



INTEGRATED RURAL TOURISM DEVELOPMENT PROJECT

FINAL REPORT 2016-2020

Armenia

ARMENA

AWAITS YOU

The Armenian hospitality is the visit card of the country for the tourists all around the world. UNDP Integrated Rural Tourism Development (IRTD) project launched in 2016, aims to turn this typical Armenian trait of character into an income generating opportunity, to boost the tourism in the rural areas of Armenia with all the benefits directed to the communities. Our product is unique as it's about creating a long term, sustainable link between the rural population and tourism. IRTD is probably the only tourism project in Armenia that is not about tourism but is about the communities, people and their incomes. We look at tourism from the viewpoint of reducing poverty in Armenia, making sure that people living in remote villages can have a dignified life, that the young people from these villages don't leave the country and that there's maximum output from tourism for the local population.

UNDP Resident Representative Dmitry Mariyasin

RUSSIAN FEDERATION - UNDP TRUST FUND FOR DEVELOPMENT

GENERAL DATA

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INTEGRATED
RURAL TOURISM DEVELOPMENT

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IMPLEMENTING PARTNER

MINISTRY OF TERRITORIAL
ADMINISTRATION AND
INFRASTRUCTURE OF ARMENIA











ABBREVIATIONS

B&B-BED AND BREAKFAST

B2B-BUSINESS TO BUSINESS

BRIDGE-A NETWORK OF PRIVATE COMPANIES

CRM-COMMUNITY RESOURCE MANAGEMENT

ETC-EUROPEAN TRAVEL COMMISSION

ETIS-EUROPEAN TOURISM INDICATOR SYSTEM

EU-EUROPEAN UNION

FAM TOURS-FAMILIARIZATION TOURS FOR TRAVEL COMPANIES TO

PROMOTE PRODUCTS & SERVICES

FEST-FOUNDATION FOR EUROPEAN SUSTAINABLE TOURISM

GIZ-GERMAN CORPORATION FOR INTERNATIONAL COOPERATION

ICC-INNOVATION CHALLENGE CALL (CO-FINANCING PROJECT MODEL)

IRTD-INTEGRATED RURAL TOURISM DEVELOPMENT

MARZ-REGION

MTAI-MINISTRY OF TERRITORIAL ADMINISTRATION AND INFRASTRUCTURE

MARZPETARAN-GOVERNOR'S REGIONAL OFFICE

ME-MINISTRY OF ECONOMY

PM4SD-PROJECT MANAGEMENT FOR SUSTAINABLE DEVELOPMENT

PRP-PARTNERSHIPS FOR RURAL PROSPERITY (USAID PROJECT)

R&D-RESEARCH AND DEVELOPMENT

RA-REPUBLIC OF ARMENIA

SME DNC-SMALL AND MEDIUM ENTREPRENEURSHIP DEVELOPMENT

NATIONAL CENTER

SNCO-STATE NON-COMMERCIAL ORGANIZATION

TC OR STC-STATE TOURISM COMMITTEE OF THE MINISTRY OF ECONOMY RA

TFD-TRUST FUND FOR DEVELOPMENT

TRM-TOURISM RESOURCE MANAGEMENT

VWF-VINE AND WINE FOUNDATIONOF ARMENIA

UNDP-UNITED NATIONS DEVELOPMENT PROGRAMME

USAID-UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

UITO-UNION OF INCOMING TOUR OPERATORS OF ARMENIA

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EXECUTIVE SUMMARY

UNDP Armenia launched the Integrated Rural Tourism Development (hereinafter IRTD) project in 2016 with the financial support of Russian Federation to unlock the socio-economic potential of sustainable tourism to bring down the level of rural poverty, contribute to equal territorial development and shape conducive environment for long term development of rural regions of Armenia.

Sustainable tourism is attracting enormous attention today throughout the world as a strategic approach for meetina the needs of present without generations compromising future generations' ability to meet their own. Countries started sustainable tourism advancement to promote peace, develop, human resources, and reduce poverty. The concept of sustainable tourism plays a vital role in achieving balanced trade-offs between socioeconomic, political, and environmental objectives.

Integrated Rural Tourism Development introduced a development model that transforms the theory of sustainability into practice and delivers human-centered solutions. The project targeted strong local social networks that explicitly link actors to promote and maintain the economic, social, cultural, and human resources of localities.

IRTD had three overarching components:

- 1.) Planning sustainable integrated tourism: identifying, assessing, prioritizing and planning mechanisms to outline the vision and strategy for the community's rural tourism development through expert consultations and local stakeholders' participation.
- 2.) Increase income level through diversification of tourism products and services: developing the human capacity to address knowledge gaps and prepare the local communities for sustainable utilization of the touristic assets and effective enterprise management.
- 3.) Sustainable Destination Management: establishing institutions to engage the local stakeholders and authorities in destination management and development.

The project interventions allowed to contribute to the output 1.1 of UNDP Country Programme Document: local capacities strengthened to develop and implement innovative and diversified income-generating practices that sustainable and employment and livelihood intensive targeting most vulnerable groups.

By introducing co-financing schemes to SMEs, the project has created full-time equivalent 497 jobs (out of which 263 for women) in the rural communities of Armenia. Over 5,658 people benefited from strengthened livelihoods, out of which 3,022 were women.

EXECUTIVE SUMMARY

The UNDP approach of community development hinges on the principles of sustainable growth, inclusiveness, and participation. To this end, integrated participatory planning was one of the methodologies widely used by the project. IRTD has successfully established a participatory process to support the communities to plan, adopt resource-use practices and build partnerships for developing rural tourism. The project consultations, initiated over 200 discussions, focus groups with local and authorities. regional entrepreneurs, local population ensuring active engagement of youth and women. bottom-up This approach capturing the local expertise to develop new solutions.

To stimulate, facilitate and broker innovative private investments, technical expertise and guarantee long-term sustainability, the project established the "Bridge" partnership platform with the private sector. Since the launch, more than 100 leading tourism-related companies applied for the network membership.

The comprehensive methodology developed by IRTD allowed to pilot and apply a comprehensive research in over 950 villages of Armenia to capture their touristic potential. To ensure knowledge management sustainability, the project team developed a tourism resource management (TRM) database based on the results of the research, with over 240,000 items listed. This was an unprecedented research that consolidated rural touristic assets in Armenia.

Based on the successful TRM experience, IRTD developed a digital Community Management tool (CRM) for the Ministry of Territorial Administration and Infrastructure of Armenia. The database allowed the Ministry to digitize data inputs from communities.

Rural tourism as a supplemental income source crafts a new image of the village. This is particularly beneficial when the agricultural sector is subject to volatile trends due to changes in various economic, financial, weather, and political factors. But the communities need facilitation and support to succeed as multifunctional actors in tourism market.

IRTD has supported to launch a number of touristic enterprises in Armenia to leverage the touristic assets of rural communities and create sustainable income-generating opportunities.

The project has developed and localized new experiential travel concepts such as gastro-yards and community-based hotels. Project interventions allowed to rehabilitate community infrastructure, offer green energy solutions to B&Bs, and establish regional touristic R&D centres for long-lasting and sustainable impact.

The project has also contributed to the development of strategic and legal frameworks of tourism development in Armenia. IRTD has supported the State Tourism Committee of RA to draft an amendment to the State Law on Tourism eliminating the legal bottlenecks and gaps identified over the course of project implementation.



Իրականացրել է «Ինտեգրված գյուղական զբոսաշրջության զարգացում» ծրագիրը, որը ֆինանսավորվում է Ռուսաստանի աշնության կողմից իրականացվում ՄԱԿ-ի զարգացման ծրագրի կողմից՝ ጓጓ տարածքային կառավարման և զարգացման սխարարության հետ համատեղ։

Implemented by UNDP "Integrated Rural Tourism Development" project which is financed by the Russian Federation, applemented by UNDP in Armenia, in close partnership with Ministry of Territorial Administration and Development of RA.

лизован проектом «Развитие интегрированного сельского туризма», финансируемый Российской Федерацией и твляемый Программой развития ООН в сотрудничестве с Министерством территориального управления и развити

1.1 Assessment of local products and services attractiveness for tourism market

IRTD experts group, in cooperation with the Business School of Skolkovo, designed a grading methodology for tourism capacity in the rural communities. The methodology assumed secondary and primary data collection to draw the community's current picture on existing local attractions, natural resources, services, infrastructure, logistics, human capacity, challenges, and development opportunities.

To ensure that the identification, assessment, and prioritization of tourism assets are conducted with maximum efficiency and minimum bias, the project automated the process to the extent possible, by developing an assessment system for scoring, and filtering lists of villages matching any predefined criteria.

The assessment implies three main steps: a) data collection, b) village scoring, c) information consolidation into a Master Matrix for shortlisting.

Data collection focused on retrieving the tourism potential of villages and documenting their socio-economic characteristics.

Teams of subject-matter specialists collected all the data available from secondary sources through semi-structured questionnaires. The information, not available from secondary sources, was collected through direct inquiries from village administrations. Upon completing data collection, resources were scored according to security, attractiveness, accessibility, and the possible time a tourist could spend there. Each village was scored by two independent specialists, based on a 1–5 scale, where "1" means "Very low" and "5" means "Very high".

First time in Armenia, more than 950 villages have been researched, graded and registered in the electronic database.

Based on the collected data from 954 villages, IRTD developed a digital inventory (over 240,000 items). database-Tourism Resource Management (TRM).

TRM is unique for Armenia, in terms of collected information, photos, analytics, flexibility of use, and ease of modification. This is the only source in the country that contains this amount of data about the nature, monuments, human-made assets, support services, distances, roads, demographics, socioeconomic characteristics, and tourism potential grades. The database provides users with various tools for analytics such as advanced filters, visual graphs, maps, reports etc.

The Ministry of Territorial Administration and Infrastructure of Armenia has requested to build a Community Resource Management (CRM) system based on the TRM database technology to minimize non-digital inputs received from the communities. The project successfully developed and passed the Ministry the data collection part of CRM. Several trainings were organized for the local government representatives to use the system for data entry purposes.



1.2 Participatory planning of integrated rural tourism development

The project has initiated rigorous consultations with various stakeholders (over 200 meetings); tourism experts, private sector companies, regional and local authorities, community beneficiaries, diaspora to develop new solutions for rural tourism development.

IRTD initiated and coordinated regular meetings with Active Tourism Stakeholders (ATS). ATS is a representative group of international organizations active in tourism development in Armenia such as World Bank, JICA, SME DNC, DADAG-EU, USAID My Armenia Cultural Heritage Tourism Program, GIZ, and others. Meetings aimed at building synergies on tourism development initiatives implemented in Armenia.

In 2017, UNDP established a "Bridge" network to stimulate, motivate, facilitate and broker innovative private investments, technical expertise into the regions and guarantee long-term sustainability for the projects. "Bridge" is a voluntary partnership framework of private companies who came together and committed to support and advance sustainable rural tourism development. The network had 113 members In 2019.

The project also formed a working group consisting of the representatives from MTAI, State Tourism Committee, Armenian Tourism Federation, and the private sector representatives to select touristic destinations for intervention purposes.

Research about Domestic Tourism

In 2019, the Prime Minister of Armenia mentioned that domestic tourism plays a vital role in employment and, consequently economy. However, it was not easy to count the domestic tourism's share.

There was a need for new monitoring and reporting mechanisms. IRTD joined hands with the State Tourism Committee of the Ministry of Economy of RA to determine the best methodologies for the regular assessment of local tourism outcomes, problems, and needs. The Project conducted the test phase and submitted results to the Tourism Committee to further evaluate and replicate.

Law on Tourism

IRTD supported the State Tourism Committee to amend the law on tourism, Acting tourism law had obsolete definitions, weak regulations, and guidelines necessary for contemporary and sustainable development. New ideas were facing undefined taxation issues and many other regulating problems. The outstanding example is IRTD's produced concept of "Gastro Yards," a family-owned small food serving entity, which falls under the same law as a big restaurant business.

Gaps in the law created a situation that different state institutions regulate the tourism industry by their own defined rules.

IRTD engaged a law firm to work with the Tourism Committee on the amendment. It was submitted to the RA National Assembly for approval.



SUMMARY OF RESULTS

- Inventoried 950+ villages of Armenia
- Developed the biggest edatabase of rural tourism assets in Armenia
- Established "Bridge" the partnership network with the private sector
- Amended law on tourism
- Conducted more than 200 meetings

Cooperation with Private Sector

UNDP considers private sector as one of the primary sustainability providers to the implemented projects. Thus the Project conducted more than 70 meetings with the local companies in all targeted regions to involve them in the Bridge network. It enabled private companies to open dialogue with state and international organizations about rural tourism development priorities and approaches. Through the open competitions, local companies presented 75 integrated rural tourism development plans for consideration and were partially co-funded.

Country tourism new strategy

The country tourism strategy was another aspect that IRTD was deeply involved with SCT and supported with information, analytics and proposals. Based on the provided insights, some of the identified rural sites, like ruins of the ancient city Dvin, and already developed concepts, like "Gastro Yards", partnership business models became benchmarks and cornerstones for the strategy.

New Clusters

As a result of intensive planning and consultations, the following clusters have been identified by the project as the most sustainable, diversified, innovative, and exciting directions to develop in the rural areas:

- value-added sustainable solutions
- gastro-yards
- green guest houses
- alternative solutions and technologies in tourism
- community-based hotels

IRTD introduced different implementation models to reach tangible results:

- Individuals: Start-me-up, Gastro Yards, Green questhouses
- Private Sector: Innovative Challenge Call, Communities: Infrastructure Rehabilitation
- Community Based hotels, Community Events
- Government: Data Collection, Destination Management





INCREASE INCOME LEVEL THROUGH DIVERSIFICATION OF TOURISM PRODUCTS AND SERVICES

- 2.1. Capacity building for tourism startups.
- 2.2. Facilitate access of startups to seed funding.
- 2.3. Rehabilitation of community infrastructure.

One of the advantages of tourism is that it can create jobs in places where other sectors often can not. However, the economic potential of tourism in the communities is occasionally underused. Currently, communities on tourism circuits reduce sector-related entrepreneurship to local agricultural products' retail trade or poor-quality services provisioning.

The feasibility study revealed that the lack of access to finance is one of the main bottlenecks for tourism SME development in rural communities. The problem mainly originates in the failure to provide valuable collateral to the banks or microcredit organizations to guarantee the loans. This creates a considerable gap between ideation and implementation of business ideas, leaving people in socio-economic isolation.

The Project has launched business models to support individuals and small business owners with access to finance or necessary resources to tackle this problem. In 2018 the project launched business acceleration models "Start Me-Up" and "Innovation Challenge Call". Models aimed to discover and speed up the development of unique business ideas in geographical locations with low access to technical expertise and investments. IRTD has launched and supported 23 enterprises through this co-financing schemes.

Start-Me-Up

Start Me-Up was designed for local new starters and/or to those that are already started as small entrepreneurs, small family businesses with

strong motivation, courage, and implementation potential to transform their unique ideas from words into the establishment of sustainable and formal business units that can conquer their niche in the marketplace. Start Me-Up had been designed to advise, mentor and support with resources both in the form of materials and/or funds to help businesses to grow.

Start Me Up was a 60/40 (UNDP/beneficiary) cofunded project for the projects with total budget of 20,000 USD, from which 50% of investment UNDP provided as materials or tools.

Innovation Challenge Call (ICC)

Innovation Challenge Call is a business development model designed to motivate existing touristic public and private institutions to expand into the regions and create jobs in the villages.

ICC is a co-funded initiative, where UNDP IRTD Project covered 60% (up to 20,000USD) and the rest 40% by the partner private company.

The beneficiaries of the projects were supported with hands-on training on tour product development, sales, and marketing.

Several familiarization tours and a presentation with the Bridge Network tour operators were organized to include new rural destinations into their tour's packages.

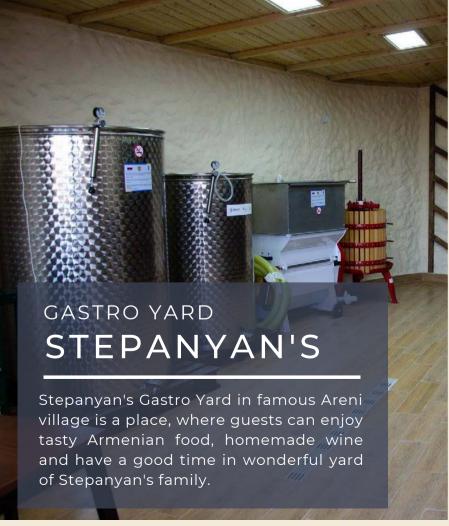
Both models were publicly promoted through open competitions and winners selected by the Working Groups consisting of RA MTAD, State Tourism Committee, Armenian Tourism Federation (ex UITO), Bridge Network Member and UNDP Project Team.













INCREASE INCOME LEVEL THROUGH DIVERSIFICATION OF TOURISM PRODUCTS AND SERVICES

Gastro Yards

Food is an inherently social and emotional experience, making it an essential pillar in experience-based travel. Compared to other travel activities, food can often be consumed outside the limitations of seasons. The food business offers a large volume of low-skilled jobs and employs a high percentage of youth and women.

IRTD developed the concept of Gastro Yard to collaborate with local people who wish to host tourists at their households. At Gastro Yard, guests meet local people, enjoy authentic Armenian food, music, participate in master classes, taste homemade wine, make crafts and in some places stay overnight. The latest monitoring showed that there was a growing demand for this kind of touristic service.

Gastro Yard is a family-owned business model with an opportunity to create 5 direct job places.

Eight Gastro Yards launched in 2018, hosted more than 6,000 tourists in 2019. The average price of a touristic package was 8-10 USD, with a profit of 30%. Due to the improved quality of wine, Gastro Yards almost doubled the price (from USD 3 to 7 USD) of the wine and the quantity of the harvest for 2020.

The project supported beneficiaries with design, construction, road signs, equipment, furniture, human capacity development, marketing, sales, and additional funding access.

In 2019, the project made a public competition and selected 20 beneficiaries out of 123 applicants. To have a participatory, transparent, and objective selection, the project called a committee from representatives of RA MTAI, STC of the Ministry of Economy of RA, Vine and Wine Foundation of Armenia, Armenian Tourism Federation, and two private sector representatives from Bridge Network.

In 2019, the Ministry of Economy (ME), with the support of the MTAI, provided a parallel co-funding of USD 120,000 for infrastructure development in 16 gastro-yards'.

UNDP signed an MOU with the Vine and Wine Foundation (VWF) of Armenia (ME partner) regarding wine equipment usage. The Project gave the ownership of the wine equipment to VWF to transfer to the beneficiary in 3 years if successfully utilized by the latest. In case of failure, VWF will move the equipment to another beneficiary.

Within the project, IRTD developed 36 Gastro Yards with different value-added themes in all regions of Armenia. IRTD implemented projects with the local beneficiaries on 60/40 co-funding basis.

INCREASE INCOME LEVEL THROUGH DIVERSIFICATION OF TOURISM PRODUCTS AND SERVICES

Infrastructure rehabilitation

Quite often, the tourism assets cannot be marketable because of the lack of viable infrastructure. IRTD has identified community and business infrastructure rehabilitations as a critical direction for interventions to support the whole tourism ecosystem.

For example, project field visits revealed that Armenia's famous mineral water source - Bjni, cannot be tasted right at the water source. It is available only in bottles. Building the first accessible mineral water source and an alcove for visitors made Bjni more attractive to visitors.

Following the same intervention model, the Project joined hands with STC to plant over 3000 trees in the Gegharkunik region and provided paints for coloring village houses' facades.

Renovating the road to the Stone lake and creating a picnic, camping, and fishing spots increased the number of visitors tenfold within a year.

The Project in cooperation with the SME DNC PRP project funded by the USAID, UNDP built and launched the first in the region Scientific and Adventure Center in of promising emergent rural tourism destinations of Armenia- Kalavan village (Gegharkunik region). After the launch in September 2019, the center already hosted more than 1000 visitors.

The Project has also upgraded the interior of Metsamor Archaeological Museum-reserve in Armavir region and developed a video room with 3D type movie about the ancient town and excavation findings.

New developments already attract new streams of tourists and create economic opportunities for the nearby villages. The government supported the Project and renovated the main road to the museum.

Community-based/owned hotels

With the boom of experiential travel to emerging locations, the demand for creative hotels is rising. IRTD's field visits and local consultations revealed that communities with high potential for rural tourism usually lack lodging opportunities. Simultaneously, many abandoned historical buildings are possible to reconstruct and use for tourism purposes. Hence IRTD introduced the concept of community-owned hotels.

The community-owned hotel belongs to the community and is outsourced to the private sector to operate on a revenue sharing or rental basis. IRTD piloted two community-based boutique hotels in Ditavan and Chinchin of Tavush region

Green Economy

Guesthouses Association's detailed analysis revealed that development needs are diverse, individual, and routine matters.

The Project made a strategic decision to introduce the concept of "Going Green" and focus on green economy solutions. As a result, IRTD provided all members (38) of the association with the solar and water heating panels by cutting their monthly expenses on average by 50%.

The Project also supported some B&Bs with constructing a septic sewerage system as a model to be prototyped by the other members to use it as a sustainable sewerage system in rural areas.





SUMMARY OF RESULTS

- Supported to more than 60 new businesses
- Launched 39Gastro Yards
- Renovated 2 community based hotels
- Created more than 450 jobs
- 23 rehabilitated infrastucture
- Installed 38 solar panels and water heaters
- Conducted 70 trainings, trained more than 800 people



Capacity building

While locals are willing to start tourism enterprises in their communities, they lack the foresight, experience, and necessary skills. Developing human resources through sector-specific training helps address the knowledge gaps and prepare to manage tourism enterprises effectively. The Project has provided over 70 capacity-building opportunities to more than 800 locals to enhance their competencies and skills in various aspects of rural tourism.

In 2018, IRTD, in cooperation with FEST, introduced the internationally recognized Project Management for Sustainable Tourism Development PM4SD qualification online courses to enhance project management skills for professionals.

The Manual was translated into Armenian to involve more participants from the RA Government working in the sector. Participants represented RA MTAI, State Tourism Committee, Yerevan State University-Ijevan Branch, Bridge network, Innovation Challenge, and Start Me-Up applicants.







3.1. Ensure the sustainability of the rural tourism through establishing basic destination management mechanisms.

Establishing institutions to engage local stakeholders in the management and development of tourism destinations is essential. IRTD chose regional universities to become human capacity development and idea generation hubs to support sustainable development.

UNDP established four Research and Development (R&D) centers in the regional universities and governors offices and successfully enrolled local youth in the internship program.

R&D centers successfully supported local and regional governments in organizing various festivals and other public events. The Centers helped the local governments to organize regional "My Step" investment forums in Ararat, Gegharkunik, Tavush, Aragatsotn, and Syunik marzes.

Within two years, Research and Development centers managed to create high visibility for the Project and regional tourism development. The Center coordinators regularly participate in different state meetings, radio, and TV (including national) programs, manage their social media sites, and represent their regions in various inter-regional or international events.

3.2. Shape the identity of the community as a destination of rural tourism and market it locally and internationally.

Rural tourism is a relatively new sector for Armenia and, as a niche product, which requires sound and efficient marketing strategies.

IRTD used different promotional tools and collaborated with various publications and media

platforms to widely promote launched products to the final users.

The Project also created a floor with the local tour agencies to ensure that destinations are featured on their offer lists.

The Project organized and supported over 20 public events, regional festivals such as the fish festival, potato festival, wine festival.

In July 2019, in cooperation with ACBA Credit Agricole BANK, the Project organized a "Destination Armenia" event with over 100 representatives from the tourism sector in Armenia to showcase the offered touristic destinations and attractions.

In October 2019, the Foundation for European Sustainable Tourism (FEST), the European Travel Commission (ETC), Aurora Forum, Tourism Committee of the Ministry of Economy of RA organized the forum "Success in Tourism" the 7th edition of the "European Summer School in Leadership and Governance for Sustainable Tourism Development." Speakers from seven countries; Canada, Denmark, Greece, Georgia, Netherlands, Italy, USA, presented the contemporary trends and developments in sustainable tourism development. More than 200 locals participated in the events.

A series of promotional activities were supported in Russia to promote and raise rural communities' recognition as new destinations for domestic and foreign tourists.

The Project supportedlocal companies to participate in the leading Russian travel & tourism trade shows: MITT and OTDYKH.

Within the project period, IRTD published numerous articles with well-known Russian travel journals,

SUMMARY OF RESULTS

- Established 4 R&D Centers
- Oreated more than 50 jobs for youth
- Supported more than 25 public events and festivals
- Released more than 20 videos
- Published 300+ articles on local and international media platforms
- Trained more than 120 youth and 50 local authorities



magazines(TTG, Tour-Bus), social network bloggers, and professional online platforms.

For the first time, IRTD cooperated with the Russian printing house to publish a personal guidebook, "Armenia in your pocket".

Russian "MIR" TV station featured IRTD projects in their programs, contributing to the country's international recognition.



PAGE 27 RISKS

RISK: ORGANIZATIONAL

A big target number of villages assumes an even more significant number of diversified projects. The search for targets with a limited timeframe may result in poor planning, implementation, monitoring, and results evaluation.

MITIGATION

- Focus on the reasonable number of economic clusters with standard development solutions.
- Use public competitions to involve partners, beneficiaries.
- Conduct weekly in the field or virtual monitoring sessions to follow up on developments.

RISK: OPERATIONAL

Weak sustainability of the implemented projects due to the lack of adequate involvement of the community's private sector and dedicated approach.

MITIGATION

- Introduce new models of temporary equipment usage and third-party ownership until the sustainability is proven.
- Organize promotional campaigns, face2face meetings, business presentations and introduce B2B special offers to attract private sector companies to include services into the packages.
- Initiate projects on a cost-sharing basis to increase the partners' financial responsibility and interest in the successful outcome.
- Pay close attention to human capacities, motivation, and willingness to work. Initiate projects preferably with people who have the experience, technical skills, vision, and dreams.

Risk: FINANCIAL

Reputational risk and undermined project impact due to limited resources to address all the required needs. High investment demanding touristic resources with low return potential MITIGATION:

- Keep an open dialogue with partners, create an environment of transparency, and always share plans.
- Conduct an in-depth feasibility study and agree with parties' commitments and resources in advance
- Start implementation after the partners fulfill their promises.

RISK: POLITICAL

Worsening of internal political situation and the condition on Armenia-Azerbaijan border may create difficulties/security restrictions for operating in specific communities and impose a risk for sustainability of actions.

MITIGATION:

- Rearranged project activities in terms of their timelines, modified some of their nature and content per the new situation, and increased the digital and remote solutions' role.
- Proactively propose alternative solutions leading to the planned outcomes.

Support beneficiaries to diversify services—initiate psychological, situation-specific, or professional training to cope with the circumstances.

<u>Challenging Targets and Time Frame</u>

The big target number of destinations assumes an even more significant number of implemented projects. The rush after the targets within the given time frame results in weak need assessment, poor planning, monitoring, and results evaluation.

Cluster Development Plans

Community-based tourism is challenging, complex, and risky task worldwide. A rising number of practitioners and academics warn of a high failure rate of community-based tourism attempts and stress the need for more rigorous analysis, accountability, and slow integration.

Another issue is not ready for the tourism development critical mass of human capital in the communities. As Walt Disney said, "you can dream, create, design and build the most wonderful place in the world, but it takes the people to make the dream reality."

With given financial limitations, cluster development is considered an alternative to community development plans and has more success potential. It is based directly on the community members' skills, quick to implement, promote and replicate by others. If a critical mass of the same cluster is developed, the impact can cover the whole region.

Big Scale projects

Focus on a big scale projects such as community-based guesthouses will guarantee the project's long-term benefits and donor visibility. As practice showed, it is challenging to attract mass tourists to the unknown villages and even more challenging to convince them to

homestay in unfamiliar environments. The community-based guesthouses will be neutral solutions for the villages to enter the touristic market. The guesthouse will be owned by a community and operated by a business partner selected on a competitive basis.

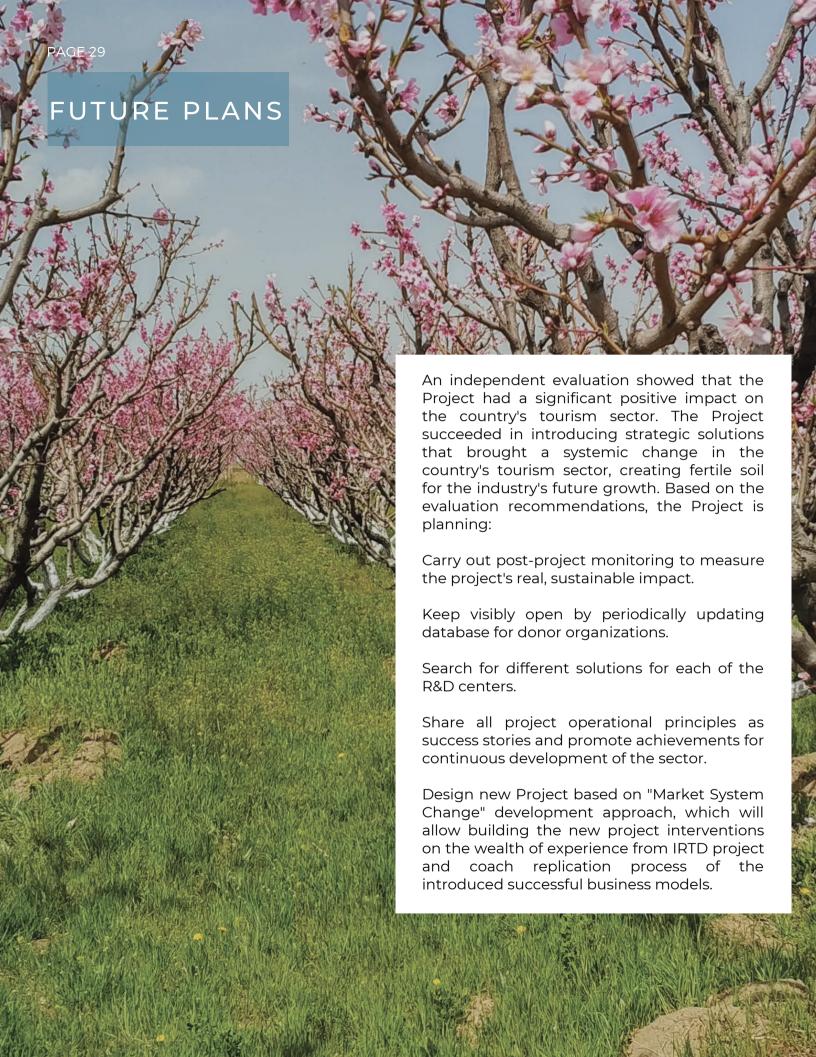
Outsourcing the community-based guesthouses on a profit-sharing basis to the private sector will remove the burden of marketing, sales, and human capacity development from the villages and supply them with job places and additional revenue.

Sustainability Risk Management

IRTD developed unique transitional and exit strategies to guarantee the investments' long-term sustainability. The legal ownership of the asset for a fixed period is provided to a parent company/organization to monitor the third party's targeted usage. In the successful outcome, the parent will transfer ownership to the same third party; overwise, it is moved to another beneficiary.

<u>Destination Management Organizations</u>

The Project established Tourism Research and Development centers to support the Project intervention in the marzes and prototype the concept of DMO. As practice shows, the need for the community-based DMOs has not come yet, considering the infancy stage of tourism development in the communities and lack of self-conscious demand for the activities. Meanwhile, regional DMOs can provide solutions and bring benefits to the communities, given that there is ongoing financial support until the self-sustainable is reached.





Since the project launch, IRTD established good partnerships with all organizations operating in the tourism industry.

- The Project established a "Bridge," a voluntary partnership framework with the private sector. Since the launch, more than 100 leading tourism-related companies have joined the network.
- IRTD initiated Active Tourism Stakeholders (ATS) regular coordination meetings with the local
 and international organizations (World Bank, Izmirlyan Foundation, SME DNC of Armenia,
 JICA-SME DNC, CSI, DADAG-EU, State Tourism Committee of Armenia, DFA, UITO, GIZ, IDeA
 Foundation, Smithsonian Institution, USAID-My Armenia Cultural Heritage Tourism Program,
 World Vision) active in Armenia tourism development. The Project conducted discussions
 regularly to be up-to-date about the on-going projects and seek cooperation opportunities.

As a result, the following activities were implemented:

- 14 Public Private Partnership projects with the private sector.
- Tourism Committee of the Ministry of Economy of RA-Law on tourism and research on domestic tourism.
- SME DNC PRP project funded by the USAID-A parallel co-funding of \$70,000 for Construction of the Scientific and Adventure Tourism Center in v.Kalavan, RA Gegharkunik Marzpromotion.
- IDEA foundation- The design of the "Friendship Park" in Gyumri, RA Shirak Marz.
- Jlag Europe- Trainings on Project management for Sustainable Development (PM4SD).
- Foundation for European Sustainable Tourism (FEST), the European Travel Commission (ETC), Aurora Forum- Forum "Success in Tourism", European SummerSchool in Leadership and Governance for Sustainable Tourism Development.
- ACBA-CREDIT AGRICOLE BANK- Event "Destination: Armenia".
- Vine and Wine Foundation and the Ministry of Economy (ME)- A parallel co-funding of USD 120,000 for infrastructure development in 16 gastro-yards' with wine component in the regions of Armenia. A wine festival in Ashtarak city, RA Aragatsotn Marz.
- German Corporation for International Cooperation-Capacity building for wine makers.
- Festivair- IRTD provided equipment for the conduct of 12 festivals in the regions.
- Invited BBC Journalist/Photographer- to developed a photo portfolio for catalog.



COMMUNICATION AND VISIBILITY



TRADE GAZETTE I WWW.TTG-RUSSIA.RU

АРМЕНИЯ в новом измерении

B HOMEPE

IRTD selected four main segments to target; government, donors, final customers, and businesses to accomplish the following goals:

- create awareness about the projects
- encourage to use the services
- motivate businesses to sellservices
- encourage replication the projects

The Project used the following tools:

- digital and content marketing
- · social media & email marketing
- referrals for building trust
- sponsored events
- brand ambassadors
- · free samples, promotions, fam trips

As a result, the Project and the donor country received great visibility both locally and internationally.

The Project management a number of times was invited to talk about the project on TV stations, including national TV.

The Project has presented achievements in different public events and business forums.

The Project four times received an official invitation from the state to present projects during "My Step" regional business forums lead by the PM of Armenia.

The Project published 300 articles, and initiated twenty short videos, in three languages which received around 2mln.

IRTD received several Awards and Certificates and became the true Ambassador for the country's rural tourism development.

State Tourism Committee showcased the Gastro Yard concept in the motivational video as one of Armenia's successful projects.

FINANCIAL MANAGEMENT

ACTIVITY	Description	Budget	Delivered	Balance
ACTIVITY 1	Planning of Sustainable Integrated Rural Tourism for Pilot Community.	247,029	100%	-
ACTIVITY 2	Increased income through diversification of tourism products and services in the community	2,001,457	100%	-
ACTIVITY 3	Sustainable Destination Management	395,876	100%	-
ACTIVITY 4	Programme Implementation, Monitoring and Evaluation	355,638	100%	-
TOTAL		3,000,000	100%	

PROJECT OUTPUTS

EXPECTED OUTPUTS	OUTPUT INDICATORS	BASELINE Value	Final Results	
		2016-2020	Target	Actual Value
Output 1	1.1 Number of Marzes Inventoried	0	10	10
Planning of sustainable integrated rural tourism.	1.2 Number of rural tourism development plans.	0	62	86
Output 2	2.1 Number of training courses.	0	127	74
Increased income through diversification of tourism	2.2 Number of people trained	0	574	838
	2.3 Number of new enterprises established:	0	88	89
products and services in	2.4 Number of new job opportunities;	0	191	497
the community.	2.5 Income increase	0	0	38%
	2.6 Rehabilitated community infrastructure	0	25	23
Output 3 Sustainable destination management.	3.1 Number of local committees on sustainable destination management established.	0	60	4
	3.2 Trained of local authorities and stakeholders.	0	126	82
	3.3 Number of online information sources.	0	4	24
	3.4 Number of feature articles in guidebooks.	0	94	300
	3.5 Trainings for the local enterprises	0	55	113
	3.6 Number of partnership projects initiated	0	13	50

GASTRO YARDS

- Yeganyans' Guest House and Gastro Yard -Ashtarak, Aragatsotn Marz
- Ashtarakats Cellar and Gastro Yard -Ashtarak, Aragatsotn Marz
- Tsaghkents Maran Gastro Yard- Ashtarak, Aragatsotn Marz
- Mnatsakanyans' Gastro Yard Byurakan, Aragatsotn Marz
- Stepanyans' Gastro Yard- Areni, Vayots Dzor Marz
- Wine House Areni Cave Gastro Yard- Areni, Vayots DzorAreni
- Wine Art Guest House Gastro Yard- Areni, Vayots Dzor Marz
- Ghazaryans' Gastro Yard Areni, Vayots Dzor
- Matevosyans' Gastro Yard Areni, Vayots Dzor Marz
- Armen Hakhverdyan Gastro Yard-Yeghegnadzor, Vayots Dzor
- Noravank BnB and Gastro Yard Chiva, Vayots Dzor Marz
- Aghavnadzor Gastro Yard- Aghavnadzor, Vayots Dzor Marz
- Davtyans' Gastro Yard Achajur, Tavush Marz
- Berkry Gastro Yard Yenokavan, Tavush Marz
- Aghavnatun Gastro Yard- Aghavnavank, Tavush Marz
- Shato Yegan Gastro Yard Archis, Tavush Marz
- Tsakhkunk Guesthouse and Gastro Yard -Tsakhkunk, Gegharkunik Marz
- Kalavan Gastro Yard Kalavan, Gegharkunik
 Marz

- Kalashyans' Gastro Yard Armavir, Armavir
 Marz
- Armen's Guest House and Gastro Yard -Tatev, Syunik Marz
- Qamancha Museum and Gastro Yard-Ashtarak, Aragatsotn Marz
- Potter Albert Parsamyan- Tegher, Aragatsotn Marz
- Vagharshyan Garden Gastro Yard -Saghmosavan, Aragatsotn Marz
- Qotuk Gastro Yard Ashtarak, Aragatsotn Marz
- Old House Gastro Yard Ashtarak, Aragatsotn Marz
- Arakelyans' Gastro Yard Poqr Vedi, Ararat Marz
- Tasty Gastro Yard-Parakar, Armavir Marz
- Ruben Nalbandyan Master School of Khachkars- Arshaluys, Armavir Marz
- ARTtakard Gastro Yard Khachpar, Ararat Marz
- Bjni Artifacts Museum and Gastro Yard- Bjni, Kotayk Marz
- Petrosyans' Gastro Yard Aragyugh, Kotayk Marz
- Gwoog Gastro House-Gyumri, Shirak Marz
- Armenian Camp and Gastro Yard- Artanish, Gegharkunik Marz
- Zorats Qarer BnB and Gastro Yard Sisian, Syunik Marz
- Sisian Ceramics and Gastro Yard Sisian, Syunik Marz

COMMUNITY BASED PROJECTS

- Ditavan Community-based Guesthouse-Ditavan, Tavush Marz
- Chinchin Decentralized Guesthouse and Art House-Chinchin, Tavush Marz
- Kalavan Scientific and Adventure Tourism Center-Kalavan, Gegharkunik Marz
- Bjni Mineral Water Source Bjni, Kotayk
 Marz
- Lori Hiking Trail-Lori Marz

INNOVATION IN TOURISM

- Digital Museum Metsamor-Metsamor, Armavir Marz
- Sayat Nova Augmented Reality-Haghpat, Lori Marz

PRIVATE PARTNERSHIP PROJECTS

- Rafting in Lori-Akhtala, Lori Marz
- Fairy Tale House Pambak, Lori Marz
- Pottery House Sanahin, Lori Marz
- Debed Workation and Co-living house-Debed, Lori Marz
- Immortelle Oil Extraction and Spa-Byurakan, Aragatsotn Marz
- Byurakan Studio Byurakan, Aragatsotn
 Marz
- Yengoyan Carpet Factory and Museum-Karmirgyugh, Gegharkunik Marz

- Cheese Cellar Mikayelyans' Family Farm-Artsvakar, Gavar, Gegharkunik Marz
- Yeramak Horseback Riding Center -Drakhtik, Gegharkunik Marz
- Apitherapy Center Martuni, Gegharkunik Marz
- Pottery Center-Bjni, Kotayk Marz
- Tuff Art Guesthouse- Pemzashen, Shirak
 Marz
- Eco Home Guesthouse -Garnarich, Shirak Marz
- Sargsyans' Guesthouse- Mets Sariar, Shirak Marz
- Stone Lake Adventure Park-Hovk, Tavush Marz
- Yenokavan Glamping- Yenokavan, Tavush Marz
- Tonir Wedding Village-Vaghatin, Syunik Marz





