.2.4 Policy and Investment Climate

- **Strengths**
- Legal framework for investors praised by the American Bar Association and KPMG.
- Number of hotels increased from 792 in 2008 to 1405 in 2013.

[63] USAID EDMC 2013 International Visitor Survey, p. 7

- Competitive rankings on several indicators on the World Economic Forum's 2013 Travel 7 Tourism Competitiveness Index: policy rules (46th), red tape (33rd), cost to start a business (38th) and visa requirements (35th).
- TATEV investments have spurred additional hotel investment in the region.

- **Weaknesses**

- Additional public and private sector investment needed in destinations beyond Goris and Jermuk.
- Tourism-related infrastructure ranked low on the WEF TTCI (94th)
- Road quality ranked low (79th) perhaps due to slow policy implementation
- Also low rankings on the following impact investment climate: property rights protection[64], enforcement of contracts[65], judicial independence[66], bureaucratic costs[67], and control of corruption.[68]

[64] The Heritage Foundation and The Wall Street Journal; *Index of Economic Freedom 2011* and Fraser Institute, Economic Freedom Network; *Economic Freedom of the World 2011 report* and Property Rights Alliance; *International Property Rights Index 2011*
[65] The Heritage Foundation and The Wall Street Journal; *Index of Economic Freedom 2011*
[66] Property Rights Alliance; *International Property Rights Index 2011*
[67] Fraser Institute, Economic Freedom Network; *Economic Freedom of the World 2011 report*
[68] The Heritage Foundation and The Wall Street Journal; *Index of Economic Freedom 2011* and Property Rights Alliance; *International Property Rights Index 2011* Note: as cited in the USAID EDMC Business Enabling Environment Report, p. 4

Chapter 3: Tourism Product Offers

The South Corridor offers extensive cultural and nature-based experiences that include national parks and protected areas, a UNESCO World Heritage Site (Geghard Monastery), three properties on the UNESCO Tentative List (Dvin, Noravank, and Tatev), archaeological sites (i.e. Karahunge), and wine tourism opportunities (Areni), among many others. Many of these assets, particularly along the South Corridor, lack the necessary infrastructure to receive visitors. For example, well-paved roads, tourist class accommodations, visitor centers and public toilets are currently far too limited for the South Corridor to receive larger numbers of visitors. With improvements in all of these areas, the South Corridor's attractions could become more popular and accessible, as well as more attractive to investors and local businesses.

3.1 Key Product Offers and Hub and Spoke Destinations

Based on the analysis and past donor reports, discussions with stakeholders and site visits, the report team concludes that three sets of hub and spoke destinations listed below are priorities for development and/or improvements with the fourth set – ending in Meghri – the lowest priority because it is less accessible and lacks international standard accommodations.

All of the destinations listed below require similar interventions of varying degrees – site management plans with the architectural design of a tourism facility (visitor and information center) that includes the establishment of or improvement of public parking, public toilets, souvenir areas, and/or a café/restaurant area.

While domestic tour operators were surveyed about the South Corridor destinations in advance of a September 29-October 3, 2014 World Bank mission to Yerevan and then during a workshop on October 3rd, only ten tour operators responded. Further testing of the proposed interventions is recommended with selected domestic tour operators to better determine prospective visitor interest.

3.1.1 Hub and Spoke Destinations

Below are four sets of hubs with spoke destinations. **The first two sets – Yerevan and Areni** – are feasible in day trips from Yerevan, which are offered by multiple Yerevan-based tour operators. For example, the operator Hyur Services offers a five hour tour that includes Garni and Geghard, an 11 hour tour that includes Khor Virap, Noravank, Jermuk and Areni and a 13 hour tour that includes Areni, Tatev and Khndzoresk.

The third set – Goris – is also feasible in a day trip from Yerevan. For example, Hyur and Levon Travel, another major Yerevan-based operator, offer it only as part of an overnight circuit. And judging from their circuits, both operators are using Goris only as an overnight stop. No attractions are listed by both operators for Goris.

The fourth set – Meghri -- At this point, given the poor road conditions, three to four hours travel time between Goris and Meghri, and lack of accommodations in Meghri, this fourth set of the Corridor has not yet generated much interest among tour operators. While this segment could offer substantial natural and cultural attractions, particularly in combination with Kapan, it is not realistic in the short term to expect most tour operators to add at least one and half days of transit time to their circuits for Meghri plus there are no tourist class accommodations in Meghri.[69] Kapan, which is 71 kms north of Meghri, offers three hotels, according to Hotels.am.

3.1.1.1 Spoke Destinations from Yerevan

The first part of the South Corridor offers a diverse range of product and activity types from Yerevan to Garni and Geghard, the Khor Virap Monastery and eco-tourism opportunities in the Khosrov Reserve. From Yerevan, these destinations are easily accessible for day visits, so accommodations are not a critical factor for visitors since they will stay overnight in Yerevan.

Along this first section of the corridor, the Ministry of Economy indicated in a December 2013 letter the following sites as priorities for development:

- **Dvin** -- Restoration of **archeological site of Dvin town**, including the development of necessary infrastructure for developing the site to meet international tourism standards. Considered one of the country's most important historic cities, Dvin was one of its twelve capitals with almost 1000 years of history. There is also strong bird-watching potential in the area.

Figure 25: Photos of Dvin

Photos by: Ahmed Eiweida, Dvin, Ararat marz

[69] Hotels.am, Travel.am and TripAdvisor do not list any hotels for Meghri. Lonely Planet lists two Bed & Breakfast establishments, one with two rooms and the other with four rooms.

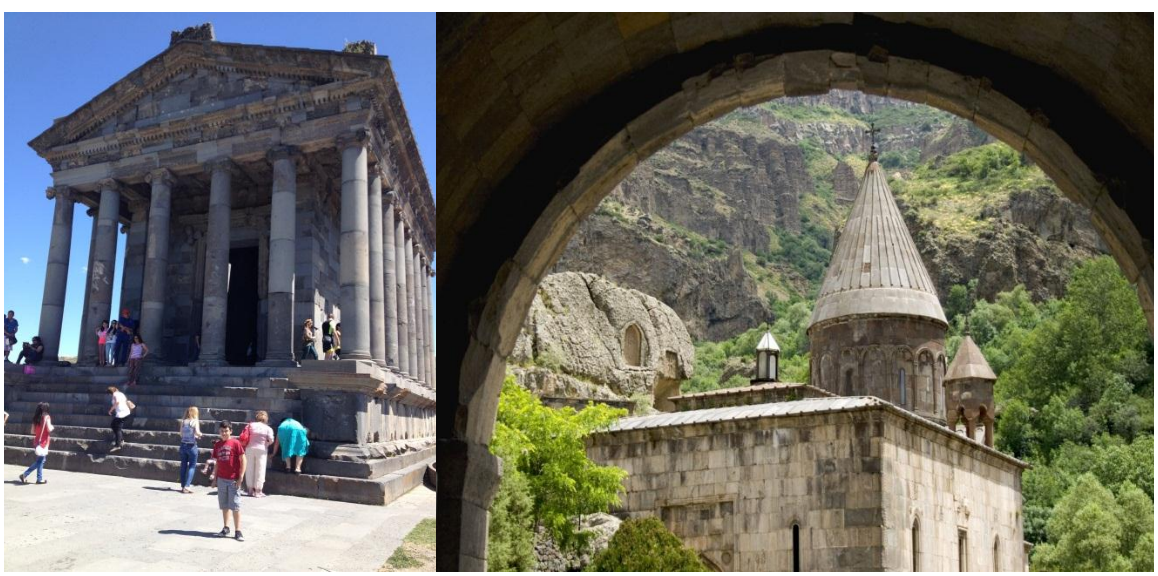
- **Khor Virap Monastery** – One of the most popular tourist destinations, this appears on many tour operators' circuits. The surrounding countryside could be a beautiful site for a boutique hotel and restaurant.

Figure 26: Photos of Khor Virap Monastery

Photos by: Ahmed Eiweida, Khor Virap Monastery, in the Valley of Ararat Mountain, Ararat marz

- **Garni and Geghard** are already well established cultural heritage sites and considered "must-sees" by tour operators. Nothing more is needed to attract more visitors. Product enhancements will occur through enhanced infrastructure, especially through the development and implementation of international standard site management plans, which should include recommendations for increased and improved visitor services, as described below in the infrastructure chapter.

Figure 27: Photos of Garni and Geghard



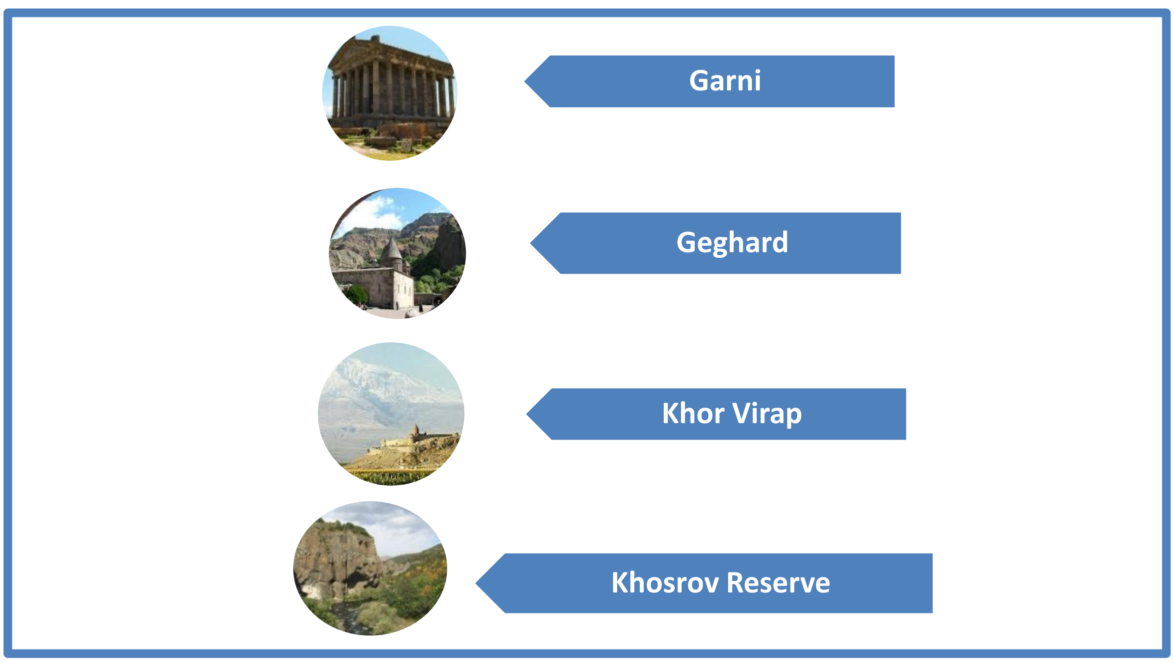
Photos by: Nora Mirzoyan, Garni Temple and Geghard Monastery, Kotayk marz

- **Khosrov Reserve** – The Reserve is a protected area with a diverse landscape of desert/semi-desert, mountain steppe, woodlands, and alpine meadows. It is especially noted for having more than 1800 plant species, including 156 rare species.[70] A visit to the Park could be combined with visits to Garni and Geghard. A few Yerevan-based tour operators, such as SunChild Eco-Tours offer tours to the Reserve. SunChild, for example, includes experiences such as visits with local families for herbal tea and honey tastings and bird-watching and a visit to Garni by horseback.[71]

Figure 28: Photos of Khosrov Reserve

***Photos by**: WWF, Armenia, Khosrov Reserve, Ararat Marz*

Figure 29: Spoke Destinations from Yerevan



[70] http://www.atb.am/en/armenia/nature/reserve/khosrovreserve/
[71] http://www.set.am/index.php?id=1845

3.1.1.2 Areni Hub Destination and Spokes

The second hub destination is Areni with spoke destinations of Noravank Monastery, Yeghegnadzor, Yeghegis and Jermuk. The region is well known for its ancient wine-making industry, which was exporting wine to Egypt, Greece and an emerging Roman Empire during the Hellenistic Era. Along this section of the corridor, the Ministry of Economy indicated in a December 2013 letter the following sites as priorities for development:

- Equipping **Areni 1 Cave (Bird Cave)** with the necessary infrastructure for meeting international tourism standards. A fragile archaeological site where the world's oldest leather shoe (estimated 5500 years old) and wine production "facility" (6100 years old[72]) were discovered – an internationally significant discovery. The cave itself is too fragile for tourist visits.

Figure 30: Photos of Areni 1 Cave

Photos by NCFA and Nora Mirzoyan, Wine production facility, Areni 1 Cave, Vayots Dzor marz

The world's oldest leather show, found in Areni 1 Cave in 2008 in excellent condition

- **Equipping Mozrov Cave** with the necessary infrastructure for meeting international tourism standards. One of best caves in the country for viewing stalactites and stalagmites, but it does not have any visitor infrastructure to protect it and enable visits.

[72] http://news.nationalgeographic.com/news/2011/01/110111-oldest-wine-press-making-winery-armenia-science-ucla/

Figure 31: Photos of Mozrov Cave

Photos by: NCFA, Mozrov Cave, Vayots Dzor marz

- Ensure implementation of the **Jermuk town development** program in line with the revised master plan, particularly development of a tourism management model, program management according to the model (including development of investment programs and attraction of investors) and development of the necessary infrastructure (roads, communications) to stimulate an inflow of investments.

The **Areni community** has the potential of being developed into a tourism village and making it the center of an Armenian Wine Tourism Route. The Areni area is home to one of the widest varieties of native grape types in the world. And in Areni Cave, both the world's oldest shoe and wine production site were discovered.

The family-owned Areni Wines Factory offers tastings, tours of the facilities, and sells to the public. An annual wine festival is an attraction that could probably be further expanded.

Within Areni, there are potential product opportunities, in cooperation with the IDeA Foundation and the Tufenkian Group, for the development of a wine museum, a year-round events calendar for Areni and the region, and a Tufenkian hotel.

For the purposes of potential World Bank interventions and support, the focus should be on Areni as a key hub along the South Corridor with possible "spoke" destinations as an Areni 1 Cave visitor center/exhibit, Mozrov Cave and Yeghegis.

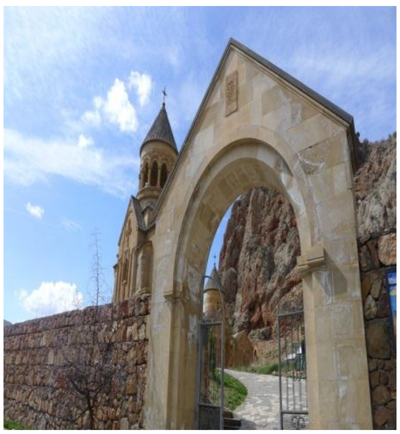
Areni and nearby attractions of Areni Cave, Mozrov and Noravank Monastery are accessible in a day visit from Yerevan and being offered as such by Yerevan-based operators. Both Areni Cave and Mozrov are not ready for visitors, so at this stage, these are potential attractions – if the necessary site management plans and visitor infrastructure can be in place.

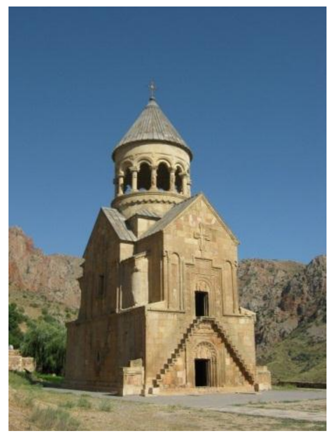
Several wineries along this part of the Corridor welcome visitors. Hotels and restaurants, as well as local tour operations and activity providers, however, are limited and currently a constraint on development.

Both Noravank and Yeghegnadzor are important sites near Areni.

- **Noravank** -- Deep in the "Grand Canyon" of Armenia, the Noravank "New Monastery" overlooks the Darachai River and is often considered one of the most beautiful attractions along the South Corridor. A small museum and restaurant are adjacent.

Figure 32: Photos of Noravank





Photos by: Ahmed Eiweida, *Noravank Monastery, Vayots Dzor marz*

- **Yeghegnadzor** -- Historically, a Silk Road trading center, the town does not appear often on tour operators' circuits. Some recent product-related developments could attract more visitors, including:
  - Outdoor cafes;
  - Summer art festivals in the town's main park;
  - Art museum;
  - Concerts, symphonies, recitals, musicals, etc., at recently renovated culture house theater;
  - Newly renovated outdoor amphitheater - summer festivals;
  - Annual food festival;
  - Vayots Dzor Diocese - Armenian holidays and church celebrations.
  - A local resident's wine tasting house and small restaurant (Arman's House).
- **Yeghegis** -- Known for recent archaeological discoveries of a medieval Jewish community that once resided there. At least 40 tour groups from Israel were scheduled to visit in summer 2014.

Figure 33: Photo of Yeghegis

Photo by: Nora Mirzoyan, Yeghegis - Jewish cemetery, Vayots Dzor marz

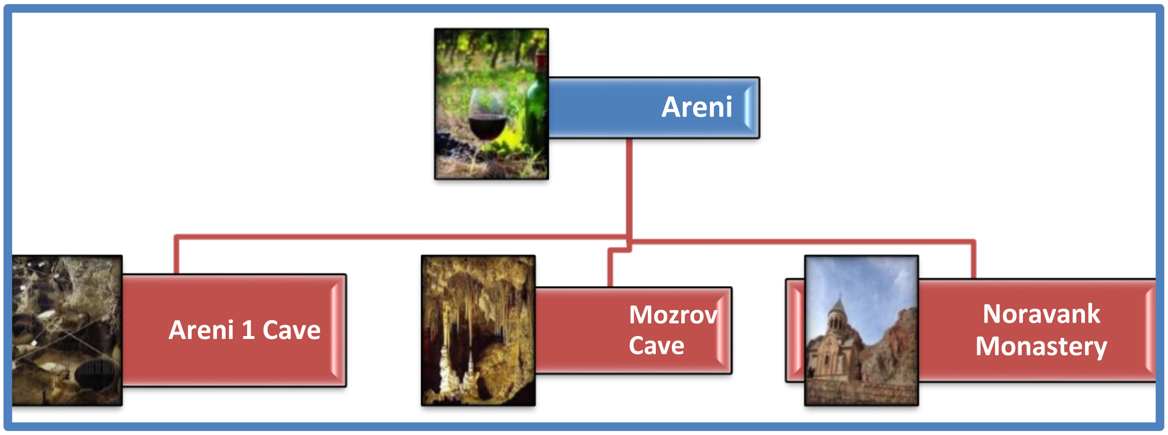
While Jermuk is a priority for the Government, it is a well-developed spa destination and ski center and thus not considered a priority for World Bank interventions. And as the USAID EDMC 2013 International Visitor Survey shows, market demand for wellness offers is limited to an estimated seven percent of international visitors.[73]

Figure 34: Photos of Jermuk

Photos by Ahmed Eiweida, Jermuk, Vayots Dzor marz

[73] AECOM Armenia Southern Corridor Tourism Framework, p. 72

Figure 35: Areni Hub Destination and Spokes



Mozrov Cave offers a fascinating display of geological formations, but without any visitor infrastructure in place, it is not ready for visitors.

Figure 36: Mozrov Cave

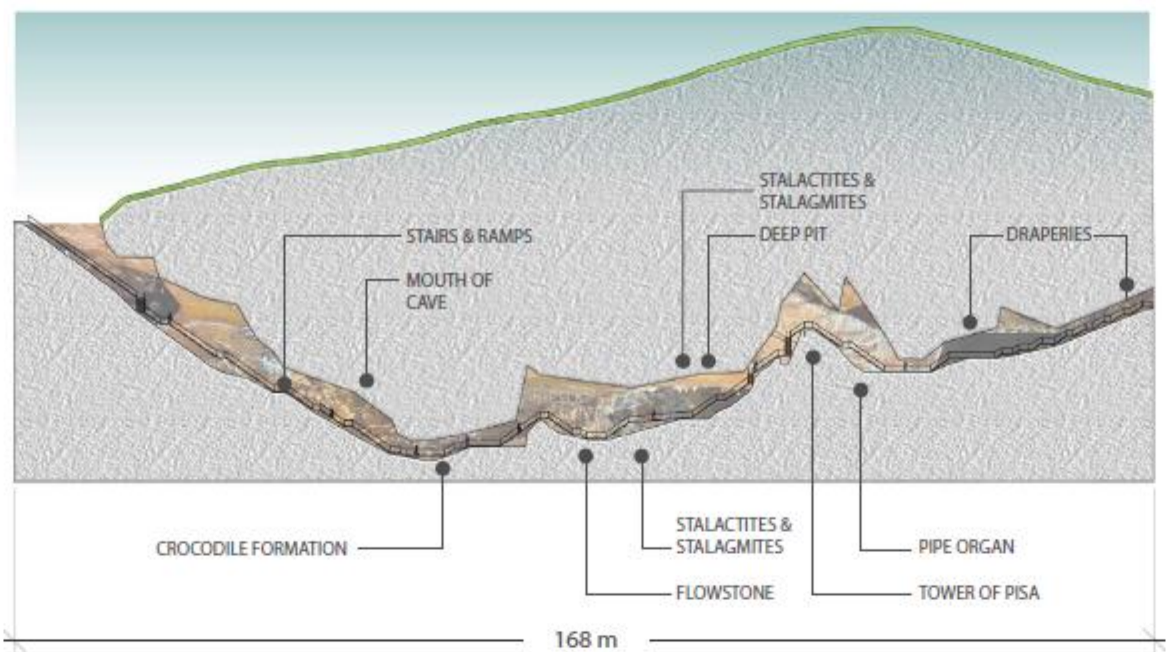
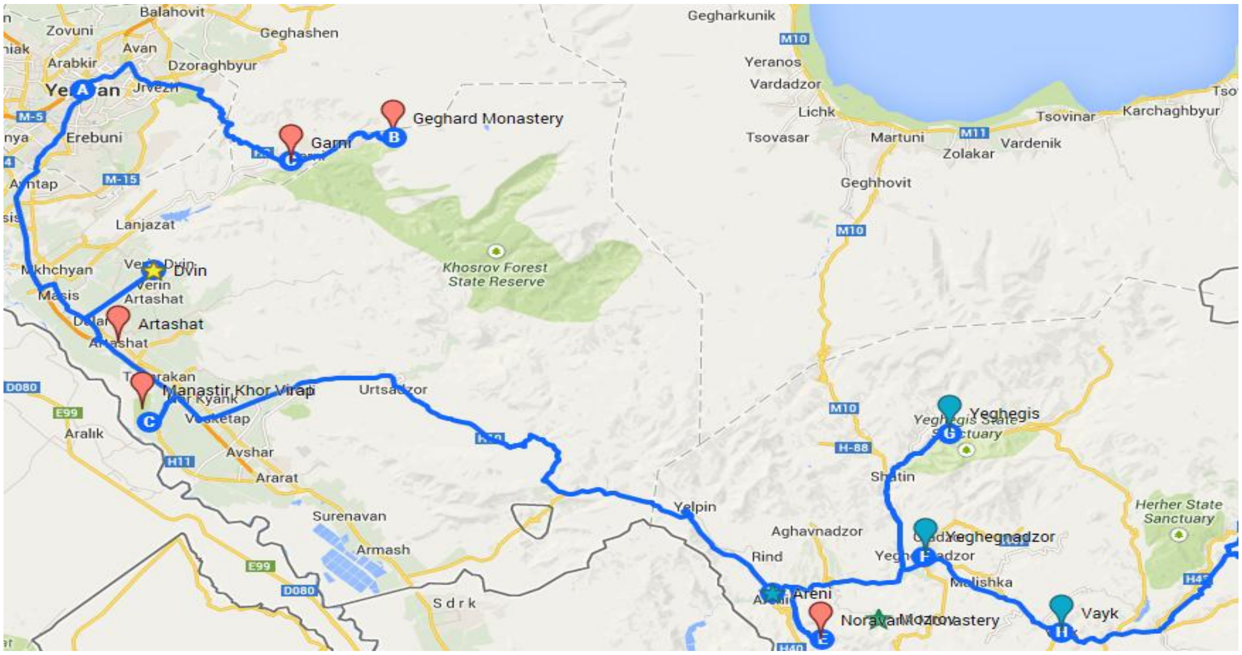


Figure 37: Map showing Yerevan & Areni Sets



3.1.1.3 Goris Hub Destination and Spokes

The Goris Hub offers multiple sites and attractions, some of which can be experienced in a day trip from Yerevan, but a very long day. Yerevan-based Hyur Services offers a 13 hour tour to Areni, Tatev and Khndzoresk. Overnight stops for Corridor visits are usually in Goris at one of the 13 hotels listed on Hotels.am. The 19 room Hotel Mirhav is rated as best on TripAdvisor and the 22 room Mina Hotel is given a four star rating by Hotels.am.

This part of the Corridor extends from the potential hub of Jermuk into the Syunik Marz through Sisian, Shaki waterfall, Vorotnavank Monastery, Karahunge (Stonehenge), Khot, Shinuhayr, Tatev, Halidzor, Tandzatap, Goris, Old Goris, and Khndzoresk.

Along this part of the Corridor, the Ministry of Economy indicated in the aforementioned December 2013 letter, the following sites priorities for development:

- Development of the necessary visitor infrastructure at Zorats Karer (Karahunge), 42 kms north of Sisian. Known as Armenia's Stonehenge, one of Syunik's main attractions. It is a prehistoric astronomical observatory comprised of 204 basalt stones that may date back 7000 years, thus older than Stonehenge by about 2000 years.
- Restoration of the historical site of Hin Khndzoresk, including visitor infrastructure, 13 kms east of Goris. Especially known for the cave complex, which has been inhabited since the Bronze Age.

These sites are already on some tour operators’ itineraries, so their prioritizing these for improvements make sense.

Goris -- Known for the unique architecture of its houses and long tree-lined avenues. It is also known for the tall cone-like rock formations (some of which host cave dwellings) on the hills surrounding the town.

Goris is also known for the Goris Women's Development Resource Center, which was founded in 2009 with OSCE support to assist with the development of entrepreneurial and professional skills. They produce a wide variety of crochet items, which are sold locally and exported overseas, and thus provide continual employment for over 80 women. A visit to their workshop is a worthwhile stop for both individual and group visitors.

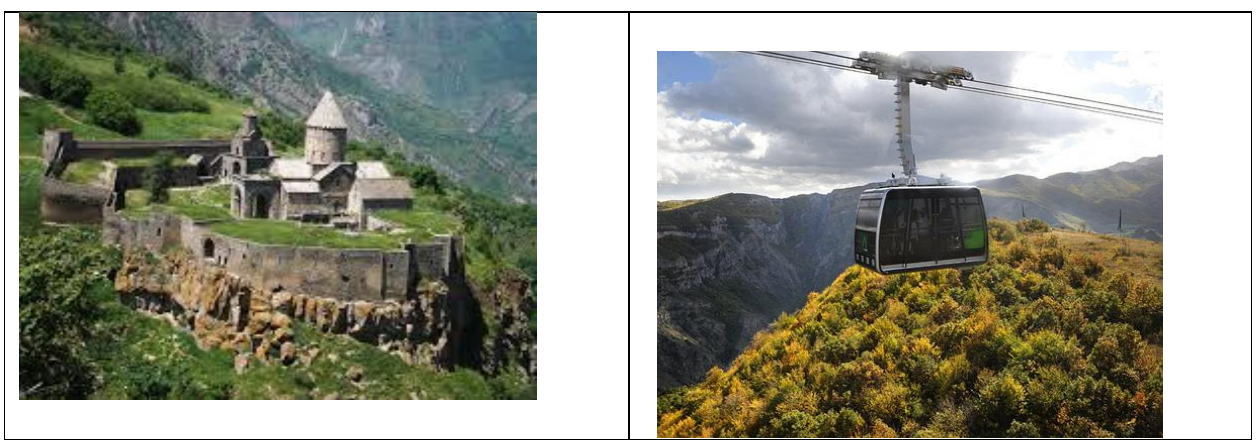
Goris is a popular overnight stop for individual visitors and tour groups since it offers the main tourist class accommodations and restaurants closest to Tatev.

Figure 38: Photos of Goris

Photos by: Ahmed Eiweida, Goris city, Syunik marz

Tatev -- The Tatev Monastery is considered jewel of medieval Armenian architecture. On the road to the monastery along the Vorotan River is Devil's Bridge, a natural stone formation that attracts visitors. To improve access the Monastery, the "Wings of Tatev" cableway was developed, which connects the monastery to Halidzor village. It is the world's longest reversible aerial tramway (5.7 km) built in one section. According to the World Bank's September-October tour operator survey, most of the operators surveyed prefer to take their guests up the road to the Monastery instead of on the cableway. The visitor center and restaurant at the cableway are helpful product additions. A hotel is planned near the cableway, which will also help boost tourism to the region. Plans to develop nearby villages were also created by the Tatev Foundation, which would further extend tourism experiences.

Figure 39: Photos of Tatev



Photos by Idea Foundation, Tatev Monastery and ropeway, Halidzor village, Syunik marz

Sisian – The Armeniapedia describes Sisian as a "rather bleak town," but does mention its small history museum with an outdoor collection of animal-shaped petroglyphs, access to Karahunge – the Stonehenge of Armenia and the less accessible site of Ughtasar. The latter is the site of an ancient **Petroglyph Field, but it** can be reached only by four wheel drive vehicles. More than 2,000 rocks carved with different designs, dating to between 12,000 and 4000 BC, are scattered around the site.

Figure 40: Photos of Petroglyph field area

Photos by: Suren Manvelyan

Shaki Waterfall – This 18 meter waterfall is three kms northwest of Sisian and, aside from being a beautiful site, it is a place with a legend. According to the legend, 93 beautiful women from the village of Gegharkuni were kidnapped and asked to stop at the waterfall to bathe. They jumped into the water, sank and disappeared – except for one whose name was Shake and thus the name of the waterfall. At least one local tour operator, Barev Armenia, includes this on one of their tours. [74]

Figure 41: Photo of Sisian Waterfall

Photo by: MoNP, *Shaki Waterfall, Sisian city, Syunik marz*

[74] http://barevarmenia.com/en/armenia_sights/sight199

Figure 42: Goris Hub Destination and Spokes

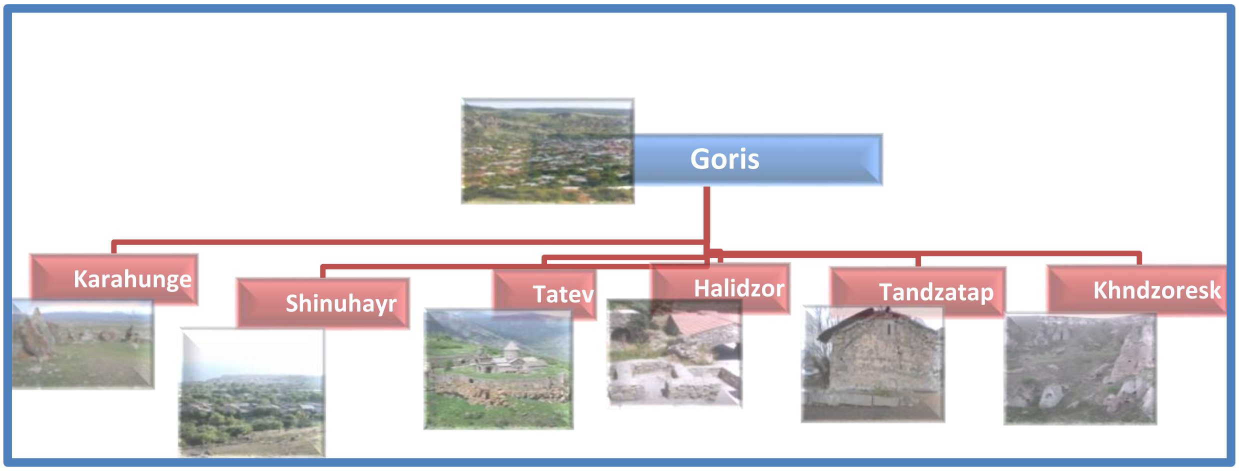
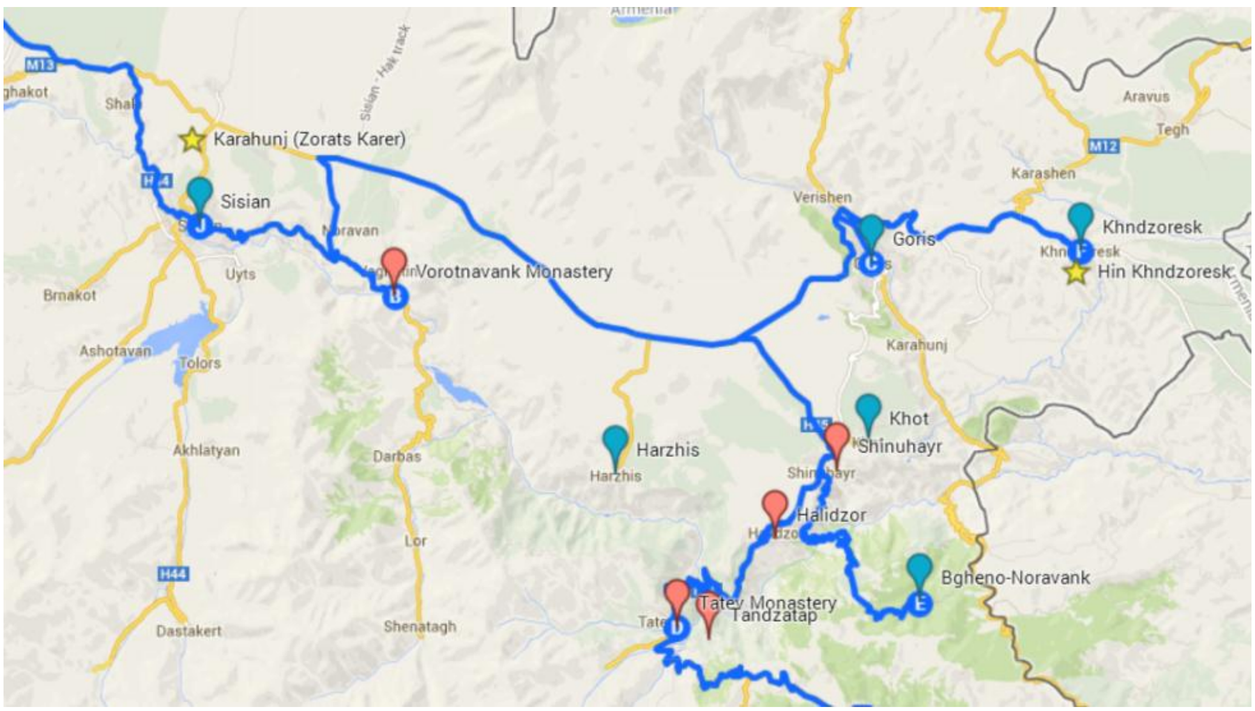


Figure 43: Map showing Goris Hub & Spokes



3.1.1.4 Meghri Hub Destination and Spokes

Meghri is 154 kms and up to six hours from Goris along an unimproved road, which limits access for visitors, especially tour groups. In addition, there are no hotels in Meghri. For Meghri to be marketable to more than Iranians crossing the border, however, the road between Goris and Meghri would have to be improved and more accommodations developed. Otherwise, this is a difficult sell for tour operators.

This part of the corridor extends from Tatev through Artsvanik, Yeritsvank, Kapan, Vachagan, to Baghaberd-Kajaran-Meghri. In November 2013, an OSCE Syunik tourism investment forum emphasized that the region also offers substantial ecotourism opportunities. While the following sites offer potential, the lack of adequate roads and accommodations deter visitors, especially tour groups. Since not all destinations along the Corridor can be assisted at this time and market demand is concentrated in the second and third sets (Areni and Goris), this fourth set of destinations should remain a lower priority. The key attraction highlights are:

- **Kapan** -- Kapan symbolizes the history of the entire region. Accommodations are limited mainly to three small basic hotels, none of which appears appropriate for tour groups.
- **Shikahogh State Reserve** -- Hiking and horseback riding trails are available. Horses can be rented from adjacent communities, thus providing an additional source for income.
- **Plane Grove Sanctuary** -- The Plane Grove Sanctuary (12,137 ha) is the biggest natural grove of the oriental plane tree in the Caucasus.
- **Zangzeur State Reserve** -- A mountainous protected area with narrow and deep canyons, plateaus, jagged ridges, streams, waterfalls, lakes, springs, and caves. Fauna in Zangezur includes about 200 species of vertebrates and 1500 species of plants.
- **Arevik National Park, including the Boghakar Reserve**

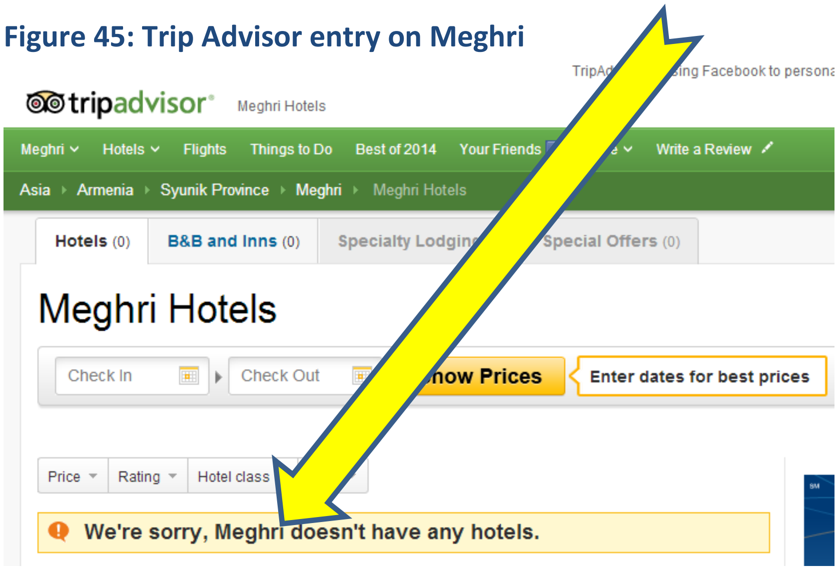
Meghri -- An ancient town located about 6 km from the Armenian-Iranian border that typifies the region's ancient traditions and folklore. With more than 65 historic-cultural monuments, this Silk Road town is a historically important destination. Houses in Meghri include historic quarters, such as Pokr Tagh (Old City), many of which still preserve the local traditional architectural style.

Figure 44: Photos of Meghri

Photos by: Armine Petrosyan, Mehgri, Poqr Tagh, Syunik marz

Given the existing and potential cultural and natural attractions, as well as proximity to the Iranian market, the area does seem to have substantial untapped tourism assets. However, to maximize the economic potential and power of tourism to protect and preserve natural and cultural assets requires more accommodations. Here is the message one sees on TripAdvisor when searching for accommodations in Meghri:

Figure 45: Trip Advisor entry on Meghri



The three bed and breakfast houses that are available in Meghri apparently do not appear on TripAdvisor. While developing attractions such as Poqr Tagh, a parallel effort to generate more tourism investment, especially in accommodations is also needed. The Areviq needs list focuses on the conversion of houses into guest accommodations, but hotel-style accommodations will also be needed if the community wishes to attract groups.

Despite all of the past work and future plans, though, Meghri is not yet attracting international tour operators. Even well-established Levon Travel, which offers one of the broadest ranges of Armenia and Caucasus tours, does not offer circuits that include Meghri. In short, tour operators have not found this set of destinations compelling enough to include in their circuits.

Table 6: Areviq Foundation List of Improvements for Meghri

Summary of the activities and attractions that the Areviq Foundation has identified for product improvements in Meghri:

1) Traditional trades and crafts products: presentation of the national costume, traditional music, local holiday and festival celebrations.

2) SME business development.

3) Making and serving of traditional dishes, wines and medicinal herbal teas.

4) Traditional agricultural and home-crafts demonstrations and improved establishments.

5) Restoration and preservation of horticulture, especially local fruits.

6) Workshops for a) artistic textile-making, b) embroidery and lace-making, c) local traditional dress, and d) artistic wood carving.

7) Production of handicrafts and souvenirs.

8) Traditional wine-making.

9) Traditional vegetable oil pressing production.

10) Homemade production of traditionally dried fruits.

11) Establishing in an ethnic guesthouse complex and individual folk houses: dining halls for traditional dishes, cooking lessons, and revival of tea-drinking traditions.

12) “Poqr Tagh” plan, especially focusing on renovation of Mezhlumyan Street

13) Renovation of roads leading to “Poqr Tagh,” including improvement of pedestrian access in the district

14) Reconstruction of “Poqr Tagh,” including gutters, water pipeline, sewage line, and outdoor lighting.

15) Transforming the former public center into a Visitor Center.

16) Renovation and furnishing of folk houses on Mezhlumyan Street to develop a “guest house complex,” guest house studios, food halls, and handicrafts centers.

Figure 46: Meghri Hub Destination and Spokes

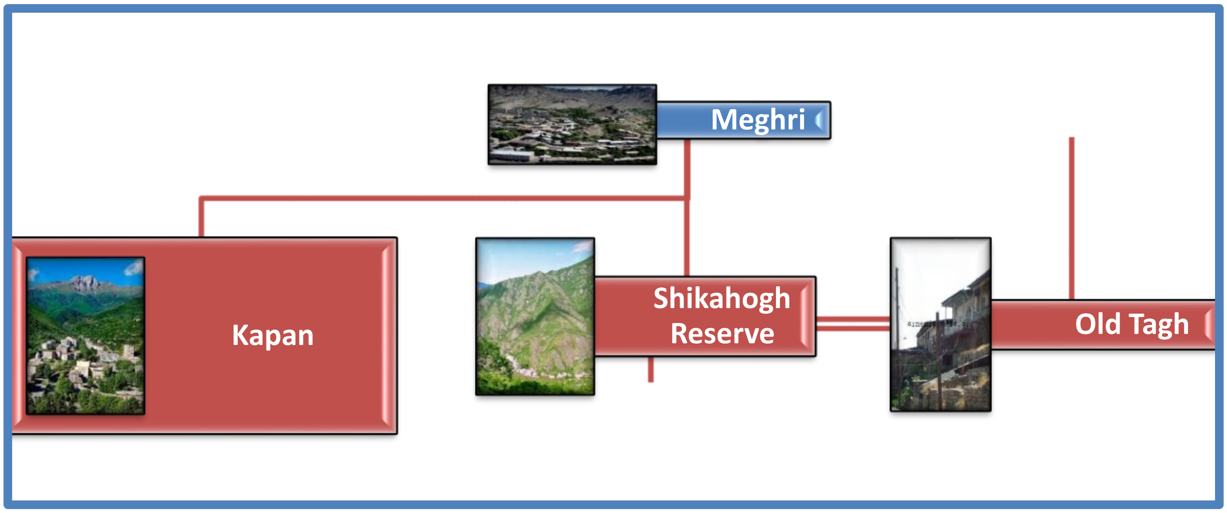
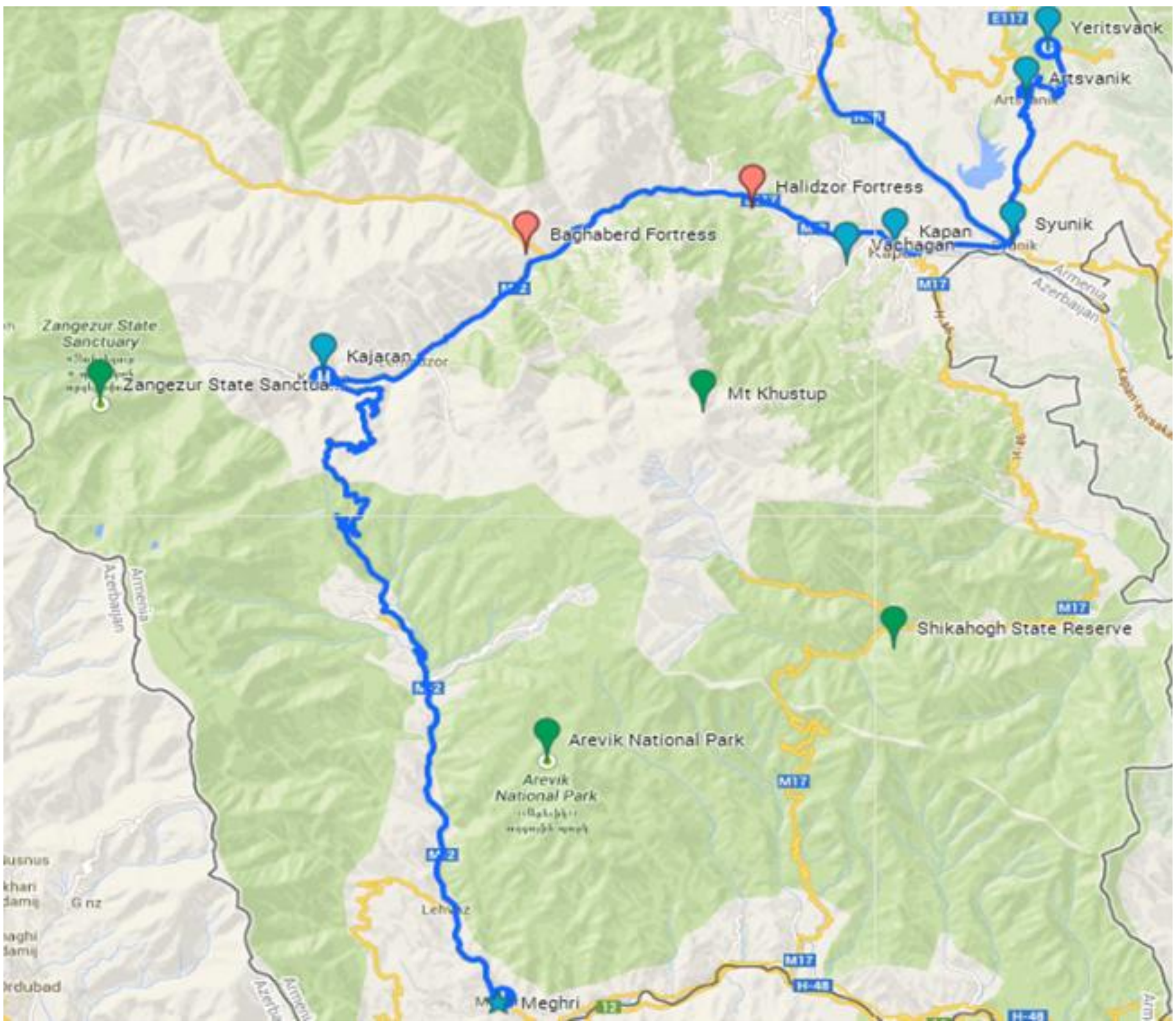


Figure 47: Map showing Meghri Hub & Spokes



3.2 Key Strengths, Weaknesses and Opportunities of South Corridor Product Offers

3.2.1 Strengths - What is strongest about the South Corridor product offers?

The South Corridor offers a range of attractions, including festival visits, culinary tours, historic monuments, several of which are being offered regularly by Yerevan-based tour operators such as Hyur Services, Sati Tour, Go Travel and Levon Travel. Their product offers include:

a) The Tatev Monastery and Tramway.

b) Visits to historic and archaeological sites, including Khor Virap, Garni, the World Heritage site of the Geghard Monastery, the Armenian “Stonehenge” of Karahunge, and Noravank Monastery.

c) Wine tasting tours and festivals in the Areni region.

d) Adventure – Hiking, Trekking, and Mountain Biking in the Khosrov Reserve and Yeghegnadzor region.

e) Culinary visits, including visits with producers of cheese, dried fruits, pomegranates and berries, meals with local families and an introduction to experiences such as cheese-making.

g) Spirits tasting (especially of fruit and berry vodkas).

3.2.2 Weaknesses – What is weakest about the South Corridor product offers and marketing?

There are three key sets of weaknesses in regards to the product offers of the South Corridor: 1) Lack of a fully implemented tourism marketing plan and insufficient organizational resources, 2) Insufficient international standard accommodations, and
3) Underdeveloped and undeveloped attractions.

3.2.2.1 Lack of Fully Implemented Tourism Marketing Plan and Organizational Resources

A tourism marketing strategy and action plan was developed for Armenian tourism by the USAID EDMC project in 2013, but the organizational resources – human and financial – have been insufficient for implementation. The national tourism marketing office has been a three person function of the quasi-Governmental National Competitiveness Foundation and was extremely limited by an annual budget of $50,000 from the Government and up to $500,000 from donors. These resources are insufficient for developing Armenia into an internationally competitive tourism destination. A new Development Foundation of Armenia was proposed to Government in 2014, which was moving toward an early 2015 launch. A draft organizational chart reviewed in early October 2014 suggested a more extensive tourism marketing organization, thus enabling implementation of the EDMC marketing strategy.

With a limited tourism marketing office, data collection and market research have been severely lacking, which in turn has been a serious constraint for any targeted marketing efforts and investment mobilization program.

Until the new organization is established with sufficient human and financial resources and begins implementing the EDMC and/or other tourism marketing action plans, it will be difficult to competitively improve the marketing of Armenian tourism in general and specifically the South Corridor destinations and attractions. As the organization advances and the plans are implemented, product offers will improve and expand as investors and entrepreneurs become more confident about the Corridor's tourism potential.

Another weakness is an over-dependence on Diaspora visitors. According to the USAID EDMC 2013 International Visitor Survey, Diaspora visitors comprise the largest group (65 per cent) and are responsible for 74 per cent of total tourism expenditures. However, the report recommends an increased focus on leisure tourists, who comprise only 14 percent of total international visitors, because:

> *"They are growing in their share of arrivals to Armenia (from 11.6% in 2007 to 14.4% in 2013) and they are more profitable: they have the greatest daily expenditure average (94 USD), the expenditure per person is 47% higher than Diaspora, they account for almost half (47%) of the hotel business and they travel more around the country (3.4 regions in average) than any other type of tourist.*
>
> *They are more reactive to marketing actions than Diaspora tourists, who visit when family or friends require so."*[75]

Related to a lack of organizational resources is a lack of local "Destination Management Organizations" (DMO) or other effective local organizations with well-trained staff and sufficient budgets to develop and manage local tourism. Not having effective local level tourism organization hinders marketing and promotion efforts, as well as the collection of local visitor data. So, for example, while the USAID EDMC project and others have produced reports and plans for Tatev, Noravank Gorge, Areni, and other South Corridor destinations, local level management capacity is insufficient and national level management capacity is unclear until the new Development Foundation of Armenia is operational. [76]

Without local and national level organizational resources and capacity, nobody will have the financial and managerial authority to implement the plans. In short, there is currently no one with the resources to be in charge of implementing any of the multiple plans and strategies, including this one. Building this capacity is an immediate priority and prerequisite for moving forward.

3.2.2.2 Insufficient International Standard Accommodations

Aside from the Hyatt Place Hotel that is opening in Jermuk in 2015, there are no international brand hotels in South Corridor destinations. Hotel shortages, especially during the May-June and September-November high seasons are common. According to the Ministry of Economy, there are 50 hotel-type facilities, apart from Bed & Breakfast establishments, in South Corridor destinations that provide 1,435 rooms with 2,754 beds. Assuming a maximum of two guests per room, this means that total guest capacity per night for South Corridor destinations is

[75] USAID EDMC 2013 International Visitor Survey, p. 5

[76] USAID EDMC Reports: Master Plan for Noravank Gorge and Areni, February 2014; Tatev Tourism Development Area Interdisciplinary Architectural and Community Design Plan, January 2014; Site Preservation and Management Plan for Areni-1 Cave, October 2013; Outline of Site Management Plan [Requirements for Southern Corridor], August 2014.

approximately 2870, thus 86,100 per month at 100 percent occupancy. However, using TripAdvisor and Hotels.am as approximate benchmarks, not all 50 of the hotels are considered "tourist class" by visitors. For example, although the Ministry's data shows 22 hotels for Vayots Dzor, only 12 hotels are listed on TripAdvisor and 14 are on Hotels.am. For Syunik, 16 hotels are listed on TripAdvisor, 20 on Hotels.am while the Ministry indicates 27 hotels. And for Ararat, no hotels are listed on either TripAdvisor or Hotels.am. So, of the Ministry total of 50, 28 South Corridor hotels are listed on TripAdvisor and 34 on Hotels.am, which means that the accommodations currently most used by visitors are relatively limited.

3.2.2.3 Attractions

Attractions along the Corridor are not yet fully developed, marketed and promoted internationally, certainly not as widely as their potential suggests. Tour operators are pursuing some limited product development individually, as mentioned above, but very few examples could be found among a review of the circuits on the websites of over 50 operators; these operators were listed on Travel.am, a comprehensive Armenian travel website. The following examples are very limited.

Table 7: Sample of Special Experiences offered by Armenian Tour Operators

Tour Operator	South Corridor Experience
VA & Partners Travel Company	Lavash baking ceremony in Garni
Alo Travel Agency	Hike to Shaki waterfall. Caving tour in Jermuk.
Aratour (Emphasizes responsible travel.)	Lavash baking ceremony in Garni. Traditional barbeque class with Armenian family in Areni. Prepare traditional herbal soup in Vayk. Traditional lunch with a family in Garni. Hiking tour -- Geghard, Garni, Areni, and Noravank.
Go Travel	Gourmet Tour - Lavash baking ceremony in Garni, traditional cheese making in Yeghegnadzor, dolma tasting in Hermon village.
Pranatour	Agro-tourism with participation in farming activities.
Vis a Vis Tours	Tours include bird watching and horseback riding, but not on the South Corridor.
Armane Tours	Horseback riding in Khosrov. Lavash baking in Garni.
Sima Tours	Focus on service-based tours, voluntourism in cooperation with the Paros Foundation. Includes 12 day Southern tour with horseback riding from Eco-Training Center in Urtsadzor, and village work stay in Gomk.
Rumea	Lunch in the homes of local families. Lavash making in Garni.

Among the more than 50 tour operators' circuits reviewed, all of them offer South Corridor destinations. As the sample below illustrates, most of the offerings are similar.

Table 8: Sample Armenian Tour Operators Offering Circuits on the South Corridor

Tour Operators	**Sample SC Circuits**
VA & Partners Travel Company	Garni – Geghard Khor Virap – Noravank Khor Virap – Noravank – Jermuk Khor Virap – Noravank - Tatev
Mush-E Tour Agency	Garni – Geghard Khor Virap - the Areni winery - Noravank Monastery - Tatev Monastery Khor Virap – Noravank
Alo Travel Agency	Garni – Geghard Khor Virap-Areni-Noravank-Jermuk-Sisian-Shaki-Zorats Karer. 12 day circuit includes day visit to Kapan.
Arara Tour	Food & Wine tour that includes Garni – Geghard-Khor Virap-Areni-Noravank-Tatev. Standard classical tours. Walking tours. 12 day walking tour includes Yeghegis and Hermon villages.
Go Travel	Gourmet Tour and Classical Armenia Tour include Garni – Geghard-Khor Virap-Areni-Noravank-Karahunge-Tatev.
VisitArm	Armenia Wine Tasting Tour includes Khor Virap, Noravank Monastery and Areni wine factory. Also day tour trekking in Khosrov Forest.
Smartravel.am	Garni – Geghard-Khor Virap-Areni-Noravank-Karahunge-Tatev-Goris.
Miracle Tour & Travel Company	Day trip - Areni-Noravank-Karahunge-Halidzor/Tatev Cableway--Tatev
Pranatour	Circuits include Garni, Geghard, Khor Virap, Noravank, Areni, Noravank, Jermuk, Goris, and Tatev.
Travelon	Circuits include Garni, Geghard, Khor Virap, Sisian, Noravank, Areni, Noravank, Jermuk, Goris, and Tatev.

Tour Operators	Sample SC Circuits
Gloria Travel	Day tours to Garni – Geghard and Khor Virap – Areni – Noravank
Vasco da Gama Travel Club	Jermuk spa visits
Vis a Vis Tour	Tours that include Khor Virap - Noravank – Jermuk- Tatev. Also tour that goes from Noravank to Iranian border and to Tabriz, Tehran and other Iran destinations.
Trekking Armenia	Classic tours that include Khor Virap – Noravank, Garni-Geghard. Trekking tours that include Jermuk, Tatev and Goris.
Armane Tours	Gourmet tour that includes Khor Virap, Garni, Geghard, Areni and Noravank. Archaeological tour that includes above plus Dvin and Tatev.
Erkir Nairi	Tours include Garni, Geghard, Khor Virap, Noravank, Areni Wine Factory, Tatev, Goris, Sisian, and Karahunge.
Sima Tours	Southern Circuit as far as Tatev.
Rumea	Khor Virap, Noravank, Khndzoresk, Goris, Tatev, Sisian, Shaki, Zorats Karer, Selim and Karahunge.
iMega Tour and Travel	Khor Virap, Noravank, Winery in Areni Karahunge, Khndzoresk
Hyur Service	Many day trips as far as Tatev and Karahunge, overnight trips to SC as far as Jermuk.
Levon Travel	Circuits as far as overnights in Goris including Khor Virap, Noravank, Areni Wine Factory, Tatev, Goris, and Karahunge.

Although there were more visitors in 2013 than in 2012, they are each spending less on average. While some tour operators are developing and offering additional experiences and thus opportunities in each hub destination, aside from Meghri, to spend money, their offers would benefit from diversification and the necessary training, increased international and domestic marketing conducted via the implementation of a well-researched tourism marketing strategy and plan. The plan should include an inventory of existing experiences, souvenirs and activities already being offered along the South Corridor by tour operators, as well as potential activities. It could also highlight additional opportunities in each destination such as the crochet products created by the Goris Women's Development Resource Center, a visit that could be added to circuits.

3.2.3 Opportunities – What are some possible product opportunities offered by the South Corridor for investors, entrepreneurs, tour operators and visitors?

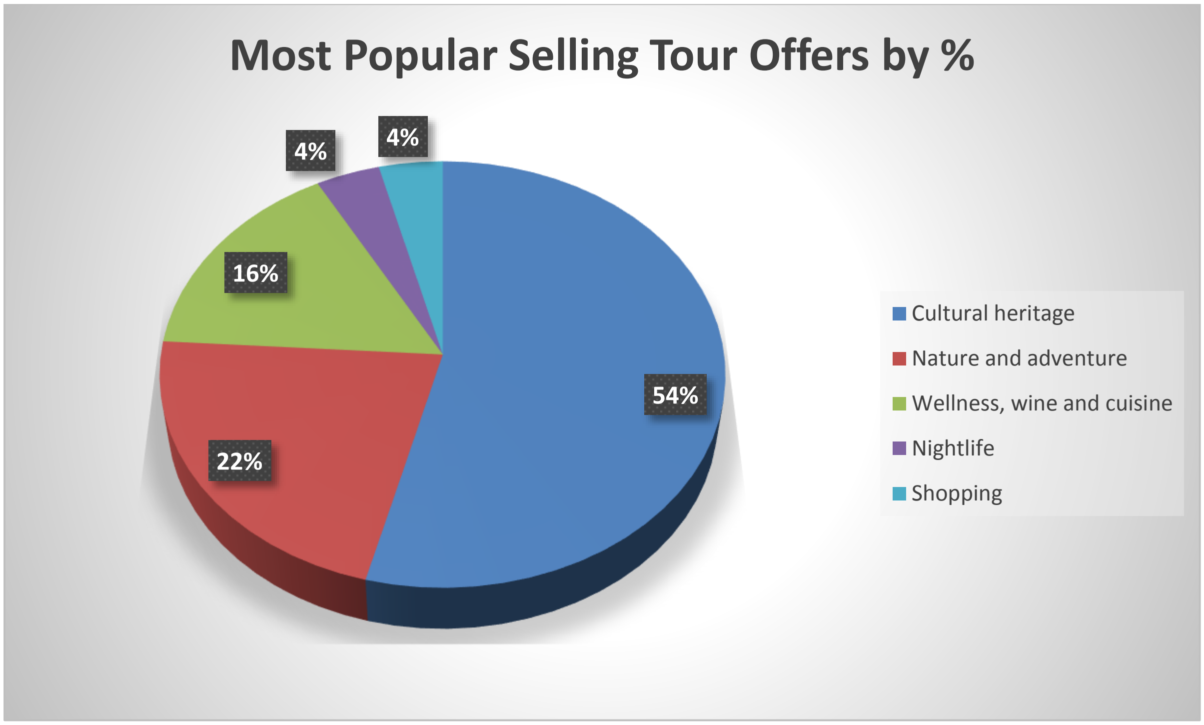
Addressing the above issues, especially the infrastructure and human resource constraints, will help unlock product opportunities for investors, entrepreneurs, tour operators and visitors. These include:

- **Events**
    - International sporting events, perhaps competitions such as for mountain biking, running marathons, and bicycle races.
    - Additional cultural events related to wine and agriculture, similar to the Areni Wine Festival.
- **Experiences**
    - Agro-tourism and culinary experience based on local products: cheese production, dried fruits, spirits tasting (fruit and berry vodka), pomegranate and other authentic fruits/berries.
    - Meals and cooking demonstrations with local families.
    - Linking nature and culture products, ideally cultural experiences in or near natural attractions.
    - Expanded adventure travel – hiking and trekking – from Yeghegnadzor.
- **Accommodations**
    - More international class accommodations to attract more overnights from tour operators, especially boutique-style accommodations, as exemplified by the Tufenkian Group, which is interested in establishing a hotel in Areni.[77]

In the Fall 2014 Armenian tour operator survey, the 17 operators who responded indicated that their best-selling activities are cultural sights and villages, museums and galleries, churches and monasteries, historical and political sights, events and nature/adventure. All of these results bode well for the further development of South Corridor tours.

[77] According to UNWTO, the 'tourism product' can include natural or man-made attractions, hotels, resorts, restaurants, theatres, activities, festivals and events." Handbook on Tourism Product Development, UNWTO and European Tourism Commission, 2011, p. 4.

Figure 48: Most popular tour activities among Armenian operators



Source: September/October 2014 Armenian Tour Operator Survey

Chapter 4: Tourism Infrastructure

Infrastructure is the foundation of the tourism value chain, thus of all tourism development initiatives, especially well-paved roads and visitor facilities such as clean public toilets. The South Corridor lacks both, which constrains the expansion of tourism offers, especially by tour operators.

In the USAID EDMC 2013 International Visitor Survey and among the tour operators surveyed by the World Bank in October 2014, complaints about a lack of infrastructure dominated. The lack of visitor infrastructure is a major constraint to increasing visitors and visitor spending to the destinations of the South Corridor.

Rest stops, clean public toilets and tourism information centers are lacking in most destinations along the Corridor between and within destinations. Constructing such tourism facilities near major attractions could address this challenge and enhance tourism experiences, as well as the attractiveness of destinations for investment.

Visitor centers in Yerevan and some of the main destinations existed until 2009, but when the Armenia Tourism Development Agency, which was managing the centers, was dismantled, the system disappeared. Visitor information centers are needed, especially in the regions at key destinations along the Corridor to serve visitors and the local tourism industry as hubs for distributing information about local attractions and services, as well as to serve as hubs for selling crafts, guidebooks, souvenirs, drinks and snacks, and providing clean toilets.

Public-Private Partnerships could be established along the entire South Corridor for selected infrastructure such as visitor centers with concessions, rest stops with concessions such as restaurants, cafes and convenience stores.

Roads are under improvement, particularly along the South Corridor, which will be a boost to accessing tourist destinations, particularly the southern destinations of Vayots Dzor (Yeghegnadzor, Areni and Vaik), Syunik (Sisian, Goris, Tatev and Meghri). Currently, Meghri did not appear on any of the circuits of the more than 50 Armenian tour operators whose websites were reviewed for this report (See: Table 8). The lack of an improved road slows access and thus adds too much time to the operators' circuits.

AMAP conducted detailed infrastructure assessments of most of the South Corridor destinations. The following summary and many of the recommended solutions are based on their work.

Table 9: AMAP South Corridor Infrastructure Assessment

Destination	Infrastructure Challenges	Plans and Solutions
Khosrov Reserve (Government priority)	○ Staffing and capacity building are major issues, including skill strengthening. The newly established facilities need further enhancement. ○ The visitor program was established based on the outdated Soviet-era	○ Extensive assistance for visitor infrastructure has already been provided by WWF. Both entrances have been renovated, provided visitor centers, signs and equipment.

Destination	Infrastructure Challenges	Plans and Solutions
	Management Plan for the Reserve. ○ Best access is from Geghard. ○ Minimal attraction for international tours.	○ CNF (Caucasus Nature Fund) sponsored the website. ○ This is a destination mainly for the domestic market.
Dvin (Government priority)	○ Developing the site into an interesting attraction for visitors. Currently, the site is mainly an undeveloped archaeological site. ○ Signage, designated paths, parking, visitor facilities, near-by restaurant and café and site protection are all lacking.	○ The Ministry of Culture is working on the site. Substantial investment in infrastructure is needed. ○ A site management plan should be a high priority if this site is to be developed for tourism. ○ Site improvements would also generate more income for local communities.
Khor Virap	○ Imperfect tourist infrastructure, especially the parking and vendor situation. ○ Restoration and regular waste collection needed. ○ Interpretive signage needs to be re-installed. ○ AMAP has installed 10 information panels, four road and directional signs.	○ Solutions: Needs site management plan that specifies locations of vendors and provides visitor facilities off-site.
Areni village	○ Areni Wine museum needed (AMAP). ○ Additional accommodations are needed.	○ Areni would benefit from a master plan, similar to what the IDEA Foundation has developed for Dilijan. ○ AMAP is recommending the wine museum and an amphitheater. ○ Tufenkian is interested in building a hotel here. ○ A year-round marketplace would benefit visitors and the local community by

Destination	Infrastructure Challenges	Plans and Solutions
		offering more opportunities to sell local goods to visitors.
Areni 1 (Bird) Cave	○ Entry to Birds' Cave. Based on expert's technical assistance, need to reinforce monuments and organize a presentation or visitor exhibit that does not disturb this fragile archaeological site.	○ AMAP installed 1 information panel. A Smithsonian team visited the site in April 2014 and is proposing site management solutions.
Noravank	○ New Visitor Center needed (AMAP). ○ Additional infrastructure upgrades needed.	○ Monument is in good shape. ○ AMAP already designed visitor centers and rest stops and has installed six information panels, four road and directional signs. ○ **AMAP infrastructure recommendations include:** ○ Wi-Fi: Free and Telecom sponsored ○ Disability Access: ramps and facility outfitting ○ Add Braille: some sites were enhanced with multi-language Braille panels, others need them. ○ Trash Management ○ Facilities, especially toilets.

Yeghegnadzor	○ Upgrade to regional museum needed (AMAP).
	○ Visitor information center located by the main highway, could be attractive for visitors.
	○ Technical assistance with microenterprise product
		○ Good paved road to the museum.
		  ○ Familiarization visits for tour operators and local B&B owners.
		  ○ Organize experience exchange between SME and B&B and

Destination	Infrastructure Challenges	Plans and Solutions
	development and marketing. ○ Lack of public parking. ○ Town/regional website. ○ Visitor activities development: hiking, biking, horse riding, wine tasting, etc. ○ Regularly scheduled events that show Vayots Dzor ethnic history.	other service providers with "top notch" ones within the country. ○ Domestic marketing and branding campaign. ○ Town marketplace that includes handicrafts and local food products. ○ Regularly scheduled ethnic events, to be reflected on the town/region and local hotels/B&Bs websites.
Mozrov (Government priority)	○ Infrastructure upgrades needed, including "elevated walkways, lighting and security, as well as information dissemination and professional guides are needed. Local visitor Center can provide the housing and ticket office…" (AMAP) ○ According to NCFA's business proposal, the following are also needed: improved pathways inside the cave, guided tours to explain the formations, entrance fee system, gated access, parking, improved road access, a visitor center.	○ **AMAP infrastructure recommendations include:** ○ Wi-Fi: Free and Telecom sponsored ○ Disability Access: ramps and facility outfitting ○ Add Braille: some sites were enhanced with multi-language Braille panels, others need them. ○ Trash Management ○ Facilities (toilets) ○ NCFA business proposal provides basis for site management plan. ○ For this report, the preliminary conclusion is that this is a secondary site that requires substantial investment, including a site management plan.
Yeghegis	○ Restoration of the Jewish cemetery is needed.	○ AMAP installed two information panels, one

Destination	Infrastructure Challenges	Plans and Solutions
	○ Tourist infrastructure unavailable. No services are offered, i.e. not even a kiosk to buy a bottle of water. No place to sit or park. No signage or interpretation.	road and one directional sign. ○ With up to 40 groups visiting this year from Israel, an opportunity exists for an injection into the local community. ○ A site management plan is needed, which includes helps develop activities and services for visitors.
Jermuk (MOE high priority)	○ Rest stop and visitor center (AMAP) ○ Culture Center needs upgrade (AMAP) ○ Improved environmentally friendly campgrounds needed in Arpa River Valley (AMAP)	○ AMAP designed visitor center. ○ AMAP recommending upgrade culture center as venue for events. ○ Government seeks to implement the town's development program in line with a revised master plan. This will particularly focus on the development of a tourism management model, which will include the development of investment programs and infrastructure such as roads and communications.
Karahunge/Zorats Karer (Govt. priority)	○ Rest Stop/Visitor Center ○ Additional infrastructure upgrades needed (AMAP). ○ New museum needed (AMAP).	○ A site management plan is needed that provides protective fencing around the site and permanent signage. ○ AMAP designed and has installed 7 information panels, 4 road and directional signs.

Destination	Infrastructure Challenges	Plans and Solutions
	○ Information signs have been stolen and need to be replaced. ○ The site is completely unprotected, open to visitors.	○ AMAP infrastructure recommendations include: ○ Wi-Fi: Free and Telecom sponsored ○ Disability Access: ramps and facility outfitting ○ Add Braille: some sites were enhanced with multi-language Braille panels, others need them. ○ Trash Management ○ Facilities (toilets) ○ According to the MoC, archeological excavations are needed in the reserve and adequate working conditions for the staff.
Goris	○ Rest Stop/Visitor Center need (AMAP) ○ Upgrade to regional museum needed (AMAP). ○ Upgrade audio-visual equipment needed for culture center (AMAP). ○ Much of the traditional architecture, though, appears to be fading and crumbling. And the cave dwellings, including one that contains a small amphitheater, need to cleared of garbage and prepared for visitors.	○ A master plan similar to what was developed for Dilijan is needed. The plan needs to provide protection and restoration of the local traditional architecture. ○ AMAP designed heritage center and visitor center ○ AMAP recommending upgraded AV system for culture center.
Khndzoresk	○ Road access is poor, thus preventing tour buses from visiting. ○ Converting cave settlements into accommodations. (AMAP)	○ Site management plan needed that includes improvement of the access road. ○ AMAP cited the example of Cappadocia caves in

Destination	Infrastructure Challenges	Plans and Solutions
	○ Minimal tourist service infrastructure, no information panels, road and directional signs. The monument is in an emergency state and requires restoration and regular waste collection (MoC).	Turkey, several of which have been converted to five star accommodations. (see http://bit.ly/1gCZkFi)
Tatev	○ Managing visitor flows. ○ Offering additional activities outside the tramway. ○ Leveraging the tramway success into benefits for communities in the vicinity. ○ Overnight accommodations are needed in the area.	○ The Tatev Revival Project has established a fund for developing B&Bs in Tatev area villages. Five houses have been selected as pilots. ○ The site needs a management plan that provides for waste management, toilets, signage and improved picnic areas.
Less Visited Destinations – not on tour operators' itineraries.		
Sisian	○ Visitor Center (AMAP) ○ Upgrade to regional museum needed (AMAP)	○ AMAP designed visitor center.
Shaki Waterfall	○ Requires careful scheduling to activate waterfall.	○ Close coordination with tour operators' schedules.
Ughtasar Petroglyph Field	○ No tourist service infrastructure. ○ This is too far from the main road to be accessible by most visitors. A four wheel drive vehicle is required.	○ AMAP has installed 1 information panel. Preparation of platforms for temporary overnight and organization of regular waste collection is a need determined by MoC.
Villages of Khot, Shinuhayr, Halidzor, Tandzatap	○ Infrastructure upgrades needed. ○ Improved environmentally friendly	○ Enabling environment for micro-enterprises development.

Destination	**Infrastructure Challenges**	**Plans and Solutions**
	campgrounds needed in the region. (AMAP) ○ More accommodations needed in the area. ○ B&B potential exists in all five, especially in Shinuhayr.	○ Best practice introduction and trainings for guesthouse and B&B type of accommodations' establishment. ○ Site management plans or mini-master plans needed for all destination villages. ○ **AMAP infrastructure recommendations include:** ○ Wi-Fi: Free and Telecom sponsored ○ Disability Access: ramps and facility outfitting ○ Add Braille: some sites were enhanced with multi-language Braille panels, others need them. ○ Trash Management ○ Facilities (toilets)
Kapan	○ Attract investment for increased accommodations in Kapan. ○ Air access to Kapan. ○ Lack of a tourist information center in Kapan. ○ Upgraded AV system needed for culture center (AMAP).	○ OSCE in the November 2013 Forum highlighted the possibility of the Kapan airport reopening. ○ OSCE discussed the opening of a visitor center with the Mayor. ○ AMAP has designed a visitor center for Kapan. ○ AMAP recommending upgraded AV system for culture center.
Shikahogh State Reserve	○ Infrastructure upgrade needed (AMAP). ○ Restoration of abandoned historic settlements in the region needed (AMAP).	○ **AMAP infrastructure recommendations include:** ○ Wi-Fi: Free and Telecom sponsored ○ Disability Access: ramps and facility outfitting ○ Add Braille: some sites were enhanced with multi-language Braille

Destination	Infrastructure Challenges	Plans and Solutions
	○ Improved environmentally friendly campgrounds needed (AMAP).	panels, others need them. ○ Trash Management ○ Facilities (toilets) ○ The administrative building has been completely renovated with two rooms for overnight stays and a visitor center. The staff capacity is very high, which results in the proper functioning of the Reserve. (WWF) ○ Focus on the domestic market, unless there are compelling reasons to attract international visitors.
Plane Grove Sanctuary	○ OSCE has highlighted the 5km road to the Sanctuary for improvement.	Ditto
Zangzeur State Reserve	○ Improved environmentally friendly campgrounds needed (AMAP).	Ditto
Arevik National Park, including the Boghakar Reserve	○ Improved environmentally friendly campgrounds needed (AMAP).	Ditto
Meghri	○ Restore and preserve the architecture of the historic areas (Pokr Tagh). ○ Accommodations seriously lacking. ○ Improve visitor center (AMAP)	○ AMAP has designed a visitor center for Meghri and installed one information panel, six road and directional signs. ○ Attract investment for increased and improved accommodations. AMAP infrastructure

Destination	Infrastructure Challenges	Plans and Solutions
	○ Upgrade to regional museum needed (AMAP) ○ New museum/Persian-Armenian Visitor Center needed. (AMAP) ○ Upgraded AV system needed for culture center. (AMAP)	recommendations for Pokr Tagh include: ○ Wi-Fi: Free and Telecom sponsored ○ Disability Access: ramps and facility outfitting ○ Add Braille: some sites were enhanced with multi-language Braille panels, others need them. ○ Trash Management ○ Facilities (toilets) ○ AMAP recommending upgraded AV system for culture center.

Meghri Infrastructure Needs

The team was unable to visit and evaluate Meghri and thus has relied on the reports from the Areviq Foundation and AMAP in regards to Meghri. In a 2012 report, the Areviq Foundation described 24 “stages” of needs in regards to developing the “Poqr Tagh” neighborhood of Meghri. The Foundation envisions the conversion of “folk houses in “Poqr Tagh” [into] guest houses, guest house-studios, workshops, halls for serving and tasting traditional dishes, wine presses, souvenir salons/boutiques, [and] ethnic factories... turn[ing] the whole of Meghri into an international center for cultural, ethnographic, and adventure tourism, as well as agro- and ecotourism in the valley of the Araks River.”

The Ministry of Economy indicated in its December 2013 letter that restoration of Poqr Tagh is a priority. The interest dates back to at least 2001 when the “Restoration of the Economy of the Southernmost Region” project was proposed to UNESCO and followed by several reports and projects. Judging from the list of 24 “stages” in the Areviq Foundation report, there is still quite a lot to accomplish. And as indicated above, AMAP has also highlighted Poqr Tagh as a priority.

Chapter 5: Human Resources/Workforce Development

An essential link in the tourism value chain for Armenia is human resources and workforce development. Without the necessary trained human resources, it is difficult, if not impossible, to develop tourism along the South Corridor. Although there are now 50 hotels and other accommodation establishments with 1435 rooms and 2754 beds, there are no hospitality education and training programs in the towns of the South Corridor. To increase arrivals and spending in the destinations of the South Corridor, local hospitality industry training and education programs will be needed. This training should include programs for waiters, cooks, front-desk workers, as well as top-management for the hotel business. It should also include tour guides and community-based training initiatives. The IDeA Foundation is launching several initiatives in the Tatev area based on carefully cultivated community buy-in, which the Foundation hopes to extend to seven other villages in the region.

In addition, training programs will also be needed for the establishment and maintenance of local “Destination Management Organizations” (DMO) or at least more proactive local organizations. These organizations would, ideally, collect local visitor data and provide that to the new Development Foundation of Armenia for use in national marketing and promotion programs, as well as other critical other convening, planning and monitoring functions.

The USAID CAPS and EDMC programs conducted short term training from 2006 to 2013. These programs helped improve middle level hotel management skills and tour guiding skills, which could form the basis for longer term permanent or sustainable solutions.

One solution could be the establishment of hospitality training programs based on an expansion of the American Hotel & Lodging Association’s Educational Institute programs, which were introduced and conducted by the CAPS and EDMC projects. A longer term solution could be the establishment of a faculty at the State University of Goris and/or a vocational college program.

According to WTTC’s 2014 Travel & Tourism Economic Report for Armenia, tourism accounts for 82,500 jobs directly and indirectly in Armenia.

5.1 IDeA Foundation & Local Resource Development Center

In 2014, the IDeA Foundation jointly with COAF (Children of Armenia Fund) began to establish a Youth Center in Tatev, which CEO Artak Melkonyan explained would develop into a more comprehensive Resource Development Center that will be located in a school building in Halidzor village recently renovated by the Foundation. The intention is to help prepare local residents for jobs in tourism and hospitality. As mentioned above, these hospitality training programs could be based on an expansion of the American Hotel & Lodging Association’s Educational Institute programs, which were introduced and conducted by the CAPS and EDMC projects.

Another initiative sponsored by the Foundation jointly with SME DNC and JIKA in 2014 is a program that assumed advance training of Bed & Breakfast owners in sanitary, culinary and service standards as well as other touristic services combined with financing made available at reduced interest rates to further assist operating businesses.

He also said that the IDeA Foundation is planning on the establishment of a Destination Management Organization for Tatev, which might be combined with the Resource Development Center and thus become both a training and destination management center.[78]

The Resource Development Center could become an important solution for the human resource challenges, not only for Tatev and the surrounding villages, but also for the Corridor as a whole. The Center can be established as a pilot project with World Bank support that could be replicated throughout the Corridor. Other hub destinations such as Areni and Goris could also host similar centers.

[78] Telephone call with Meghak Apresyan, October 15th, 2014.

Chapter 6: Activating the Value Chain: Private Investment and Public-Private Dialogue (PPD)

6.1 Private Investment

According to UNWTO, the number of accommodation facilities in Armenia has increased dramatically in only six years from 792 to 1,405 hotels and similar establishments (UNWTO Compendium of Tourism Statistics 2007-2011 and 2008-2012), a positive indicator for private tourism investment in Armenia. Within the corridor, as of 2013, there were 50 accommodation establishments, thus 3.5 percent of total accommodations in the country. According to Ministry of Economy tourism official Meghak Apresyan, data on the number of hotels constructed before 2013 and hotels to be constructed is not collected.[79]

In 2013 according to WTTC, tourism investment in Armenia totaled AMD29.6 bn (US$72.3 mn estimated), 2.8 percent of total investment and was forecasted to increase by 5.6 percent in 2014 and rise by 4.2 percent per annum over the next ten years to AMD47.1 bn (US$115 mn estimated). Compared with the following countries, this is a modest amount of investment: Montenegro – US$310 mm/28 percent of total investment, Nepal – US$160 mn/4.2 percent, Georgia – US$120 mn/3.4 percent, and Slovenia – US$940 mn/12.8 percent.[80]

6.1.1 Tatev Revival Project

One of the largest recent investments, the "Wings of Tatev" tramway was constructed with an investment of almost US$22 mn as part of the Tatev Revival Project, which is a public-private partnership that is being implemented by the National Competitiveness Foundation of Armenia (and in 2015 by its successor). The project also included a US$1 mn investment in a restaurant and US$1.2 mn in infrastructure. Since opening in 2010, the souvenir sales at the Tatev center amounted to US$46,000[81], an amount which should increase as tourism grows in the region. The Tatev Revival Project is also intended to have a broader impact on the region by further developing tourism attractions, including a network of bed and breakfast establishments in the surrounding villages. The Project is aiming to develop the following, but additional funding is needed. The following are estimates from the Project, which may change as activities progress:

Table 10: Tatev Revival Project Funding Needs

Monastery Restoration (additional funding needed)	**Community Development (additional funding needed)**	**Tourism Development (additional funding needed)**
01. St. Poghos-Petros Church (US$950,000) 02. Grigor Tatevatsi Mausoleum (US$40,000) 03. St. Grigor Lusavorich Church (US$96,000) 04. Gavazan: The Swinging Tower (US$96,000)	01. Village Bed and Breakfasts (US$200,000) 02. Armenian Cuisine Revival (US$245,000)	01. Tatev Active Museum (US$270,000) 02. Southern Armenia Ecotourism (US$105,000)

[79] Telephone call with Meghak Apresyan, October 15th, 2014.
[80] WTTC Infographic: http://wttc-infographic.org/
[81] Tatev Public Report, September 2013.

Monastery Restoration (additional funding needed)	Community Development (additional funding needed)	Tourism Development (additional funding needed)
05. St. Astvatsatsin Church (US$175,000) 06. Dzit-han: The Oil Mill (US$250,000) 07. Monk Cells (US$750,000) 08. Communal Quarters (US$2,045,000)		

As of October 2014, no places to stay were listed on TripAdvisor, Travel.am, or Lonely Planet for Tatev and the surrounding villages. To achieve these developments, an additional US$36 mn is needed, as well as training for local accommodation providers, which for some accommodations would probably be local families.

The Tatev Revival Project's efforts to serve as a catalyst for further development in Halidzor and near-by villages should be further studied. They have been attempting to jump-start community-based tourism investment and initiatives in the eight villages of the area: Tatev, Halidzor, Tandzatap, Svarants, Khot, Shinuhayr, Bardzravan and Aghvani. As their website states:

Historically, the villages and the monastery have had a symbiotic relationship. Today, when viewing the region's potential as a destination for rural and community-based tourism, the same principal applies. Visitors to the monastery will surely want to get a feel for village life, and with the steady flow of tourists assured by the monastery, there lies great potential to develop and promote tourism assets in the villages.[82]

6.1.2 Additional Investment Initiatives

The Tatev investments are believed to have been a catalyst for additional hotel development in nearby Goris, but as previously mentioned, data is unavailable as to how many hotels were built each year before 2013 and are now under construction. To date, judging from listings on TripAdvisor, Travel.am and Lonely Planet, the largest hotel in Goris has 40 rooms; the city has a total of 237 rooms.

Table 11: Hotels in Goris

Hotels in Goris	# of rooms	Year of founding
Andranik B&B	5 rooms	
Aregak Hotel	3 rooms	
Christy Hotel	17 rooms	Before 2010
Diana Hotel	40 rooms	2012
Goris Guesthouse	3 rooms	2003

[82] http://tatev.am/community

Hotels in Goris	# of rooms	Year of founding
Goris Hotel	2 rooms	2009
Khachik B&B	6 rooms	
Kyores Hotel	4 rooms	2007
Hotel Lara	15 rooms	2011
Lyova & Sons B&B	7 rooms	
Hotel Mana	4 rooms	
Mina Hotel	38 rooms	
Mira Hotel	6 rooms	
Hotel Mirhav	19 rooms	2005
Noy Motel	6 rooms	
Olympia Hotel	20 rooms	
One Way Hostel	2 rooms + dorm	2011
Tatev Guesthouse	3 rooms	
Hotel Vivas	7 rooms	
Yeghevnut Hotel	20 rooms	Renovated in 2010
Zanger Hotel	10 rooms	
TOTAL	**237 rooms**	

In Jermuk, a new 88 room Hyatt Place Hotel was under construction and due to open in 2015. Jersan LLC, an Armenian limited liability company established in 2007 to develop and own hotels and engage in tourism activities, is the local investor for the project.

The Armenian Development Agency, the country's investment promotion agency as of October 2014[83], was encouraging foreign direct investment on their website. They cited the following reasons for investing in tourism and hotel construction sectors of the country[84], which are

- E-Visa scheme at point of arrival
- Culture of hospitality
- Safe destination
- 100% ownership by foreigners
- Positive attitude of Government towards tourism
- No overregulation
- No technical barriers
- Variety of accommodation
- Combination of ancient and modern
- High level of literacy with strong knowledge of foreign languages

[83] As of mid-October, this Agency was due to change and combine with a new Development Foundation of Armenia.
[84] Armenian Development Agency website: http://www.ada.am/files/1224/documents/Tourism.pdf

- Increasing trend of hosting corporate events
- Growing demand against existing capacity
- Western style of doing business

Private investment, either on a public-private partnership basis or a concessions basis from the Government, could be used to help solve the infrastructure issues, especially improved toilets and roads. Private investors could be incentivized to invest in service centers with visitor information, facilities, restaurants and souvenir shops.

6.2 Public-Private Dialogue

In the absence of a Development Foundation of Armenia, there is no entity in Government that provides an ongoing forum for tourism businesses to advocate for their interests. The National Competitiveness Foundation was serving as a quasi-tourism organization, but no formal advisory committee or similar entity was established to facilitate public-private dialogue on a regular basis. The new Development Foundation of Armenia may facilitate this dialogue, which is an important element for the implementation of tourism strategies and plans.

For the private sector, none of the existing associations representing the tourism industry appears to have generated sufficient industry support and resources to advocate sufficiently with Government. Consequently, Government policy affecting tourism is not made based on industry consensus, which limits the effectiveness of private sector efforts to develop and market tourism for the country as a whole. Bringing tourism stakeholders at all levels into discussions and information sharing would help the Government, the private sector, and civil society explore complementary business and development opportunities for win-win solutions, and thus expand the potential triple bottom line benefits of the industry. Focusing on the development of a Corridor might offer a replicable basis for generating local tourism stakeholder consensus.

Chapter 7: Facilitating the Value Chain: Policy & Investment Climate

7.1 Investment Climate: World Economic Forum and World Bank Rankings

In general, there do not seem to be serious constraints for tourism investment. In fact, the American Bar Association and KPMG stated in a 2009 report that "the legal framework for foreign investors is viewed as being one of the most liberal and successful among emerging market economies."[85] As mentioned earlier, the number of hotels has increased dramatically in only five years from 792 to 1405 hotels and similar establishments (UNWTO Compendium of Tourism Statistics 2008-2012). From 2011 to 2013, Armenia improved its ranking on the World Economic Forum's Travel & Tourism Competitiveness Index (WEF TTCI) from 90th to 79th. The Index summarized the country's tourism competitiveness as more positive than negative:

"Improvements have taken place across many areas measured by the Index, with the most marked being registered in the **areas of policy rules and regulations**, human resources, and safety and security (where the country ranks **46th**, 44th and 37th respectively). In particular, **red tape (33rd) and the cost to start a business (38th) have been reduced significantly, and visa requirements have become more open (35th).** The country also benefits from a safe and secure environment. ICT infrastructure (73rd) has improved notably, especially in terms of Internet availability and usage. Infrastructure has also improved, benefitting from significant investment in recent years. Notwithstanding the improvements, **air transport, ground transport, environmental protection/regulation and tourism infrastructures remain relatively underdeveloped, ranking 85th, 94th, 100th/120th and 80th, respectively.**"[86]

On the visa issue, TTCI noted that Armenia made 123 improvements in their visa procedures between 2010 and 2012, thus positively impacting more than 20 countries. The country also ranked well on transparency of government policymaking (16th), number of days to start a business (33rd) and ease of hiring foreign labor (2nd).

On more general issues, the World Bank's 2014 Doing Business report highlighted the following positive developments for businesses:

- Established a one-stop shop in 2010 allowing electronic registration and merging procedures for reserving a business name, registering a business and issuing a tax identification number.

- In 2013, eliminated company registration fees.

- Merged or eliminated taxes other than profit tax.

[85] American Bar Association - KPMG Armenia; *Investment in Armenia Introduction for foreign companies considering doing business in Armenia*; August 2009; page 11
[86] World Economic Forum's 2013 Tourism Competitiveness Index, p. 17

- Armenia made paying taxes easier by merging the employee and employer social contributions and individual income tax into one unified income tax.
- Ranks 5th in the world on the ease of registering property.
- Ranks 6th in the world on the ease of starting a business.
- Ranks 22nd in the world for protecting investors.

All of these issues affect the country's tourism competitiveness both as a destination for visitors and investors. The positives generally outweigh the negatives, although the negative ratings for tourism-related infrastructure (94th for ground transport and 85th for air transport on TTCI), especially the road quality (79th), do not facilitate investment. Additional negatives include property rights protection[87], enforcement of contracts[88], judicial independence[89], bureaucratic costs[90], and control of corruption.[91]The negatives are a constraint on tourism growth in the South Corridor.

7.2 Armenian Government Policy

According to **Armenia's National Development Strategy 2014-2025**, tourism is one of five priority sectors for job creation. In addition to various framework policies, sector specific policies will be targeted to tourism and the other four sectors to boost growth.

The strategy indicates that incoming tourism should retain its role as the second main export sector and will account for around 20 percent of exports. It is estimated that the number of directly tourism-related jobs will increase and account for 3.3 percent of non-agricultural jobs by 2025.

More specifically, the strategy envisages that incoming and outgoing tourism will maintain the earlier growth rates of 2008-2012, i.e. 8.2% and 9% respectively, which aims for incoming tourists reaching 1.2 million in 2017 and 2.3 million in 2025.

To achieve these goals, the main sector policy directions are the improvement of relevant infrastructure through Public-Private Partnerships, particularly policies to reduce high transport costs related to entry to and exit from Armenia. With the country's new open skies policy, air transport was already beginning to progress as of October 2014.

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[87] The Heritage Foundation and The Wall Street Journal; *Index of Economic Freedom 2011* and Fraser Institute, Economic Freedom Network; *Economic Freedom of the World 2011 report* and Property Rights Alliance; *International Property Rights Index 2011*
[88] The Heritage Foundation and The Wall Street Journal; *Index of Economic Freedom 2011*
[89] Property Rights Alliance; *International Property Rights Index 2011*
[90] Fraser Institute, Economic Freedom Network; *Economic Freedom of the World 2011 report*
[91] The Heritage Foundation and The Wall Street Journal; *Index of Economic Freedom 2011* and Property Rights Alliance; *International Property Rights Index 2011* Note: as cited in the USAID EDMC Business Enabling Environment Report, p. 4

The 'open sky' policy is beginning to involve low cost carriers, the “de-monopolization” of the railway market, and ensuring the competitiveness, creation and upgrading of tourism infrastructure outside of Yerevan, as well as promoting the involvement of international hotel operators.

So, the infrastructure issues identified earlier are being addressed by Government policies. These reforms will bode well for the further development of the South Corridor, which so far has been seriously constrained by poor infrastructure.

7.2.1 Tourism Development Concept Paper 2008 – 2012

The Government’s positive tourism policy directions can be traced, in part, to the Tourism Development Concept Paper, 2008-2012 developed by the USAID **Competitive Armenian Private Sector** (**CAPS**) project. Although the paper has not been formally updated since 2012, it is still an important resource and valid for the development of the South Corridor.

According to the paper, **“the overall goal of state policy in Armenia’s tourism industry is to increase its contribution to the national economy and ensure equal regional economic growth while at the same time alleviating poverty.** This will be achieved by sustaining high levels of growth in the number of incoming and internal tourists, meanwhile increasing tourism generated income through offering higher value products and services, and creating new job opportunities in the sector.”[92]

7.2.1.1 Policy Principles

To achieve this goal, the Government emphasized **policy principles** and values that are still relevant and in effect today. The principles emphasized in the Paper are:

1) Increased competitiveness.

2) Increased integration with international best practices.

3) Focus and specialization with targeted product development and promotion.

4) Common vision and cooperation among stakeholders.

5) Sustainable development emphasizing long term preservation and protection of natural and cultural heritage and socio-economic and environmental benefits.

6) Tourism as a priority sector of the economy.

7) Nature and environmental protection.

7.2.1.2 Policy Values

And these principles are supported by and based on multiple values, which include:

1) Authenticity, choice, diversity and innovation in product development and offers.

2) Credibility, ethical business, respect for travelers, hospitality.

3) High value-low volume and value for money.

4) Regional cooperation with neighboring countries.

[92] Tourism Development Concept Paper, USAID CAPS Project, 2008, p. 4

5) Quality services and facilities, safe transportation and accommodations.

7.2.2 Marz-level Regional Development Plans

According to the USAID EDMC report, Site Management Plans, management plans are not a statutory requirement for the protection of cultural heritage. UNESCO's World Heritage Commission does require, however, that the three World Heritage Sites in Armenia – the Monastery of Geghard is the sole site considered with the South Corridor – an "appropriate management structure" must be in place. Guidelines for this structure are specified by UNESCO in the 'Operational Guidelines for the Implementation of the World Heritage Convention.' These Guidelines are an appropriate management framework for all cultural heritage sites along the South Corridor, regardless of whether they are proposed as World Heritage sites.

7.2.3 Municipal Council Four Year Development Plans

Again according to the USAID EDMC report, Outline Site Management Plans, "the law requires that municipal council generate four-year municipal development plans. In addition, this document should be produced at any time when mayor has changed off-schedule for any reason. The mayor submits the four year municipal development plan together with the annual budget to the community council for approval. Unfortunately, the majority of municipalities in Armenia do not consider this document as the basis for their operations, or that for compilation of their annual budgets."[93]

[93] USAID EDMC Outline Site Management Plans, August 2014, p. 11.

Chapter 8: Benefitting from the Value Chain: Benefit Sharing with Local Communities

Focusing on tourism opportunities for greater prosperity – "shared prosperity" -- along the Corridors also supports the Government's Armenia Development Strategy (ADS), which aims to triple per capita income to $10,000, lift 800,000 people out of poverty by 2025. The World Bank's Country Partnership Strategy for 2014-2017 supports this focus by emphasizing the near-term needs of sharing prosperity and reducing poverty through accelerated economic growth and job creation.

With increased numbers of visitors and spending, the benefits to Armenia's economy are also growing. According to the WTTC, tourism directly generates 22,000 jobs (2% of total employment) and including indirect jobs, tourism generates an additional 65,000 jobs, thus 7.3% of total employment. The industry also accounts for almost 8.2% of GDP (directly and indirectly), and nearly 17% of export earnings. However, one indicator that is cause for concern though is the amount of spending per visitor; this has been declining, which suggests that the available tourism offers are somewhat static and not improving in quality and variety. It also suggests that marketing efforts are not being directed and/or not succeeding in capturing higher spending visitors. Lower spending from static tourism markets runs the risk of being less competitive and thus less able to sustain increased earnings.

According to a November 2013 OSCE tourism investment forum brief on Syunik, the region lacks a "structured approach" to tourism development, despite the many attractions and individual developments throughout the region. This gap mirrors a similar gap at the national level. Despite the positive policy directions described above, the lack of a Development Foundation of Armenia and lack of tourism strategy implementation affect the entire country, including the South Corridor. In fact, a "structured approach" to the South Corridor is very challenging, if not impossible without a national organization and strategy. So, the lack of structured approaches and organization at both the national and South Corridor levels constrains the level of possible benefit sharing with local communities. As mentioned previously, a new Development Foundation of Armenia is supposed to be launched in 2015, which will help overcome these constraints.

In the brief, the OSCE also emphasized that:

In 2014 the OSCE Programme Implementation Presence in Syunik region will provide capacity building assistance to the regional administration of the Syunik marz that will include development of computer-based economic model. The model will help to measure the output of government investments in the marz in terms of jobs, income and taxes paid to the state budget. The model will also be used to measure the impact of development efforts in tourism on socio-economic situation in the marz. The model will be ready in 2014, and data collection will be realized with the Ministries of Economy, Territorial Administration, and the National Statistics Service and RA State Tax Administration. To fully deploy the model, the OSCE lacks financial resources. The model is envisaged to be designed in a way that will be easily replicable for the rest of the marz regions and the cost of maintenance and sustainability estimated to be low/affordable for the Government.

So, the OSCE has created what sounds like a very useful model, but it cannot be implemented due to a lack of financial resources.

In the absence of structured approaches and organizations, some progress can still be achieved with maximizing shared benefits of increased tourism with local communities. Since the Tatev Revival Project has been working on multiple initiatives to achieve this, the Project should serve as a model for ways to introduce tourism to local communities, obtain consensus on developments and engage local people in concept development and eventual implementation. As the USAID EDMC project demonstrated, local training and capacity building are essential to achieve this progress.

From their field research, the USAID EDMC project described residents' attitudes towards tourism as follows: "Residents' attitudes regarding rural and eco-tourism are quite positive, as most of them understand the resultant expansion in the economic development of Syunik by means of relieving unemployment, providing an income to communities and encouraging investment in the local economy. Despite the positive approach to rural and eco-tourism, most local people are unsure of their role in the process; they do not know what kind of services and products they should offer, what kind of expectations tourists will have of them, and how to start and manage a small business. The residents of the local communities are in need of training in the fields of capacity building, business management, marketing and communication, foreign languages (specifically English), and customer service. Locals will need some financial assistance in making initial investments to improve their houses, business premises, and office/work equipment, as well as to prepare basic informational and promotional materials."[94]

To maximize potential benefit sharing in local communities, additional data about local needs and priorities is recommended to ensure sustainability. It will be necessary to conduct validation workshops and consultations with local residents to determine how acceptable levels of tourism development and the tourism economy can best serve their needs. The Tatev Foundation conducted town hall meetings in the villages near Tatev and found that it was necessary to conduct extensive consultations with local people in regards to development plans. Implementation of the strategic recommendations of this report will require community consultation sessions.

While Government statistical reports show unemployment, education and investment levels in the destinations along the Corridor, no recent survey of local residents' priorities and needs appears to have been conducted. In the EDMC's Site Management Plans Report, the authors emphasized that local data was insufficient and thus a critical issue that needs to be addressed in future studies. While the authors focused on visitor-related data, the same could be said in regards to understanding what and how much tourism development local communities want – or even perhaps whether they want tourism at all. Presumably, given the extensive infrastructure and product analysis that Government and donors have undertaken, this question has been addressed. However, data on specific needs as identified by the communities themselves is unclear.

Nevertheless, within each destination hub and spoke set, the unemployment levels have been identified:

[94] Syunik Marz Tourism Product Inventory, USAID EDMC, November 2012, p. 6

Set #1: 2013 unemployment data in Vayots Dzor marz shows 736 unemployed people out of a total population of 33800; women account for 566 with most of the jobless among the 35-45 year olds (173) and youth (97).[95]

In addition, Vayots Dzor is lagging behind other regions on GDP growth per capita.[96] Also, Vayots Dzor has experienced a ten percent drop in population from 53,230 in 2001 to 47,659 in 2011.[97]

Note: Vayots Dzor marz includes: Jermuk, Vayk, Noravank, Areni, and Yeghegnadzor.

Set #2: Unemployment levels in Syunik marz according to 2013 statistical data show a total of 4012 unemployed out of a total population of 95300 with unemployed women numbering 2855, again most of the jobless among the 35-45 age group (1159) and youth (305).[98]

As with Vayots Dzor marz, Syunik has also experienced a decline in population, actually larger by percentage and volume: from 134,061 in 2001 to 119,873 in 2011.[99] According to the European Union's Policy Paper, economically driven migration was a "significant factor" accounting for the depopulation of both Vayots Dzor and Syunik marzes.[100]

Note: Syunik Marz includes: Goris, Tatev, Kajaran, Kapan, Sisian and Meghri.

The Tatev Revival Project seems to be the most comprehensive effort so far in the South Corridor to generate employment and maximize benefit sharing. The "Wings of Tatev" Gateway tramway employed 54 local people as of the third quarter of 2013.[101] As the project grows, more local employment is expected. Most of these employees are involved with the tramway and restaurant, but as the Project expands, opportunities all along the local tourism value chain will also expand. These opportunities will generate jobs and small business growth for local communities and groups to sell directly to the market (tourists) -- crafts, excursions, experiences, traditional cuisine, accommodations etc. -- or to the industry (hotels) -- goods and services (organic food products, furnishings, woodcrafters, ironworkers, stone carvers, fruit dryers, etc.).

8.1 Summary

Unemployment is not as serious an issue for Vayots Dzor and Syunik provinces as for other marzes, in part, due to declining populations and migration to Yerevan, especially by younger people. With increased tourism development along the Corridor, the migration trend might be reversed. However, the depopulation trend does raise an important issue for tourism development along the Corridor – the lack of trained staff available to work in tourism, especially in hospitality services. Tourism development along the Corridor must also include an emphasis on hospitality training and education.

[95] Source: RA ArmStat and RA State Employment Service Agency (SESA), 2013
[96] Preparations of Actions in Regional Development, Presentation from European Union for the Ministry of Territorial Development, July 2014, p. 7
[97] Reported in the Policy Paper, Regional Development of Armenia, European Union for the MTA, p. 29
[98] Reported in the Policy Paper, Regional Development of Armenia, European Union for the MTA, p. 29
[99] Reported in the Policy Paper, Regional Development of Armenia, European Union for the MTA, p. 29
[100] Reported in the Policy Paper, Regional Development of Armenia, European Union for the MTA, p. 43
[101] Tatev Public Report, September 2013.

Chapter 9: Combining the Value Chain Links: Corridor Development Vision and Action Plan

The Government's Armenia Development Strategy (ADS), aims to triple per capita income to $10,000, lift 800,000 people out of poverty by 2025. The World Bank's Country Partnership Strategy for 2014-2017 supports this focus by emphasizing the near-term needs of sharing prosperity and reducing poverty through accelerated economic growth and job creation.

As referenced throughout this strategy, extensive work has been done by several donors, non-governmental organizations and governmental agencies on possible destination developments at a national level and along the South Corridor. Rather than replicate this work, instead it is better to leverage and build on their research and activities and focus on assisting those destinations and attractions that could be the strongest possible catalysts for making the corridor a world class tourist destination.

In July 2014, the USAID EDMC project produced a Tourism Development Strategy – A Roadmap 2014-2019 because as they stated, "no clear strategy and timeframe exists to guide the ongoing development of the tourism sector."[102] This "Roadmap" is intended as an update and extension of the "Tourism Development Concept Paper 2008-2012," referenced earlier in this report. In the July 2014 report, EDMC emphasized that the latter is a "strategic position paper" and not a "fully integrated National Tourism Development Strategy." They also emphasized that the Concept Paper effort and other donor tourism development efforts were negatively impacted by the dissolution of the Armenian National Tourism Development Agency in 2009, which "left the sector leaderless and the efforts of aid donors without a client to whom they can transfer knowledge and responsibility."[103] Their Roadmap establishes a comprehensive base for the future Development Foundation of Armenia and efforts to develop and implement a national strategy and regional level plans. For the latter, they "provisionally identified" the following areas as urgently requiring Detailed Tourism Zone Plans and are to be incorporated into the Action Plan [of the Roadmap]" and "prepared with a 15 year horizon…be market led and take full account of visitor arrival projections…"[104]:

- **Yerevan**
- **Debed River Gorge**
- **Dilijan Cluster**
- **Southern Tourism Corridor**

The Roadmap further emphasized that these plans should be based on international tourism zone development standards and guidelines for accommodation, building design, public spaces and landscaping, parking and access, and common visitor facilities. They should also include tourism zone management plans. These "instruments" are all taken into account in the Roadmap action plan and timeline for the further development and implementation of a new national tourism strategy, including a focus on the South Corridor. Accordingly, actions for developing the South Corridor should be integrated with actions at a national level.[105] In other words, **the South**

[102] USAID EDMC Tourism Development Strategy – A Roadmap 2014-2019, July 2014, p. 4.
[103] USAID EDMC Tourism Development Strategy – A Roadmap 2014-2019, July 2014, p. 5.
[104] USAID EDMC Tourism Development Strategy – A Roadmap 2014-2019, July 2014, p. 33.
[105] USAID EDMC Tourism Development Strategy – A Roadmap 2014-2019, July 2014, p. 33-34.

Corridor should be developed in close coordination with national level strategic planning and implementation.

9.1 Recommended Next Steps

Through this report, specific destinations and attractions along the corridor have been highlighted for potential interventions by the World Bank, the Armenian Government, the future Development Foundation of Armenia, communities, civil society and businesses. The World Bank collaborated closely with USAID to build on the past work of Enterprise Development & Market Competitiveness (EDMC) and the Armenia Private Sector Project (CAPS).

As emphasized previously, development of the South Corridor should proceed in coordination with national level efforts through a new Development Foundation of Armenia and national tourism strategy. The new organization and strategy need to establish a national level framework into which the strategic recommendations for the South Corridor should fit. It does not make sense for the South Corridor strategic recommendations to proceed ahead of a national level strategy, unless it is considered an integral component of the national strategy. With this coordination, the underlying strategic **vision** of establishing the South Corridor as a new responsible tourism destination can become attainable.

In terms of tourism assets, as described above, the South Corridor has a lot to offer, but challenges especially in regards to infrastructure, product development and marketing, human resources and implementing institutions are serious constraints. These constraints also limit the market, especially for tour operators. While over 50 Armenian operators offer the South Corridor, their offers are limited, particularly in regards to overnight visits (See: Table 8). Improving the accommodations situation is critical to further developing tourism along the Corridor. However, in order to stimulate more accommodations investment, more infrastructure (roads), product development and human resource training are needed. All value chain "links" are interdependent and "linked."

Based on product development and marketing potential, infrastructure needs, and marz employment levels, the destination hubs with the greatest potential to be catalysts for tourism development along the Corridor are: Yerevan-Garni-Geghard, Areni and Goris.

And in these destinations, the priorities are:

- Small hotels and perhaps some B&Bs, which means offering training to local owners. Note: this is less relevant for Garni-Geghard because most tourists are day visitors from Yerevan.
- Improved visitor facilities at attractions
- Hospitality training

The "Strategic Action Plan" below addresses each of the key value chain needs in a national context:

- Infrastructure
- Product and Marketing
- Human Resources
- Policy & Investment, including Institutional Development

The following national level Strategic Action Plan is extracted from the USAID EDMC Tourism Development Strategy – A Roadmap 2014-2019.

Table 12: Strategic Action Plan for Tourism - A Roadmap 2014-2019

	Description	Objectives	Start	Finish
	Strategic Action Plan **(Value Chain Link: Policy)**	To prepare a prioritized tourism development master plan for Armenia, and to transfer skills to the Government of Armenia with the objective of placing the sector on a sustainable growth path.	1/2015	12/2019
	Establish Development Foundation of Armenia **(Value Chain Link: Institutional Development)**	To provide effective leadership in the development and administration of the tourism sector. To be established, administered and function in line with the recommendations of the USAID/EDMC report recommendations.	1/2015	continues
	Develop DFA's Tourism Armenia department 3-Year Business Plan	To formulate a three year business strategy for the DFA's Tourism Armenia department. *Include public-private partnerships for South Corridor development, i.e. concessions for visitor facilities.*	6/2015	6/2016
	Statistics and Forecasts **(Value Chain Links: Institutional Development and Marketing)**			
	Review existing statistics and forecasts	Review existing NSS arrivals statistics Review EDMC 2013 Border Point Visitor Survey Review methodologies and all other reported statistics including hotel rooms, employment and visitor spend Report on findings *Include focus on improving South Corridor data collection in abovementioned areas.*	7/2015	10/2015
	Provide statistical and survey expert to the DFA to establish statistical cell within the new DFA	To act as technical expert and senior international adviser to DFA and NSS staff.	6/2015	6/2016
	Establish methodology and statistical framework	To determine: • Domestic tourist numbers and characteristics • International tourism numbers and characteristics	9/2015	12/2015

	Description	Objectives	Start	Finish
		• Identifying key and emerging market segments • Accommodation quantities and standards *Include a focus on the South Corridor.*		
	Prepare Short –term demand forecasts	Prepare a targeted and segmented marketing plan for 2015 to 2016 Identify specific marketing action and costs *Include a section for the South Corridor.*	1/2016	6/2016
	Prepare medium-term demand forecasts	Review short-term marketing actions Prepare a targeted and segmented marketing plan for 2015 to 2019 Identify specific marketing actions and costs *Include a section for the South Corridor.*	9/2016	3/2017
	Review forecasts and methodology	Review marketing actions, including web content and recommend forward strategy.	9/2017	11/2019
	Physical Planning **(Value Chain Links: Infrastructure, Product Development and Institutional Development)**			
	Tourism Development Zones Framework	Review the existing planning and regulatory framework as it is applied to the coordination and implementation of tourism development projects. *This is a high priority for national and South Corridor tourism development.* Report of any deficiencies and recommend required changes to the present framework.	9/2015	6/2016
	TDZ Plans Preparation South Corridor	From revised demand forecasts, prepare a South Corridor zone plan illustrating proposed tourism, transport and services infrastructure projects within the TDZ. *This plan could pull from the material presented in this report.* Accompany with a report setting out development rationale and illustrating	4/2016	10/2016

	Description	Objectives	Start	Finish
		tourism development projects in detail. *Improvements in data collection and analysis will assist with setting out the development rationale.*		
	TDZ Plans Preparation Northern Corridor	From revised demand forecasts prepare a zone plan illustrating proposed tourism, transport and services infrastructure projects within the TDZ. Accompany with a report setting out development rationale and illustrating tourism development projects in detail.	9/2016	6/2016
	Yerevan Gateway TDZ Development Plan	From revised demand forecasts prepare a tourism development plan for Yerevan illustrating proposed tourism, transport and services infrastructure projects within the TDZ. Accompany with a report setting out development rationale and illustrating tourism development projects in detail	6/2015	12/2015
	Yerevan Demonstration Projects Development Plans	Prepare 2 Demonstration Project proposals illustrating the application of the recommended initiatives, including the development of the MICE sector and redevelopment of brownfield sites.	6/2016	12/2016
	Tourist Buildings Planning Standards	Review current space and construction standards and regulations Report on any deficiencies or amendments required to meet best international practice and emerging industry trends Prepare revised tourism buildings planning standards including, but not limited to, those for; hotels. B&Bs, hostels, restaurants and cafes, information centers, parking and access requirements and safety standards. *This is important for ensuring highest possible quality of tourism buildings along the South Corridor.*	1/2016	6/2016

	Description	Objectives	Start	Finish
	Tourist Buildings and Heritage Areas Design Standards	Review current planning, space and construction standards and regulations for heritage or sensitive sites. Report on any deficiencies or amendments required. Prepare, with illustrations and examples, planning and design guidelines for heritage sites. Prepare two Demonstration Project proposals illustrating the application of the recommended guidelines. *One of the demonstration projects could be Areni on the South Corridor.*	6/2016	12/2016
	Environment **(Value Chain Links: Policy and Product Development)**			
	Prepare Environmental assessments for TDZs	Within designated TDZs assess current environmental conditions, future impacts of tourism development. Establish tourism carrying capacities. *Environmental impact assessment is needed for the South Corridor hub and spoke destinations:* • *Garni and Geghard* • *Khor Virap* • *Areni* • *Noravank* • *Goris* • *Karahunge* • *Khndzoresk*	1/2016	6/2016
	Identify 'Brownfield' sites suitable for redevelopment	Within designated TDZs identify brownfield sites with potential for redevelopment to a tourism use Assess environmental condition and make recommendations for site rehabilitation. *Inventory of possible sites among South Corridor destinations should be developed.* • *Garni and Geghard* • *Khor Virap* • *Areni* • *Noravank* • *Goris* • *Karahunge*	6/2016	6/2017

	Description	Objectives	Start	Finish
		• *Khndzoresk*		
	Prepare Management Plans for Heritage Sites and Protected Areas	Prepare tourism management plans for heritage sites and natural protected areas a establishing: tourism carry capacities, permitted activities and environmental protection guidelines. *For the South Corridor, the following priority sites need tourism management plans:* • *Garni and Geghard* • *Khor Virap* • *Areni* • *Noravank* • *Goris* • *Karahunge* • *Khndzoresk*	4/2017	6/2018
	Human Resource Development **(Value Chain Link: Human Resources and Work Force Development)**			
	Tourism Awareness Building Program	Prepare teacher training manuals, government toolkits and public media campaigns. Create tourism training awareness with Employers.	6/2016	6/2017
	Assess Human Resource Needs	• Assess quantitative and qualitative needs • Assess current training programs, standards and institutions • Advise on institutional framework • Advise on training and occupational standards • Advise on accreditation *Needs assessment is important for the South Corridor, especially for forecasting needs.*	1/2016	4/2016
	Develop HR Training Programs	• Develop new training curricula • Develop skills improvement programs • Improve practical training and equipment • Develop new training institutes on the basis of a full demand assessment	4/2016	4/2017

	Description	Objectives	Start	Finish
		Satellite program needs to be developed for the South Corridor, perhaps based in Goris in association with the State University of Goris.		
	Develop Community Based Tourism Training Programs	Assess quantitative and qualitative CBT needs Develop new training curricula Develop skills improvement programs Develop new small-scale local training institutes on the basis of a full demand assessment *The Tatev Revival Project has developed these programs for the South Corridor, thus they could serve as examples for the rest of the Corridor.* *The USAID EDMC project also developed programs that could be applied to increasing community based tourism training programs.*	4/2017	4/2018
	Investment Promotion **(Value Chain Link: Investment)**			
	Assess tourism development conditions in Armenia in liaison with the DFA's Tourism Armenia department	To prepare a report on investment conditions in the tourism sector in Armenia. Examine development conditions and incentives in competing destinations such as Georgia. Recommend changes to the present investment regime, if required. *Armenia ranks well on the World Economic Forum's Travel and Tourism Competitiveness Index for elements related to investment (see above). The main deterrents are related to infrastructure and availability of product offers for increased spending.*	9/2015	12/2015
	Prepare inventory of potential tourism development projects	Review the prepared and approved Tourism Development Zone Plans and compile an inventory of all potential development projects Prepare evaluations of all identified projects, including preliminary financial assessments.	9/2015	5/2016

	Description	Objectives	Start	Finish
		Select a range of key viable projects for presentation to potential investors in the form of data sheets or brochures. *This is needed for the South Corridor and could be extracted from the EDMC reports and AMAP report.*		
	Tourism Investment Incentives	Prepare for comment and approval by the Government of Armenia an attractive and competitive set of investment incentive for the tourism sector.	1/2016	6/2016
	Organize tourism investment event 1	Develop the theme and appoint organisers, identify commercial sponsors for an International Armenia Tourism Investment Conference to be held in late 2016,	12/2015	12/2016
	Tourism investment event 2	Develop the theme and appoint organisers, identify commercial sponsors for a Second International Armenia Tourism Investment Conference to be held in late 2018,	7/2017	12/2018
	Evaluate investment promotion program	Review and report on the 5 year investment promotion program against quantified metrics including: • Investment quantum • Employment Creation • Contribution to GDP • Diversification of the sector • Recommend forward strategy		9/2019 to 12/2019
	Review and Report	Review and report on the 5 year program against quantified metrics: • Tourist arrivals growth • Tourism expenditure growth • Employment creation • Contribution to GDP *To the extent possible, depending on available data, these metrics should also be used for the South Corridor.*		**6/2019 to 9/2019**

Table 13: Draft Gantt chart for Strategic Action Plan for Tourism Development (2015-2019)

		2015				2016				2017				2018				2019			
	Strategic Action Plan																				
	Establish DFA	■																			
	International Interim consultant	■	■	■	■	■	■	■	■												
	International Marketing Expert			■	■	■	■														
	Develop DFA Business Plan			■	■	■	■														
	Develop PPPs and concession proposals for South Corridor	■	■	■	■	■	■														
	Statistics and Forecasting																				
	Review Existing Statistics and Forecasts				■																
	Focus on South Corridor in statistics review		■	■	■	■	■	■													
	International Statistics and Survey Expert				■	■	■	■													
	Establish Statistics Methodology				■																
	Methodology focus on South Corridor				■	■															
	Implement Tourism Satellite Account					■															
	Prepare Short-term Demand Forecasts						■	■													
	Determine short-term demand for South Corridor						■	■													
	Prepare Medium-term Demand Forecasts								■	■											
	Determine medium-term demand for South Corridor								■	■											
	Review Forecasts and Methodology												■								■
	Physical Planning																				
	Tourism Development Zones (TDZ) Framework – national level review of existing planning and regulatory framework.	■	■	■	■	■	■														
	South Corridor TDZ Plans Preparation (See below for Corridor specific GANTT)	■	■	■	■	■	■	■													
	Northern Corridor TDZ Plans Preparation								■	■											
	Yerevan Gateway TDZ Plan Preparation			■	■																

		2015				2016				2017				2018				2019			
	Yerevan Demonstration Projects																				
	Building Planning Standards Proposals																				
	Building Planning Standards Proposals for South Corridor																				
	Design Standards Proposals																				
	Design Standards Proposals for South Corridor																				
	Environment																				
	Prepare Environmental assessments for TDZs																				
	Prepare Environmental assessments for South Corridor.																				
	Identify 'Brownfield' sites																				
	Inventory of 'Brownfield' sites on South Corridor																				
	Prepare Area Management Plans																				
	Prepare Area Management Plans for South Corridor: • *Garni and Geghard* • *Khor Virap* • *Areni* • *Noravank* • *Goris* • *Karahunge* • *Khndzoresk*																				
	Human Resources Development																				
	Tourism Awareness Building Programme																				
	Assess HR Needs																				
	Assess HR Needs for South Corridor																				
	Develop HR Training Programmes																				
	Satellite program needs to be developed for the South Corridor, perhaps based in Goris in association with the State University of Goris.																				
	Develop CBT Training Programmes																				
	Develop CBT Training Programmes for South																				

		2015				2016				2017				2018				2019			
	Corridor based on Tatev Revival Project experiences.																				
	Investment Promotion																				
	Assess Investment Conditions																				
	Identify Potential Development Projects																				
	Identify Potential Development Projects on South Corridor																				
	Develop Investment Incentives																				
	Tourism Investment Event																				
	Tourism Investment Event 2																				
	Evaluate Investment Promotion Programme																				
	Evaluate and Report on Action Programme																				

9.1.1 Summary Action Plan for South Corridor

At the time of writing, as mentioned above, it was not yet specified who would be responsible for each area of tourism development at the national level in the DFA, so the following "partners" section should be considered general recommendations based on international practices. Ideally, after the DFA is established, there will be officials responsible for South Corridor developments both within the DFA Tourism Armenia department and the other agencies listed below.

Table 14: Summary Action Plan for South Corridor

Destination	Actions and Solutions to consider	Partners
Garni	• Infrastructure and Product Development: Site management plan, including improved interpretation. • Product development: Business training to assist local vendors.	MoE, DFA Development Team, MoC, USAID
Geghard	• Infrastructure: Site management plan.	MoE, DFA, MoC
Khor Virap (Spoke)	• Infrastructure: Site management plan • Product development: Consider boutique hotel development in the vicinity.	MoE, DFA Development Team, MoC, AMAP, private sector
Areni (Hub)	• Infrastructure and Investment: • Master plan • Marketplace development • Wine museum • Improved Wine Festival • Calendar of events • Boutique hotel development	MoE, DFA Development Team , MoC, IDEA Foundation, USAID, Tufenkian Group, local community
Areni 1 Cave (Spoke)	• Infrastructure: Site management plan with interpretation center	MoC, DFA Development Team, USAID, Smithsonian
Mozrov Cave (Spoke)	• Infrastructure: Site management plan with visitor infrastructure developed	MoC, DFA Development Team, Private sector concession to operate it (?)

Destination	**Actions and Solutions to consider**	**Partners**
Yeghegnadzor	• Product development and marketing: • Local tourism marketing support. • Event calendar promoted to tour operators. • Microenterprise support for product development, i.e. wine tasting house and restaurant. • Infrastructure: Site management plan, including visitor center and town marketplace.	MoE, DFA Development Team, MoC, AMAP
Yeghegis (Spoke)	• Infrastructure: Site management plan to provide visitor infrastructure (toilets, information center, picnic area, parking, improved foot bridge). • Human Resources: SME support, especially microenterprise training for local community.	MoE, DFA Development Team, MoC, private sector, Jewish diaspora communities.
Karahunge	• Infrastructure: Site management plan.	MoE, DFA Development Team, MoC
Sisian (Spoke)	• Infrastructure: Site management plan for waterfall.	MoE, DFA Development Team, Water company
Goris (Hub)	• Infrastructure: Master plan	MoE, DFA Development Team, MoC, private sector
Khndzoresk/Hin Khndzoresk (Spoke)	• Infrastructure: • Site management plan • Access road development	MoE, DFA, Ministry of Transport & Communication
Tatev Villages – Shinuhayr, Halidzor, Tandzatap (Spokes)	• Infrastructure: Local mini-master plans • Human Resources:	MoE, DFA Development Team, IDeA Foundation

Destination	Actions and Solutions to consider	Partners
	• SME development and training	

9.2 Monitoring and Evaluation

As mentioned above, international arrivals have been increasing dramatically – more than tripling from 319,000 in 2005 to 957,000 in 2013[106], while international tourism receipts have been static with relatively growth since 2010 and **average receipts earned per visitor steadily declining from US$699 per visitor in 2005 to US$479 per visitor in 2013**.[107] Specific data for the South Corridor is unavailable. In order to track and monitor performance of tourism development efforts along the South Corridor, the following indicators should be developed by the Ministry of Economy and Development Foundation of Armenia and then monitored regularly:

Table 15: Priority Indicators for Monitoring Tourism Performance

Priority Indicators	Sources
International and domestic day trips to SC destinations.	Tour operators, visited attractions, municipalities.
International and domestic overnight trips to SC destinations	Local police that receive hotel guest registration cards from SC hotels.
Visitor spending	Local surveys
Number of persons locally employed in hotels, restaurants and attractions	Ministry of Labor and Social Affairs
Number of hotels, rooms and beds pre-2013	Municipalities and Ministry of Economy
New hotel project details	Municipalities and Ministry of Economy

As data collection and analysis improves via the DFA Research Team, it should become easier to measure and monitor each "link" of the tourism value chain. And, in the process, this additional data will help focus tourism planning, development, investment and marketing of the South Corridor – as an integral component of the country's overall national tourism development and marketing plans. Additional important indicators are listed below in Table 16: Additional Important Indicators for Monitoring Performance. Note: This is not a full listing of all possible indicators; these are the ones considered most useful for developing and monitoring the South Corridor. A full list and description of sustainable tourism development indicators can be found in the 515 page Indicators of Sustainable Development for Tourism Destinations: A Guidebook by Ted Manning, published by the UNWTO, 2004.

Table 16: Additional Important Indicators for Monitoring Performance

[106] UNWTO Tourism Barometer, August 2014
[107] UNWTO Tourism Barometer, August 2014

Category	Specific Indicators	Current Status
Economic Impact	1) Tourism contribution to GDP. 2) Economic impact of tourism on local communities. 3) Daily tourism expenditures 4) Seasonal fluctuation in tourism receipts/arrivals. 5) Lengths of stay in regions vs. Yerevan.	1) Filtered data currently reported by UNWTO and WTTC. 2) Not collected. 3) 2013 Survey reported some data, but no ongoing mechanism exists. 4) Not fully collected by MOE 5) Not collected
Market and Product		
Accommodations	1) Total accommodation capacity/beds. 2) Accommodation by qualification. 3) Upgrading of existing accommodations, and increased number. 4) Monthly occupancy levels of accommodation in each South Corridor destination. 5) Foreign tourist overnight stays in each South Corridor destination. 6) Number of domestic visitors and overnight stays.	1) MOE collected for 2013 but not earlier. 2) Hotel classification system not implemented yet. 3) Assessment of needs 4) Not yet collected. 5) Not yet collected 6) Not yet collected
Attractions	1) Inventory of sites and their quality. 2) Number of visitors for each attraction. 3) Percentage of tourists undertaking specific tourism products. 4) Number of events and festivals held annually. 5) Rating of destination by tourists.	1) USAID and AMAP inventories 2) Not collected, except by Wings of Tatev for tramway. 3) Not collected 4) Not collected at national level; need to ask each municipality. 5) USAID 2013 survey, but need regular tracking.
Visitor data	1) Length of stay. 2) Number of places visited. 3) Distribution of tourist nights. 4) Purpose of visit. 5) Country of citizenship. 6) Country of residency. 7) Ancestry?	1) UNWTO filtered data. 2) 2013 Visitor Survey 3) MOE collects some data. 4) UNWTO filtered data and some from visitor survey. 5) Border data 6) Ditto 7) 2013 Visitor survey

Category	Specific Indicators	Current Status
	8) Age/gender. 9) Number of repeat visits. Would they come again? 10) Value\price rating by tourists. 11) Visitor satisfaction.	8) Border data 9) 2013 Visitor survey 10) Ditto 11) Ditto
Infrastructure		
	1) Funds allocated to the restoration, preservation and maintenance of monuments and destinations on yearly basis. 2) % of national budget devoted towards tourism related infrastructure upgrades. 3) % of national budget spent on tourism related infrastructure improvements. 4) Number of airlines serving Armenia. 5) Total number of weekly flights. 6) Services available at each attraction.	1) MOC data 2) Not known yet. 3) Not tracked yet 4) Tracked by MOE 5) Tracked by MOE 6) AMAP USAID projects conducted extensive inventories.
Human Resources		
	1) Number of workforce trained in South Corridor destinations. 2) Number of part time / full time / seasonal jobs. 3) Marz and local level unemployment rates 4) Language competencies.	1) Not tracked yet. 2) Partially tracked by Ministry of Labor 3) Partially tracked by Ministry of Labor 4) Not tracked yet