

**LOCAL ECONOMIC DEVELOPMENT PLAN**

Community: Dilijan

Country: Republic of Armenia

Dilijan 2018

**Preamble**

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1. Background

The Dilijan Community Economic Development Plan was developed under the Dilijan community’s participation in the Community Leaders for Economic Development initiative. The plan describes the current state of the Dilijan community, the community’s strengths and weaknesses, economic development opportunities and threats, as well as recommended actions that will lead to the development of priority directions of the community's economy.

According to the community development vision set out in the plan, the Dilijan community is a centre for international tourism and ecotourism development with a high standard of living and employment. The community is a regional financial, educational centre where high-quality public services are provided.

     In order to achieve this vision, the community has the following main objectives set out in the plan:

1. Establishment of ecotourism development infrastructure and development of new products;
2. Labour force skill development and compliance with market demand;
3. Introduction and promotion of tourism products on international platforms.

The main driving force of the community's economy is tourism. Due to its beautiful nature and mild climate, Dilijan has long been considered a passive recreation and health resort. However, along with the growth of the foreign tourism, the adventure tourism, eco-tourism and agro-tourism have also begun to develop. The assessment of the economic potential of Dilijan in terms of activities, creation of job and investment opportunities shows a general picture of weaknesses and strengths, opportunities and threats of the city development, revealing gaps and needs of urban infrastructure, increasing its attractiveness, particularly for the development of economy and tourism. An analysis of the strengths and weaknesses, opportunities and threats leads to the identification of possible actions. Based on the analysis of the community's economy, the LED plan aims to improve the livelihood of the population by promoting the development of economy and tourism in the community, and to develop the rural settlements, turning them into rural tourism centres. The LED plan outlines investment opportunities in areas such as tourism and education, which will be a major impetus for the development of local economy. Institutional support to these economic sectors is considered the main sustainable strategy for the community’s development. Selection and implementation of the selected strategic infrastructure projects are essential to improving the local economy, enhancing the attractiveness of the city, in particular for tourism development.

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**Abbreviations**

RA Republic of Armenia

CLFED Community Leaders for Economic Development

CSO Civil Society Organization

SME DNC Small and Medium Enterprises Development National Centre

SWOT Strengths and weaknesses, opportunities and threats

IT Information Technology

EU European Union

CNCO Community Non-Commercial Organization

LSG Local self-government bodies

LEDP Local Economic Development Plan

NGO Non-Governmental Organization

1. **Plan Introduction**

The Dilijan community joined the Community Leaders for Economic Development initiative on August 08, 2017.

The community's economy is based on three main components: small-scale community enterprises, large and medium enterprises, and agriculture, represented by small and large-scale farms. In addition to providing jobs and general well-being, the community's economy has key functions - providing adequate resources for the balanced development of the social sector (education, health care, etc.), maintaining infrastructure in operational condition (roads, gas, water, electricity supply, etc.), as well as enabling the community to improve the environmental situation. If the community is able to spend the funds allocated for community development on the community's educational, health care facilities, ecological situation, construction and maintenance of infrastructure, then the community is developing as a single organism. The economy creates value added, which is spent on community development, and the community provides enterprises with quality workforce, infrastructure and other resources.

The CLFED initiative proposes a management approach to local economic development based on public-private partnerships. Joining the initiative, the community expects to become an active initiator of economic development and job creation at the local level, as well as provide opportunities for economic, social and cultural development, and improving community welfare and living standards.

The plan is tailored to the already existing five-year program on the community's economic development. Actions to be taken have been further clarified. As a result, we’ll have projects that support the economic growth, development and employment in the community.

The plan was developed in partnership with the private sector and the CS in line with the requirements of the Community Leaders for Economic Development initiative to promote sustainable development of the local economy.

The consolidated Dilijan community includes the city of Dilijan and six rural settlements. The Dilijan community is located in the north-eastern part of Armenia, on the Yerevan-Georgia interstate highway. The distance from the capital is 99 km. The total area of ​​the lands included in the administrative boundaries of the community is 63,317 hectares, of which over 50% are the forest lands of the Dilijan National Park. As of January 1, 2016, the population was 26,700 people, of which 70% are urban and 30% rural. The working population is 18,670, of which 50.8% are men and 49.2% are women. The official unemployment rate is 6.4%, and the actual unemployment rate is 15.7%. As of 2017, the number of employees registered in Dilijan is 8296, of which 33% is in the public sector. The average age of the population is as follows: men - 37, women - 33 years old. The population of the Dilijan community has grown by 15% as compared to 2013, which is due to a number of large-scale projects, in particular the activities of Dilijan Training and Research Centre of the Central Bank of Armenia, the Dilijan International School of Armenia and the Dilijan Central School which belongs to the Ayb Schools family. The Monte Melkonian Military and Sports College has been operating since 2017, which will also have a positive impact on the population number.

1. **Local Economic Development Plan Elaboration Process**

A working group was set up to carry out the LED plan development, involving representatives of local self-government bodies, CSOs, council members and businessmen. The activities were coordinated by the Dilijan Community IT Development Officer G. Davtyan.

Within the framework of the plan development, discussions and meetings were held in Dilijan, Haghartsin, Teghut, Gosh, Hovk, Khachardzan and Aghavnavank. Suggestions and ideas were received from residents, local entrepreneurs, and NGO representatives. Five work meetings were held. More than 100 community members participated.

The strategic objectives and goals of the community's economic development were outlined in a working atmosphere. A schedule of regular meetings was drawn up. ***A memorandum with the community authorities, CSOs and representatives of the business environment*** was drafted.

1. **Local Economy Analysis**

**6.1 Local Economy Structure Analysis**

The Dilijan Community is one of the tourism centres in Armenia where the educational and cultural sectors also develop as a result of the projects implemented in recent years. According to the RA State Registry data, 795 enterprises are registered in the community, the number of which has increased by 20 as compared to 2013. There are 11 financial institutions in the community, whose number has dramatically increased after the establishment of the Ministry of Finance Training Centre and the Central Bank branch. In 2013, there were 2 bank branches in the community.

Community-based organizations have the following distribution:

* 795 micro enterprises;
* 78 small enterprises;
* 1 medium enterprise;
* 3 large enterprises.

The main driving force of the community's economy is tourism. Due to its beautiful nature and mild climate, Dilijan has long been considered a passive recreation and health resort. However, along with the growth of the foreign tourism, the adventure tourism, eco-tourism and agro-tourism have also begun to develop.

Numerous historical and cultural heritage monuments, the Haghartsin monastery complex, monasteries of Goshavank, Jukhtak vank and Matosavank, and monuments of nature, Parz and Gosh lakes, are located in the territory of the community. In 2017, about 125,000 tourists visited Dilijan, 80% of which staying overnight. There are 2 major hotels in the community, including international brands (Best Western), 36 hotel complexes and 45 guesthouses, 33 of which in Dilijan and 12 in neighbouring villages. Restaurants well-known in Yerevan, such as Dolmama, Karahunj and others, have also established branches in Dilijan. There are 20 restaurants and 6 fast food joints in the community. As compared to 2013, the number of hotels/guesthouses and restaurant/fast food joints has increased by 15% and 50%, respectively.

Since 2011, the proceeds from hospitality businesses have grown 2.3 times against the average 2.0-fold increase in Armenia. In total, the tourism sector is estimated at AMD 5 billion in Dilijan, and the number of employed in the sector is 1700, of which 49% are women. The volume of tourism has substantially increased since the introduction of social packages for public sector employees in 2012.

The main highway to the Armenia-Georgia border (Bagratashen border crossing point) passes through Dilijan. In 2017, the number of border crossings through Bagratashen customs point reached 1.2 million, of which about 10 % passed through Dilijan community. This is the reason for the high number of fast food (6), retail trade (249) and car repair points (15). The number of these companies has increased by 20% against 2015.

Large organizations mostly operate in financial and educational sectors. The Dilijan Training and Research Centre of the Central Bank of Armenia has been operating in the community since 2013, the Dilijan Central School which belongs to the Ayb Schools family has been operating since September 2013, and the Dilijan International School of Armenia since 2014. In 2017, the Monte Melkonian Military and Sports College opened in Dilijan. About 4,000 people work in the above-said organizations and the community-based financial institutions, of which 60% were not originally Dilijan residents.

The community has poorly-developed agricultural sector. There are only 17 organizations with only one medium-scale company, "Dili" LLC, which, besides cattle breeding, is also engaged in cheese production. The number of its employees is 16. Agriculture is the second most promising industry after tourism. Parallel to the increase in the number of permanent residents and tourists due to the implemented projects, the demand for agricultural products increases as well, which is currently met by products from other regions.

The main industry in the city is the processing industry with food and beverage manufacturing standing out. "Dilijan" and "Dilijan Frolova" mineral water factories and "Dilijan" brewery have a relatively large annual turnover. There are 88 organizations in the industry, with an increase in their number by 8 compared to 2013.

There is one medical centre in the community. Its management was handed over to a private company. Besides the medical centre, there are 26 companies in the community - a kindergarten, a school, a cultural centre, etc. - operating under the jurisdiction of the community. The municipality and the companies under its jurisdiction employ 1700 people, representing 21% of the total working population. Waste removal and sanitary cleaning is carried out through a community non-commercial organization that has more than 50 employees.

A number of small and medium companies in the following sectors also operate in the community: public services (568), transport services (12), real estate agencies (14), construction (19), mining and stone processing (66), etc.

Compared to 2015, the number of companies has grown dramatically in the financial services sector (around 250%). The number of people employed in this sector has increased by about 215 employees.

Growth was also registered in the following sectors: trade (25%), hotels, guesthouses and restaurants (32%). The number of employed increased by about 130.

The number of construction companies has also increased (10%). Here the number of permanently occupied people is about 15, while the number of people employed in temporary jobs is around 100. With the establishment of new educational institutions, there has also been an increase (15%) in educational sector. The above-mentioned data indicate growth tendencies mainly in the service sector of the community.

**Table 3. List of private sector companies**

|  |  |
| --- | --- |
| **Economic Activity Type** | **Number and % of Enterprises****(by each classification)** |
|  | **Micro** | **Small** | **Medium** | **Large** |
| **Enterprises, total** |  |  |  |  |
| Agriculture, forestry, fishing | 17 /1.8% | 1 |  |  |
| Industry | 88 /9.2% | 2 |  |  |
| Construction | 19/6.3% |  |  |  |
| Transportation, storage facilities, mail and shipping services | 29/1.7% |  |  |  |
| Accommodation and catering | 36/8% | 45 |  |  |
| Information technology | 2/0.6% |  |  |  |
| Finance and insurance | 11/6% |  |  | 1 |
| Real estate-related activities | 14/08% |  |  |  |
| Professional, scientific and technical activities (including accounting, architecture, engineering, research, market research, veterinary services) | 5/0.5% |  |  |  |
| Administrative and support services (renting, leasing, employment, travel and booking offices, security and investigation services, administrative services) | 8/2.7% |  |  |  |
| Education | 30/28.8% | 28 |  | 2 |
| Health and social services | 8/6.3% | 2 | 1 |  |
| Culture, sports, entertainment and recreation services | 6/2.3% |  |  |  |
| Other services | 522/25% |  |  |  |

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| **STRENGTHS** | **WEAKNESSES** |
| A popular tourist destination with beautiful nature, mild climate and well-developed hotel and guesthouse infrastructure. | Migration of youth and qualified people Underdeveloped agriculture |

**6.2 Local partnership**

The establishment of commercial bank branches in the community drives local businesses to new operations, promotes new businesses, as well as closer collaboration with the business community in implementing new projects financed by these banks in a number of areas, such as SMEs, commerce, agriculture, services, etc. There is no business association in the community, so there is no partnership between enterprises. The establishment of the Tourism Information Centre is underway. The centre will act as a business membership organization involving community hotels, guesthouses and restaurants and will support their promotion.

The community leader organizes annual meetings with business organizations and financial institutions to discuss the need for community services improvement and possible sources of funding to maximize the community’s role as a tourism, financial and educational centre and become more competitive for investments. Since February 2016, the community has an Economic Development Council, which collaborates with the Dilijan Development Fund, community entrepreneurs and non-governmental organizations, and implements a variety of projects.

**Table 4. Local Partnership Evaluation**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name** **and/or Function (field/topic on which the partnership works)** | **Involved Institutions/****Persons** | **Achievements****(here show also how it is being implemented, e.g. at the planning stage, project implementation, provision of services, on a permanent or non-permanent/regular basis)** | **Rating:****useful or not useful** |
| Economic Development Council  | Business groups, NGOs, LSG | Planning stage/on a regular basis | Useful |
| Business group | Business groups, NGOs, LSG | Planning stage/on a regular basis | Useful |
| SME DNC Fund | SME | Planning stage/on a regular basis | Useful |

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| **STRENGTHS** | **WEAKNESSES** |
| 1. Commercial banks – SME partnership
 | 1. Non-frequent meetings of the community leader with the business environment |
| 2. Economic Development Council – community entrepreneurs, NGOs partnership  | 2. Lack of Tourism Information Centre |

**6.3 Business supportive, transparent and non-corrupt administration**

The community’s Economic Development Council is newly formed and has no experience in collaborating and sharing information with enterprises. Apart from community leader’s meetings, there is no other format of collaboration to improve the business-friendly environment. Information on business support or donor programs is not posted on the community’s official website. Dilijan municipality, in collaboration with Youth Cooperation Centre of Dilijan NGO and under the *Addressing Common Challenges in Youth Employment through Cross-Border Tourism Development* project, has carried out mapping of intangible tourism values, sites and attractions, and types of tourism available in Tavush province. As a result, a database of various infrastructures and service providers in Tavush province has been created, which is available in the printed version of the survey as well as the free-of-charge *Tourism GeAr* mobile application developed under the above-mentioned project.

All tenders announced by the municipality are published on the website, and all stakeholders can participate in the opening of the bids. Sufficient conditions are in place for being aware of community meetings and public discussions, participating and submitting proposals. For this purpose, the community official website and *Dilijan* newspaper are used, where a detailed reference is made to the activities of the municipality and the council. All community council meetings are broadcast online.

**Table 5. Developing sectors (subsectors) and their issues**

|  |  |
| --- | --- |
| **(Developing) Sector****(subsector)** | **The main issues, to address which support needs to be provided to business**  |
| Tourism sector | Poor waste removalPoor signage Poor condition of roads to main tourist attractionsLack of travel maps of the community |
| Construction | Compliance of the master plan of urban development with the requirements for economic developmentSpecification of construction permits, reduction of time framesImproper business awareness of legal regulations  |
| All business areas | Businesses’ lack of awareness of legal regulations |

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| **STRENGTHS** | **WEAKNESSES** |
| 1. Business environment improvement | 1. Lack of other sources of information |
| 2. Transparent competitive field | 2. Lack of funds to improve the business environment |

**6.4 Access to finance**

27% of the banks and 8% of credit organizations operating in the country are available in the community.

Information on financial resources available for business development is not collected and provided to businesses. Businesses anticipate that the Economic Development Council will provide a list of possible financing sources. Banks operating in the community provide loans of up to AMD 100 million (at 14%) secured by collateral, and loans of AMD 10 million (at 21%) without collateral to small and medium enterprises. Commercial banks provide agricultural loans at an interest rate of 5-6% to stimulate agricultural development. There are credit organizations operating in the community that provide loans of up to AMD 2 million (at an annual interest rate of 24%). In order to promote business development, the community council intends the municipality’s cooperation with the capital market, capacity building and implementation of joint projects and activities with the private sector, which will provide a financial market for the implementation of these projects. To promote collaboration, an advertisement was posted on the official website of the municipality, encouraging submitting projects and organizing a meeting to discuss the projects and address the issues hindering business development.

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| --- | --- | --- | --- | --- |
| **Institution/Donor****(including banks and other credit organizations)** | **Potential Customers/ Beneficiaries** | **Preferred Economic Sectors/****Activities** | **Minimum and maximum amount to be disbursed** | **Requirements****(collateral, etc.)** |
| Commercial banks | SME,community residents | Trade and services, construction | Up to AMD 100 million Up to AMD 10 million | Pledge,Guarantor |
| Credit organizations | SME,community residents | Trade and services | Up to AMD 2 million | Guarantor |
| Community | Non-governmental organizations | Tourism | Up to AMD 1 million |  |

| **STRENGTHS** | **WEAKNESSES** |
| --- | --- |
| There are a large number of financial institutions offering almost the entire range of financial services available in the financial market.  | Lack of comprehensive information on finance sources |
|  | Limited lending to start-up business |

**6.5 Land and Infrastructure**

The positive trend in the business development brings with it the growth of demand for working premises, land and infrastructure. The main demand is by micro-enterprises and individual vendors who want working premises with utilities. In order to meet this demand, the community is building 4 multifunctional bus stops under a European Commission-funded grant, where individual entrepreneurs can carry out commercial activities. An agro-market is also being built, which will boost the development of agriculture in the community. The community also owns office premises where organizations providing accounting, legal, consulting and other services are located. These premises require a major repair and upgrade of utility infrastructure and are mainly available to small enterprises. Micro-enterprises often do not possess adequate financial means to rent premises. Currently, a private investor is building a business centre that will be equipped with all necessary infrastructure.

The community does not have at its disposal a list of free premises and buildings with relevant descriptions that may be presented to existing businesses and investors.

**Table 6. Private sector’s needs for land and infrastructure**

|  |  |  |
| --- | --- | --- |
| **Private Sector’s Needs** **by Infrastructure Type**  | **Current Situation** **in the Sector**  | **Possible Future Needs** **(for 6 years)** |
| Working premises for a micro-business or a private entrepreneur with or without shared utilities | Lack of premises | Construction of multifunctional bus stops |
| Office premises with or without shared facilities | Premises in need of repair | Upgrading available premises |
| Enterprise Incubator (<10 start-up/micro companies, >10 start-up/micro companies)  | None | Construction of a business centre  |
| Enterprise/Industrial Park | None |  |

|  |  |
| --- | --- |
| **STRENGTHS** | **WEAKNESSES** |
| 1. Availability of office premises and possibility of renting | 1. Poor state of available office premises |
| 2. Availability of premises for economic activity | Inefficient use of premises |

# 6.6 Regulatory and Institutional Framework

A Citizen Service Office has been established in the municipality leading to an improvement of services provided by the municipality. Despite the progress registered, there are still some impediments. In order to promote the development of newly-emerging businesses, the community does not apply reduction of local taxes, duties and fees.

**Table 7. Regulatory and institutional framework**

|  |  |  |  |
| --- | --- | --- | --- |
| **Regulatory Challenges** | **High/Low Level of Negative Impact** | **Main Regulatory Authority** | **The ability to mitigate/improve problems at the local level** (details) |
| Citizen Service Office | Low | Government LSG | Improving the quality of services provided |
| Tax policy  | High | Government LSG | Support for newly-emerging businesses |
| Documentation procedures | Low | Government LSG | Introduction of online document submission system |

| **STRENGTHS** | **WEAKNESSES** |
| --- | --- |
| 1. Citizen Service Office availability | 1. Inflexible system of local taxes and duties |
| 2. Equitable access | 2. Generally, regulation is not within the jurisdiction of local self-government bodies |

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# 6.7 Skills and Human Capital, Inclusion

Under the RA legislation, municipality’s authority in education is restricted to pre-school education. The Knowledge for Development Centre of the Central Bank of Armenia, where about 200 schoolchildren and young people are involved, holds a series of labour force development activities involving both university professors and leading foreign specialists. However, the issue of the community’s labour force development still stands.

The development of tourism in the community has led to a great demand for waiters, tourist guides and service sector workers who speak foreign languages. Labour force development is needed in construction, trade, hotel and restaurant industries. Seasonal labour migration leads to lack of qualified professionals. As a result, jobs are taken by non-professionals. The unemployment rate in the community reaches 6.4%, of which 6.4% are people with higher education, and 21.4% have secondary vocational education. Institutions providing secondary vocational education are not yet adequately responding to the needs of the local labour market in terms of quantitative, structural and qualitative characteristics. There is a discrepancy between labour force supply and demand. The Employment Centre carries out certain trainings but does not cooperate with private businesses. There is no coordination between the municipality, businesses, and education and training institutions.

**Table 8A. Situation in the qualified labour market**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sector**(According to Table 3) | **Current Situation in the Qualified Labour Market** (e.g. significant/some shortage/discrepancy/ excess demand) | **Projected Future Situation**(e.g. significant/some shortage/discrepancy/ excess demand) | **Possible Action Directions** |
| Agriculture, forestry, fishing | Excess demand | Some shortage | Vocational courses in agriculture and farming |
| Industry | Excess demand | Some shortage | Vocational courses and training |
| Construction | Discrepancy | Some shortage | Vocational courses and training |
| Transportation, storage facilities, mail and shipping services | Excess demand | Some shortage | Vocational courses and training |
| Accommodation and catering | Excess demand | Some shortage | Language courses |

**Table 8B. Ensuring balance between required skills and employment opportunities at the local level: systemic analysis**

|  |  |  |  |
| --- | --- | --- | --- |
| **Advantages of Current Work Methods** | **Importance Level** **(1-5)** | **Flaws in Current Work Methods** | **Importance Level** **(1-5)** |
| Availability of a local employment centre | 5 | Lack of job vacancy advertisement | 5 |
| Employers' requirements | 5 | Non-transparent presentation of demand | 5 |
| Professional training and consultancy  | 5 | Are held on a non-regular basis | 5 |
| Availability of a local employment centre | 5 | Lack of job vacancy advertisement | 5 |
| **Possible Ways of Improvement** |
| Cooperation between the Employment Centre and employers |
| Coordination between the community, businesses, education and training institutions |

**6.8 External Positioning and Marketing**

The province is developed disproportionately, the Dilijan community in particular. The main hotel capacities of the region are concentrated in the community due to tourism, establishment of branches of financial institutions and new educational centres. Dilijan is considered to be an attractive place to live, work and travel. The community’s location is important in terms of business development and attraction of new businesses. In recent years, the community has significantly improved its infrastructure, increased and maintained the green spaces, built a museum, an amphitheatre and playgrounds. The newly-opened hotels and guesthouses, newly-renovated and upgraded existing hotels, a variety of international festivals organized in the community have brought about a gradual increase in the flow of tourists.

The community does not have an established brand, slogan and community marketing strategy. Nor marketing campaigns for advertising the community are held.

**Table 9. Population’s Perception of the Community**

|  |  |  |  |
| --- | --- | --- | --- |
| **Positive Aspects** **of External Image** | **Importance Level** **(1-5)** | **Negative Aspects** **of External Image** | **Importance Level** **(1-5)** |
| Community’s geographical location | 5 | Poor condition of infrastructure in the settlements | 4 |
| Improved infrastructure | 4 | Difficulties in consumption of local products | 5 |
| International festivals held in the community | 3 | Lack of travel packages | 5 |
| Transparent and proper management | 4 | Community - private sector cooperation | 4 |
| **Possible actions that can be easily accomplished** | **Responsible entity** |
| Use of connections in the country and with sister cities by the community leader in order to create new markets and opportunities for business partnerships. | LSG |
| Organizing business forums | LSG |
| Developing a community guidebook | LSG |

| **STRENGTHS** | **WEAKNESSES** |
| --- | --- |
| 1. Geographical location | 1. Poor condition of infrastructure |
| 2. Rapid community development rates | 2. The need to identify community’s competitive advantages, and lack of a marketing plan |

1. **SWOT Analysis**

|  |  |
| --- | --- |
| **Strengths** | **Weaknesses** |
| * A popular tourist destination with beautiful nature, mild climate and well-developed hotel and guesthouse infrastructure;
* Favourable opportunities for ecotourism, extreme tourism and agro-tourism due to nature and climatic conditions of the community (clean air, green areas, and forests);
* Armenia-Georgia interstate highway passes through the community, which ensures the connection with the regional centre and the capital by bus and minibus;
* Close-knit and hospitable population, which provides a high level of public safety;
* Population's trust towards local self-government bodies;
* Private investors’ apparent interest in the community, current and future investments;
* Historical and cultural attractions ​​in the community’s villages;
* Community’s regular and active involvement in state and international events; external ties, relationships with sister cities.
 | * Inflexible local tax and duty system;
* Poorly-developed agriculture;
* Low availability of office premises for SMEs;
* Risk-prone and unfinished residential buildings;
* Intellectual migration of young people and professionals;
* Lack of employment and leisure opportunities for the youth;
* Poor condition of roads, especially to tourist destinations.
 |
| **Opportunities** | **Threats** |
| * Government's approach towards the development of the city;
* Increase in the number of permanent population and tourists provides an opportunity for the development of agriculture and processing industry;
* A large high-income population,
* Availability of investment opportunities both for existing and newly-established businesses;
* Tourism infrastructure built during the Soviet period, but not currently in use.
 | * Seismic hazard and landslides;
* Reopening of Vanadzor-Alaverdi inter-state highway, currently under reconstruction;
* Uneven distribution of income leading to emigration, especially among young people and intellectuals.
 |

1. **Vision and Objectives**

**Community Development Vision**

**The Dilijan Community is an international tourism and ecotourism development centre with a population with high standard of living and employment rate. The community is a regional financial and educational centre where quality public services are provided.**

Strategic goals

1. Creation of ecotourism development infrastructure and development of new products;

2. Labour force skill development and compliance with the market demand;

3. Introduction and promotion of tourism products on international platforms.

1. **Action Plan**

**Table 10. Action Plan**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| *Areas* | *Main Objectives* | *Actions / Project Ideas* | *Duration (start/end)* | *Participating Partners* | *Estimated Cost in National Currency (equivalent in euro)* | *Monitoring Indicators / Output Indicators and Targets* | *Outcomes / Outcome Indicators and Targets* |
| External positioning and marketingLand and infrastructure | 1. Establishment of eco- and agro-tourism development infrastructure and development of new products | * 1. Establishing thematic routes in Dilijan National Park
 | January 2019 – March 2019 | EU, IDeA Foundation, Dilijan Municipality, DIS Properties Charity Foundation, Dilijan National Park | 100,000 euros | 1. 11 routes equipped and put into operation.2. 33 signposts installed on 35 km long routes3. Information posted on the website | 5% increase in tourist numberAn opportunity for more than 30 entrepreneurs to sell agricultural products |
| * 1. Establishing a city agro-market
 | January 2019 – June 2019 | EU, IDeA Foundation, Dilijan Municipality, DIS Properties Charity Foundation | 100000 euros | City agro-market with 30 stalls  |
| * 1. Setting up an eco-tent camp
 | April 2019- April 2020 | Dilijan Municipality, private investors | 100000 euros | Eco-tent camp, 10 stalls and 1 restaurant |
| Skills and human capitalLand and infrastructureAccess to finance | 2. Labour force skill development and compliance with market demand | 2.1. Establishing Crafts Centre | January 2019 – June 2019 | EU, IDeA Foundation, Dilijan Municipality, DIS Properties Charity Foundation | 120000 euros | 1. Crafts centre with an area of 100 square meters established
 | 42 new jobs created.Unemployment dropped by 10 percent. |
| 2.2. Organization of tourism-related trainings, skill development and creation of promotion opportunities. | July 2019 -December 2020  | EU, IDeA Foundation, Dilijan Municipality, DIS Properties Charity Foundation | 85000 euros | 13 types of trainings available, involving 245 people |
| 2.3. Implementation of tourism-related grant programs |  January 2020 - March 2020 |  Dilijan Municipality | 18000 euros | 5 projects approved |
| Skills and human capitalLand and infrastructureAccess to finance | 3. Introduction and promotion of tourism products on international platforms. | 3.1 Development of a community tourist guide | January 2019 - March 2019 | Dilijan Municipality, Local travel businesses | 2000 euros | 2000 copies of the guide printed and available in 90% of tourist destinations | Increased number of tourists visiting the communityNew destinations for tourism |
| 3.2 Organization of annual festivals (carpet festival, cinema festival) | August 2019 - August 2020 |  | 30000 euros | 2 festivals organized |
| 3.3 Installation of information signposts and tourist signs | July 2020 - December 2020 | Dilijan Municipality | 20000 euros | 100 information signposts 30 tourist signs |

1. **Funding scheme**

**Table 11**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Activities*** | ***Estimated Cost*** | ***Financing Source*** | ***Funds Lacking*** | ***Notes*** |
| ***Local Budget*** | ***State and Regional Budgets*** | ***Enterprises*** | ***Donors*** |
| 1.1. Establishing thematic routes in Dilijan National Park | 800,000 euros |  |  |  | 800,000 euros |  | Private investor |
| 1.2. Establishing a city agro-market | 50000 euros | 5000 |  |  | 45000 euros |  | Private investor, community budget |
| 1.4 Setting up an eco-tent camp | 100000 euros | 10000 |  |  |  | 90000 | Subvention, grant, attracting private investors, community budget |
| 2.1. Establishing Crafts Centre  | 120000 euros | 6000 |  |  | 114000 |  | Private investor, community budget |
| 2.2. Organization of tourism-related trainings, skill development and creation of promotion opportunities. | 85000 euros | 4500 |  |  | 80500 |  | Private investor, community budget  |
| 2.3. Implementation of tourism-related grant programs | 18000euros | 1800 |  |  |  | 16200 | Grant, community budget |
| 3.1 Development of a community tourist guide | 2000 euros |  |  |  |  | 2000 euros | Subvention, grant, attracting private investors, community budget |
| 3.2 Organization of annual festivals (carpet festival, cinema festival) | 80000 euros |  |  |  |  | 30000 euros | Subvention, grant, attracting private investors, community budget  |
| 3.3 Installation of information signposts and tourist signs | 10000 euros |  |  |  |  | 20000 euros  | Subvention, grant, attracting private investors, community budget  |

1. Control Mechanisms

**Table 12. Internal Action Monitoring Plan**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Actions / Project Ideas*** | ***Duration*** ***(start/end)*** | ***Expected results******Months 1-6*** | ***Expected results******Months 6-12*** | ***Expected results******Months 12-18*** | ***Expected results******Months 18-24*** |
| 1.1. Establishing thematic routes in Dilijan National Park | January 2019 – March 2019 | * + 11 routes with a length of 35 km renovated
	+ 33 signposts installed
	+ Information on the routes posted on the website
 |  |   |  |
| 1.2. Establishing a city agro-market | January 2019 - June 2019 | * + 1000 sq m area renovated
	+ Mapping of stalls carried out
 | * + 30 stalls made and installed
 |  |  |
| Setting up an eco-tent camp | April 2019- April 2020 | * + 1500 square meters of area fenced
	+ Mapping of stalls and restaurants carried out
 | * + The construction of the restaurant is underway
	+ Tent site preparation carried out
 | * + 10 stalls and 15 tents installed
 |  |
| 2.1. Establishing Crafts Centre  | January 2019- June 2019 | * + 100 square meters of area renovated, construction of the centre started
 | * + Necessary equipment and machinery is being acquired
 |  |  |
| 2.2. Organization of tourism-related trainings, skill development and creation of promotion opportunities. | July 2019 -December 2020  |  |  | * + The list of training participants drawn up
	+ Training materials prepared
 | * + 12 types of trainings are provided,
	+ 330 people are attending the trainings
 |
| 2.3. Implementation of tourism-related grant programs |  January 2020 - March 2020 |  |  | * + A project receipt commission formed
	+ Assessment of submitted projects carried out
	+ 5 projects selected
 |  |
| 3.1 Development of a community tourist guide | January 2019 - March 2019 | Proposals by tour operators received | * Web site developed
* 2000 copies of the guidebook printed
 |  |  |
| 3.2 Organization of annual festivals (carpet festival, cinema festival) | August 2019 - August 2020 |  | * Festival organized
* Festival participants
 |  | * + Festival organized
	+ Festival participants
 |
| 3.3 Installation of information signposts and tourist signs | July 2020 - December 2020 |  |  |  | * + Installation of 100 information signposts and 30 tourist signs carried out
 |