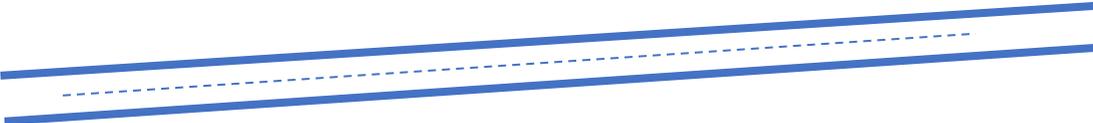
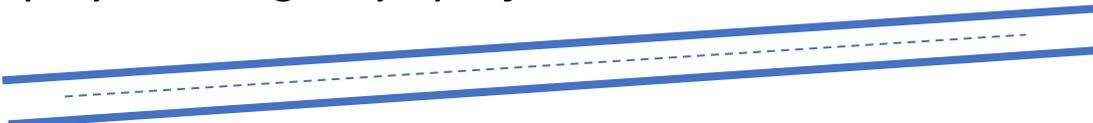


Arbetsförmedlingen  
The Swedish Public Employment Service

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*Pre-Study on value chains in Aragatsotn and Shirak  
Marzes for the  
“Strengthening current and future employment and self-  
employment programmes through sustainable value  
chain management systems under the Migration  
Resource Centres and Local Centres of the State  
Employment Agency” project*



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## ABBREVIATIONS

CIM	Centre for International Migration and Development
ENPARD	European Neighbourhood Programme for Agriculture and Rural Development
HEI	Higher Education Institution
ICARE	International Center for Agribusiness Research and Education
ILCS	Integrated Living Condition Survey
NICARM	National Information Centre for Academic Recognition and Mobility
NSS	National statistical service of RA
RA	Republic of Armenia
SME DNC	Small and Medium Entrepreneurship Development National Center

## 1. INTRODUCTION

Within the scope of Pre-Study on value chains in Aragatsotn and Shirak Marzes for the “Strengthening current and future employment and self-employment programmes through sustainable value chain management systems under the Migration Resource Centres and Local Centres of the State Employment Agency” project, research team of International Center for Agribusiness Research and Education (ICARE) Foundation investigated economic development opportunities in Aragatsotn and Shirak regions and the skills that migrants and potential migrants in the regions should possess to successfully get involved in labor market in their region and in Armenia in general. For the implementation of strategies that will promote business development and self-employment in the regions with the aim of lowering the rates of migration in the regions the following steps/working packages were carried out by ICARE research team:

- Secondary data analysis with the purpose of assessing business environment and legislative framework in Armenia.
- In-depth interviews and focus group discussions for assessing the potential of value chains and cluster development in selected regions

The study mainly focused on identification and development of opportunities in the regions of Shirak and Aragatsotn that the migrants and the potential migrants need to have to be able to get involved in the labor market in Armenia, or rather in own region.

## 2. SOCIAL-ECONOMIC ANALYSIS OF SELECTED REGIONS

### ARAGATSOTN REGION

#### *General Information*

Aragatsotn region occupies the northwestern part of Armenia and covers an area of 2,756 km<sup>2</sup> (9.3% of the total area of Armenia). It has internal borders with Shirak region from the north, Lori region from the northeast, Kotayk region from the east, Armavir region from the south and the city of Yerevan from the southwest. Yerevan-Ashtarak-Talin part of strategically important North-South highway passes through the Aragatsotn region.

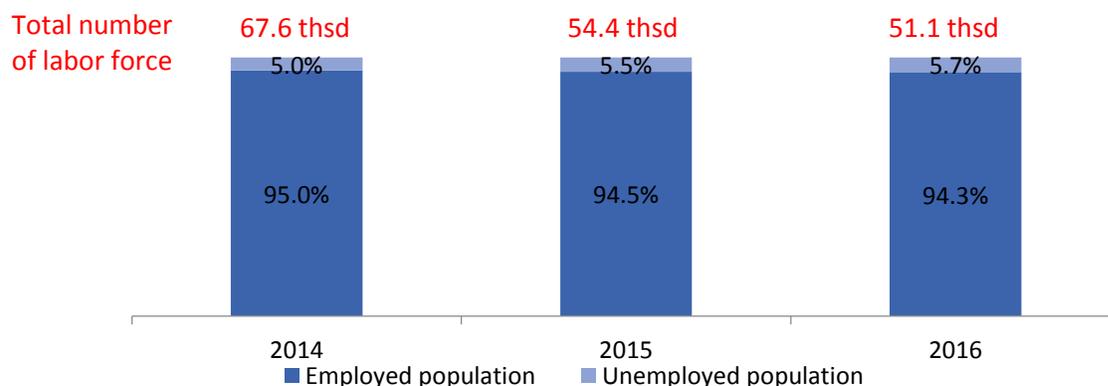


#### *Social conditions*

*Population:* As of January, 2017 Aragatsotn region has a population of 128.5 thousand (22% urban, 78% rural) forming around 4.3% of the entire population of Armenia.

*Economically active population (labor force)<sup>1</sup>:* According to the National Statistical service of RA, total number of economically active population has a decreasing trend over the last years (total number decreased by 24% in 2016 compared to that in 2014). In 2016, the share of unemployed population in total labor force (unemployment rate) was 5.7% (see Graph 1 for details).

**Graph 1. Breakdown of employed (formal employment) and unemployed population in total labor force in Aragatsotn**



Source: National Statistical Service of RA. Labor market, 2017

<sup>1</sup> National Statistical Service of RA defines *economically active population (labor force)* as a group of employed and unemployed population at the age of 15-75 years old.

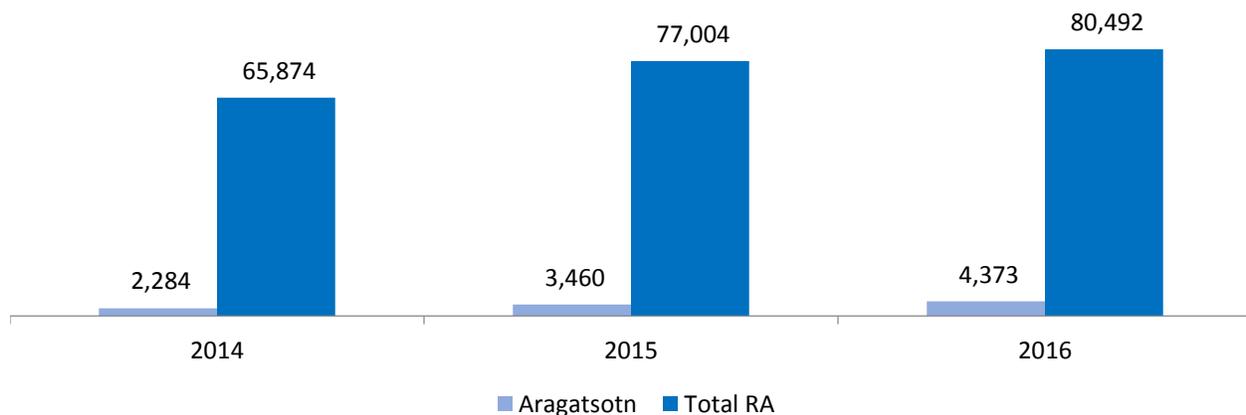
Moreover, the share of formal employment in agriculture sector comprises 37.2% in 2016 and 40.9% in 2015.

The picture is different in case of informal employment. As of 2016, in case of formal employment, about 40% of employed population was working in agriculture sector, in case of informal employment 66% (28.6 thousand people) of informally employed population was working in agriculture sector. However, it is worth to mention, that the total number of informal employment decreased by 10.4% (or 3.3 thousand people) in 2016 compared to that in 2015.

Salary level in Aragatsotn has been on rise during last years. According to the official statistics published by National Statistical Services (NSS) of RA, monthly average nominal salary level in 2016 reached about 115,549 AMD, which increased by about 3.4% compared to 2014. Obviously, in nominal terms the increase in salary levels in Aragatsotn region is observed, but the change might be very negligible considering the rate of inflation.

**Officially registered unemployed population:** According to the State Employment Agency of the RA officially registered unemployed population in Aragatsotn region comprised of 5.4% of total officially registered unemployed population in the country. Total number of officially registered population in Aragatsotn region has an increasing trend: total number increased by 91.5% (or 2,089 people) in 2016 compared to 2014.

**Graph 2. Official registered unemployment in Aragatsotn region and Armenia in total**



Source: RA State Employment Agency, National Statistical Service of RA. Labor market, 2017

**Poverty:** In general, poverty level (16.1%, out of which 0.4% was extremely poor) in Aragatsotn region was lower than country average (29.8%) in 2015<sup>2</sup>. 16.1% of the region's population was below the upper poverty line of AMD 41,698. The decrease of poverty level was recorded in Aragatsotn by 2.6% in 2015 compared to 2014 (NSS, food security and poverty, 2017).

**Migration:** The main source of information on migration is the Integrated Living Conditions Survey (ILCS) conducted by National Statistical Service of RA, which enables to derive

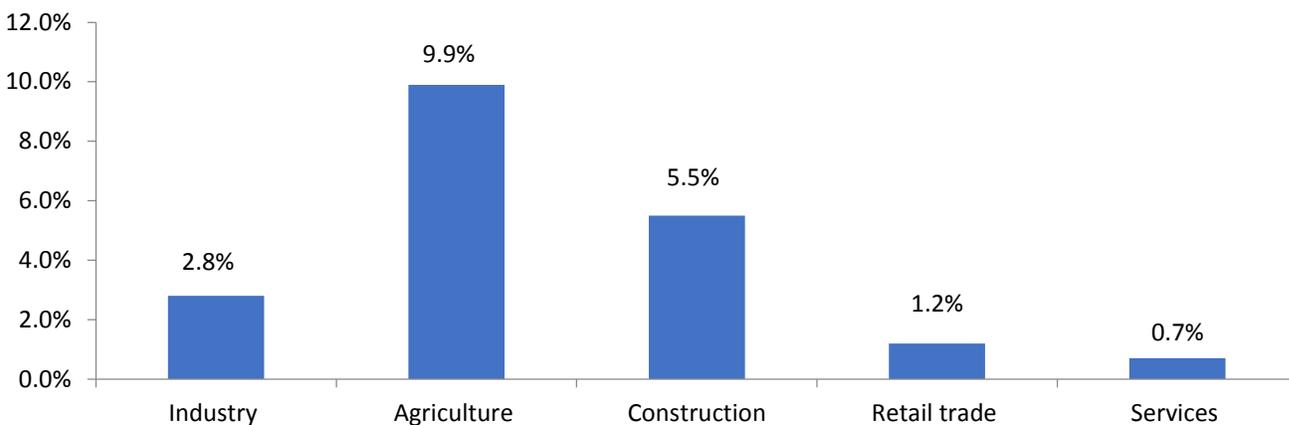
<sup>2</sup> Information on poverty level in 2016 has not been officially published yet.

information on household members of the age of 15 and over who were involved in migration processes in 2012-2015. According to the Integrated Living Conditions Survey (ILCS) 2015 survey findings, Aragatsotn region share in number of non-returning migrants from Armenia was 7.2%. However, the picture is different in case of household members, who have migrated and returned: the proportion of the returning migrants from Aragatsotn region in the total number of returning migrants from Armenia was only 0.5% (NSS, 2016).

### Economic Conditions

In 2016, in Aragatsotn region the value added by main sectors of the economy within total volume of corresponding sectors in Armenia is presented below:

**Graph 3.** Value added by main sectors of the economy as a percent in total value of corresponding sectors in Armenia.



Source: National Statistical Service of RA. *Regions of the Republic of Armenia and Yerevan city in figures, 2017*

**Agriculture:** The economy of the region is mainly based on agriculture, including plant growing (52.3% of total agriculture production in region) and cattle breeding (47.7% of total agriculture production in region). According to National Statistical Service of RA, the gross Agriculture production has been fluctuating over the last 5 years; it increased by 16.3% in 2015 compared to 2012 and decreased by 13% in 2016 compared to 2015. Approximately 79.2% (218,218.8 ha) of the total area of the region is agricultural land, including arable land (24.8% of total agriculture land) (NSS, 2017). It is worth to mention that sown areas under grains, leguminous crops, potatoes and vegetables was increasing year by year over the last 5 years, which indicates that there is a development perspective in the region. Moreover, planting areas of grapes, berries and fruits have remained stable over the last 5 years, however geographic area and climatic condition allows development of this sector in the region.

**Industry:** Aragatsotn has poor industrial structure compared to other provinces in Armenia. It's share in the annual total industrial production of Armenia was only 2.8 % in 2016. The existing industrial firms are mainly based on food-processing, dairy production, production of alcoholic beverages, bottled water, and building materials.

**Services:** Service sector contribution of Aragatsotn region was only 0.7% of total annual volume of the services produced in Armenia in 2016. Although the share is quite low, but this is one of the promising sectors in the region that has high development potential. Aragatsotn is one of the regions that is very conveniently located by the capital and it takes just about 30 minutes to get from Yerevan to Ashtarak – regional center of Aragatsotn. Specific food, availability of fruit orchards, and wine production in the region can contribute to development of culinary and wine tourism, while historical monuments, such as Amberd, Oshakan, and hiking and skiing sights, such as mount Aragats and Byurakan can attract active tourists.

## SHIRAK REGION

### *General Information*

Shirak region is situated in the northwestern part of Armenia and covers an area of 2,680 km<sup>2</sup> (9% of total area of Armenia). It has borders with Lori region from the east, Aragatsotn region from the south, Turkey from the west and Georgia from the north. The main railway and automobile highways connecting Armenia with Georgia pass through the region territory. The region has 3 urban (Gyumri, Artik, Maralik) and 116 rural communities.

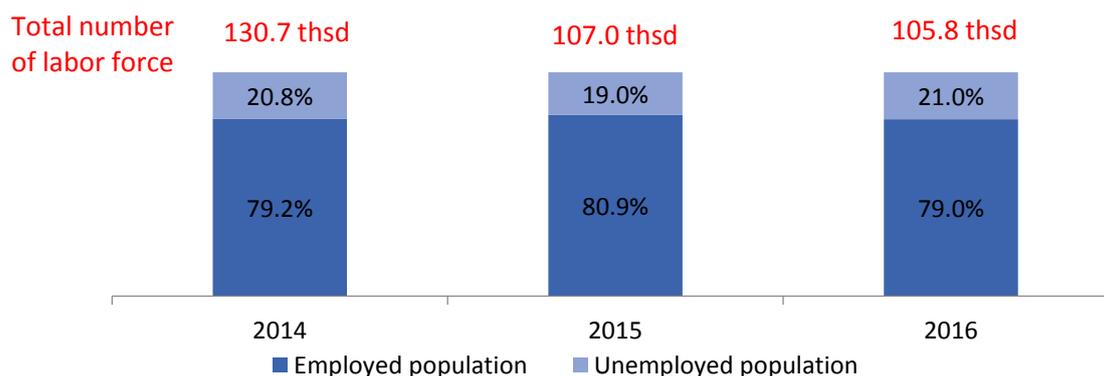


### *Social conditions*

**Population:** As of January, 2017 Shirak region has a population of 239.3 thousands (58.5% urban, 41.5% rural) forming around 8% of the entire population of Armenia.

**Economically active population (labor force)<sup>3</sup>:** According to the National Statistical service of RA, total number of economically active population had a decreasing trend during last years (total number decreased by 19% in 2016 compared to 2014). In 2016, the share of unemployed population in total labor force (unemployment rate) comprised 21.0% (see Graph 4 for details).

### **Graph 4. Breakdown of employed (formal employment) and unemployed population in total labor force in Shirak**



Source: National Statistical Service of RA. Labor market, 2017

Moreover, the share of formal employment in agriculture sector was 47.7% in 2016 and 50.9% in 2015.

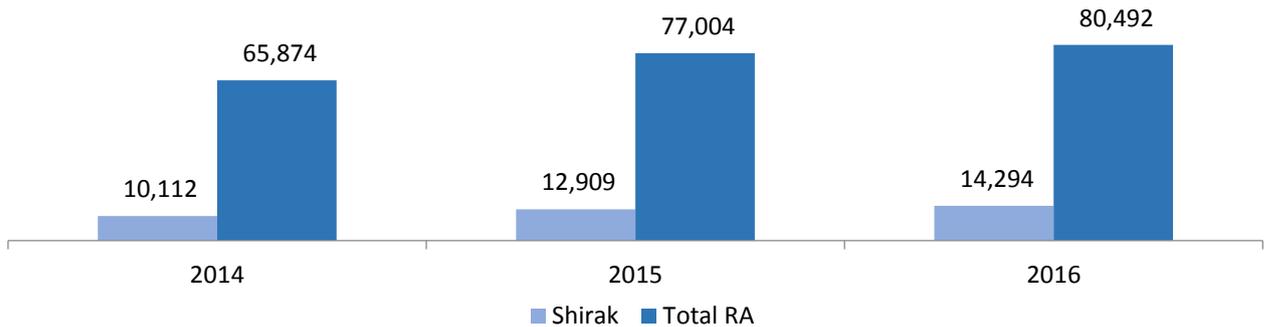
The picture is different in case of informal employment; if in case of formal employment, half of employed population was working in agriculture sector, in case of informal employment, 91% (45.3 thousand people) of informally employed population was working in agriculture sector in 2016. However, it is worth to mention, that the total number of informal employment decreased by 16.6% (or 9 thousand persons) in 2016 compared to 2015.

<sup>3</sup> National Statistical Service of RA defines *economically active population (labor force)* as a group of employed and unemployed population at the age of 15-75 years old.

Just as that in Aragatsotn, the salary level in Shirak was also increasing during the last years. According to the official statistics published by National Statistical Services (NSS) of RA, the monthly average nominal salary level in 2016 reached about 128,953 AMD, which assumes the increase of about 11.3% compared to 2014. Obviously, real salary is much lower because the inflation rate is high. Hence, here as well the change in salary level might be very negligible considering the rate of inflation.

**Officially registered unemployed population:** According to the State Employment Agency of RA officially registered unemployed population in Shirak region comprised of 17.8% of total officially registered unemployed population in RA. Total number of officially registered population in Shirak region has an increasing trend: total number increased by 41.4% (or 4,182 people) in 2016 compared to 2014.

**Graph 5. Officially registered unemployment in Shirak region and Armenia in total**



Source: RA State Employment Agency, National Statistical Service of RA. Labor market, 2017

**Poverty:** In general, poverty level (45.3%, out of which 3.9% were extremely poor) in Shirak region was significantly different from country average (29.8%) in 2015<sup>4</sup>. The increase of poverty level recorded in Shirak was 1.1% in 2015 compared to that in 2014 (NSS, food security and poverty, 2017).

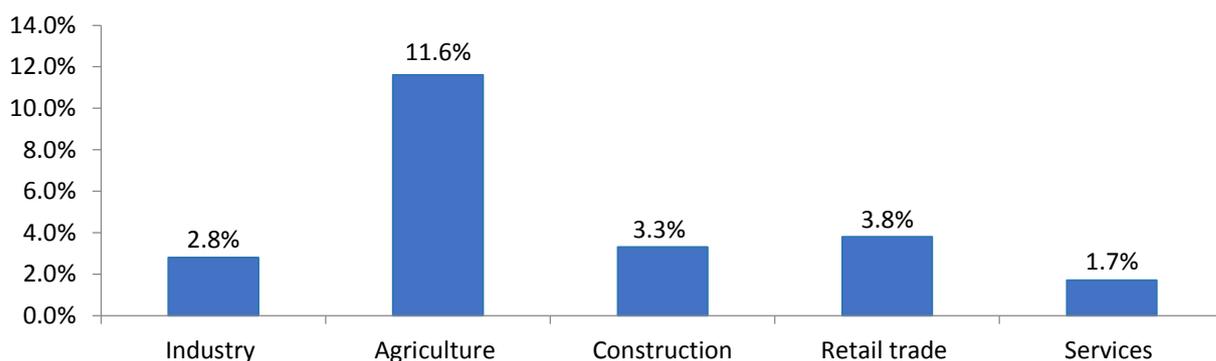
**Migration:** According to the ILCS 2015 survey findings, Shirak region's share in number of non-returning migrants from Armenia was 18.5%. The proportion of the returning migrants from Shirak region in the total number of returning migrants from Armenia was 10.3% (NSS, 2016), which is much higher compared to the Aragatsotn region.

### Economic Conditions

In 2016, in Shirak region the value added by main sectors of the economy within total volume of corresponding sectors in Armenia is presented below:

<sup>4</sup> Information on poverty level in 2016 has not been officially published yet.

**Graph 6. Value added by main sectors of the economy in Shirak region as a percent in total value of corresponding sectors in Armenia.**



Source: National Statistical Service of RA. Regions of the Republic of Armenia and Yerevan city in figures, 2017

**Agriculture:** Here as well the economy of the region is mainly based on agriculture, including plant growing (49.9% of total agriculture production in region) and animal husbandry (50.1% of total agriculture production in the region). According to National Statistical Service of the RA, the gross agriculture production has an increasing trend (it increased by 8.2% in 2016 over the last 5 years) in the region. Approximately 78.7% (210,939.7 ha) of the total area of the region is agricultural land, including arable land (37.05% of total agriculture land) and pastures (53.16% of total agricultural land) (NSS, 2017). According to the Regional Governor's office of Shirak, about 91% of arable land (70,765 ha) is currently cultivated.

Shirak plain is the largest producer of grains, vegetables and potato in Armenia. It is worth to mention that sown areas under grains, leguminous crops, potatoes and vegetables have gradually increased during the last 5 years. The irrigation system in Shirak plain is highly developed; it includes 9 water reservoirs of different sizes (with a total capacity of 673.1 million cubic meters), main canals (163.9 km of total length), inter-community canals (300.1 km), as well as in-community canals and irrigation pipelines. All these have a capacity to irrigate around 29.1 ha of farmlands. Akhuryan reservoir (with total capacity of 526 mln m<sup>3</sup>), Arpi lake-reservoir and Mantash reservoir located in the Shirak region are of great importance in terms of irrigation (Development strategic plan of Shirak region, 2017).

**Industry:** During the Soviet period, industrial sector was highly developed in Shirak region. However, it drastically declined after the independence. Total volume of industrial output in Shirak region was about 40 billion AMD in 2016, which makes up 2.8% of total industrial production of Armenia. The leading branches of industry of Shirak region in 2016 were manufacturing (including food, beverage, and textile production) and mining. Shirak is the largest producer of building materials in Armenia, mainly tuff stones and pumice.

**Services:** In 2016 the share of Shirak region in total volume of services produced in Armenia was 1.7%. Hospitality sector is quite developed in Gyumri area that is located mid-way to the Georgian border and can host travelers on their way to neighboring country. There is a high development potential in local tourism as well – Lake Arpi national park and Dashtadem fortress are very inviting for local tourists. With the establishment of Technopark and Tumo center in Gyumri, there is also high development potential of the IT sector in Shirak region.

## ANALYSIS OF STRENGTHS AND WEAKNESSES OF THE REGION

### Aragatsotn region

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Favorable natural conditions for development of agriculture</li> <li>- Developing tourism sector</li> <li>- Location near Yerevan city</li> <li>- High level of economically active population</li> <li>- Low level of poverty</li> <li>- Developed inter-regional highways</li> <li>- North- South highway passes through the region</li> <li>- High level of education</li> </ul>	<ul style="list-style-type: none"> <li>- Presence of land slides</li> <li>- Depreciation of agricultural machinery (which results in low level of productivity of the sector)</li> <li>- Depreciation of irrigation system</li> <li>- Insufficient number of anti-hail stations</li> <li>- Low level of industrial production</li> </ul>

### Shirak Region

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Has state border with Georgia</li> <li>- Developed inter-community highways and in-community roads</li> <li>- Presence of air transportation</li> <li>- Presence of manufacturing enterprises</li> <li>- Increasing trend of agricultural production</li> <li>- Presence of reservoirs, developed irrigation system</li> <li>- High level of education among young population</li> <li>- Developing textile and sewing industry</li> <li>- Developing IT industry</li> <li>- Developing animal husbandry in the region</li> </ul>	<ul style="list-style-type: none"> <li>- Located in mountainous zones - has long and cold winters</li> <li>- about 40% of agricultural land has different level of erosion due to unfavorable climatic condition and uncoordinated usage</li> <li>- Shortage of water supply in Artik</li> <li>- High level of poverty</li> <li>- High level of unemployment</li> <li>- Ineffective waste management in manufacturing organizations</li> </ul>

### 3. MIGRATION SITUATION IN ARMENIA

Existing migration statistics in the Republic of Armenia is insufficient and outdated. There are different studies on the estimates of the amount of people, who left the country; however, these are not very accurate in terms of estimating the exact migration data.

In general, two types of immigration can be pinpointed in RA (Yeghiazaryan et al, 2003):

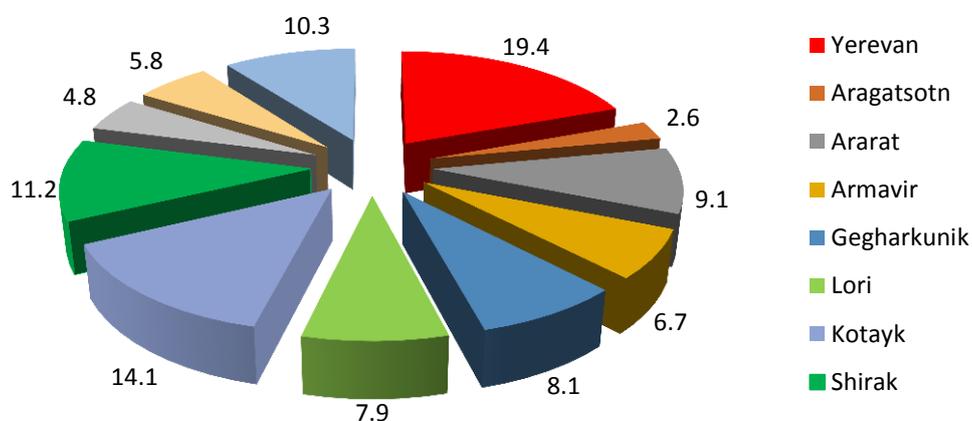
1. Seasonal migration – people, who are temporary working in other countries, mostly in construction sector,
2. Permanent migrants leaving the country to settle down abroad, mainly in the USA and Russia.

The migration from Armenia, mainly from Shirak region was intensified after the earthquake in December 1988, which contributed to the biggest wave of migration from Armenia. The second wave took place during the Nagorno-Karabakh conflict (Yeghiazaryan et al, 2003). In addition to that, migration increased after the collapse of Soviet Union and declaration of independence in 1991 and was a result of economic crisis and tremendous cuts in household incomes, which worsened living conditions. Nowadays, migration tendencies in the country are still apparent.

Most recent reliable piece of information on migration situation in Armenia can be found from the “Report on the household survey on Migration in Armenia” developed by International Labour Organization and National Statistics Service of Armenia in 2014. This was the most comprehensive study on the topic and was conducted by surveying 7890 households. The sample size provided data that was representative not only on the national level but at the level of administrative units (regions) of Armenia.

According to the study, about 12.8% of the total interviewed household members had been a part of one or more migration trips taken after 2007 (IOM, 2014). From the study, we can obtain a more distinct background on the regional distribution of migrants (See Graph 7).

**Graph 7. Household members with a migration trip for 3 or more months (since 2007) by marz**



Source: ILO, “Report on the household survey on Migration in Armenia”, 2014

Study revealed that capital city of Yerevan had the largest migration rate (19.4%), while the smallest was recorded in Aragatsotn region. Migration rate was very large in Kotayk region (14.1%) and Shirak region (11.2%).

According to the same study, about 55.8 % of the household members that travelled with the intention of migrating in the period of 2007- 2013 did so in search of/ because of a job, 30.1% due to family reasons (marriage), 10.2 % to take up permanent residence, 3.2 % for education or study reasons and 0.7 % due to reasons of forced migration (ILO, 2014). Study findings showed, that about 90.6% of households members migrated to Russian Federation, 4.1% to EU countries (Germany, Belgium, France, Poland, etc.) and 5.3% to other countries (ILO, 2014).

According to the study conducted by the International Centre for Migration Policy Development (ICMPD) in the scope of the EU-funded “Support to Migration and Border Management in Armenia” project, involvement of households of the RA in migration processes (migrants staying overseas, returned migrants or both) has decreased from 33,8% in 2015 to 31,6% in 2016. According to the same study, about 58% of households who receive remittances from abroad and 47 % of returned migrants do not even think to make business investments in the home country. About 35% of returned migrants do have the willingness to invest in business. In addition, only 3.6% have in fact made an investment, mainly in agriculture, construction, trade and repair/maintenance (ICMPD, 2016).

According to the 2015 Integrated Living Condition Survey (ILCS) in Armenia conducted by National Statistical Service of RA, about 5.3% of households had members of the age 15 years and above who were involved in external and internal migration processes over the period of 2012- 2015. Among those 55.6% were still absent from the household as of 2015, 41.0% had returned home, and 3.4% had arrived at the given location for the first time (NSS, 2016). Breakdown of that data by Yerevan city and regions is presented in table below.

**Table 1. Household Members of Age 15 and Above Involved in Migration Processes over 2012-2015.**

	Involvement in migration processes			Total
	Have migrated and have not returned	Have migrated and returned	Arrived at the location for the first time	
<b>Yerevan</b>	16.1	28.3	62.9	<b>21.3</b>
<b>Aragatsotn</b>	7.2	0.5	0	<b>4.4</b>
<b>Ararat</b>	7.2	10	12.1	<b>8.4</b>
<b>Armavir</b>	7.7	1	0	<b>4.8</b>
<b>Gegarkunik</b>	8.8	14.7	0	<b>11.3</b>
<b>Lori</b>	16.2	12	7.8	<b>14.4</b>
<b>Kotayk</b>	9	13.4	12.9	<b>10.9</b>
<b>Shirak</b>	18.5	10.3	0	<b>15</b>
<b>Syunik</b>	2.4	0.3	0	<b>1.5</b>
<b>Vayots Dzor</b>	2.7	2.5	0.7	<b>2.6</b>
<b>Tavush</b>	4.2	7	3.6	<b>5.4</b>
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: NSS, Integrated Living Condition Survey in Armenia, 2015

## 4. STUDY FINDINGS

### RESEARCH METHODOLOGY

*In-depth interviews:* The study was conducted in Aragatsotn and Shirak regions. Total of 46 communities (26 from Shirak region, 21 from Aragatsotn region) were involved in the study. In-depth interviews were conducted with community heads/representatives. The list of communities is presented below:

**Table 2. List of communities included in the study**

	Shirak			Aragatsotn			
1	Musayelyan	14	Sarapat	1	Talin	14	Agarak
2	Beniamin	15	Amasia	2	Nerqin Bazmaberd	15	Aragatsotn
3	Lusakert	16	Horom	3	Mastara	16	Ashtarak
4	Kamo	17	Hayrik	4	Davtashen	17	Antarut
5	Gusanagyux	18	Azatan	5	Yeghnik	18	Kosh
6	Arevik	19	Shirak	6	Verin Masnashen	19	Ujan
7	Qeti	20	Meghrashen	7	Katnaghbyur	20	Arutch
8	Akhuryan	21	Mayisyan	8	Dashtadem	21	Nor-Amanos
9	Ashotsq	22	Atgabats	9	Kaqavadzor		
10	Arapi	23	Panik	10	Garnahovit		
11	Hayrenyats	24	Lanjik	11	Agarakavan		
12	Dzorakap	25	Nor Kyanq	12	Ashnak		
13	Basen			13	Byurakan		
<b>Total 46 interviews with community heads/representatives</b>							

Two indicators were considered while selecting the communities: the proximity of a given community to the South-North highway, and the high levels of migration in a given community.

In addition, representatives from Regional Governor's office of Shirak and Aragatsotn were interviewed (2 interviews in total).

Besides, interviews were conducted with international and State organizations that have implemented migration related and development projects in the target regions. 2 representatives of World Vision Armenia (heads of offices in Aragatsotn and Shirak regions), deputy minister of territorial administration and development, and a head of migration division of the State Employment Agency were interviewed. In addition, in the scope of the project, different local and international organizations were contacted in order to validate the main findings of data collected.

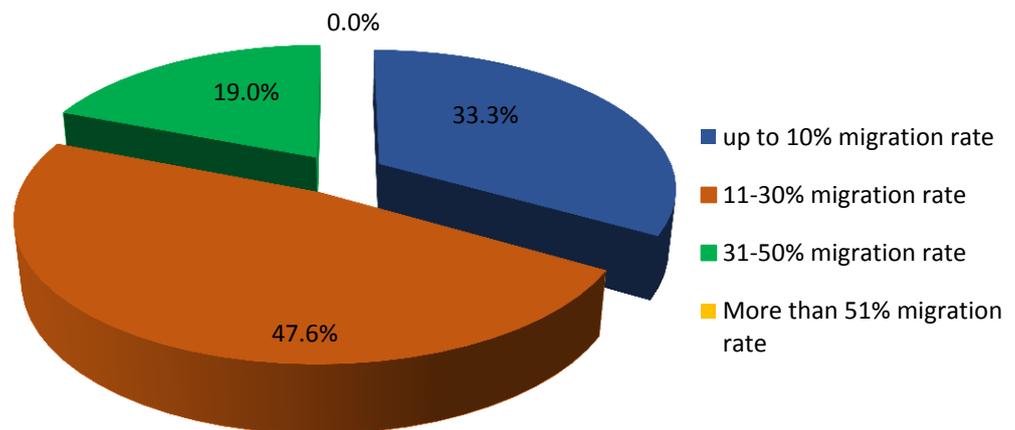
*Focus group discussions:* Two focus group discussions with past and possible migrants, as well as people who already have or are planning to establish own business in Shirak and Aragatsotn regions were organized (1 group discussion per region). Total of 13 participants took part in group discussions (7 in Shirak region, 6 in Aragatsotn).

***Current migration situation in the communities***

Existing migration statistics in the Republic of Armenia tend to be scarce and outdated. The scarcity of current data in the country, particularly accurate administrative data on community level, made the research team include migration related questions in the questionnaire of the current study. This was not a representative survey on regional level; however it allows getting some qualitative information on migration situation in communities included in the study.

According to the representative of the Regional Governor’s office (Marzpetaran) of Aragatsotn during the last 3 to 5 years about 6.5% of region’s population has migrated. Main migration direction (about 70% of all migrants) was Russian Federation. The migration rate is fluctuating from 1% to 50% of total population in the communities of the region. 33.3% of communities included in the survey had up to 10% migration rate for the last 3-5 years, while about 47.6% of interviewed communities had 11%-30% migration rate (for details see Graph 8).

**Graph 8. Share of communities included in the study by the migration rate, %**



*Source: Primary data collection*

The main destination for the Armenian migrants is Russian Federation, a country that is close to Armenia geographically, economically and strategically, has big cities with growing economy, and provides visa-free entry regime for the Armenians. In addition to that, a small proportion migrated to Europe, mainly Germany (up to 10%), Belgium (up to 10%), France (up to 10%), and other countries.

According to the representative of the Regional Governor’s office (Marzpetaran) of Aragatsotn about 6% of the region’s population has intended to migrate during next years. However, a very different picture was recorded during interviews on the community level; the proportion of those, who mentioned that people in their respective communities intend to migrate during next years almost added up to 90% of total community representatives surveyed. The average rate of people, who intend to migrate was mentioned to be between 5 to 30 % of entire population of

those communities. Moreover, representative of 1 community (Arutch, Aragatsotn region) forecasted that there will not be a migration in their community during next years.

Based on educational status and skills, the migrants from selected communities can be divided into at least four categories:

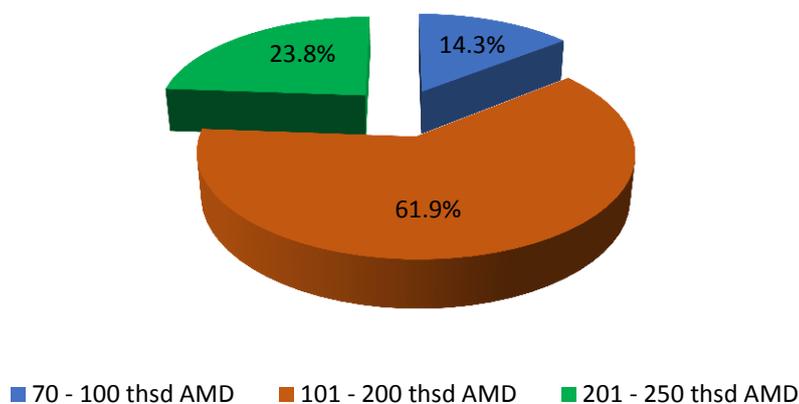
1. People with higher education (doctors, accountants, economists, teachers, etc.)
2. Construction specialists (education level varies)
3. Laborers with vocational education
4. Migrants without any specialization or low-skilled migrants engaged in agriculture.

It is worth to mention, that 100% of respondents mentioned that migrants in their communities are mainly working in construction sector in the hosting country. In addition to that, about 60% mentioned that migrants are working in service sector as well. A small proportion of the respondents mentioned about migrants working in transportation and health sector.

Financial remittances, which are received by migrants' families, nowadays have become an important way to improve the socioeconomic situation of many households. Representatives of all communities mentioned that financial remittances sent by migrants of their communities are primarily used for household spending (including bills payment, spending on foods, etc.) and/or loan payments. 14% of respondents mentioned that remittances are used for acquisition of furniture/equipment, and a representative of only 1 community (Mastara) mentioned that financial remittances are used as an investment in business.

The reasons for migrating from RA are mainly economic. In general, the main reason for migration was the absence of employment opportunities in the community or the unsatisfactory amount of remuneration received from their current job. According to the findings of this study, majority of the respondents (62% of interviewed community representatives) indicated that a stable income of 100-200 thousands AMD per month per person will be a good reason for potential migrants not to leave the community (See Graph 9).

**Graph 9. Share of communities and income needed to remain in the home country**



Source: Primary data collection

It can be inferred that opening new workplaces that will provide sufficient remuneration may result in decreased migration rate in communities.

In the scope of the project, local and international organizations were also studied to find out the projects implemented by them aimed at decreasing migration and increasing employment opportunities (detailed list of projects by local and international organizations identified during secondary data collection is presented in the **Section 6** of this report). According to the study, more than 50% (12 communities) of respondents mentioned that there are no any international/local projects implemented in their communities. Meanwhile, names of some organizations were mentioned by representatives of some communities, particularly:

- Diakonia charitable foundation has created 7 workplaces in Talin,
- “Kasa” Swiss humanitarian foundation has implemented a project related to the youth development,
- Several organic agriculture related grants were provided in the scope of OASI project funded by Austrian Development Agency in Ashtarak. With the help of OASI project, production of peas, lentil, flax, buckwheat and wheat are experimented in Talin community.
- Asian Development Bank has installed irrigation and potable water system in Arutch, which supported increased engagement in agriculture.

In addition, World Vision Armenia has implemented several projects in the Aragatsotn region, namely:

- “Astgh-Kat” Agriculture cooperative (dairy production) was established in Tsamaqasar community
- “KAYM” raspberry producers group was established in Irind Community,

According to respondents, all mentioned projects were successfully implemented in the communities.

### ***Competitive advantage of the region***

Aragatsotn region has competitive advantage in tourism sector, manufacturing of agricultural products and wine production. The description of competitive advantage by communities is presented in Table 3:

**Table 3. Competitive advantage of communities, Aragatsotn region**

<b>Community</b>	<b>Competitive advantage of the community</b>
<b>Talin</b>	Low cost labor, geo-location, availability of roads, climatic conditions
<b>Nerkin Bazmaberd</b>	High level of education of the population
<b>Mastara</b>	Availability of interstate roads, fertile lands
<b>Davtashen</b>	Geo-location, availability of transportation, human resources, fertile lands for cultivating grain and forage

<b>Yeghnik</b>	Availability of quarry and former industrial buildings
<b>Verin Sasnashen</b>	Availability of fertile pastures for development of animal husbandry, orchards for development of processing industry
<b>Katnaghbyur</b>	Being close to the administrative center, Yerevan city, former districts. Availability of fruit orchards (apricot, apple, plum), animal breeding
<b>Dashtadem</b>	Wide opportunities for horticulture and cultivation of vegetable crops
<b>Kakavadzor</b>	Availability of a quarry
<b>Garnahovit</b>	Milk and meat production, potato cultivation, presence of historical and cultural items
<b>Agarakavan</b>	Climatic conditions, natural resources: fertile lands
<b>Ashnak</b>	Fruit (apricots) growing, availability of industrial buildings
<b>Byurakan</b>	Opportunity for producing Eco-friendly fruits and vegetables
<b>Agarak</b>	Low transportation costs to main markets, climatic conditions, historical and cultural locations, experience in vegetable production
<b>Aragatsotn</b>	Presence of vineyards
<b>Ashtarak</b>	Geographical location, transportation networks, climatic conditions, well educated population, development of infrastructure for leisure
<b>Antarut</b>	Geo-location (having forests)
<b>Kosh</b>	Geo-location, fertile lands, experienced population in community, dairy production and processing
<b>Ujan</b>	Geo-location, fertile lands
<b>Aruch</b>	there is no advantage
<b>Nor Amanos</b>	fertile lands

Findings of this study show, that employment opportunity is high in agriculture sector (including animal husbandry, fruits and vegetables production, crop production) in majority of communities (85.7% or 18 communities). In addition, representatives of 6 communities (or 28.5% of total communities included in the survey) mentioned that employment opportunities are high in industry sector, particularly in manufacturing industry. Representatives of 3 communities (Yeghnik, Kaqavadzor, Antarut) indicated, that employment opportunities exist in mining industry, particularly in manufacturing of stones. In addition to that, employment opportunities are there in education sector (47.6 % of communities), service sector, and health sector.

About 42.8% of respondents stated that development of agriculture will increase employment rate and decrease migration in their community. Next frequently mentioned sectors was industry, including manufacturing and processing (for details see table 4).

**Table 4. Sectors contributing to the increase in employment rate and decrease in migration in the communities of Aragatsotn region**

<b>Community</b>	<b>Sectors contributing to the increase in employment rate and decrease in migration</b>
<b>Talin</b>	Industrial sector - manufacturing (diamond cutting), agriculture
<b>Nerkin Bazmaberd</b>	Industrial sector
<b>Mastara</b>	Establishment of agriculture, processing industrial plants, tourism
<b>Davtashen</b>	Agriculture

<b>Yeghnik</b>	Animal husbandry, manufacturing
<b>Verin Sasnashen</b>	Agriculture, animal husbandry, processing industry
<b>Katnaghbyur</b>	Agriculture, processing industry, tourism
<b>Dashtadem</b>	Fruit and vegetable processing, milk and dairy production
<b>Kakavadzor</b>	Agriculture
<b>Garnahovit</b>	Manufacturing, shoemaking and sewing, tourism development
<b>Agarakavan</b>	Manufacturing, sewing, shoemaking, establishment of farm households, tourism development
<b>Ashnak</b>	Agriculture, processing industry
<b>Byurakan</b>	Processing industry, tourism
<b>Agarak</b>	Processing of agricultural raw materials: dryer, refrigerator, tourism, service
<b>Aragatsotn</b>	Agriculture, animal husbandry
<b>Ashtarak</b>	Processing industry, service, catering /hotel/, scientific production, tourism
<b>Antarut</b>	Culture, tourism and recreation
<b>Kosh</b>	Processing industry, processing of fruits and grapes, agriculture-horticulture
<b>Ujan</b>	Agriculture, processing of fruits, establishment of production units, establishment of greenhouse farms
<b>Aruch</b>	-
<b>Nor Amanos</b>	Animal husbandry

In the scope of this study, information on sector development was collected and analyzed and is summarized below:

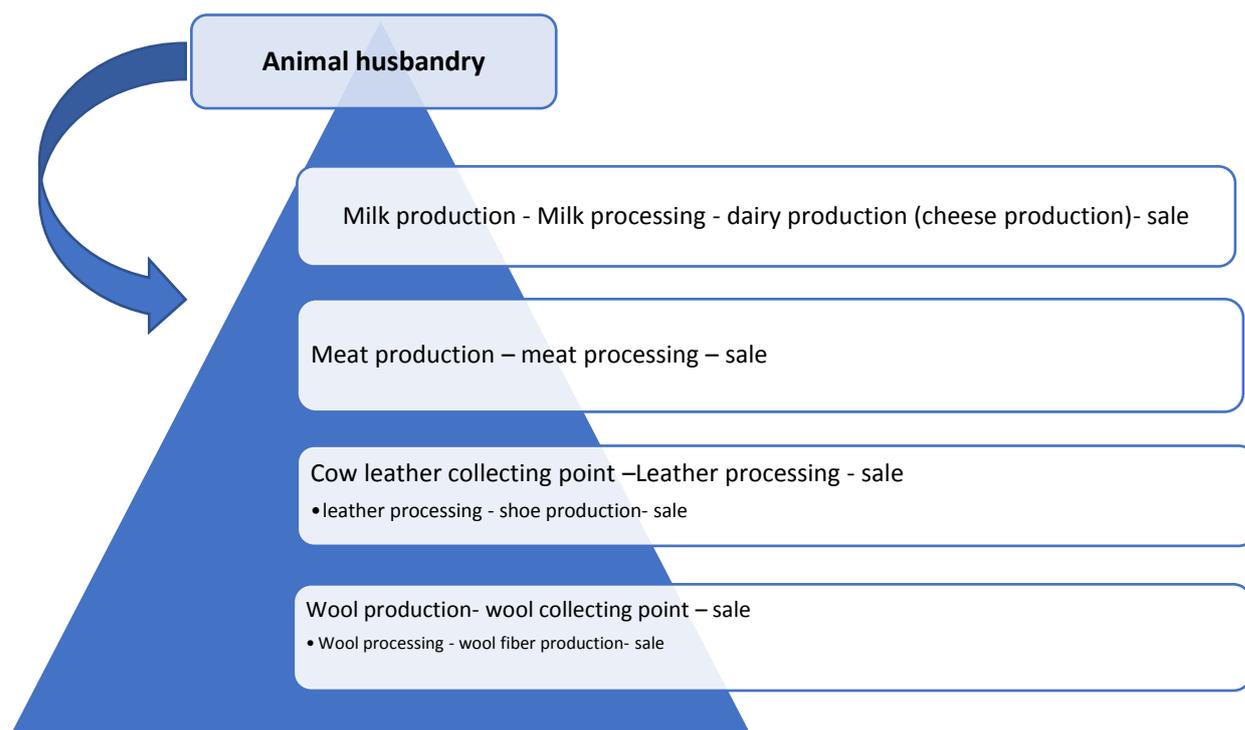
- *Development of industrial sector* - renovation and relaunch of former industrial buildings, acquisition of new equipment/machine tools, professional trainings in wine and dairy production, establishment of new enterprises for organic fruit production, establishment of cool storage and fruit drying equipment (Agarak community), establishment of new orchards, acquisition of high-breed cattle (Dashtadem community)
- *Development of agricultural sector* – establishment/renovation of irrigation systems, acquisition of machinery/equipment, establishment of milk collection point (Aragatsotn community),
- *Development of tourism sector* – establishment of hotel/hostel networks, availability of transportation, enhancement of professional qualification of serving staff, renovation of community roads

It is worth to mention, that establishment/renovation of irrigation systems for development of agriculture sectors is a vital issue in majority of the communities (38.1% or 8 communities included in the study).

## *Potential value chains in the communities*

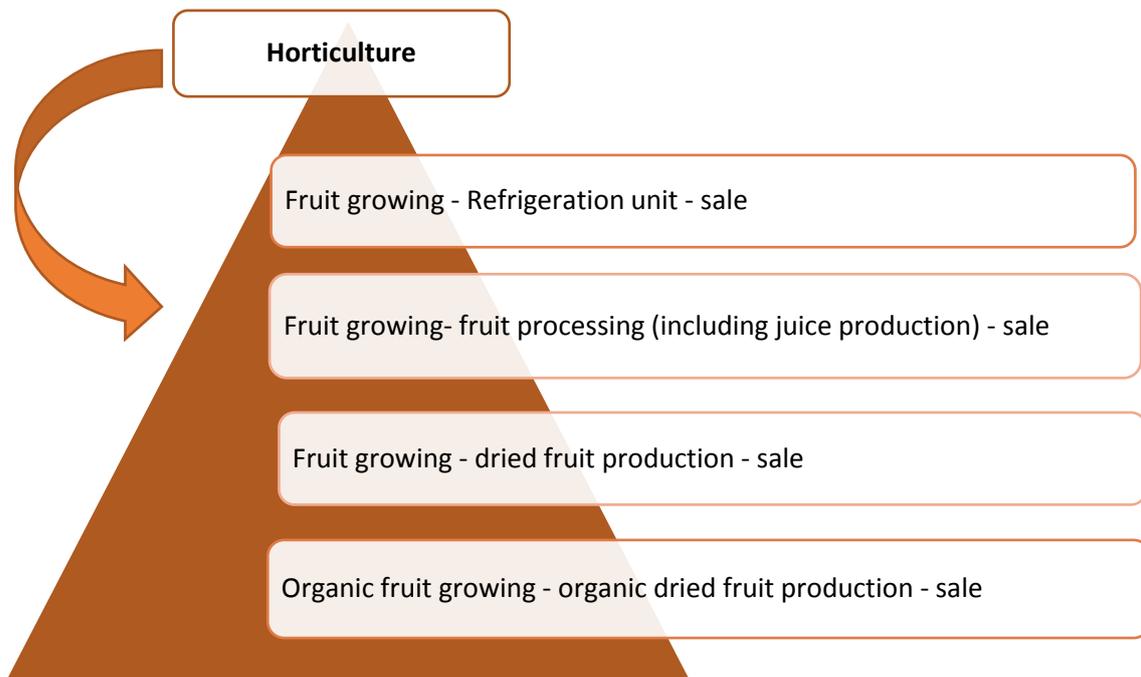
In general, 5 main groups of value chains were identified:

- Animal husbandry
- Horticulture
- Grape and Wine production
- Tourism



According to the research findings, the following communities have potentials to be included in business clusters related to value chain of animal husbandry:

- ✓ *Milk production* –Talin, Zarinja, Mastara, Zovasar, Garnahovit, Nerqin Sasnashen, Verin Sasnashen, Davtashen, Verin Bazmaberd, Katnaghbyur, Irind, Aragatsotn, Ujan, Kosh, **Nor Yedesia**, Arutch, Avan, Agarak
- ✓ *Meat production* - Talin, Zarinja, Mastara, Zovasar, Garnahovit
- ✓ *Leather processing – shoe production* - Talin, Zarinja, Mastara, Zovasar, Garnahovit, Nerqin Sasnashen, Verin Sasnashen, Davtashen, Verin Bazmaberd, Katnaghbyur, Irind, Ashnak, Katnaghbyur, Karmrashen, Shgharshik
- ✓ *Wool production* - Nerqin Sasnashen, Davtashen, Verin Bazmaberd, Irind, Ashnak, Shgharshik, Karmrashen, Akunq, Katnaghbyur, Yeghnik



The following communities have potentials to be included in value chain of horticulture:

- *Fruit growing and sale* – Arteni, Aragats, Lusakn, Dashtadem, Ashnak, Ujan, Kosh, Voskevaz, Byurakan, Aghdzk
- *Fruit processing* - Arteni, Aragats, Lusakn, Dashtadem, Ashnak, Ujan, Kosh, Aragatsotn, Nor Yedesia
- *Dried fruit production* - Lusakn, Ddmas, Talin, Ashnak, Voskevaz, Agarak, Aghdzk, Orgov, Kosh
- *Organic fruit production* – *Organic dried fruit production* – Byurakan, Voskevaz, Agarak, Aghdzk

*Grape and wine production* is quite developed in Aragatsotn region. According to the study, it is possible to join some communities under wine production cluster. Thus, Ashtarak, Kosh, Ujan, Nor Yedesia, Aragatsotn, Voskevaz, Sasuni communities have great potential for both grape and wine production.

*Tourism sector:* Aragatsotn region has great potential in development of tourism sector. According to the findings of this study Ashtarak, Byurakan, Orgov, Amberd, Aparan, Mastara, Zovasar, Vosketas, Nerkin Bazmaber, Aragats have a potential for tourism sector development.

It can also be mentioned that wine tourism has an expanding potential; there are several large wine producing companies in the region, that are organizing tours in the production and in the vineyards.

For the development of abovementioned clusters, several conditions should be considered:

- Construction for slaughter house/houses
- Renovation/reconstruction of processing factories: According to the study, it is possible to construct a processing factory in Nor Artik community.
- Establishment of grain cleaning and assortment plant,
- Establishment of refrigeration unit,
- Construction of hotels, renovation of existing hotels for tourism development,
- Establishment of specialized tourists' centers,
- improvement of infrastructure (in-community and inter-community roads),
- Construction of new irrigation systems, renovation of current irrigation systems: There is 400 ha of land near the town of Talin that is not cultivated due to the current condition of the irrigation system.

On behalf of the population of their communities majority of the respondents (90.5%) have expressed their willingness to make an investment parallel to other / international organizations.

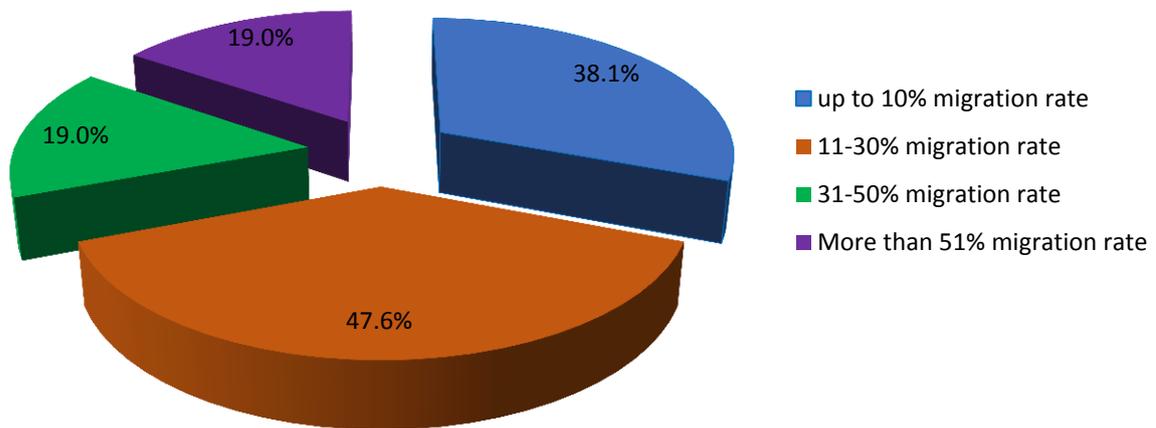
33% of respondents believe that community consolidations will lead to the development of communities and increase in investments, while 19% has negative sentiment towards it and approximately 47% were neutral.

***Current migration situation in the communities***

According to the representative of the Regional Governor’s office (Marzpetaran) of Shirak about 20% of region’s population has migrated during the last 3-5 years. Main receiving regions are Russian Federation (about 60% of migrating population), Europe (25%), and USA (15%). According to the same source, about 14% of current population is intending to migrate.

The migration rate is quite high in this region. Representative of Lanjik Community stated that about 90% of the population in their community has migrated. The chart below shows that 38.1% of communities included in the survey had up to 10% migration rate for the last 3-5 years, while 47.6% of communities had 11%-30% migration rate, and about 36% of communities had migration rates above 30% (for details see Graph 10).

**Graph 10. Rate of migration by the share of communities,%**



*Source: Primary data collection*

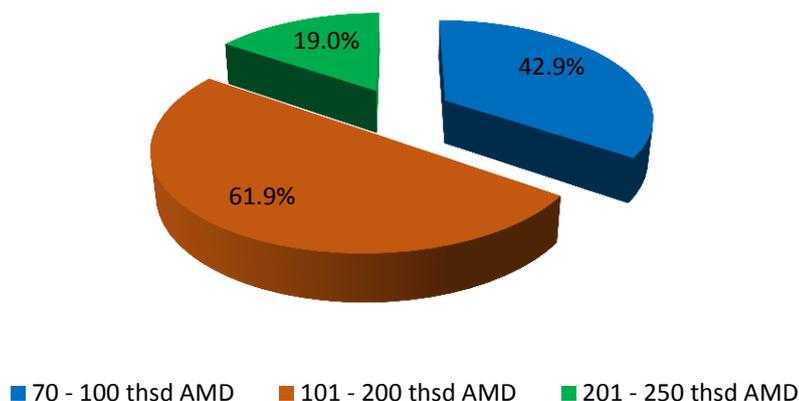
According to the representative of the Regional Governor’s office of Shirak about 14% of the region’s population has intention to migrate during next years. Majority of community representatives (92.3%) had difficulties answering that question, the rest forecasted that up to 20% of population in their communities would migrate, if they had opportunity.

According to the study, 100% of respondents mentioned that migrants in their communities are mainly having construction skills and all are working in construction sector in the hosting country. In addition to that, representatives of 2 communities indicated, that migrants from their communities are working in production sectors.

Financial remittances, which are received by migrants’ families, are vital for sustaining many households in the region. Representatives of all communities mentioned that financial remittances sent by migrants of their communities are primarily used for household spending (including bills payment, spending on foods, etc.) and/or loan payments. 15.4% of respondents mentioned that remittances are used as an investment in agricultural sector.

Majority of the respondents (61.9% of interviewed community representatives) indicated that a stable income of 100-200 thousand AMD per month per person will be a good reason for potential migrants not to leave the community (See Graph 11).

**Graph 11. Share of communities and income needed to remain in the home country**



Source: Primary data collection

The largest share of the respondents (nearly 62%) agreed that population in their communities needs about 101-200 thousand AMD/person per month to stay in the home country.

In the scope of the project, local and international organizations were also studied to find out the projects implemented by them in Shirak region aimed at decreasing migration and increasing employment (detailed list of projects by local and international organizations identified during secondary data collection is presented in the **Section 6** of this report). According to the study, approximately 42% (11 communities) of respondents mentioned that there are no any international/local projects implemented in their communities. However, names of some organizations and projects implemented were mentioned by representatives of some communities, particularly:

- With the help of OASI project, production of peas, lentil, flax, buckwheat and wheat are experimented in Artik community.
- Buckwheat processing factory named “Nor Hatik” (New Grain) was established within ENPARD "Producer Group and Value Chain Development” project, funded by the European Union and Austrian Development Agency.
- Buckwheat producing cooperative was established with the help of UNDP
- World Vision Armenia established group ow women producing handmade toys, ensuring 20 stable workplaces.
- 3 water reservoirs were constructed with the help of IFAD.
- Water network was installed by Caritas Armenia.

### ***Competitive advantage of the region***

According to the representative of Regional Governor’s office, in general, Shirak region has competitive advantage in IT, tourism, industry sectors. The picture is different in community

level – 20% of the respondents stated that service sector (the exact branch of the sector was not mentioned) is the main competitive advantage in their communities, 28% stated that agriculture is the main competitive advantage in their communities, while 24% have had difficulties to answer that question or indicated that there are no advantages in their communities (see Table 5 for details).

**Table 5. Competitive advantages of communities, Shirak region**

<b>Community</b>	<b>Competitive advantage of the community</b>
<b>Musayelyan</b>	Agriculture - milk, cheese (Ashotsk cheese factory), wool production
<b>Beniamin</b>	None
<b>Lusakert</b>	Agriculture - milk production
<b>Kamo</b>	Agriculture
<b>Gusanagyux</b>	Establishment of station for agriculture machinery
<b>Arevik</b>	Service sector, proximity to Gyumri
<b>Qeti</b>	Irrigation system, anti-hail stations
<b>Akhuryan</b>	Service sector
<b>Ashotsk</b>	Possibility of producing ecologically pure products
<b>Arapi</b>	None
<b>Hayrenyats</b>	Agriculture-animal husbandry
<b>Dzorakap</b>	None
<b>Basen</b>	Production
<b>Sarapat</b>	Production/processing
<b>Amasia</b>	Production/processing
<b>Horom</b>	Service sector
<b>Hayrik</b>	Agriculture
<b>Azatan</b>	Milk production, potato cultivation, consumer market
<b>Shirak</b>	Service sector
<b>Meghrashen</b>	Production
<b>Mayisyan</b>	Do not know
<b>Atgabats</b>	Service sector
<b>Panik</b>	Service sector
<b>Lanjik</b>	Do not know
<b>Nor Kyanq</b>	Do not know

Findings of this study show, that employment is high in agriculture sector (including animal husbandry and potato cultivation) in all surveyed communities. In addition, representatives of 2 communities mentioned that employment is high in production sector.

About 76% of respondents stated that development of agriculture will create employment opportunities and decrease migration rate (for details see table 6).

**Table 6. Sectors contributing to employment creation and decrease in migration rate by communities, Shirak region**

Community	Sectors contributing to the increased employment and decrease in migration rate
<b>Musayelyan</b>	Agriculture - animal husbandry, processing of meat, milk and wool
<b>Beniamin</b>	Service sector - machinery renovation
<b>Lusakert</b>	Agriculture
<b>Kamo</b>	Agriculture
<b>Gusanagyux</b>	Agriculture
<b>Arevik</b>	Agriculture, sugar production (sugar producing plant operations)
<b>Qeti</b>	Agriculture
<b>Akhuryan</b>	Agriculture, production, establishment of small and medium enterprises, relaunch of formerly operating sewing factory , development of current milk and bread processing factories
<b>Ashotsk</b>	Agriculture, processing of agricultural products
<b>Arapi</b>	Processing of milk and meat
<b>Hayrenyats</b>	Agriculture - animal husbandry
<b>Dzorakap</b>	Agriculture - animal husbandry, development of irrigation system, modernization of agricultural machinery
<b>Basen</b>	Production sector, service sector
<b>Sarapat</b>	Agriculture
<b>Amasia</b>	Agriculture - animal husbandry
<b>Horom</b>	Modernization of agricultural machinery
<b>Hayrik</b>	Agriculture - animal husbandry
<b>Azatan</b>	No information
<b>Shirak</b>	Agriculture
<b>Meghrashen</b>	Agriculture (wheat production)
<b>Mayisyan</b>	Agriculture (wheat production)
<b>Atgabats</b>	Modernization of agricultural machinery, development of irrigation system
<b>Panik</b>	Agriculture
<b>Lanjik</b>	Agriculture - establishment of cattle breeding farms
<b>Nor Kyanq</b>	Agriculture

It is worth to mention, that the establishment/renovation of irrigation systems for cultivation of crops (cultivation of grain and potato in Baghramyán community) is a vital issue in the majority of communities. Moreover, renovation/reconstruction of inter-community and in-community roads, establishment of Free Economic Zones, construction/renovation of Artik and Kaps reservoirs are important for further development of the communities.

***Potential value chains in the communities***

Buckwheat production - sale	Musayelyan, Ashotsk
Wheat cultivation- flour production – bread production – sale	Akhuryan, Azatan, Meghrashen and nearby communities, Nor Kyanq

Animal husbandry - milk processing-dairy production	Arpi, Ashotsk, Keti, Keti, Voskehask, Haykavan, Gharibjanyan, Arapi, Tufashen, Haykadzor, Horom, Ashotsk, Sarapat
Fruit growing – sale	Ani
Wool production	Keti
Textile production	Akhuryan and nearby communities, Gyumri
Vegetable processing	Voskehask, Haykavan, Gharibjanyan, Arapi
Compound feed production- sale	Shirak, Jajur, Krashnev, Lernut
Potato cultivation – sale	Meghrashen and nearby communities
Tourism	Gyumri, Ashotsk (Arpi lake)
IT	Gyumri

For the development of the abovementioned clusters, several conditions should be considered:

- Construction/renovation of irrigation systems in communities, particularly in Baghramyán.
- Land consolidation and enlargement of current cooperatives in Musayelyan community for buckwheat production.
- Farm consolidation and increased number of cattle in Keti.
- Establishment of agriculture machinery station in Arapi community.
- Establishment of compound feed production factory in Shirak.
- Establishment of flour mill in Nor Kyanq

About 80% of respondents on behalf of the population of their communities have expressed their willingness to make investments parallel to other / international organizations. 68% of representatives of communities believe that community consolidations will lead to the development of communities and increase in investments, while 32% has negative sentiment towards it.

## RESULTS OF FOCUS GROUP DISCUSSIONS

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Focus group discussions were implemented with former migrants, or family members of households that have/had migrants, and with founders and directors of organizations/SME-s or those who made investments in business operating in Shirak and Aragatsotn regions. These sectors include agriculture, viticulture, hotel service, chocolate production, provision of catering services, insurance, tourism, and hairdressing. Investments have mainly been made in monetary and capital form. In one case, a business was established within the framework of the State Employment Program.

9 out of 13 participants<sup>5</sup> stated that either a family member or themselves have been working migrant, however revenues generated abroad were mainly directed to the fulfillment of domestic or social needs. The main reason of migration was job. Mainly, they had been engaged in construction, food, and services sectors (hairdressing, hotel service).

Participants both in Shirak and Aragatsotn mentioned that average monthly salary had to be 130,000-170,000 drams for keeping the potential migrants in the country (some of the entrepreneurs had employed seasonal migrants, and could support the statement that employees with lower than 130,000 AMD salary tended to seek possibility to migrate).

Participants from Shirak region generally considered the provision of marketing services and business support, tourism (agritourism, ecotourism, extreme tourism), catering and food services, production of cereal products, traditional toys, pellet fuels, felts to be prospective, while in Aragatsotn, participants gave importance to chocolate production, winemaking and tourism, production of sapphire (as an intermediate consumption product) and agriculture (processing of meat, dairy products and fruit).

**Improvement of infrastructure or/and other business conditions:** In Araragatsotn region, establishment of regional information centers was mentioned. These centers will ideally be located in the administrative center and other towns and will aim at providing information on the region and communities as well as on operating organizations and business opportunities both for locals and for foreigners.

Respondents from Shirak mentioned about the establishment of a business support center which would help the entrepreneurs in the region to form organizations or to run the operating enterprise in a most competent and accurate manner.

**Potential value chain development:** Winemaking, tourism and agriculture was mentioned in Aragatsotn region. Currently operating wine factories are hosting tours that describe wine production process, introduce the history of the factory and some traditions of the region.

For Shirak region it can be made possible to organize the production of pellet fuels in Basen, agritourism, ecotourism, extreme tourism in communities of Amasia and Ashotsk districts, and felts production in communities of Amasia district.

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<sup>5</sup> Total 13 participants took part in focus group discussions -7 in Shirak region, 6 in Aragatsotn.

## INTERVIEW WITH EXPERT ON DUAL CITIZENSHIP

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To understand regulations and risks associated with lending to people with dual citizenship, the interview with financial expert at IPC was conducted. It became clear that the standard lending procedures at banks and UCO-s do not include checking existence of dual citizenship of applicants. There's no obstacle for people with dual citizenship to apply for a loan. While mentioning the risks associated with provision of loans to people with dual citizenship, the biggest risk identified was the fact that lending organizations do not own the information on applicant's obligations in the second country. Banks and credit organizations can not check the applicant's credit history or pledged property in the second country, which may increase the probability of failure to repay the loan.

The expert has also been asked to discuss the preconditions for people with dual citizenship to apply for a loan. As revealed during the discussion no precondition specifically for people with dual citizenship exists. As long as the applicant is a resident of RA, he/she is eligible to apply for a loan. There are no laws defining different conditions for people with dual citizenship while applying for a loan, the entire process is under supervision of a bank itself and the bank carries all possible risks associated with this.

## 5. COMMUNITY DEVELOPMENT

### SHIRAK REGION - STATE STRATEGIES AND PRIORITIES

According to the Regional Governors office<sup>6</sup>, there are several priority areas to be considered for regional development. Strategic goals and priority areas of Shirak region are summarized below:

✓ Increasing competitiveness of Shirak region and diversifying the economy, provided the economy's potential. By 2025 it is planned to increase the number of people with higher and vocational education, as well as number of non-agricultural formal jobs and number of active organizations by 10% compared to 2015. By 2025 it is planned to have a per capita GDP that exceeds the average national GDP per capita by 60%.

**Justification-**The economy of Shirak region experiences non-diversified development (as of 2015, about half of value created was in the agriculture sector). Current structure of the economy contains many risks and there's a big need to promote the development of other sectors of the economy that are not related to agriculture. This strategy is in compliance with RA 2016-2025 territorial development strategy 1st and 2nd objectives.

✓ Continuous, comprehensive and sustainable economic growth with special focus to least developed communities and communities situated in border areas, diversification of income sources and decrease of poverty rates in communities by 10%.

**Justification-** In the context of the region's sustainable economic growth policy, development of SME is essential for sustainable economic growth, giving the economy an innovative approach and flexibility. This strategy is in compliance with RA 2016-2025 territorial development strategy 1st and 2nd objectives.

✓ Enhancing the activities of regional and community actors and improving HR management skills before 2025 in the process of regional development policy.

**Justification-** The important role of qualified human capital and its effective management is undeniable. With the increasing global competition, key factors affecting national competition are not soil, capital and natural resources anymore as it was claimed in classical economics, but high qualified human capital and scientific base. This strategy is in compliance with RA 2016-2025 territorial development strategy 3<sup>rd</sup> objective.

#### Priority issue 1

✓ **Development of IT technologies**

**Justification:** IT sector is considered to be one of the most important sectors nowadays. Different projects have been implemented recently that greatly contributed to the sector growth.

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<sup>66</sup> 2017-2025 Development Strategy for RA Shirak Region, Strategic Goals and Priorities (report available in Armenian), <http://shirak.mtad.am/files/docs/24634.pdf>

Sharp increase in the number of IT companies has been observed in recent years. This includes both local companies and international companies' franchise. International organizations were particularly active in recent years. Number of IT companies increased, and they have their own laboratories, educational centers, and business infrastructures.

### **Priority issue 2**

✓ **Modernization of agricultural technologies and development of rural communities.**

**Justification:** More than 78.7% of the region's area is agricultural land. Modern and well developed agriculture is not only an opportunity to develop agricultural regions, but it is also a perfect way to promote other sectors of the economy that are closely related to agriculture and this way improve socio-economic conditions in the region.

### **Priority issue 3**

✓ **Promoting and supporting SMEs, development of tourism**

**Justification:** Supporting SME development has crucial importance to economy's development in general. Shirak region is very rich with historical-cultural and archeological monuments. "Kumayri" historical-architectural museum with Harich and Marmashen monastic complexes and Yereruyq temple are tourist attractive centers in Shirak region. "Arpi Lake" National Park with its unique biodiversity is one of the best places for developing an ecosystem cluster.

Detailed information on regional projects (both ongoing and completed) is presented in Appendix 1.1.

## **ARAGATSOTN REGION- STATE STRATEGIES AND PRIORITIES**

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According to the Regional Governor's office of Aragatsotn, there are several priority areas to be considered for regional development. Strategic goals and priority areas of Aragatsotn region are summarized below:

**Strategic Goal #1:** Increasing competitiveness of Aragatsotn region. By 2025 increasing the number of population with higher education and vocational education, number of non-agricultural formal jobs and number of active organizations by 10% compared to 2015. By 2025 growth rate of per capita GDP must not be lower than the growth rate of average national GDP per capita.

**Justification:** Per capita GDP in Aragatsotn region is 73% of RA GDP per capita, thus highlighting the strong need of developing the economy, increasing the number of active organizations. This strategy is in compliance with RA 2016-2025 territorial development strategy 1st and 2nd objectives.

**Strategic Goal #2:** Decreasing internal disparity in Aragatsotn region by reducing long-term unemployment rate, paying close attention to women unemployment and decreasing poverty rate by 5% especially in most vulnerable areas.

**Justification:** Unemployment rate in Aragatsotn is 5.7% (unemployment among male 1.6% and women 10%). This strategy is in compliance with RA 2016-2025 territorial development strategy 2nd objective.

**Strategic Goal #3:** Territorial and local development management capacities will be improved in Aragatsotn region by 2025. All communities will have local development plans, the number of regional and local administrative bodies will decrease by 15%. The whole territory of the province will be managed by 8 major community councils.

**Justification:** Regional and local decision-making and development planning and implementation capacities are very important for local and regional development. That is why capacity building in these areas is a key factor for ensuring smooth regional development. This strategy is in compliance with RA 2016-2025 territorial development strategy 2nd objective.

### **Priority Issue 1**

#### **✓ Development of Modern Industry**

**Justification:** Per capita GDP in Aragatsotn region is 73% of RA GDP per capita, thus highlighting the strong need of developing the economy, increasing the number of active organizations. Taking into consideration the availability of scientific centers in the region, development of knowledge-based sectors will be specifically encouraged.

### **Priority Issue 2**

#### **✓ Increasing Productivity of Intensive Agriculture by Modernization of Agricultural Technologies**

**Justification:** The area of agricultural land in the region is 218 ha (79.2% of region's area). Modern and well developed agriculture is not only an opportunity to develop agricultural regions, but it is also a perfect way to promote other sectors of the economy that are closely related to agriculture and this way improve socio-economic conditions in the region.

### **Priority Issue 3**

#### **✓ Tourism development with emphasis on the spiritual, cultural, adventure and agro tourism development, as well as the renovation necessary infrastructure for tourism**

**Justification:** Aragatsotn region has huge tourism potential specifically in agrotourism, adventure tourism, spiritual and cultural tourism. To enhance tourism development, improvement in infrastructure, trainings of personnel, creation of information centers is much of a need. Correct use of tourism potential will greatly contribute to region's processing industry growth, development of agriculture and service sectors.

Detailed information on regional projects (both ongoing and completed) is presented in Appendix 1.2.

## COMMUNITY CONSOLIDATION

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The latest update on community consolidation was made during press conference held by Deputy Minister of Territorial Administration and Development of RA on June 8, 2017. As a result of new community consolidation program 328 communities from different regions of Armenia will unite and 34 communities will be formed. In Aragatsotn region Aparan, Alagyaz, Aragatsavan and Tsaghkahovit communities will be consolidated. In Shirak region Ani, Akhuryan and Marmashen communities.

In addition, primary data collection reveals that the opinions received from in-depth interviews were sharply different from each other. Some interviewees were sure that the expectations regarding economic development of communities as a result of consolidation should not be high, since the consolidation as some of interviewees noted, will be done mainly to avoid tough beauracritic work in regions and achieve better management of human resources in community governing bodies.

Most of the interviewees pointed out that community consolidation will greatly contribute to more efficient and targeted use of available financial resources. As one of the interviewees mentioned, if previously 4,5 - 7,5 mln. AMD was spent on administrative salaries, after consolidation more money will be available for community development projects, thus contributing to economic growth of the region.

## 6. PROJECTS IMPLEMENTED IN ARAGATSOTN AND SHIRAK REGIONS BY LOCAL AND INTERNATIONAL ORGANIZATIONS

### CHILDREN OF ARMENIA FUND (COAF)

Founded in 2000, Children of Armenia Fund (COAF) implements projects in Armenia's impoverished rural communities with the aim to secure better future to children in Armenia through improved healthcare, education, better economic conditions and improved community life. COAF implements projects aimed at rural development in Armavir, Lori and Aragatsotn regions of Armenia.

#### *COAF Economic Development Projects*

COAF economic development projects were aimed at supporting community economic development and stimulation. Four economic development directions of project include:

- Interest-Free Loans
- Business and Vocational Trainings for Youth
- Marketing and Information Support
- Agricultural Development and Access to Irrigation Water

**Interest-Free Loans:** COAF has been working closely with US-based crowd funding company FA Microloans, to offer zero-interest microcredit loans to low-income communities of Armenia. Businesses involved in dried fruit production, lavash baking and flour processing were the ones to benefit from the project. The project helped small businesses to expand their production and upgrade the facilities.

**Business and Vocational Trainings for Youth:** COAF's Entrepreneurship Training and Practice for Youth (ETPY) program was launched in 2012 for high school students in COAF beneficiary villages. The program was aimed at exposing youth to the essentials of local economic development, developing leadership skills and providing civic education.

COAF completed projects in Aragatsavan

One of COAF's expanded cluster villages is Aragatsavan located in Talin region of the Aragatsotn region. The village is known for agriculture, poultry and cattle breeding. There is one health clinic, a perlite stone factory and wine factory in this community. Completed projects in Aragatsavan village by COAF include:

**Infrastructure development projects:** construction of 200m<sup>2</sup> of a basalt stone-paved road that leads to a school, the opening of a Creativity Lab, reconstruction of irrigation pipeline (1000 meters); renovation of Aragatsavan school that includes construction of cafeteria, tooth-brushing station and auditorium.

**Health programs:** organizing workshops and seminars on health-related topics, mobile medical services and screenings (dental, eye, OB/GYN, reproductive health, ultrasound) and annual physical check-ups.

**Education projects:** Professional Orientation Program with HSBC Future First.

### **COAF completed projects in Arteni**

Arteni is also part of expanded cluster villages. The village is known for agriculture, poultry and cattle breeding. There is one health clinic, a library, two schools and a wine factory in this community.

Completed projects in Arteni village include:

**Infrastructure development projects:** renovation of Arteni School elementary wing and the establishment of Creativity Lab, that is, technologically enhanced classroom. COAF has also been responsible for co-funding restoration of dining water project in Arteni in collaboration with USAID and VivaCell-MTS.

**Economic Development projects:** Entrepreneurship Training and Practice for Youth project that was implemented in Arteni and community development projects that were carried out by students participating in a project.

**Health projects:** "Modernization of Health System of the RA" project implemented in collaboration with Ministry of Health Care of Armenia, together with World Bank and Armenian Social Investment Fund was aimed at completing the renovation of the Arteni Health Clinic, seminars jointly organized by COAF and GlaxoSmithKline aimed at healthcare specialist training; annual physical check-ups, provision of mobile medical services and screenings (dental, eye, OB/GYN, reproductive health, ultrasound), workshops and seminars on health topics.

**Education projects:** English Access Micro-scholarship Program implemented in partnership with the U.S. Embassy, and Professional Orientation Program jointly implemented with HSBC Future First; teacher trainings with modern methodologies, field visits to schools in Yerevan were carried out by Step by Step Benevolent Foundation; renovation of the kindergarten with necessary supplies.

**Community Development programs:** "Provision of Nourishment and Basic Medication to Socially Vulnerable Villagers" project that was part of COAF's partnership with OSIAFA (Open Society Institute Assistance Foundation Armenia), was aimed at bringing emergency assistance – vitamins, nourishment, medical assistance and social support to extremely poor population of the community.

### **ENPARD Technical Assistance: Producer Group and Value Chain Development**

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European Neighbourhood Programme for Agriculture and Rural Development (ENPARD) started its operations in Armenia in 2015 with total duration of 3 years. The aim of the program is providing support to agricultural institutions, encouraging the development of farmer associations and improving rural population's access to food in the European Neighborhood

countries. “ENPARD Armenia Technical Assistance: Producer Group and Value Chain Development” project is jointly implemented by UNIDO and UNDP with the objective to support the Armenian Government to ensure sustainable and efficient agriculture that will contribute to improved rural conditions in the country. Technical assistance component of the project focuses on supporting producer groups and value chain development, increasing production volumes, upgrading technologies, marketing, as well as promoting disaster risk reduction systems and best agricultural practices. Primary beneficiaries of the project are ag. producers, producer group members and employees, their families, SMEs along the value chain and finally Armenian consumers. Youth, women and vulnerable population in rural areas are in project’s spotlight.

### **Project Results So Far**

Project provided trainings to 41 primary producer groups (this involves more than 600 farmers in rural communities) on development of business skills, development of business plans and cooperative establishment. Producer groups were further supported to register agricultural cooperatives and as of 2016, total number of 39 production cooperatives have been registered.

Within the scope of the project a wide-scale buckwheat production was launched for the first time in Armenia. 551 farmers representing 67 communities in Armenia are currently involved in 33 buckwheat producing cooperatives. Farmers represent the communities from the following marzes: Lori, Shirak, Aragatsotn, Gegharkunik and Kotayk. Farmers involved in buckwheat production have been provided with high quality seeds and fertilizers for cultivation of 550 ha land. For the year 2016, on average 1.2 tons of buckwheat yield per hectare was recorded. The alternative to buckwheat production can be wheat, but while the wheat average yield in Shirak is about 2 times higher, the price is nearly 4 times cheaper.

- 2 main buckwheat production cooperatives are now united in 2 cluster cooperatives in Bavra and Tsovaghyugh communities. Accordingly, two buckwheat processing companies operate in Tsovaghyugh and Bavra communities where the cooperatives hull and process their crops.
- 4 women producer groups specialized in non-traditional crop production were provided with tunnel greenhouses (drip irrigation system was installed), tools for cultivation and broccoli seeds.
- Producer group of farmers with disabilities have been provided with necessary agromachinery and 1 berry producing group received drip irrigation system and berry saplings.

### **ARMENIAN CARITAS PROJECTS**

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**Sustainable Development of Rural Communities in Northern Armenia**  
Started in 2017 with total duration of 3 years, project aims at promoting sustainability and viability of 6 communities in Shirak region. Project will provide technical and strategic support to residents of communities to efficiently determine their development path. Total number of project beneficiaries is 2010 households, 8950 people of the following communities: Voskehask, Jrapi, Arapi, Shirak, Jajur and Vahramaberd.

Three pillars of the project include:

- Construction/reconstruction of rural infrastructure including drinking water pipelines, irrigation canals by involving community population.
- Enhancing the economic development through the following steps:
  - Provision of professional training on right irrigation technology
  - Introducing new types of crops that can be cultivated in backyard garden
  - Starting pilot farms and pilot fields. Seed multiplication aimed at having a seed-bank in the community will be implemented.

Currently project sets aim at reconstructing drinking water pipeline and irrigation system in Shirak village, reconstruction of irrigation internal network in Jajur village, reconstruction of sewerage system and irrigation internal network in Jrapı village. All the projects are planned to be implemented with joint efforts of beneficiary communities that will have active role throughout the project cycle.

### ***Handcraft Workshop for Women in Shirak***

Project duration was 2 years and it was launched in July 2015. For the years 2007-2016 120 women participated in both short and long-term trainings organized by Armenian Caritas and as a result of obtained skills and knowledge, these women are now able to contribute to improving socio-economic conditions of their families and community as a whole.

Starting from 2014 Armenian Caritas launched three year phase of Handcraft Workshop project that was aimed at providing community women the opportunity to become economically independent that way decreasing possible risks of violence.

Specific objectives of the project included training of 50 women to improve their handcrafting skills with peer education methodology, provision of psychological consultancy with the aim of improving their self-esteem and providing business skills to help them start/run small businesses in their communities that will increase the employability and ensure their economic stability and independence.

## **MICROSOFT INNOVATION CENTER ARMENIA**

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### **Technological Developments in Shirak regions**

European Union in collaboration with the RA Ministry of Territorial Administration and Development, Gyumri Information Technologies Center and Microsoft Innovation Center Armenia are implementing a new project that is aimed at supporting economic development of Shirak region thus contributing to skill development of young unemployed population and to IT sector development in general. The overall objective of the project is to organize trainings for unemployed youth and to help IT companies in the region to expand their business operations by providing financial assistance and skill enhancement. The project started in December 2016 and will run for two years.

The project involves 2 directions:

### ✓ **1st Direction**

1. Providing free 6 months-long training courses. Target group: 17-35 years old unemployed youth with mathematical knowledge. 180 young people will obtain programming skills in the scope of the project.
2. Organizing teams of trainees that will be linked to coding bootcamp program (total duration - 5 months) and will be working on projects of IT companies at the incubation lab that was established within the scope of the project. After completing coding bootcamp program total number of 90 trainees will start working as developers.

### ✓ **2nd Direction**

1. Need assessment among IT companies in Shirak marz to have an in-depth understanding of assistance that the companies may need for expanding their operations and increasing the income they generate. Based on the project results, the capacity building program will be developed and delivered to 15 IT companies.
2. Assist the trainees to form teams and establish their own startups. Within the project two teams will receive assistance.

## WORLD VISION ARMENIA PROJECTS

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The interview was held with Aragatsotn region economic coordinator of World Vision Armenia, who provided insights to projects implemented in Aragatsotn region by World Vision Armenia.

- World Vision Armenia supported the establishment of "Astgh Kat" dairy producing cooperative in Tsamaqasar village of Talin community. The production was equipped with agricultural machinery including tractors, baling machine and seedling machine. The cooperative has 32 members and it is mainly involved in fodder production, cattle breeding, as well as milk collection, refrigeration and processing. Milk processing capacity of the cooperative is 400 tons per year.
- "Organic Artik" cooperative was established in 2016 in Nor Artik community with support of World Vision Armenia. The cooperative with 11 members is specialized in production of high quality wheat and barley. Organic Agriculture Support Initiative (OASI) project will provide filtering and sawdust removing equipment.
- "Chizela" and "Alagyaz" cheese brands are being produced by farmer groups in Verin Sasnashen and Yeghnik communities. Farmer group produces Lori, Chanakh and Gauda cheese. World Vision supported the farmer group with access to market, certifications and product labeling.
- "Kanch" cooperative was established in Kanch community of Talin region. The cooperative is mainly involved in cheese production. World Vision supported the cooperative with access to market.

- "Kaym" raspberry producing group was established in 2017 in Irind community. 10 farmers are involved in this group. They established 1,7 ha of raspberry orchard in 2017.

#### PARTNERSHIP FOR RURAL PROSPERITY PROGRAM (PRP)

Partnership for Rural Prosperity Program (PRP) was financed by USAID and implemented by SME DNC. PRP program was aimed at promoting economic development in rural areas of Armenia. The program supports communities in identifying local economic development perspectives, improving employment opportunities for women, vulnerable groups and youth, facilitating infrastructure renovations and improving the access to markets and financial means. In the scope of this project the following activities will be carried out in 3 communities of Shirak region (Panik, Getap, Anushavan): establishment of refrigeration system that has community wide importance, pasture irrigation project and upgrade of irrigation pipeline (Armenpress, 2016).

## 7. MANDATES OF ARMENIAN STATE INSTITUTIONS

### MINISTRY OF DIASPORA OF THE RA

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The Ministry of Diaspora of the RA started its activities on October 1, 2008. The Ministry aims at developing, implementing and continuously improving state policy on enhancing Armenia-Diaspora partnership and coordinating activities of state bodies. The Ministry is particularly active in assisting Armenian entrepreneurs in Diaspora to participate in economic projects in RA, strengthening Armenia's statehood, providing solutions to pan-national issues and creating cultural, political, economic, legal and spiritual environment that is favored by Armenian Diaspora. One of the most important objectives of the Ministry is promotion of self-organization of disorganized sector of the Diaspora, creation and activities of pan-Armenian professional committees and unions, as well as creation and application of well-defined and specific procedures for obtaining dual citizenship.

### STATE MIGRATION SERVICE OF THE RA

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State Migration Service of the Ministry of Territorial Administration and Development of the Republic of Armenia is a state agency of executive department of the Republic of Armenia that acts as part of the Ministry of Territorial Administration and Development of RA, which provides services in the field of migration and acts on behalf of RA in cases defined by the law, or under certain circumstances, by legislation of RA.

### STATE EMPLOYMENT SERVICE OF THE RA

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State Employment Service (SES) is the agency by the Ministry of Labor and Social Affairs. The SES implements a wide range of activities aimed at increasing employment in the country. The agency administers the payments of unemployment benefits, provides short and long term training for those who are willing to change the field of employment for a better prospect of job placement, organizes job fairs where employers can meet and recruit possible employees, posts announcements on vacant positions in any region of Armenia.

### INTERNATIONAL LABOR ORGANIZATION (ILO)

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ILO is the only tripartite U.N. agency that brings together governments, workers and employers of 187 member States since 1919 with the aim of setting labour standards, developing policies and programmes to promote decent job for all men and women. The exclusive tripartite structure of ILO gives equal voice to employers, workers and governments to guarantee that the views of social partners are carefully stated in labour standards and in preparing policies and programmes.

The main objectives of ILO are to encourage employment opportunities, promote rights at work, strengthen dialogue related to work issues and enhance social protection.

## REPAT ARMENIA

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The Repat Armenia Foundation is non-governmental, non-profit organization that was established in August 2012 with the aim of promoting active repatriation with the help of its dedicated staff in Yerevan and a network of enthusiastic supporters worldwide. Repat Armenia actively works to initiate and foster the return of impactful individuals and their families to Armenia with the aim of securing smooth development of Armenian nation. Repat Armenia enhances cooperation among hundreds of people with very diverse backgrounds and experiences, who support potential newcomers and repatriates with smooth landing and networking by providing them the information and necessary resources.

## 8. REGULATIONS AND POLICIES

### LEGAL FRAMEWORK FOR THE ESTABLISHMENT OF BUSINESS IN RA

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#### *General Investment Climate in RA*

The main goal of Armenia's investment policy is to create a favorable investment and business environment, increase transparency of regulatory environment, reveal the country's competitive advantages, increase investment sizes, develop market infrastructure, create high-quality and high-paid jobs, develop human capital and, based on all these, provide sustainable economic growth and population welfare.

The Republic of Armenia is implementing an “open-door” policy with regard to foreign investments and it has one of the most open investment regimes among the CIS countries.

In Armenia foreign investors are protected by the Law “On Foreign Investments”

The Government of Armenia is carrying out deep and comprehensive reforms of the business environment providing favorable investment and business opportunities for foreign investors.

Foreign investors can benefit from the following investment incentives:

- ✓ 100% ownership permitted (The law of the RA on Foreign investment).
- ✓ Companies registered by a foreigner in Armenia have the right to buy land. Although foreign citizens are not allowed to own land in Armenia, they are offered long-term lease contracts (The law of the RA on Foreign investment).
- ✓ VAT payments postponement for up to 3-year period for importing equipment and goods within the scope of investment projects, subject to the Government approval (Article 6, Law of RA on Value Added Tax )
- ✓ Free exchange of foreign currencies (The law of the RA on Foreign investment).

- ✓ Free repatriation of profit (The law of the RA on Foreign investment).
- ✓ In case of any changes in legislation foreign investors can choose which law to use for up to a five-year term (five-year grandfather clause) (The law of the RA on Foreign investment).
- ✓ Free Economic Zones (no value added tax, no property tax, no profit tax, no custom duties) ( Article 36, Law of RA on Value Added Tax, Article 39, Law of RA on Income Tax, Article 47, Law of RA on Customs duty)
- ✓ Profit tax privileges for large exporters (exported goods and services for at least 40 billion AMD (about 84 million USD), except those in mining, jewelry, precious metals and stones processing, excisable goods production)
- ✓ No export duties and restrictions (Article 102, Law of RA on Customs duty).
- ✓ No screening and specific authorization required for making investment (The law of the RA on Foreign investment).
- ✓ No restrictions on remittances (The law of the RA on Foreign investment).
- ✓ No restrictions on staff recruitment (The law of the RA on Foreign investment).
- ✓ No sector-specific or geographic restrictions on investments, except in certain national defense related sectors (The law of the RA on Foreign investment).
- ✓ Tax exemptions in close to border areas of Armenia ( Law of RA on Tax exemption for business activities in border areas)

Armenia is a member of Eurasian Economic Union (EEU) which creates the following opportunities:

- ✓ Duty free import of raw materials from EEU member states.
- ✓ No customs formalities during mutual trade between EEU member states, which leads to financial costs reduction and time consuming for business.
- ✓ No non-tariff measures of trade and trade technical barriers between EEU member countries
- ✓ Favorable import tariffs for about 750 products

### ***Tax privileges for IT companies***

To support the ICT industry, the Government of RA has initiated the introduction of targeted tax privileges for startup IT companies (the law was ratified by 2015). A simplified procedure is set for creating startups, and the start-ups have to pay only 10% income tax and 0% profit tax during the first three years of operation (Law on state support on IT sector)

### ***Tax privileges for Exporters***

Favorable profit tax rates are applied to the taxable profit of resident taxpayers or group of involved in export programs approved by Armenian Government. However to benefit from favorable rate the taxpayers should meet to certain conditions simultaneously:

- ✓ The taxpayers should not be involved in mining or processing of metallic minerals, processing and/or selling of precious stones, precious metals and jewelry, producing or selling products taxable by excise tax.
- ✓ Minimum 40 billion AMD has been entered into bank accounts of taxpayers in the group from export program.
- ✓ The taxpayers of the group do not have any income from sale of products, rendering of services in Armenia, except for interest income received from nonresidents on loans provided.
- ✓ The sum of taxpayers revenue from provision of services abroad and custom value of exported goods for current year exceeds 40 billion AMD. Moreover the exports custom value for current year should exceed the threshold established by RA Government.

If all above conditions are met:

- ✓ 5% favorable rate applies to the taxable profit, if the sum of taxpayers revenue from provision of services abroad and custom value of exported goods for current year exceeds 40 billion AMD.
- ✓ 2% favorable rate applies to the taxable profit, if the sum of taxpayers revenue from provision of services abroad and custom value of exported goods for current year exceeds 50 billion AMD (Article 33, Section 1.1, Law on Profit tax)

5% favorable rate is applied to the taxable profit of taxpayers or group of taxpayers involved in programs approved by Armenian Government, if taxpayers or group of taxpayers operate in the field of construction or installation exclusively outside the territory of the Republic of Armenia (Article 33, section 1.2, Law on profit tax).

#### ***Profit Tax Privileges on Agribusiness***

Taxpayers involved in agricultural production shall be exempt from the profit tax in the part of the income derived from the sales of primary agricultural production by them, as well as income derived from the sales of fixed and other assets, and in the amount of other income, if the latter does not exceed 10 percent of gross income (Article 36, Part 1, Law on “Profit Tax”).

## 9. NATIONAL (LABOR) MIGRATION MANAGEMENT SYSTEMS

### 2012-2016 ACTIVITY PLAN FOR STATE REGULATION POLICY ON MIGRATION IN RA

As a result of activities undertaken within the state regulation policy on migration, support systems for humanitarian purposes provided by RA to foreign citizens and persons without citizenship will be improved, labor migration will be better regulated, irregular migration will be prevented, facilitation of integration process of refugees is expected, effective and coordinated activities of state bodies responsible for development, implementation and coordination of migration policies will be ensured through professional capacity building, better coordination of activities of state bodies and enhanced cooperation among bodies and through collection, analysis and statistical reporting of reliable data.

The aim of implementation of the concept of State Regulation of Migration 2012-2016 activity plan is to ensure realization of fundamental or priority directions of the migration policy. Priority areas directly related to migration are described below.

**Priority Area 7:** Preventing irregular migration from the Republic of Armenia, improvement of legislative field concerning irregular migration.

#### **Activities to undertake**

1. Awareness raising of the public; public officials working directly with public on the consequences of irregular migration originating from the Republic of Armenia, raising the role of mass media on this issue.
2. With the aim of preventing Armenian citizens from staying as irregular migrants, examination of issues related to their identity and nationality identification documents and development of recommendations for elimination of possible issues will be implemented.
3. Continuous negotiations with the countries, where Armenian migrants may reside without permit.
4. Compliance with current EU legislation on imposing liability for violation of the procedure and conditions of the entry, residence and employment of foreigners in the RA.

**Priority Area 8:** Support to RA citizens returning from abroad as well as supporting their further reintegration in homeland.

#### **Activities to Undertake**

1. Further improvement of internet information systems that assist RA citizens returning from abroad. This will allow RA citizens to easily connect with state administration bodies of RA and get accurate and quick information on their issues. Awareness raising on existing information systems among RA citizens living abroad will be implemented.

2. Implementation of employment programs and introduction of new employment opportunities with the aim of reintegration of citizens returning from abroad.
3. Provision of consulting services to returnees at state bodies of RA that deal with migrants, enhancing partnership with local NGOs operating in the field.
4. Negotiating with host countries to support the reintegration of refugees in RA.

## 10. THE ASSESSMENT OF FOREIGN OR NATIONAL QUALIFICATIONS IN ARMENIA

Academic recognition is done through recognition of foreign qualification with the aim of continuing the studies. During the implementation of academic recognition evaluation the specialist does the assessment to approve whether the applicant is eligible to continue his studies in selected area of interest and at selected educational level. During the process of academic recognition the evaluation specialist attempts to decide whether the applicant may continue the studies in the selected direction and at the given education level. Academic recognition of foreign qualification can be sought in case if:

- The applicant received Armenian qualification or diploma and intends to continue his/her education abroad;
- The applicant has foreign qualification or diploma and intends to continue his/her education in Armenia;
- The applicant is moving from one country to another to continue next cycle of his/her education;
- The applicant returns to the main university after he/she has accomplished one period of study abroad.

To obtain academic recognition the applicant should apply to National Information Centre for Academic Recognition and Mobility (NICARM) and submit received official document to institution where he/she prefers to continue education. The final recognition is done by Higher Education Institution (HEI) where the applicant wishes to continue his/her education. The HEI when making the decision should consider the advice of NICARM-the Armenian representative of ENIC/NARIC net. NICARM does the evaluation of foreign qualification and issues a document that serves as a guarantee letter for HEI or it may be presented to the future contractor in the case of non-regulated professions.

In most of the countries, in Armenia as well, the final decision about foreign recognition is made by HEI where the applicant wishes to continue his/her education. In some European countries the HEI, before making the decision, is sending the diploma/certificate of the applicant to National Information Centers for Academic Recognition of its country for receiving an advise on particular studies.

### ***Rejection of Academic Recognition***

In some of the cases recognition of an applicant's diploma/qualification may be rejected. In accordance with Article III.5 of the Lisbon Recognition Convention, the applicant whose qualification recognition has been rejected has the right to appeal the decision of rejection.

According to Lisbon Convention the applicant has the right to get full information concerning the recognition regulations and procedures in a given country.

### ***Alternative or Partial Recognition***

Pursuant to European Council/UNESCO Recommendation on Foreign Qualifications Assessment Procedures and Standards “if the recognition can not be provided per applicant’s request, alternative or partial recognition shall be considered”.

Partial recognition basically means that hosting country cannot fully recognize the foreign qualification of the applicant, and the adequate recognition body may offer recognition of part of the education. If the mentioned solution is appropriate, then the applicant, who fills the difference between educational programs, may continue the studies in the next cycle of the chosen direction.

Therefore, if applicant's full recognition of qualification is being fairly rejected, it is convenient to discuss the possibility of partial or alternative recognition with the responsible body.

## 11. CONCLUSION AND RECOMMENDATION

In the scope of this study research team of international Center for Agribusiness Research and Education (ICARE) has conducted a thorough analysis of multiple parameters in Shirak and Aragatsotn region. Both primary and secondary data was collected to analyze business environment, migration situation, and potential value chains in these regions. In addition to that, national migration management systems, investment related policy and regulations, projects implemented by international and local organizations in the regions, community development strategies and priorities were also investigated.

Study findings revealed that there are several value chains in both Aragatsotn and Shirak region, which, if developed, will increase employment in the region and decrease number of people who migrate from Armenia in a search of better employment opportunities. Additionally, since the study revealed great potential for agricultural value chains development, there is a need to explore the local market demand and export opportunities for agricultural goods. Brief statistics on import and export of agricultural production is presented in the graph 12 below.

**Graph 12. Agrifood export and import dynamics in Armenia.**



Source: NSS

The decrease in imports in 2015 and 2016 is mainly related to the decline in purchasing power of households that, in turn, is highly correlated to the decrease in remittances sent to Armenia from the RF.

The data on self-sufficiency level of agricultural produce is provided by the National Statistical Services and for the commodities of interest (proposed value chains) is as follows:

- Milk – 84%
- Fruit – 93%
- Wheat – 48.7%
- Legumes, including buckwheat – 52%

- Meat by types - chicken- 20%, pork – 54 %, beef – 88%
- Vegetables – 99%
- Grape – 102 % , however the grape varieties used for wine are scarce and well demanded (this also supports the fact that the price paid for wine grape varieties is about 2 times higher than that paid to farmers for brandy grape varieties).

## SUGGESTED VALUE CHAINS IN ARAGATSOTN REGION

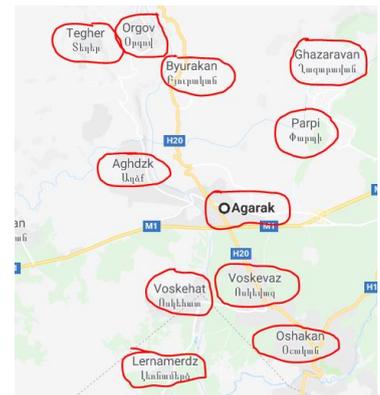
There are manufacturing enterprises in the region mainly based on the locally supplied raw materials, which, in case of low level of investment and high level of marketing, can become competitive and effective producers and ensure additional employment while improving social wellbeing of population. Research findings revealed that majority of communities in Aragatsotn region are willing to be engaged in different value chains.

It is recommended to establish/develop the following value chains in Aragatsotn region.

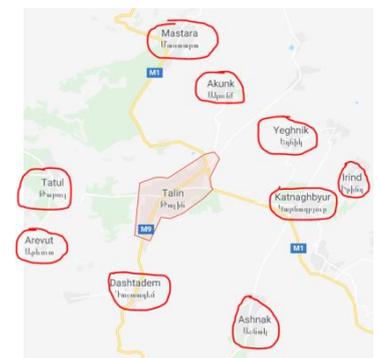
- **Milk production - Milk processing - dairy production (cheese production)- sale**

There are several dairy producing plants in the region. It is recommended to build dairy production value chains with inclusion of nearby communities.

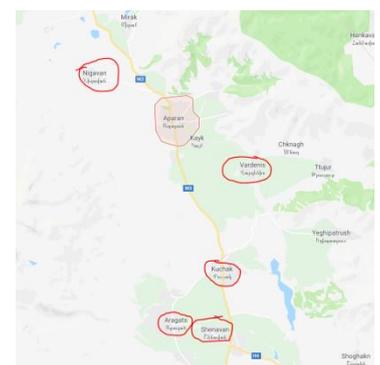
**“Ashtarak kat” dairy producing plant** is located in Agarak community, Aragatsotn region. The possible communities that could be included in dairy production value chain are Agarak, Aghdzk, Voskehat, Voskevaz, Oshakan, Lernamerdz, Parpi, Byurakan, Orgov, Tegher, Ghazaravan. In addition, there is milk collection unit in Buzhakan community, Kotayk region, which collects milk and sells it to “Ashtarak kat”. Shoghakn and Yernsjatap communities from Aragatsotn region can supply milk to abovementioned milk collection unit.



**“Bonilat” dairy producing factory** is located in Talin city. It was founded in 2005, on the basis of the former Talin cheese factory. Cattle breeding is developed in rural areas around Talin. It is reasonable to consolidate Talin, Mastara, Akunk, Yeghnik, Irind, Katnaghbyur, Dashtadem and other nearby communities under one business cluster for dairy production value chain.



**“Aparan Cheese Factory”** is located in Aparan city. It is reasonable to consolidate Aparan, Nigavan, Vardenis, Kuchak, Aragats, Shenavan communities under dairy production value chain in this area. Moreover, these communities are located near

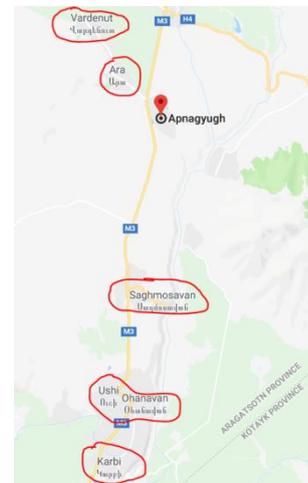


the highway, which means that transportation of a perishable commodity, such as milk, will not take much time.

**“Apna Cheese plant”** is located in Apnagyugh community. It is reasonable to consolidate Vardenut, Ara, Apnagyugh, Saghmosavan, Ushi, Ohanavan, Karbi under dairy production value chain in this area.

In addition, "Chizela" and "Alagyaz" cheese brands are being produced by farmers' groups in Verin Sasnashen and Yeghnik communities. It is worth to mention, that World Vision Armenia supports the farmer group with access to market, certifications and product labelling.

Cheese production is considered one of the priority areas in Aragatsotn region. According to Governor’s office of Aragatsotn region, instead of current 65-70 tons, it is possible to produce 300-350 tons of different types of cheese. In case of 10-15 million AMD-worth investment it would be possible to start the production of top-quality cheese. Additional 150-200 job places can be opened, with an average monthly salary of 130-140 thousand drams.



#### ✓ **Fruit growing - Dried fruit production –sale**

Currently production of dried fruit in the region is mainly done at household level, it is feasible to produce 1 to 2 thousand tons of dried apricot, peach, apple, plum and pear. Up to 2,000 families can participate in production process.

Taking into account, that there are several dried fruits producers (listed below), it is reasonable to consolidate households/villages in fruit growing and dried fruit production value chain.

**“Byurakan Chir” dried fruit producing cooperative** was established in 2016 by ENPARD in Byurakan village. The cooperative collects fresh fruits not only from Byurakan and nearby villages, but also from communities in other regions. According to the findings of this study, there is possibility to produce organic dried fruits in Byurakan village. It is possible to include Byurakan, Voskevaz, Agarak, Aghdzk and other nearby communities under both traditional and organic dried fruits production.

**“Agrolog” company** is located in Ashtarak city. It is mainly engaged in collection of dried fruits from households and cooperatives and packaging. Moreover, it has its own dried fruit making unit. There are 2 other dried fruit producers in Ashtarak city.

**“Tamara fruit” Ltd.** is located in Karbi village and engaged in production of deep frozen fruits and vegetables and fruit juice, as well as dried fruit production and packaging.

**“Gyughi Kin” NGO** (village women) is engaged in dried fruit production in Oshakan village.

There are 3 dried fruits producing cooperatives in Talin community established by ENPARD.

For expansion of value chains related to dried fruit, it is suggested to establish new orchards in different communities in the region and to solve irrigation issues that some of the communities have.

#### ✓ **Fruit growing - Production of Canned fruits**

The region harvests up to 50 thousand tons of fruit annually. According to the regional Governors office, only 10-12% is processed. An additional investment in intensive orchards and transportation means will increase the production to 10-15 million cans annually and 800-1000 job places can be opened. "**Tamara fruit**" Ltd. which is producing canned fruits and juices is located in Karbi village in Aragatsotn region, also "**Hayasy Group**" which is engaged in processing of fruits is located in Voskevaz community. It is suggested to establish fruit collection units in several communities and provide means of transportation for smooth organization of supplying fruits to canned fruits producing companies.

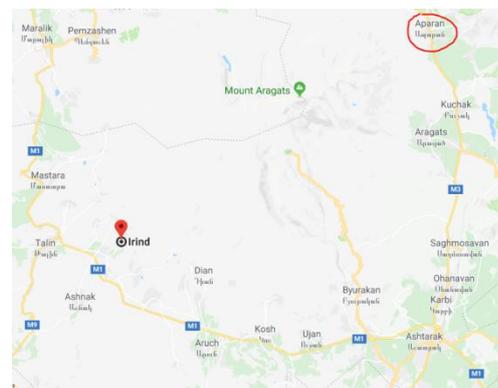
In addition to that, it is very important to construct new and renovate current irrigation systems in the region. There is 400 ha of land near the town of Talin, which is not cultivated due to the current condition of the irrigation system. With irrigation, apricot, apple, peach, perennial plants will grow well there.

#### ✓ **Grape producing and wine making**

Grape and wine production is quite developed in Aragatsotn region. There are several wine producing companies in the region, particularly "Armenia wine" wine producing company in Sasunik village, "Voskevaz Winery" in Voskevaz community, "ArmAs" winery in Nor Yedesia community that get grapes both from own vineyards and from external suppliers. It is suggested to establish vineyards in nearby communities to supply the demanded varieties of grapes to the mentioned wine producers.

#### ✓ **Raspberry production**

Raspberry grows well in Aparan and nearby communities. With the help of World Vision Armenia "Kaym" raspberry producing group was established in Irind community. 10 farmers are involved in this group who currently cultivate about 1,7 ha of raspberry. For development of this sector it is suggested to establish a small raspberry processing plants and establish a cooling unit not far from these communities. It is essential to solve transportation issues as well.



#### ✓ **Grains and legumes production**

With the support of OASI project, production of organic peas, lentil, flax, buckwheat and wheat are experimented in Talin and nearby communities. For expansion of grains and legumes production, it is suggested to establish new fields in Talin and nearby communities, install new irrigation system or renovate current irrigation systems, establish new processing and sorting

plants. Currently, there are 2 sorting plants located in Bavra (Shirak) and Tsovagyugh (Gegharkunik) communities, which are far from the mentioned area.

#### ✓ **Wool production - Carpet weaving**

350-400 tons of wool is produced in the region annually; however, it is having considerable issues with commercialization. There's only one rug producing plant in the region, which is located in Apraran. However, the plant is operating under the full capacity. Rug making may also be organized as a home-based occupation both in Apraran and other districts. This model of production will not require intensive investments and will contribute to value adding via highlighting handmade production. From 2,000 to 2,500 families may be involved.

#### ✓ **Establishment of Greenhouse farms**

There's an extensive experience in the region in terms of greenhouse operation and management. Currently there are more than 10 greenhouse businesses in the region. Production of greenhouse vegetables and other crops in the region can be tripled.

#### ✓ **Meat processing**

There are 48.8 thousand heads of cattle, 66.2 thousand heads of sheep and 6000 heads of pig bred in about 39,000 farm households in the region. Annual production of meat is 3000-4000 tons. Two meat processing factories are currently operating in the region. However, due to insufficient funding opportunities these factories are unable to operate with full capacity. With investment it is possible to increase the gross output and increase livestock number by 10-15 thousand. 200-220 jobs could be opened.

#### ✓ **Tourism**

Aragatsotn region is a major center for tourism. Aragats mountain with its Kari lake is one of the tourism destinations in the region and frequently attracts hikers and adventure travellers. Another tourist attraction is Byurakan observatory - one of the major research centers in the South Caucasus that is located in Byurakan community. The region is also rich with ancient monasteries and medieval castles (Amberd, Mughni). The Battle Memorial of Bash Abaran and the Armenian Alphabet Park near Apraran are also among the most visited locations in Aragatsotn.

It is possible to expand ecotourism, agro tourism and extreme tourism in the region. For expansion of tourism sector in the region, the following activities should be taken into account:

- Improvement of infrastructure, including roads.
- Maintenance of historical monuments and sites.
- Development of supporting service sectors in tourism related locations, including establishment/renovation/improvement of restaurants, cafes, hotels, etc.
- Improvement of transportation.
- Development of tourism routes.

### ✓ **Processing precious stones and jewelry production**

Melikgyugh diamond processing plant is engaged in processing of natural diamond. The plant frequently stays idle due to the absence of raw materials. At the full capacity the plant may employ 300 people.

Branch of the Yerevan jewelry factory is located in Talin. If provided with necessary investments and raw materials, additional 250 jobs could be established.

### ✓ **Relaunch of knitting and shoe production plants**

According to the regional governor's office of Aragatsotn, there are 32 factories engaged in knitting and 2 shoe producing plants in the region. Out of these enterprises, only Aparan knitting factory is currently functional, however due to lack of requisitions, it often stays idle. Furthermore, just as in many other factories, the technology is outdated. This enterprise is capable of employing 1,200 people.

## SUGGESTED VALUE CHAINS IN SHIRAK REGION

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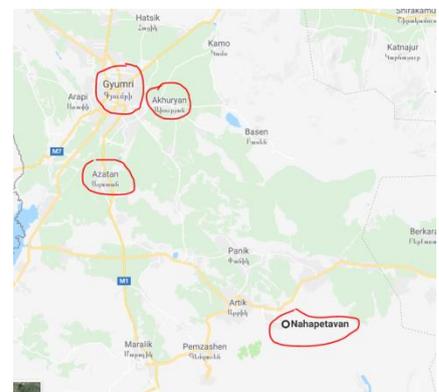
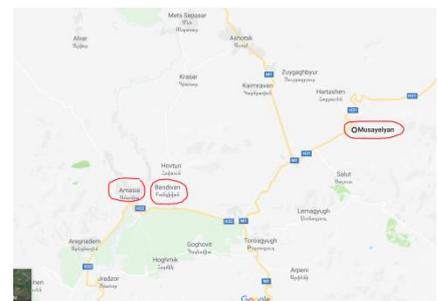
The economy of Shirak region is mainly based on agriculture, including plant growing and animal husbandry. In the scope of this research, the following value chains and community clusters are suggested to develop:

### ✓ **Animal husbandry - milk processing- dairy production**

There are several milk processing and dairy productions in the region.

- “Bandivan Kat” - Bandivan community
- “Amasia cheese factory” - Amasia community.
- “Igit dairy factory” - Azatan village.
- “Ashotsk cheese factory” - Musayelyan community
- “Eco Kat” – Gyumry city
- “Eliz group” – Nahapetavan (Artik) community
- “Katnamterk Van” LLC – Akhuryan community
- Others

For development of the mentioned value chain, it is reasonable to consolidate communities around each dairy



producing plant as one business cluster. It is advised to establish milk collection units and procure vehicles with refrigeration for transporting the milk. Besides, it can be beneficial to reproduce high-breed cattle in the region for increasing both milk and meat productivity. Primary data collection revealed that there is a need of establishment of compound feed producing plant in Shirak community and include Jajur, Krashnev and Lernut communities for supplying appropriate ingredients.

#### ✓ **Grain production and sale**

In Shirak region, wheat is grown in Musayelyan, Nor Kyanq, Amasia, Horom, Akhuryan, Beniamin, Arevik, and many other communities. Taking into account that the soil and climate in the region is very suitable for wheat cultivation, it is suggested to experiment with different varieties of wheat for increasing wheat productivity in the region. Besides, it is reasonable to enlarge wheat cultivation fields in the region. It is suggested to establish wheat processing and sorting plant not far from the mentioned communities. It is worth to mention, that there is buckwheat sorting, processing and packaging plant in Bavra community, which may be used for wheat processing by installing appropriate equipment there.

Buckwheat grows well in Musayelyan, Ashotsq, and Bavra. It is suggested to support land consolidation and enlargement of current cooperatives in Musayelyan community for buckwheat production. It is reasonable to experiment buckwheat production in other communities as well.

#### ✓ **Service sector and IT**

Service and IT sectors have a potential for development in Shirak region, mainly in Gyumri city. Gyumri Technology Center (Gyumri TechnoPark) was opened in 2014 in Gyumri city. The project aims to turn Gyumri into a regional and international center of information and high technologies by creating new jobs, through trainings on engineering, multimedia, web, mobile and business skills.

Armenian branch of D-Link International world-leading company is located in Gyumri city. The Representative Office is providing free of charge technical and warranty services, customers training and technical support in complete network projects.

The Tumo Center for Creative Technologies was opened in Gyumri as well. It is a free of charge digital media learning center.

There are many hotels, cafes and restaurants in Gyumri. The development of hospitality sector is justified by the fact that Gyumri is the second largest city in Armenia and is located midway to Georgian border. This means the city can host regional tourists as well.

### ✓ **Tourism**

Historical and cultural monuments in Shirak region, particularly "Kumayri" historical and cultural museum-reserve, Harich and Marmashen Monestry complexes, Lmbatavan church, Gusanagyugh and Vahramaberd castles are popular sites, that can contribute to tourism sector development in the region. "Lake Arpi" national park with its unique biodiversity and caves in Maralik city are considered the best place for ecotourism development. The following activities should be implemented for expansion of tourism sector in the region:

- Improvement of infrastructure, including roads.
- Maintenance of historical monuments and sites.
- Development of supporting service sectors in tourism related locations, including establishment/renovation/improvement of restaurants, cafes, hotels, etc.
- Improvement of transportation.
- Development of tourism routes.

### ✓ **Textile industry**

Textile industry was developed in Shirak region during Soviet times. Currently, there are several plants in the region specialized in production of socks and hosiery products, knitted fabrics.

The "Armtex Group" located in Gyumri city is specialized in cotton clothing production. It has a sewing factory with more than 100 workers. The LENTEX LLC located in Gyumri is one of the largest manufacturers of hosiery products in Armenia. According to LENTEX director, with availability of appropriate raw materials the Company could increase production and create about 300 new jobs.

“Naytex” CJSC is operating in Maralik city and produces cotton threads, cotton clothing towels, socks, etc. Raw materials are imported from abroad. According to the company’s director, for production expansion, the company needs investment in better equipment.

It is suggested to renovate former textile producing factories and install appropriate equipment, that will contribute to efficient production and will increase employment level in the region.

## BUSINESS EVALUATION SUGGESTED METHODS (PACA METHODOLOGY)

It is recommended to use Application of Participatory Appraisal of Competitive Advantage (PACA) methodology to assess potential businesses in communities in Shirak and Aragatsotn regions for development of appropriate value chains.

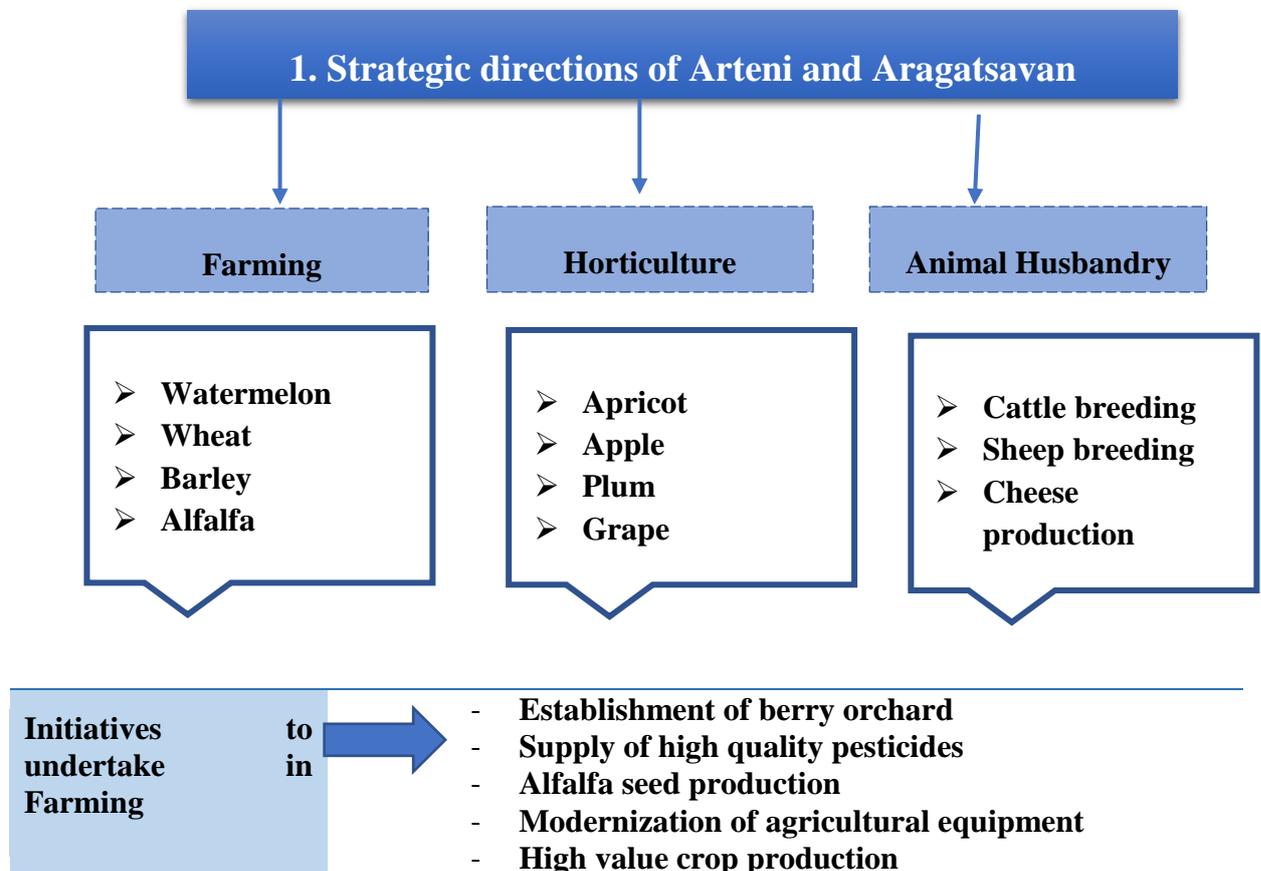
PACA methodology has been widely used in recent years to reveal local economic development perspectives and point out any value chains that can be initiated in selected areas.

The objectives of PACA methodology are

- Assessment of the economic potential of selected regions/communities and identifying sectors that have most promising growth opportunities,
- Developing strategies on how to mobilize and successfully meet this potential and prevailing directions on how to overcome possible obstacles and
- Creating a network of local stakeholders, such as the local governing bodies and administration, the businesses, regional representatives of trade unions (if any), local and international NGOs who can work together and contribute to economic development.

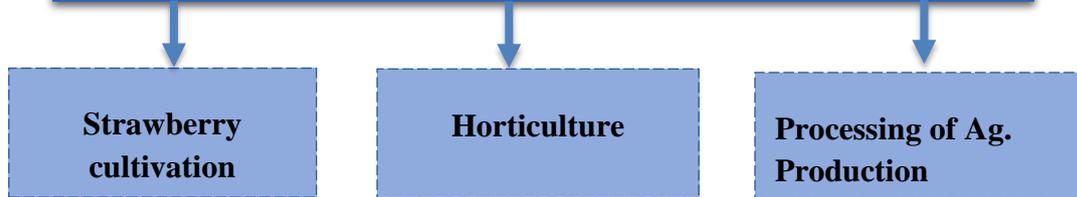
SME DNC of Armenia issued number of studies on regional economic development using PACA Methodology. Below is the summarized information on leading directions and possible ways to foster development of these directions from SME DNC study on regional development projects.

### Value chains in Aragatsotn Region



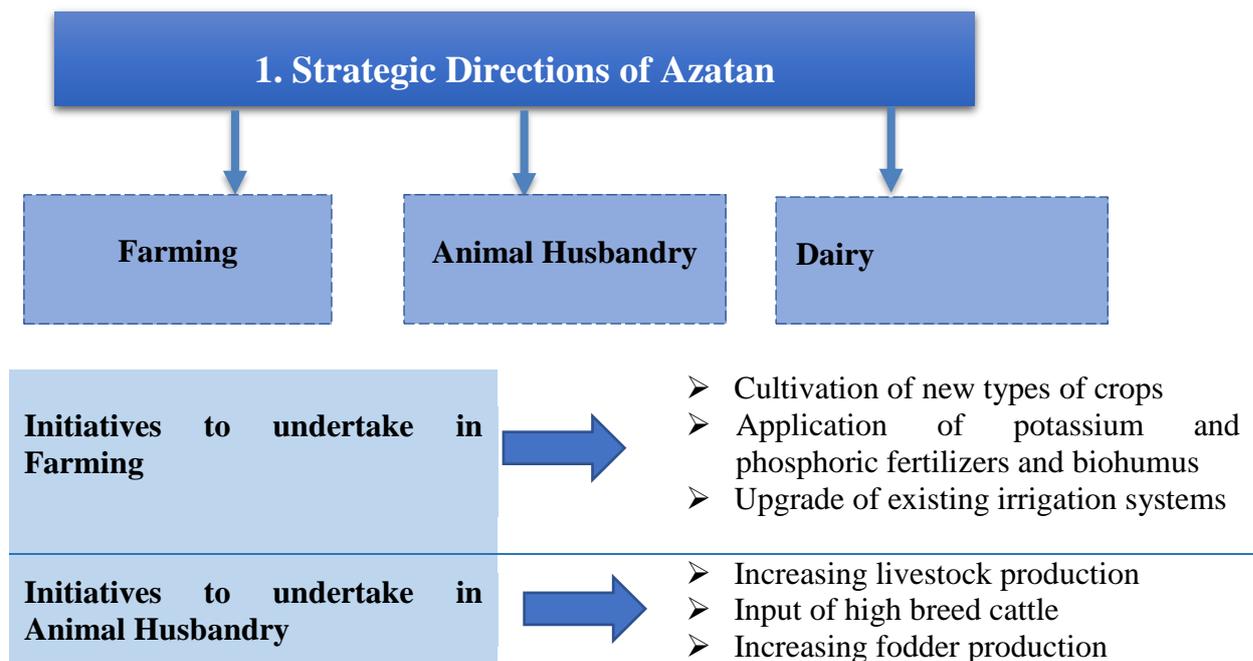
<b>Initiatives undertake Horticulture</b>	<b>to in</b> →	<ul style="list-style-type: none"> <li>- Acquisition of new, fast growing seedlings</li> <li>- Improvement of irrigation system</li> <li>- Installment of anti-hail systems</li> <li>- Establishment of drying centers</li> <li>- Establishment of cool storages</li> <li>- Establishment of horticulture service centers</li> <li>- Establishment of processing company</li> </ul>
<b>Initiatives to undertake in Animal Husbandry</b>	→	<ul style="list-style-type: none"> <li>- Improvement of barn conditions</li> <li>- Artificial reproduction of cattle</li> <li>- Establishment of veterinary service center</li> <li>- Production of high quality cheese</li> <li>- Development of cheese brand</li> </ul>

## 2. Strategic directions of Voskevaz, Aghdzq and Ujan



<b>Initiatives to Undertake for Strawberry production</b>	→	<ul style="list-style-type: none"> <li>➤ Construction of new irrigation systems and upgrade of existing ones</li> <li>➤ Support to farmers/farmers groups that want to start strawberry greenhouse business</li> <li>➤ Import of strawberry new varieties</li> </ul>
<b>Initiatives to Undertake in Horticulture</b>	→	<ul style="list-style-type: none"> <li>➤ Construction of irrigation systems</li> <li>➤ Import of new varieties and seedlings</li> <li>➤ Acquisition of high quality pesticides and fertilizers</li> <li>➤ Import of cultivation mechanisms</li> </ul>
<b>Initiatives to Undertake in Processing of Ag. Production</b>	→	<ul style="list-style-type: none"> <li>➤ Establishment of cool storages</li> <li>➤ Establishment of drying centers</li> <li>➤ Production of canned fruits and vegetables</li> </ul>

## Value chains in Shirak region

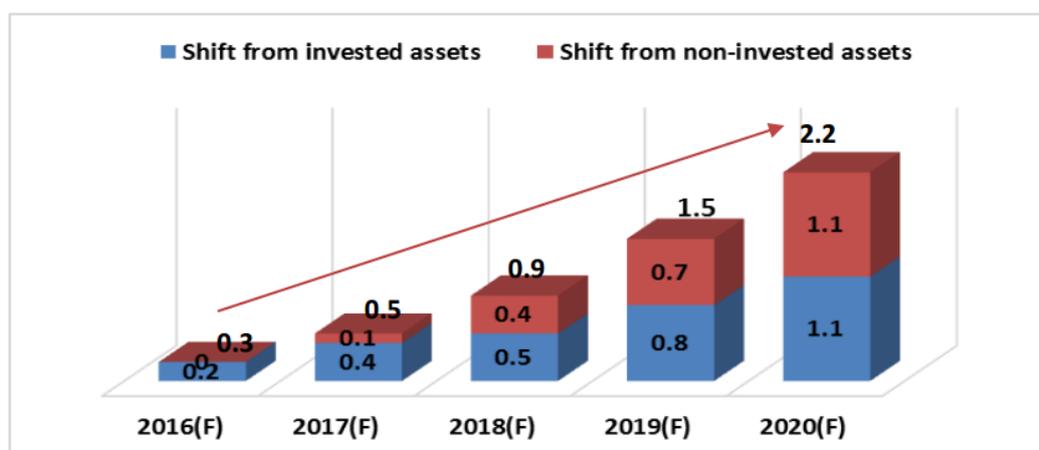


### CDIS SUGGESTED MODEL AND BASIC OPERATION PROCEDURES

Rapid development of online tools leads to establishment of online platforms and online investment models. Investment made through online platforms increased dramatically during the last 5-10 years. As of 2015 these platforms manage 19 billion US dollars worldwide, and according to Lets Talk Payments (LTP) website analysts, the value of assets managed by electronic platforms is expected to grow about ten times in the next few years (LTP, 2015).

**Graph 13. Forecast for volume of assets managed electronically**

**Estimated US robo – advisors assets under management (USD in trillions):**



Source: Let's Talk Payments website

Automated investment platforms (robo-advisors) are online services that use software and computer algorithm to identify investment portfolios for different types of investors. The elements of robo-advisors, advanced and developed will be used for the online platform CDIS.

Several models of investment platforms with different levels of sophistication were introduced both as commercial organizations, and within the structure of different state bodies.

Examples of platforms established as **commercial organizations** are Betterment, Wealthfront, and FutureAdvisor. These organizations provide advice on financial planning and advice on tax-efficient investment. These platforms mainly include financial investments.

Examples of platforms operating **under the state** can be “Invest in Armenia” or “Invest in Georgia”. In both cases a separate entity under direct control of Prime Minister or ministry of the economic development and investments is established to promote investments in the country. Both platforms provides information on possible projects and highlight perspective investment directions. Invest in Georgia provides comprehensive information on all steps and procedures to go through, and provides documentation and legal forms that need to be filled in to establish own business in the mentioned field.

Example of platform established as an **NGO** is Restart that operates in Bosnia and Herzegovina as a business ambassador for diaspora and foreign organizations to facilitate investments and direct towards creating value in the country. The platform serves as basis for information and method of investing in existing or new businesses for investors, while handling all administrative and legal procedures (including business registration, finding office space, hiring personnel, etc.). The model of restart is different from other platforms, because it is built on trust. Restart ambassadors are well educated successful business people in different countries that foster diaspora participation in country development through presenting business opportunities in Bosnia and Herzegovina to their network and beyond.

This model suits the best for CDIS platform in Armenia, since

- Armenian diaspora is clustered in several regions across the world, which means that the targeted effort spent by an ambassador for a specific area can provide higher pay-off,
- Armenian diaspora is usually centered around a church or lives in a community that makes information dissemination and awareness rising easier,
- Given a very low level of trust towards Government authorities (CRRC, 2014), the diaspora representatives or current migrants will however follow the successful entrepreneur well known in the community (ambassador), if they see the path to success, he/she took earlier.

The suggested platform will have to contain information on business opportunities, including description, financial calculations, market analysis and possible payback options. This can be both existing business that needs to be expanded, and a completely new business. The platform will contain typical business models that will serve as an algorithm for evaluating risks and paybacks of the project to advise the investor. This typical model can be based on the same PACA methodology; the basic model will be inputted into the system and based in each

additional implemented project results (reasons for their success or failure), the model will adjust riskiness of the project and the payback period. There will be an element of machine learning, when based on the real project experience the existing model is re-written to refine the results. After the investor makes up his/her mind to invest in a certain project, the amount will be transferred to an intermediary bank account and will be directed towards the project implementation in tranches to ensure the completion of one stage before the investment for another stage is received. This will be one of the main elements of project monitoring and evaluation. Investor will be getting project progress feedback on regular basis. The business owner and the investor may remain anonymous if they prefer to.

This type of model may be established using donor organization funding, but there will be constant need for maintaining and servicing it beyond the donor project. So it will be feasible to pass on the platform to a state body that will be interested in sustainability of operations. These can be employment services, Ministries or local administration bodies. The staff selected to maintain and run the platform needs to be trained within the scope of the donor project and then will be paid from the state budget. If the platform is linked to the e-government system of the country, the investment security issues will be addressed on the State level.

As opposed to the Invest in Armenia projects, where the investment amounts are very large, this platform will be serving small-scale community-based projects. In this case the initial investment amounts can be as low as a few hundred Euros (it is preferable to start with expansion of a successful existing business), and will then go up as the trust towards the platform is established.

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## 13. APPENDIX 1. STRATEGIC PROJECTS IN THE REGIONS

### APPENDIX 1.1 - SHIRAK REGION

RA	Project Name	Short Description	Funding (mln. AMD)	Implementing Body	Period
1.	Promoting technological advancement in Shirak region	With support of Microsoft innovation center providing IT classes to 200 unemployed and 90 permanent job placements.	267.8	With support from EU	2017-2018
2.	Establishment of Bavra buckwheat production	"Nor hatik" producing, processing, selling cooperative which will operate in Bavra. It is planned that the company will do processing and packaging of 9000 tons of buckwheat. The production will be in Shirak, Aragatsotn and Lori regions, for 28 cooperatives with 430 total number of members.	213.5	FAO United Nations Food Program Implementation Unit, ENPARD program (in consent with)	2017 August
3.	Textile production	The production will provide 1500 work placements. Along with the production there will be training center where future sewing specialists will be trained. In addition, 16 apartments will be constructed in the area	1030	"Sastex" LLC	Before 2018

		of that production. The apartments will be provided to the families settled in that area.			
4.	Tumo Creative Technologies	The aim of the project is to provide a wide number of children unique education in 4 areas: digital media, game development, animation and web development	-	"Simonyan" Education Foundation	Before 2018
5.	Construction of Kaps reservoir	Increased number of irrigated lands	31,500	State Committee of Water Economy of the RA MEINR	Before 2020
6.	North-South Road Program	With the support of the European Investment Bank, Development program of the North-South transport corridor (transh 3) part B1 and B2	3578	European Investment Bank/B1 (agreed with), Asian Development Bank/B2 (in consent with)	Before 2019
7.	Gyumri Urban Roads Project	Renovation of Gyumri streets implemented with the support of the European Bank for Reconstruction and Development	171.1	Ministry of Territorial Administration and Development of RA	Before 2018

8.	Solid waste management	The goal is to build and equip with the necessary equipment garbage dump that complies with European Standards in Beniamin community of Akhuryan region of Shirak Marz.	8400	Asian Development Bank (in consent with)	Before 2021
9.	Construction and renovation of educational and cultural institutions	Construction of secondary schools in Okanjan and Ayras communities and construction of kindergartens in Spandaryan and Aygabac communities.	959.7	RA Regional Development Fund (in consent with)	Before 2018
10.	"Armenia tree planting" project	Establishment of Community Forests in Fifty Communities of Shirak Region for the Improvement of the Environment		A-T-P Charity Organization (in consent with)	Before 2025

APPENDIX 1.2- ARAGATSOTN REGION

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RA	Project Name	Short Description	Funding	Implementing Body	Period
1.	Establishment of a resort zone in "Tegher" community	Creation of tourism attractions for winter and summer seasons.	2.4 billion AMD	Private Investor (in consent with)	2017-2020
2.	Creation of "Old Ashtarak" tourism and attraction center	The program envisages creation of a tourist and family recreation center in the historic mill grove of Ashtarak city. Agreed with residents of Dzorak region, the area will be renovated keeping the old traditional forms of houses.	6.2 mln. EUR of which own investments 700,000 EUR, foreign investment 1.5 mln. EUR, credit program 4 mln. EUR	Private investor (in consent with)	2017-2020

3.	"Ecomunity" Establishment of ECO district	It is planned to construct an eco district in Saghmosavan.	485 mln. AMD, personal investments 291 mln. AMD, credit program 194 mln. AMD	V-G-L development American Resident Organization (in consent with)	2017-2022
4.	Development of greenhouse sector. Increase in productivity using modern ways of cultivation (e.g. aeroponic)	It is planned to establish a greenhouse with aeroponic system (1 ha) in Ashtarak city.	450 mln. AMD, personal investments 225 mln. AMD, credit program 225 mln. AMD	Private investor (in consent with)	2017-2020
5.	Lamp production in Talin region	Company will produce LED lamps for household and industrial use using modern technologies. Project will ensure increase in the number of foreign investors and the number of job placements.	Own investment 250 mln. AMD	Private investor (in consent with)	2017-2019

6.	Establishment of dried fruit production in Ujan community	"Arevaham" LLC is planning to establish dried fruit production in Ujan community. Ujan is rich with fruits and vegetables. The production will contribute to increased employment in the region.	Project budget 85 mln. AMD, personal investment 48 mln. AMD., credit program 37 mln. AMD	"Arevaham" LLC (in consent with)	2017-2019
7.	Establishment of metal production	Metal production is planned to be in the city of Ashtarak. The project will ensure new employment opportunities	Project budget 30 mln. AMD, personal investment 15 mln. AMD, credit program 15 mln. AMD.	Karo Karapetyan S/P (in consent with)	2017-2019
8.	Utilization of mineral resources in an efficient and profitable way. Involvement of foreign	Increasing the scales of perlite production. Dekalight American company is co-owner.	Project budget 300 mln. AMD	Private investor (in consent with)	2017-2022

	investors in region's investment projects				
<b>9.</b>	Establishment of scientific production (in development phase)	Using scientific potential of the region (2 scientific-research institutes in the spheres of physics and radiophysics)	Project budget is not yet ready	National Academy of Sciences of RA, Private investor (in consent with)	2018-2025
<b>10.</b>	Establishment of renting centers for agricultural machinery	Investigation of agricultural equipment resources.	Project budget is not yet ready.	Communities (in consent with), private investor (in consent with)	2017-2022
<b>11.</b>	Installation of anti-hail systems	Installation of 56 anti-hail systems in 4 communities of the region.	Project budget is 84 mln. AMD	Communities (in consent with), private investor (in consent with)	2017-2022

<b>12.</b>	Providing housing to the families in need	Finishing construction of 11 multi-apartment buildings in Talin city	Project budget is 400 mln. AMD	Communities (in consent with), private investor (in consent with)	2017-2022
<b>13.</b>	Providing housing to earthquake effected families	Providing housing to 30 earthquake effected families (3 of which in Aparan, 27 in Aragats)	Project budget is 184 mln. AMD	Communities (in consent with), private investor (in consent with)	2017-2022
<b>14.</b>	Renovating a park in Ashtarak city	It is planned to renovate central park in Ashtarak city which is community owned with total area of 7 ha.	Required budget is 61.6 mln.	Communities (in consent with), private investor (in consent with)	2017-2022
<b>15.</b>	Road infrastructure development	S-1-45 renovation of 5km of Aparan-Dzoragyugh highway (400 mln. AMD) H-21 renovation of 1.8km of Vardablur	Required budget is 1584.0 mln AMD	Aragatsotn regional governor's office communities (in consent with)	2017-2022

		<p>highway (144 mln. AMD)</p> <p>H-21 renovation of 3.7 km of Berqarat region (296 mln. AMD)</p> <p>M-3 renovation of 4km of Nigavan highway (320 mln. AMD)</p> <p>M-3 renovation of 3.7 km of highway in Meliq region</p> <p>H-21 renovation of 1.6km of Geghadzor highway</p>			
<b>16.</b>	North-South road program	Improvement of transport infrastructure	1.2-1.5 billion EUR	Ministry of transport and communication	2009-2019



## INTERNATIONAL CENTER FOR AGRIBUSINESS RESEARCH AND EDUCTAION

**Address:** 74 Teryan Street

0009 Yerevan, Armenia

**Tel.:** (+37410) 52 28 39

(+37410) 56 41 77