

COMMUNITY-BASED
ECONOMIC DEVELOPMENT
STRATEGY
CITY OF IJEVAN, ARMENIA

2003 TO 2006

Prepared for



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Prepared by

Malcolm Simpson
Consultant to the Urban Institute



THE URBAN INSTITUTE
2100 M Street, NW
Washington, DC 20037
(202) 833-7200
www.urban.org

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Members of the Steering Committee, City of Ijevan Economic Development Project:

Varuzhan Nersisyan	Mayor of Ijevan
Ararat Paronyan	Head of the Trade, Transport and Service Department
Astghik Eganyan	Operator of the Information Analytical Center
Elmira Aghasaryan	Director of "Avandujt" CJSC
Boris Gevorgyan	Member of the Community Council
Kagik Mardanyan	Member of the Community Council
Nikolay Harutyunyan	Member of the Community Council
Ruben Tigranyan	Member of the Community Council
Garik Sukoyan	Member of the Community Council
Mekhak Sayadyan	Member of the Community Council
Manya Blbulyan	Trader
Valer Melikbekyan	Trader
Susanna Aghbalyan	Trader
Vrezh Nersisyan	Director of the Mech. Factory of Ijevan OJSC
Garnik Sargsyan	Employee of the Winery OJSC
Grisha Sargsyan	Company Director

**COMMUNITY-BASED ECONOMIC DEVELOPMENT STRATEGY
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2003 TO 2006**

1. INTRODUCTION

1.1 *Background*

As a result of political and economic transformation, Local Government Units in Armenia will have to adopt a strategic approach to municipal management and develop activities to influence local economic development. The objective of this work is to present to municipal officials, citizens and entrepreneurs in Armenia an Economic Development Strategy for the City of Ijevan for the period 2003 to 2006.

One of the key goals of the program was to increase the capacity of municipal officials, citizens and entrepreneurs in the City to use the strategy planning process to develop a long-term vision of City activities that will lead to growth of the local economy and, to prepare, implement and monitor the necessary action plan to achieve the vision.

The program to prepare the Economic Development Strategy was a joint co-operation between consultants from the United States Agency for International Development (USAID) funded Local Government Project (implemented by The Urban Institute (UI)), City Officials and members of the community. The preparation of the Strategy was carried out during July and September 2002.

This document presents the following:

- Methodology used to prepare the Economic Development Strategy.
- Vision Statement for the City of Ijevan and targets that have to be attained to achieve the Vision.
- Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis.
- Critical Strategic Issues that need to be addressed to achieve the Vision.
- Tasks that need to be performed to address the Critical Strategic Issues.
- An Action Plan to complete the tasks that are necessary to solve the Critical Strategic Issues.

1.2 *What is local economic development?*

Definition—Among many definitions found, the most appropriate reads:

“Local economic development is a process during which local government improves citizens’ quality of life, which creates a new community and stimulates economic progress”.

Local government attains this goal by:

- Supporting the private sector, as it has a fundamental role in stimulating economic progress.
- Using local resources effectively.
- Promoting the creation of new jobs.
- Managing public funds effectively.

Local economic development is a predictable process, planned and implemented together by the private sector, public sector, and local government from compatible actions and programs.

Local economic development is a process that influences prosperity of the local government and the community. Therefore, the local government’s role is to enable the use existing resources in a variety of fields to foster economic development. There are several factors that increase the probability of a successful economic development strategy:

- Knowledge of strengths and weaknesses in the local economy and its hidden assets.
- Leadership that unites human resources, knowledge and funds of the local government, community and the private sector in order to meet common goals. Local government is not capable to succeed in economic development on its own. Therefore, cooperation among three sectors is required.
- Delivery of assistance and/or services in those areas where individual industries and institutions do not meet local government’s needs. Public sector efforts should not substitute the private sector in the area where the private sector wants and is capable of undertaking the necessary actions and investments.

Who supports economic development?

Economic development is a result of cooperation among the following partners: public sector, private sector, and local government.

Local governments are fundamental institutions supporting local economic development. They have the following roles in the economic development process:

- Leaders in development of comprehensive policies regarding local economies.
- Administrators of economic policies, programs, and projects.



- Initiators of economic development programs through distribution of public funds, investment incentives, creation and retention of a favorable economic environment that stimulates growth in entrepreneurship, promotion of industry, small and medium businesses, local regulations.

Moreover, local governments are also responsible for the development of local infrastructure, municipal services and other elements related to the economic environment.

Finally, local governments provide the private sector with important information about investment possibilities, regulations, services and available funds.

Fundamental issues in local economic development are:

- Assistance in establishment of new businesses.
- Development retention and expansion of existing businesses.
- Attraction of new investors *because entrepreneurship is the engine of economic growth.*

The role of a local government in promoting economic development is limited by the State's economic strategy and economic priorities of the Marz authorities. However, local governments may actively influence their current and future prosperity through creation of conditions for new businesses, development of the existing ones, and attraction of outside investors. These conditions include:

- Local legal and tax system: the system should give financial incentives for the local private sector and outside investors; it should be stable and transparent.
- Land management: quick and reliable inventory of municipal resources, efficient solving of legal problems before sale, lease or establishment of a public private partnership, rational selection of land management methods and criteria that investors have to meet.
- Spatial planning: general spatial plan should clearly define principles of spatial policies in relation to the adopted economic development strategy and promoted businesses, environment preservation, development of local economic zones.
- Professional and transparent operation of the municipal office for local and outside investors, efficient procedures for formalities, easy access to information.
- Support of local government for civic initiatives and entrepreneurial operations.
- Active participation in aid programs which may result in strengthening a professional approach to operation, using international funds to finance infrastructure development in municipalities.

All of the above conditions are defined as a favorable economic environment that attracts investors. Successful investment projects create jobs, increase citizens' income and public funds and, improve the

fiscal capacity of local governments. Therefore, the role of a local government in promoting economic development should achieve four objectives:

- Prosperity of the community
- Stable financial situation of the local government
- Delivery of quality public services
- Optimal utilization of geographical location, natural environment, cultural assets, etc.

The above-mentioned elements influence the economic environment that is evaluated by investors.

This document presents the 2003 to 2006 Economic Development Strategy for the City of Ijevan.

2. BACKGROUND INFORMATION

Tables (1 and 2) below present background information on the Republic of Armenia, Tavush Marz and Ijevan City.

Table 1: Republic of Armenia and Tavush Marz Background Information

Republic of Armenia	Tavush Marz
<ul style="list-style-type: none"> • Armenia is a land locked country sandwiched between Turkey to the west and Azerbaijan to the east, and Iran to the south and Georgia to the north. • The population is 3.2 million. • The country operates a presidential form of governance. • The Gross Domestic Product is approximately 1,160 billion drams (2001 estimate) (USD 2.1 billion). • Real GDP growth was 9.9 percent (January to September 2001). • The Consumer Price Index is 2.5 percent. • The exchange rate 1 USD = 550 drams. • Foreign Direct Investment (FDI) for the year 2000 was USD 120 million. • Government budgeted expenditure is approximately USD 450 million per year. 	<ul style="list-style-type: none"> • Tavush Marz is located in the northeastern part of Armenia. • The province shares a border with Azerbaijan to the east and Georgia to the north. • The province hosts 156,000 inhabitants, including 63,000 urban residents and 93,000 rural residents. • The climate in Tavush is mild continental, with average maximum temperatures of 25C in summer and 8C in winter. The altitude of the province ranges from 650 m to 850 m. Precipitation is in the range of 600 to 750 mm/y. • Tavush's mineral resources include a wide range of building materials, e.g., marble, basalt, granite, quartzite, bentonite, mineral paints, semiprecious stones, coal, dolomite, and gypsum. Most of which are utilized locally. • Tavush's industrial potential is concentrated in the four largest cities: Ijevan (Capital) Dilijan, Berd, and Noyemberyan.



Republic of Armenia	Tavush Marz
	<ul style="list-style-type: none"> The province has 45 large and medium-sized enterprises involved in electronics, building materials, apparel, and food processing industries. Most of these have been privatized and currently operating at reduced capacity due to weak demand. The aggregate production volume of the province in 1999 was approximately USD 5 million.

Table 2: Regional Administration and Ijevan City Background Information

Regional Administration	Ijevan City
<p>Administratively Tavush Marz is divided into:</p> <ul style="list-style-type: none"> The Marzpetaran (regional authority), responsible for servicing Communities' needs and run by staff directly appointed by the National Government. Kaghakapetarans or "Urban Communities" which are run by locally elected functionaries. Gjughapetarans or "Rural Communities" also run locally elected people. The administrative center of the Marz is Ijevan, a town that has always been one of the main industrial and cultural centers of the country. 	<ul style="list-style-type: none"> Ijevan is situated on the Agstev River. The river flows east into the main river catchments that support the Caspian Sea eco-system. The climate is mild with snow falling only four or five times each winter. The town's name means "Inn" (Armenian) or 'Karavanserai (Turkish). The land upon which Ijevan now stands, has for many centuries been a crossroad for traders. A caravan route, one of the networks of routes that comprised the Great Silk Road, cut through the territory of present-day Ijevan.

City Functions and Organizational Structure

Table 3 outlines the City's functions and organizational structure.

Table 3: Functions and Organizational Structure

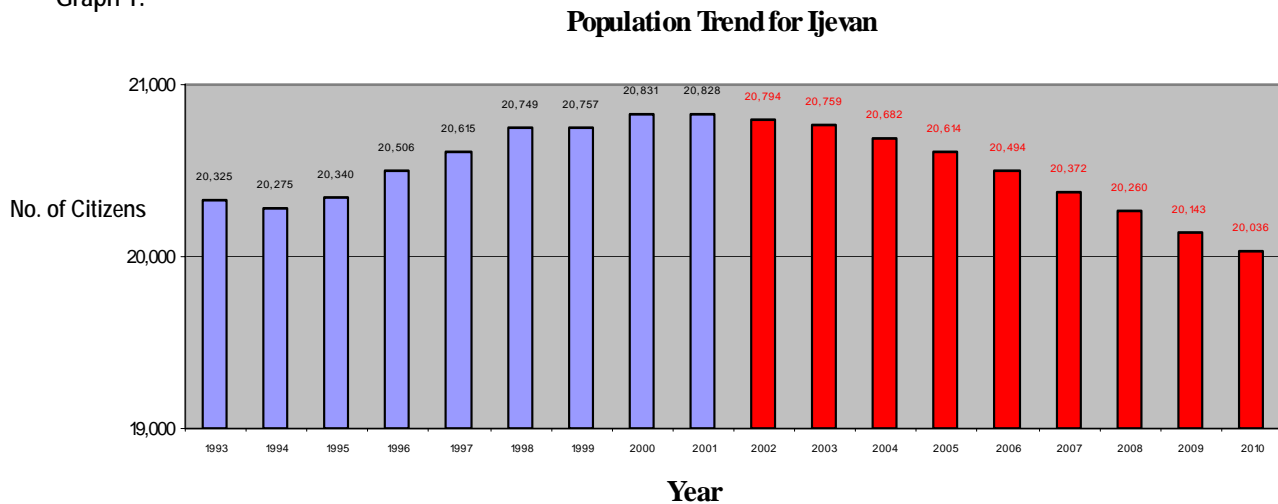
Ijevan City-Functions	Ijevan City-Organizational Structure
<ul style="list-style-type: none"> The Law on Local Self Government (signed by the President of Armenia, May 2002) describes the responsibilities (mandated and delegated) of local government units. 	<ul style="list-style-type: none"> The Mayor was re-elected in May 2002 for a three-year term. The Council comprises of 15 members elected for a three-year term. Council elections are scheduled for October 2002.

Ijevan City-Functions	Ijevan City-Organizational Structure
	<ul style="list-style-type: none"> • The Municipality has 26 full-time employees. • The City Hall operates the following departments: education (kindergartens), culture and sport, health (clinics), transport, trade and services, housing maintenance, public utilities and site improvement, territorial and urban development, financial, development of the local economy.

Demographic Trends

Graph 1 below presents the demographic trends for Ijevan. The analysis indicates that there will be a reduction in the population in Ijevan to approximately 20,036 persons.

Graph 1:



City Development Program and Budget

- The Mayor is responsible for preparing a three-year development program. The Mayor must submit the program to the newly elected council within three months after the council has assumed office.
- The community budget is a financial plan of revenues and expenditures for a period of one year. The Council on an annual basis approves the budget. The budget consists of administrative and fund constituents.



- The figures in Table 4 illustrate the budget (revenues and expenditures) for the period 2000 to 2002.

Major Communication Routes

- The distance from Yerevan (Capital City of Armenia) is 150 km.
- The 60 km road linking Armenia and Georgia is in an extremely poor situation. Currently donor organizations (Lincey Foundation) are funding the repair of the road.
- The end of 2002 will complete road repairs. Travel time to the Georgian border will be one hour.
- The main road from Yerevan to Dilijan is often closed during the winter months. A 2 km tunnel is being refurbished to reduce transportation time during winter.
- The railroad networks that connect Ijevan with Yerevan, Georgia and Azerbaijan are in a reasonable state of repair. The railroad system does not operate because of the security situation on the borders. Freight arrives at the Armenian border from Georgia on the train and is then transferred to trucks for distribution in Armenia.

Summary of Business Survey

The Steering Committee using consultants from the USAID funded Local Government Program conducted a Business Survey. Below is a summary of the survey:

- The interviewees represent varying types of business activity including: tourism services, municipal services, agriculture services and trade. In addition the size of the companies varied from a few (1 to employees to approximately 200).
- Clients of the companies were individual customers, companies and public sector.
- The main market for businesses is the local market (Ijevan, Tavush Marz and Armenia). According to the survey about 61 percent of sales are in the local market. The survey results illustrated that local business had very limited export sales. Sales in the CIS were < 1 percent.
- The companies surveyed indicated that they were planning to increase the number of employees over a three-year period.
- The companies have plans for new capital investments in the future. The respondents noted that new capital investments were dependent on the availability of finance and product demand.

- The respondents indicated that the three most positive things about the City of Ijevan as a place to do business were:
 - Skilled human resources
 - Suitable environment to develop tourism
 - Supportive local self-government
- The most negative things about the city of Ijevan as the place to do business were:
 - High taxation (local and corporate)
 - Poor financial condition of citizens (low disposable income)
 - Lack of capital

Business Expansion Constraints

- Foreign investments in Armenia are minimal because there are few attractive business propositions.
- Unhealthy large share of the business is operating in the gray economy (approximately 30 to 40 percent of business transactions are in the gray economy).
- Growth of the local economy, especially in Ijevan has come from private business and because of the limited availability of capital to finance expansion business growth is weak.
- Newly established firms are operating a sub-optimal level.
- Production equipment is in a poor state of repair.

Table 4: Ijevan City Budget ('00, 01, 02) Expenditure by Economic Classification

No.	Economic classification	Actual 2000	Actual 2001	2001/2000	Projected 2002	2002/2001	2000	2001	2002
		('000 AMD)	('000 AMD)	(Percent)	(1,000 AMD)	(Percent)	(Percent)	(Percent)	(Percent)
1	Salaries	9,277.60	21,711.20	234.02	42,926.60	197.72	19.91	24.44	34.37
2	Social security	3,325.20	10,502.80	315.85	17,873.20	170.18	7.14	11.82	14.31
3	Office supply	664.00	988.00	148.80	1,716.10	173.69	1.42	1.11	1.37
4	Property and equipment	0.00	8,269.50		2,684.70	32.47	0.00	9.31	2.15
5	Food	369.10	0.00		280.00		0.79	0.00	0.22
6	Purchase other products	0.00	0.00		1,200.00		0.00	0.00	0.96
7	Business trip	78.90	0.00		1,441.50		0.17	0.00	1.15
8	Maintenance cars	1,540.20	287.40	18.66	500.00	173.97	3.31	0.32	0.40
9	Telephone bills	2,240.00	1,902.00	84.91	567.40	29.83	4.81	2.14	0.45
10	Borrowed cars	0.00	1,090.00		2,000.00	183.49	0.00	1.23	1.60



No.	Economic classification	Actual 2000	Actual 2001	2001/2000	Projected 2002	2002/2001	2000	2001	2002
		('000 AMD)	('000 AMD)	(Percent)	(1,000 AMD)	(Percent)	(Percent)	(Percent)	(Percent)
11	Electricity	6,120.00	2,595.20	42.41	5,292.70	203.94	13.13	2.92	4.24
12	Distance calls	0.00	597.10		600.00	100.49	0.00	0.67	0.48
13	Outside business trips	0.00	249.30		0.00		0.00	0.28	0.00
14	Purchase of equipment	267.00	0.00		0.00		0.57	0.00	0.00
15	Fees	0.00	0.00		140.00		0.00	0.00	0.11
16	Water and sewage fees	510.00	1,490.00	292.16	1,980.00	132.89	1.09	1.68	1.59
17	Representative costs	0.00	425.00		0.00		0.00	0.48	0.00
18	Other expenses	3,030.70	18,311.50	604.20	11,667.50	63.72	6.50	20.61	9.34
19	Capital repair	3,396.80	1,264.00	37.21	7,263.50	574.64	7.29	1.42	5.82
20	Other utility expenses	15,780.10	19,165.10	121.45	26,758.80	139.62	33.86	21.57	21.43
Total expenditures		46,599.60	88,848.10	190.66	124,892.00	140.57	100.00	100.00	100.00

3. METHODOLOGY FOR PREPARING THE ECONOMIC DEVELOPMENT STRATEGY

The following methodology was used to prepare the Strategy:

- On 19/07/02 the Ijevan City Council passed a regulation that instructed the Mayor to set up a Steering Committee to prepare and implement an Economic Development Action Plan. Table 5 presents the members of the Steering Committee.

Table 5: Members of Economic Development Strategy Steering Committee

Steering Committee Members	Committee Position
Varuzhan Nersisyan	Chairman of the Committee, Mayor of Ijevan
Ararat Paronyan	Head of the Trade, Transport and Service Department
Astghik Eganyan	Operator of the Information Analytical Center
Elmira Aghasaryan	Director of "Avandujt" Closed Joint Stock Company
Boris Gevorgyan	Member of the Community Council
Kagik Mardanyan	Member of the Community Council
Nikolay Harutyunyan	Member of the Community Council
Ruben Tigranyan	Member of the Community Council
Garik Sukoyan	Member of the Community Council
Mekhak Sayadyan	Member of the Community Council
Manya Blbulyan	Trader
Valer Melikbekyan	Trader
Susanna Aghbalyan	Trader

Steering Committee Members	Committee Position
Vrezh Nersisyan	Director of the Mech. Factory of Ijevan Open Joint Stock Company
Garnik Sargsyan	Employee of the Winery Open Joint Stock Company
Grisha Sargsyan	Company Director

The Steering Committee performed the following:

- Gathered data to prepare Baseline Report on the current status of the economy in Ijevan. The report was prepared using consultants from the USAID funded Local Government Project. The report presented an analysis of current economic activity and the key strategic issues that constrain the growth of the local economy. These are:
 - Inadequate financial services and limited access to capital
 - Poor quality of infrastructure including: roads, rail, water services, waste collection and telecommunications
 - Weak markets in Armenia for products
 - High transport costs to export products
 - Out dated production plant/equipment to produce marketable products
 - Low fiscal capacity of local government
 - Incoherent tax administration procedures
- Attended a workshop to define the Vision for the City and perform a Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis. The workshop was held in Ijevan on July 19, 2002 and all Steering Committee members attended. The participants were divided into two working groups and performed two tasks. The first task was to agree on the Vision for the City and the second task was to carry out the SWOT analysis. The results of the workshop are presented in Sections 4 and 5.
- Attended a workshop to determine the Critical Strategic Issues that need to be addressed to achieve the Vision. The workshop was held in Ijevan on August 26, 2002 and all Steering Committee members attended. The goal of the workshop was to determine those critical issues that need to be addressed to achieve the Vision. Participants were divided into two working groups. Each group prepared a set of issues. The issues were then rationalized in a joint session to finalize the Critical Strategic Issues that form the core of the Strategy. The results of the workshop are presented in Section 6.



- Attended a workshop to define the Tasks that need to be performed to solve the Critical Strategic Issues and prepare the Strategy Document and Action Plan. The workshop was held in Ijevan on September 3, 2002 and all Steering Committee members attended. The goal of the workshop was to define the tasks that have to be performed to solve each Strategic Issue. Participants were divided into two working groups. Each group prepared a set of tasks for each Critical Strategic Issue. The tasks were then ranked in a joint session to finalize all the tasks necessary to solve the Critical Strategic Issues. The results of the workshop are presented in Section 6.

Following the successful completion of the above the Steering Committee and with the assistance of the consultants from USAID funded Local Government Project prepared the Strategy Document and Action Plan.

4. VISION STATEMENT

The Steering Committee proposed the following Vision Statement:

Table 6: Vision Statement

<p>IJEVAN AS A PROSPEROUS COMMUNITY WITH A FINANCIALLY SECURE POPULATION, STRONG LOCAL GOVERNMENT, ECOLOGICALLY SAFE INDUSTRY AND DEVELOPED TOURISM, CULTURE AND BUSINESS SECTOR</p>

The Steering Committee wished to articulate the following in the Vision Statement:

- “The need for good environmental management in Ijevan to sustain not only tourism but also to recognize the need to develop a diversified economy that creates employment opportunities for all citizens and ensures that quality public services are delivered by the local government.”
- The Vision expresses the general strategic goal: A prosperous community with a financially secure population. At the same time the Vision presents the general strategy of how the community should achieve the goal. The general strategy includes four specific strategic goals. These are:
 - Strengthened local government to deliver better services
 - Developed and healthy private sector
 - Developed and vibrant tourism industry
 - Secure and clean environment

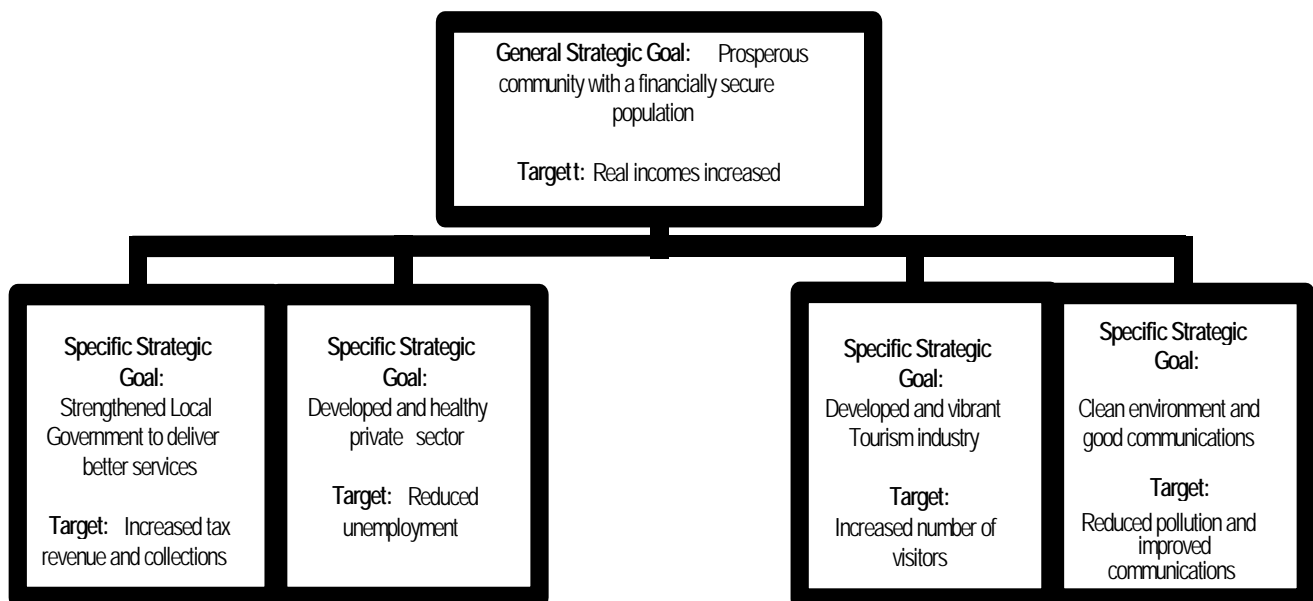
The general strategic and specific strategic goals have been assigned targets ensure-to-ensure that the Vision is achieved. These are presented in Table 7.

Table 7: Presentation of General Strategic Goal and Specific Strategic Goal Target

General Strategic Goal	Specific Strategic Goals	Targets
Prosperous community with a financially secure population		Real incomes increased
	Strengthened Local Government to deliver better services	Increase in tax revenue and collection
	Developed and healthy private sector	Reduced unemployment
	Developed and vibrant tourism industry	Increased number of visitors
	Clean environment and good communications	Reduced pollution and improved communications

Schematic 1 presents a summary of how the Vision can be interpreted to define the general and specific strategic goals of the Economic Development Strategy and Action Plan.

Schematic 1: General Strategic Goal and Specific Strategic Goals of Economic Development Strategy

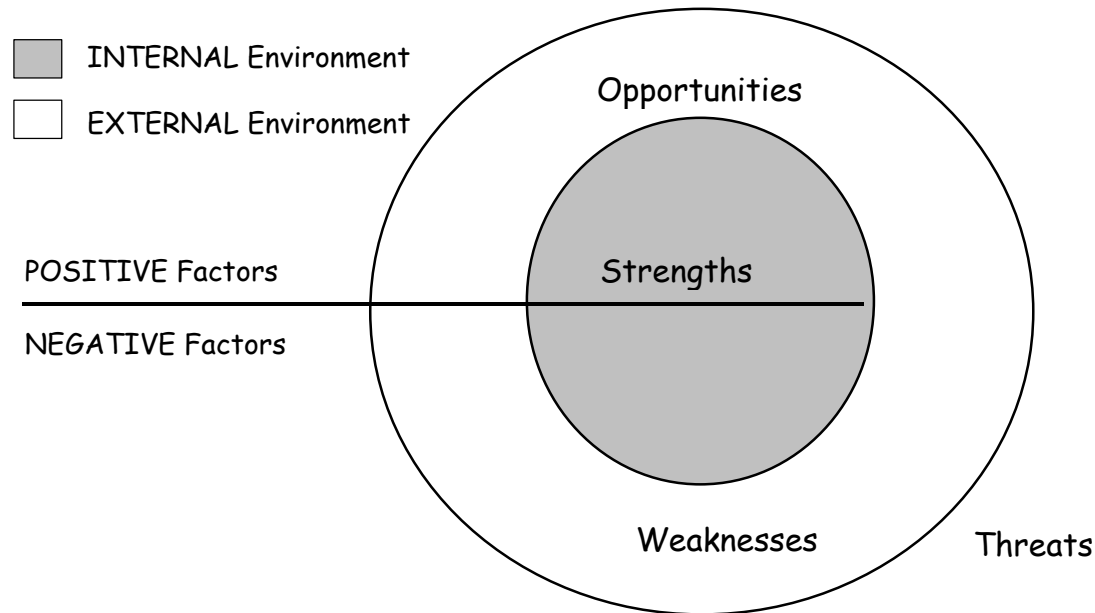




5. SWOT ANALYSIS

Below is a short description of the Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis.

Schematic 2: Description of SWOT Analysis



Schematic 2 above illustrates the strategy development format for analyzing factors that affect a city's ability to realize its vision for the economic future. It was used in the following way:

- Identification of the forces and conditions that will help realize the vision, i.e., the positive factors.
- Identification of the forces and conditions that will make it more difficult to realize the vision, i.e., the negative factors.

A SWOT Analysis assesses current Strengths (assets and advantages) and weaknesses (liabilities and problems) of the community. The strengths and weaknesses are the positive and negative assessments of the present. Opportunities (possibilities and benefits) and Threats (dangers and unintended consequences) are the positive and negative assessments of the future and generally represent external influences.

The analysis established an objective perspective that individuals and groups may not otherwise identify due to their special interests. The SWOT was strengthened using data-driven from the Baseline

Report. Perceptions were important in the analysis and were systematically gathered and augmented with factual information about the community.

The identification of weaknesses and threats was the first step in finding solutions. The strengths identified are the resources upon which Ijevan can build the solutions.

To successfully perform the SWOT Analysis the Steering Committee was divided into two working groups. Each group completed a SWOT Analysis. Tables 8 and 9 present the results of the SWOT analysis after combining the issues from each of the groups and ranking them by majority vote.

Table 8: Results of SWOT Analysis from Steering Committee Workshop –Strengths and Weaknesses

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Trust toward local government and strong local leadership. A strong leadership of the Local Government exists; an attempt should be made to co-opt a representative from the Municipality to Tavush Marz strategy (British Government funded Economic Development of Tavush Marz to start in October 2002). • Business heritage. Over the past few years, the small and medium enterprise sectors, especially commercial and service enterprises have grown. Local employers are now considering establishing a Business Forum to represent their interests. • Human resources. Adequately trained staff is available in the City; additionally the City has good education centers that can help to improve skills. • Favorable climate and some natural resources. The City has an attractive setting: (a large areas of forests, lakes and river water resources). The air is relatively clean. This creates good opportunities for the development of tourism and economy utilizing local resources. A favorable geographic location and good access opportunities are additional strengths. 	<ul style="list-style-type: none"> • Lack of communication infrastructure. Roads and rail are in poor state of repair. Telecommunications are also in a poor state of repair. This may discourage potential external investors. • Limited access to capital. Access to funds may limit the development of the private sector. • Drinking water supply infrequent. The poor quality water services may limit the attractiveness of the City as a place for investment. • The abuse of central government powers (too centralized governance). There is a perception in the community that the central government including Marz government exercises significant control over local government affairs.



Table 9: Results of SWOT Analysis from Steering Committee Workshop–Opportunities and Threats

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Donor and foreign investment possibilities. The availability of the resources (technical assistance and grants) could help in the development of the City as an attractive place for business. • Tourism development. Recreational facilities and historical sites exist in the City and surrounding area. Additionally, land in proximity of water resources is available for tourism development. Local privately owned farms are agro-tourism assets. • Highway reconstruction. The upgrading of the roads between the City, Dilijan, Vanadzor and Yerevan will reduce transportation time and allow more commercial activity in the City. • Business growth through investment in skills and equipment. Because of the entrepreneurial heritage in the City there is potential that through capital investment projects businesses will grow. 	<ul style="list-style-type: none"> • Natural disasters. The area is prone to natural disasters such as earthquakes. These phenomena may deter potential investors. • War threats (Security on Armenia/Azerbaijan border). The security situation with neighboring Azerbaijan may be a disincentive to investors. • Emigration. Because of the poor state of the Armenian economy there may an out-wood migration of skills from the City and the country to economically more active areas. • Deforestation. The poor management on the forests by State Agencies has led to significant deforestation. This may constrain investment in the forestry product business (low security of raw materials).

6. CRITICAL STRATEGIC ISSUES AND ASSOCIATED PROGRAMS

Following the successful completion of the Vision and SWOT Workshop the Steering Committee held two further workshops to identify the Critical Strategic Issues, Programs and Tasks that need to be addressed to achieve the Strategic Goals and Vision. Tables 10, 11 and 12 present the results of the final two workshops.

Table 10: Programs to Achieve Strategic Goals and Vision

Program: Improvement of Social Public Services	Program: Development of a City Marketing Activities
<p>Suggested tasks are:</p> <ul style="list-style-type: none"> — Upgrade service delivery in education, specifically higher education to ensure appropriate skills for the local economy — Upgrade health-care services — Improve cultural/sport activities in City 	<p>Suggested tasks are:</p> <ul style="list-style-type: none"> — Establish City Hall Marketing Unit — Establish programs to promote the city of Ijevan as a place for investment — Develop sound cooperation with donors (access to grant capital)

Table 11: Programs to Achieve Strategic Goals and Vision

Program: Support the Development of the Private Sector	Program: Development of Tourism
<p>Suggested tasks are:</p> <ul style="list-style-type: none"> — Form a Business Association to represent the interests of business — Train business owners and employees in modern business practices — Rationalize both local and national tax codes — Strengthen labor market skills 	<p>Suggested tasks are:</p> <ul style="list-style-type: none"> — Determine the tourist and the product — Rejuvenate of the City Main Street for increased economic activity — Improve specific tourist attractions (historical sites, shrines, fishing and hiking routes, etc.) — Improve tourist services (accommodation, ablution facilities, restaurants, etc.) — Develop marketing brochure(s) to promote tourism products

Table 12: Programs to Achieve Strategic Goals and Vision

Program: Improvement of Related Infrastructure Services
<p>Suggested tasks are:</p> <ul style="list-style-type: none"> — Upgrade the delivery of water and sewage services — Upgrade garbage collection and disposal services — Improve general infrastructure specifically roads and urban transport in the City — Improve general telecommunications infrastructure

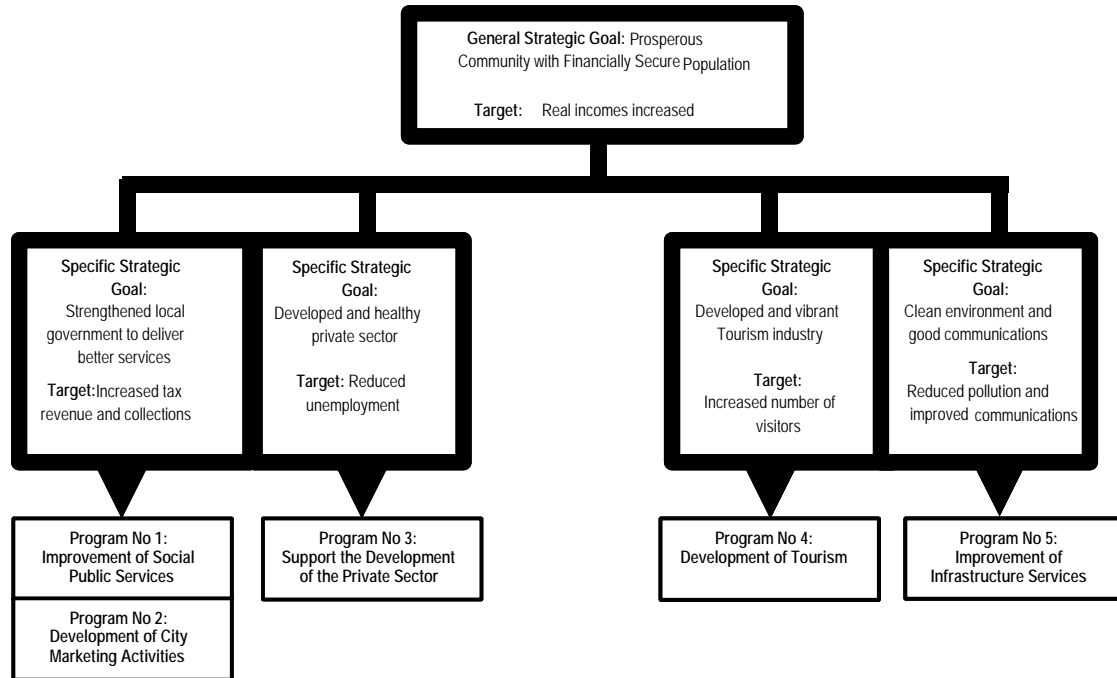
The Steering Committee recommended to the consultants that the above Critical Strategic Issues and associated programs be used to prepare the Action Plans to complete the programs during the period 2003 and 2006.

Schematic 3 presents the general strategy, specific strategic goals and programs required to achieve the Vision.

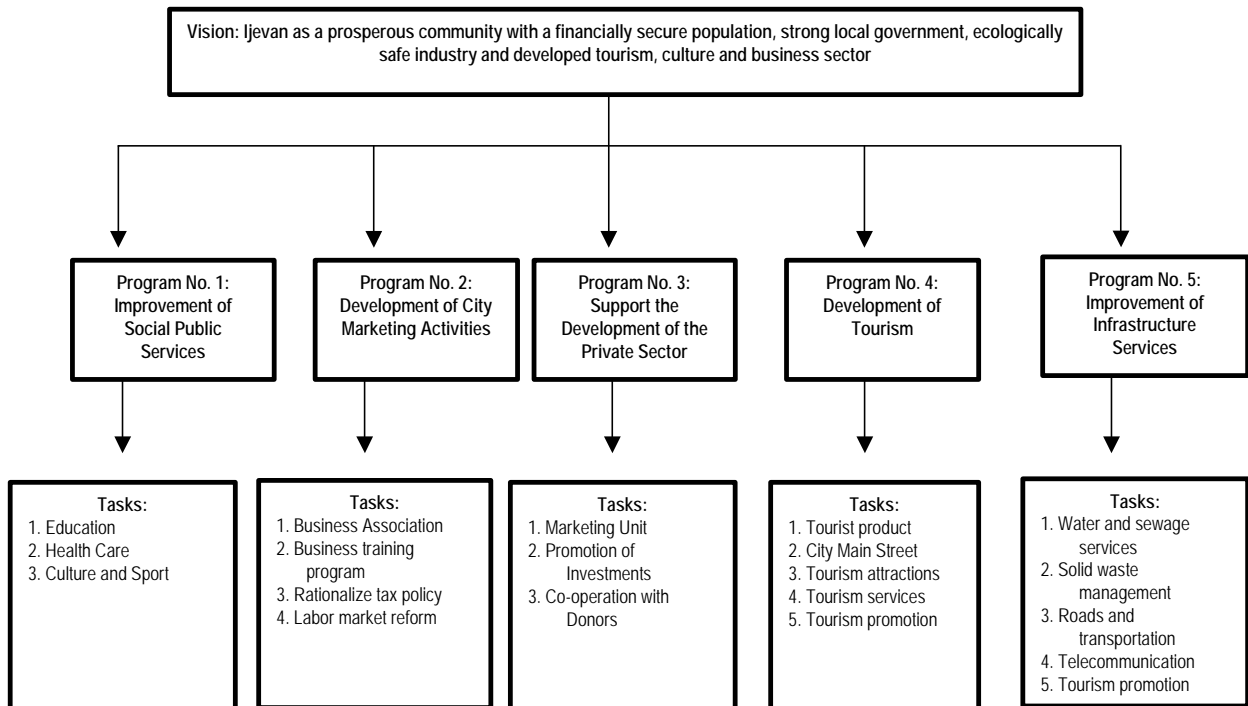
Schematic 4 presents the Vision, the programs and tasks that need to be performed to achieve the Vision.



Schematic 3: General Strategic Goal, Specific Strategic Goals and Programs



Schematic 4: Vision, Programs and Tasks



7. ACTION PLAN

Table 13 below presents the Programs that form the core of the elements of the Action Plan.

Table 13: Action Plan Programs

<ul style="list-style-type: none"> • Improvement of Social Public Services • Development of a City Marketing Activities • Support the Development of the Private Sector • Development of Tourism • Improvement Infrastructure Services

The following Tables (14 to 32) present a description of each program task and key activities that need to be performed to complete each task and the corresponding program.

Table 14: Program 1—Improvement of Social Public Services

- Goal: Strengthened local government to deliver better services
- Target: Increased tax revenues and collection

Task 1.1:	
Upgrade service delivery in education, specifically higher education to ensure appropriate skills for the local economy	
Coordinator:	City Hall Department:
Sources of funds:	
Donor Agencies, Business community, City Budget	

Task description:
For Ijevan to be an attractive location for new investment there is a need to ensure that higher education facilities provide good quality services and ensure that appropriate skills enter the labor market.
This task describes the activities required to upgrade higher education service delivery. This task is not under direct control of the local government, therefore the local government and business community must initiate programs with agencies and institutions.



No.	Activities	Targets/Results	2003	2004	2005	2006
1	Undertake a skills diagnosis and an analysis of the current curricula for appropriateness to labor market needs.	Diagnosis completed and curricula assessed				
2	Prepare a plan to upgrade service delivery in higher education. Prioritize low/greatest benefit and high cost projects.	Plan and prioritization completed				
3	Secure funding for low cost projects (Projects that can be implemented in the short term and have significant impact in improving services).	Funding secured				
4	Implement low cost projects. Secure funding for high cost projects.	Low cost projects implemented. Funding secured				

Table 15: Program 1—Improvement of Social Public Services

- Goal: Strengthened local government to deliver better services
- Target: Increased tax revenues and collection

Task 1.2: Upgrade health-care services		Task description: For Ijevan to be an attractive location for new investment there is a need to ensure that health-care units are able to deliver quality health-care services. This task describes the activities required to upgrade health-care services. This task is not under direct control of the local government, therefore the local government and business community must initiate programs with agencies and institutions.
Coordinator:	City Hall Department:	
Sources of funds: Donor Agencies, Business community, City Budget		

No.	Activities	Targets/Results	2003	2004	2005	2006
1	Undertake diagnosis of healthcare facilities. Prepare a report on issues that need to be addressed to ensure a healthy workforce.	Diagnosis completed. Report prepared.				
2	Hold a seminar with the appropriate agencies and ministry to improve health-care services. Prepare action plan and prioritize projects.	Plan and projects prioritized.				
3	Secure funding for low cost projects (Projects that can be implemented in the short-term and have significant impact in improving services).	Funding secured.				
4	Implement low cost project	Low cost project implemented.				



Table 16: Program 1—Improvement of Social Public Services

- Goal: Strengthened local government to deliver better services
- Target: Increased tax revenues and collection

Task 1.3:
Improve cultural activities in City

Coordinator:	City Hall Department:

Sources of funds:

Donor Agencies, Business community, City Budget

Task description:

For Yerevan to be an attractive location for new investment there is a need to ensure that health-care units are able to deliver quality health-care services.

This task describes the activities required to upgrade health-care services. This task is not under direct control of the local government, therefore the local government and business community must initiate programs with agencies and institutions.

No.	Activities	Targets/Results	2003	2004	2005	2006
1	List all historical and current/sport activities and organization involved in delivering the activity.	List prepared.				
2	Hold a seminar with organizations to discuss improved delivery of cultural activities. Prepare action plan.	Seminar completed and action plan prepared.				
3	Rank cultural activities and select one (e.g., folk dancing etc.) for city anniversary celebrations.	Event selected.				
4	Secure finance from sponsors and donor organizations.	Funding secured.				
5	Hold event to attract visitors to city.	Event held.				

Table 17: Program 2—Development of City Marketing Activities

Goal: Strengthened local government to deliver better services

Target: Increased tax revenues and collections

Task 2.1:
Establish a City Marketing Unit

Coordinator:	City Hall Department:

Sources of funds:
City Budget

Task description:

To promote the City Ijevan as an attractive location for new investment there is a need for the City to create a Marketing Unit to prepare the necessary materials, to market the City and maintain a strong relationship with the donor community, business community and local government. The unit will be responsible for creating the image of the City as well as promoting the products.

This task describes the activities required to create the Marketing Unit.

No.	Activities	Targets/Results	2003	2004	2005	2006
1	Hold seminar to determine functions/roles/responsibilities of City Marketing Unit and determine the budget.	Functions and budget determined.				
2	Obtain the approval of Council to create a Marketing Unit.	Council approval.				
3	Finalize annual budget.	Functions listed and budget approved.				
4	Recruit Marketing Specialist to manage unit.	Specialist recruited.				



Table 18: Program 2—Development of City Marketing Activities

Goal: Strengthened local government to deliver better services

Target: Increased tax revenues and collections

Task 2.2:
Establish programs to promote the City as a place for investment

Coordinator:	City Hall Department:

Sources of funds:
Donor Agencies, Business community, City Budget

Task description:
To effectively promote the City as an attractive location for new investment it is necessary to prepare specific programs for potential investors.
This task describes the activities required to develop such programs.

No.	Activities	Targets/Results	2003	2004	2005	2006
1	Set up a City Promotion Committee to develop programs using specific themes (tourism, SME, High Street, buildings, historical sites) that promote the environment, character and benefits of Ijevan as a place for investment.	Committee formed and themes selected.				
2	Prepare budget to develop the specific themes and related promotional materials.	Themes developed and budget finalized.				
3	Set up out reach time-line with key dates to promote the City.	Out reach time-line set.				

Table 19: Program 2—Development of City Marketing Activities

Goal: Strengthened local government to deliver better services

Target: Increased tax revenues and collections

Task 2.3: Develop sound co-operation with donors	
Coordinator:	City Hall Department:
Sources of funds: Donor Agencies, Business community, City Budget	
Task description: To effectively promote the City as an attractive location for new investment it important that the City and Business Community maintain sound co-operation with Donor Organizations. This task describes the activities required to develop such programs.	

No.	Activities	Targets/Results	2003	2004	2005	2006
1	Marketing specialist to list all Donor organizations operating and projects being undertaken in Armenia.	List completed				
2	Hold a seminar with Donor organizations to promote city as a 'Good Partner' for co-operation.	Seminar held				
3	Update list and monitor Donor activity on a regular basis.	List updated and Donor activity monitored				



Table 20: Program 3—Support the Development of the Private Sector

Goal: Developed and healthy private sector

Target: Reduced unemployment

Task 3.1:
Form a Business Association to represent the interests of business.

Coordinator:	City Hall Department:

Sources of funds:
Donor Grants (USAID, DFID, SDA, GTZ, EU-Tacis)

Task description:
To develop a successful business sector in Yerevan it is necessary for the business community to form an association with the authority to represent their interests and to assist in the implementation of this program.
This task describes the activities required to form the "Business Association".

No.	Activities	Targets/Results	2003	2004	2005	2006
1	Hold seminar with interested parties to form the Business Association. Approve a Charter and action plan.	Association, Charter and action plan approved.				
2	Prepare a business plan; targeting specific programs (training) and that also includes the strengthening of the relationship between the business community and local government.	Business plan approved.				
3	Secure finance for the Association.	Finance secured.				
4	Monitor implementation of business plan.	Monitoring program.				

Table 21: Program 3—Support The Development of The Private Sector

Goal: Developed and healthy private sector

Target: Reduced unemployment

Task 3.2: Train business owners and employees in modern business practices	
Coordinator:	City Hall Department:
Sources of funds: Donor Grants (USAID, DFID, SDA, GTZ, EU-Tacis)	
Task description: To develop a vibrant small and medium enterprise sector in Ijevan it is important to train business owners and employees in modern business practices (finance, marketing, product development, etc). This task describes the activities required to prepare the marketing and promotional material.	

No.	Activities	Targets/Results	2003	2004	2005	2006
1	Using the business association lists all active businesses including: sole traders, small, medium, and large enterprises operating in Ijevan. Determine training needs.	List and needs completed				
2	Prepare training plan for each business sub-sector including: finance, marketing and product packaging and how to access capital (grants/bank facilities).	Training plan completed				
3	Secure finance to conduct training program.	Finance secured				
4	Conduct training program.	Training completed				



Table 22: Program 3—Support the Development of the Private Sector

Goal: Developed and healthy private sector

Target: Reduced unemployment

Task 3.3:
Rationalize both local and national tax codes

Coordinator:	City Hall Department:

Sources of funds:
Business community

Task description:
To improve the business climate the business community must work with central and local governments to rationalize tax codes and reduce taxes.
This task describes the activities required to work with above institutions to rationalize tax codes, etc.

No.	Activities	Targets/Results	2003	2004	2005	2006
1	Using the Business Association hold a seminar on tax issues. List all taxes (and codes) paid by business to central government and local government.	Taxes and codes listed				
2	Form a Task Force to prepare a proposal to rationalize taxes and codes.	Task Force formed and proposal prepared				
3	Set up a series of meetings with local and central government officials to present the proposal and arguments for change.	Meetings completed				

Table 23: Program 3—Support the Development of the Private Sector

Goal: Developed and healthy private sector

Target: Reduced unemployment

Task 3.4: Strengthen labor market skills		Task description: To improve the business climate there is a need to strengthen the labor market skills in Ijevan. This task describes the activities required to work with the above institutions to rationalize tax codes, etc.
Coordinator:	City Hall Department:	
Sources of funds: Donor Agencies, Business community, City Budget		

No.	Activities	Targets/Results	2003	2004	2005	2006
1	Using the Business Association hold a seminar to perform skills analysis and determine future needs.	Analysis completed				
2	Prepare a plan to support a program to "Add new skills to the labor market".	Plan prepared				
3	Secure finance for training of specific target groups and businesses.	Finance secured.				
4	Commence "new skills training" program.	Training completed.				



Table 24: Program 4—Development of Tourism

Goal: Developed and vibrant Tourism industry

Target: Increased number of visitors

Task 4.1:
Determine the tourist and the product

Coordinator:	City Hall Department:

Sources of funds:
City Budget and Donor Organizations (USAID, Soros, DFID, SDA, etc.)

Task description:
To develop the tourism sector it is important to determine "Who the tourist is?" the product(s) the tourist requires and what type of tourist the City wishes to attract (e.g., high income foreign tourists, backpackers, etc.)
This task describes the activities required to better develop a tourist product and select the sector.

No.	Activities	Targets/Results	2003	2004	2005	2006
1	Hold workshops in Ijevan with local groups and in Yerevan with tour operators to define "Who is the Tourist and Expectations".	Tourist and expectations defined				
	City and local tourist business to define the product to suite the tourist.	Products defined				
3	Prepare an Action Plan to develop specific tourist products.	Action Plan prepared				
4	Plan implemented and monitored.	Refurbishment completed				

Table 25: Program 4—Development of Tourism

Goal: Developed and vibrant Tourism industry

Target: Increased number of visitors

Task 4.2: Rejuvenate the High Street (Yerevanian Street) as a center to attract tourists		Task description: To develop the tourism sector it is important to have well serviced High Street with adequate facilities to accommodate tourists. Such facilities include: pavements, street lighting, roads, pedestrian walkways, parks, cafes, restaurants, shops, and parking, markets and ablution services. This task describes the activities required to rejuvenate the High Street (Yerevanian Street) in the Kentron District.
Coordinator:	City Hall Department:	
Sources of funds: City Budget, Donor Organizations Private Sector (Business/Individuals)		

No.	Activities	Targets/Results	2003	2004	2005	2006
1	Hold workshop to discuss conceptual ideas and options on "How to improve the City center/Yerevanian Street and what it should look like in the future".	Concepts discussed and decisions made				
2	Prepare a short-term Action Plan and secure finance for specific actions.	Action Plan completed and finance secured				
3	Repair pavements, street lighting, parks, toilets, roads and parking facilities for cars and buses.	Infrastructure repaired				
4	Refurbish services including: markets (fresh produce and handicrafts) and cafés, etc.	Services refurbished				



Table 26: Program 4—Development of Tourism

Goal: Developed and vibrant Tourism industry

Target: Increased number of visitors

Task 4.3:
Improve specific tourist attractions (historical sites, recreational areas, hiking routes, etc.)

Coordinator:	City Hall Department:

Sources of funds:
City Budget, Ministry of Culture, Private Sector, Donor Grants

Task description:
To develop the tourism sector it is important to have the tourist attractions documented, categorized and in a reasonable state of repair.
This task describes the activities required to improve the tourist attractions in and around the City. This task will have to be coordinated with other state agencies (Ministry of Culture, etc.) and the Armenian Apostolic Church.

No.	Activities	Targets/Results	2003	2004	2005	2006
1	List attractions including: historical sites, shrines, recreational areas etc. Determine quality status and responsible organization.	List completed. Quality status determined				
2	Rank those facilities that have potential to attract tourists.	Ranking completed				
3	Prioritize those facilities that if upgraded will have be key facilities and attractions.	Facilities and attractions prioritized				
4	Work with relevant State Agencies, Ministries, etc. to secure finance to improve facilities and attractions.	Tourist attractions improved				

Table 27: Program 4—Development of Tourism

Goal: Developed and vibrant Tourism industry

Target: Increased number of visitors

Task 4.4: Improve specific services for tourists (accommodation, ablution facilities, restaurants, taxi and transport).

Coordinator:	City Hall Department:

Sources of funds: City Budget, Ministry of Culture, Private Sector, Donor Grants
--

Task description: To develop the tourism sector it is important to have quality services available for tourists (e.g., accommodation–bed and breakfast units, hotels, etc.). This task describes the activities required to improve the services for tourists in and around the City.
--

No.	Activities	Targets/Results	2003	2004	2005	2006
1	Hold workshop with interested parties to define standards and list services to be provided to tourists.	Standards defined. List completed. Quality status determined				
2	Rank those services in terms of standards that are available for tourists.	Ranking completed				
3	Prepare Action Plan and prioritize those facilities that upgraded will be of suitable standard for tourists.	Services prioritized				
4	Work with relevant parties, etc., to secure finance to improve services.	Tourist services improved				



Table 28: Program 4—Development of Tourism

Goal: Developed and vibrant Tourism industry

Target: Increased number of visitors

Task 4.5:
Develop a marketing brochure(s)

Coordinator:	City Hall Department:

Sources of funds:
City Budget, Ministry of Culture, Private Sector, Donor Grants

Task description:
To develop the tourism sector it is important to have quality marketing and promotional material(s) that clearly target the specific tourist(s) defined in Program 4, Task 1.
This task describes the activities required to prepare the marketing and promotional material.

No.	Activities	Targets/Results	2003	2004	2005	2006
1	List accommodation facilities, sites, recreational areas, etc.	List completed				
2	Rank facilities and sites with specific codes to reflect standards and access, etc.	Ranking completed. Codes allocated				
3	Prepare draft of brochure(s) including photographs of sites and facilities.	Draft brochure completed				
4	Secure finance and invest to improve facilities and attractions.	Facilities and attraction improved				
5	Publish brochures and promotional materials.	Promotional material published				

Table 29: Program 5—Improvement Infrastructure Services

Goal: Clean environment and good communications

Target: Reduced pollution and improved communications

Task 5.1: Upgrade the delivery of water and sewage services		Task description: For Ijevan to be an attractive location for new investment and tourists it is necessary for the community to improve the water and sewage services to acceptable standards. This task describes the activities required to upgrade the water and sewage services, however the City has to gain the support of the local water company to perform this task.
Coordinator:	City Hall Department:	
Sources of funds: Donor Agencies, Business community, City Budget		

No.	Activities	Targets/Results	2003	2004	2005	2006
1	Perform diagnosis of major problems in water supply and the treatment of sewage. List low cost/high impact improvements.	Diagnosis complete				
2	Hold a seminar with the Water Company and present results of diagnosis. Prepare an Action Plan for three years. Prioritize projects into low cost/high impact and long term.	Action Plan and prioritization approved				
3	Water Company implements Action Plan.	Plan operationalized				
4	City prepares and implements a plan to monitor the progress of the Action Plan.	Monitoring plan implemented				



Table 30: Program 5—Improvement Infrastructure Services

Goal: Clean environment and good communications

Target: Reduced pollution and improved communications

Task 5.2:
Upgrade the delivery of garbage collection and disposal and prioritize projects for low, medium and large investment.

Coordinator:	City Hall Department:

Sources of funds:
Donor Agencies, Business community, City Budget

Task description:
For Yerevan to be an attractive location for new investment and tourists it is necessary for the City to improve the collection and disposal of garbage services.
This task describes the activities required to upgrade the collection and disposal of garbage.

No.	Activities	Targets/Results	2003	2004	2005	2006
1	Prepare diagnosis of current practices and problems. Prepare an action for short and long term improvements.	Diagnosis completed and Action Plan prepared				
2	Change agreements with current company operating garbage services in the city.	Agreement changed				
3	Implement short-term Action Plan and monitoring system	Short-term plan completed				
4	Secure funding to implement long-term Action Plan.	Funding secured				

Table 31: Program 5—Improvement Infrastructure Services

Goal: Clean environment and good communications

Target: Reduced pollution and improved communications

Task 5.3: Improve general infrastructure specifically roads and urban transport in the City

Coordinator:	City Hall Department:

Sources of funds:
City Budget and Grants from Regional/Central Government

Task description: To develop city as an attractive place for investment it is important to have the basic infrastructure in a reasonable state of repair. Such facilities include: pavements, street lighting, roads, pedestrian walkways, urban transport and ablution services. This task describes the activities required to improve the quality of the general infrastructure in the districts.

No.	Activities	Targets/Results	2003	2004	2005	2006
1	Inventory roads and condition. Create a database.	Database created				
2	Establish a short-term Action Plan and general plan for the future.	Short- and long-term plans approved				
3	Implement short-term plan and secure funding for long-term Action Plan.	Additional services provided				
4	Monitor plans.	Monitoring plan implemented				



Table 31: Program 5—Improvement Infrastructure Services

Goal: Clean environment and good communications

Target: Reduced pollution and improved communications

Task 5.4:
Improve general telecommunications infrastructure

Coordinator:	City Hall Department:

Sources of funds:
City Budget and Grants from Regional/Central Government

Task description:
To attract investors to the City it is important that telecommunications are of sufficient standard within the City and to/from the City.
This task describes the activities required to improve the quality of the telecommunications.

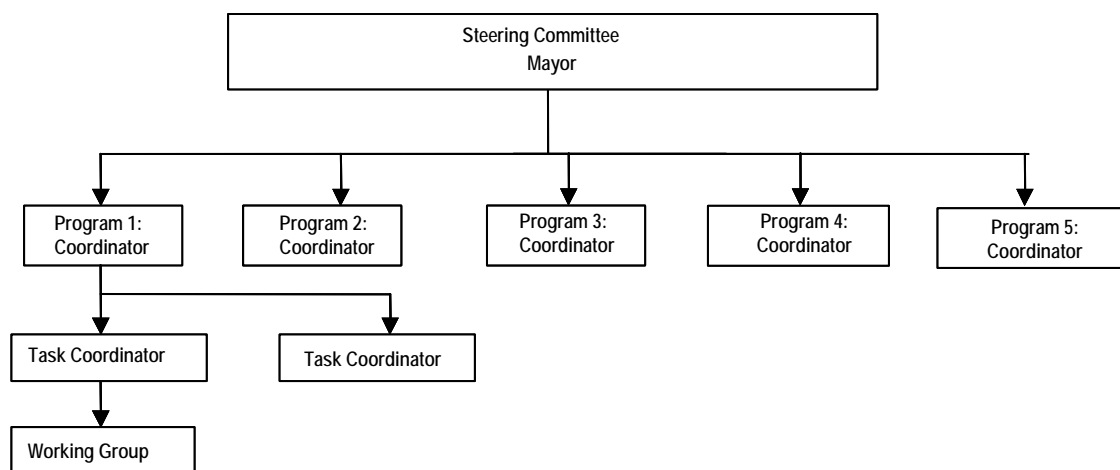
No.	Activities	Targets/Results	2003	2004	2005	2006
1	Perform a diagnosis of the major problems.	Diagnosis completed.				
2	Hold a seminar with responsible agency/company to resolve problems. Develop and agree Action Plan.	Seminar completed and Action Plan prepared.				
3	Implementation of plan by Agency/Company.	Plan implemented.				
4	Implementation of monitoring plan by City.	Monitoring plan implemented.				

8. IMPLEMENTATION AND MONITORING

8.1 *Organizational Structure*

To successfully implement the Action Plan there is a need have an organization and structure. The Steering Committee recommended that City Hall officials take on the role of implementing coordinators. Schematic 5 presents the proposed organizational structure.

Schematic 5: Organizational Structure for Implementation of Action Plan



8.2 *Implementation Process*

The following process should be carried out to successfully implement the Action Plan.

Working Group Formation—To carry out the Tasks it is necessary to form working groups. The Program Coordinator will be responsible for the formation of the working group. The working group should comprise 3-4 members from the City Hall and the community. The objective of the working group is to assist the Task Coordinator to prepare the necessary projects to complete the task.

Project Preparation—For each task, specific projects will be prepared to not only better define the projects but to secure the necessary finance. The Program Coordinator and Task Coordinator will be responsible for preparing the project(s).

Project Approval and Finance—The Mayor, with authority from the Council, and Program Coordinator will be responsible for approving and securing the finance for the specific project. There are numerous sources of finance each with specific criteria. To successfully obtain finance all parties will have to understand how the specific project(s) will have to be tailored to meet financing institutions project selection criteria. The Mayor and Program Coordinator will have to meet potential financing institutions to better understand and financing criteria.



Implementation Startup—The Program and Task Coordinators will be responsible for commencing the implementation of each program.

Monitoring and Reporting—The Task Coordinator will be responsible for preparing the necessary progress reports on the implementation of the programs and presenting them to the Steering Committee. The Mayor and Steering Committee will present periodic reports to the Council on the programs’ progress.

Project Completion—The Program and Task Coordinators are responsible for preparing the final reports and closing the project after completion.

8.3 Monitoring

The monitoring plan should be developed by the Program Coordinators and approved by the Steering Committee. Key dates for project start up and completion should be agreed upon. A suggested format for the monitoring plan is presented in Table 33 below.

Table 33: Format for Monitoring Plan including Example

Program No.: 1

Program Title: Improvement of Social Public Services

Program Goal: Strengthen local government to deliver better services

No.	Task	Years of Task Implementation															
		2003 Year				2004 Year				2005 Year				2006 Year			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1.1	Upgrade service delivery in education, specifically higher education to ensure appropriate skills for the local economy		*				*				*				*		
1.2	Upgrade health-care services				*			*				*				*	
1.3	Improve cultural activities in City			*			*				*				*		

APPENDICES

Table A-1 presents the Task Description Fact Sheet. Task Coordinators and Working Group specialists should complete this form when preparing to perform a specific task.

Table A-1: Task Description Fact Sheet

Number of Task	Title of Task	
Task Coordinator	Name	Position
Name of Program		
Program Coordinator	Name	Position
Strategic Goal		

TASK DESCRIPTION	TASK'S GOAL DESCRIPTION
IMPLEMENTERS	EXPECTED BENEFITS AND BENEFICIARIES

Table A-2 presents the Task Activities Fact Sheet. Task Coordinators and Working Group specialists should complete this form when preparing to perform a specific task.

Table A-2: Task Activities Fact Sheet

NUMBER OF TASK	TITLE OF TASK

No	DESCRIPTION OF ACTIVITY	EXPECTED RESULTS	RESPONSIBLE	DATE OF BEGINNING	DATE OF FINISHING
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

Table A-3 presents the Task Schedule and Monitoring Fact Sheet. Task Coordinators and Working Group specialists should complete this form when preparing to perform a specific task.

Table A-3: Task Schedule and Monitoring Fact Sheet

NUMBER OF TASK	TITLE OF TASK

No	DESCRIPTION OF ACTIVITY	YEARS OF TASK IMPLEMENTATION															
		2003 YEAR				2004 YEAR				2005 YEAR				2006 YEAR			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
1																	
2																	
3																	
4																	
5																	
6																	
7																	
8																	

Table A-4 presents the Task Budget Fact Sheet. Task Coordinators and Working Group specialists should complete this form when preparing to perform a specific task.

Table A-4: Task Budget Fact Sheet

NUMBER OF TASK	TITLE OF TASK

No.	EXPENDITURES	O/I	EXPENDITURES SCHEDULE				TOTAL
			2003 YEAR	2004 YEAR	2005 YEAR	2006 YEAR	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
TOTAL EXPENDITURES							
TOTAL OPERATION EXPENDITURES							
TOTAL INVESTMENTS EXPENDITURES							

Table A-5 presents the Task Committed Expenditure Fact Sheet. Task Coordinators and Working Group specialists should complete this form when preparing to perform a specific task.

Table A-5: Task Committed Expenditure Fact Sheet

NUMBER OF TASK		TITLE OF TASK					
No.	EXPENDITURES	O/I	EXPENDITURES SCHEDULE				COMMENTS
			BUDGET 2003 YEAR	COMMITTED 2003 YEAR	ACTUAL 2003 YEAR	BUDGET 2004 YEAR	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
TOTAL EXPENDITURES							
TOTAL OPERATION EXPENDITURES							
TOTAL INVESTMENTS EXPENDITURES							

Table A-6 presents the Task Evaluation Criteria. Task Coordinators and Working Group specialists should complete this form when preparing to perform a specific task.

Table A-6: Task Evaluation Criteria


NUMBER OF TASK	TITLE OF TASK

EVALUATION CRITERIA	EVALUATION OF TASK COORDINATOR	EVALUATION OF EVALUATION COMMITTEE
1. FEASIBILITY OF THE TASK		
1.1 What are possibilities to secure needed financial resources for the task?		
1.2 What are possibilities to do the task considering other factors?		
2. CONFORMITY OF THE TASK WITH GOALS		
2.1 How do outputs of the task implementation contribute to the task goal?		
2.2 How do outputs of the task implementation contribute to the specific strategic goal?		
3. EXPECTED BENEFITS		
3.1 What is a possibility to achieve expected benefits?		
3.2 How urgent and important are the expected benefits for the community?		
TOTAL SCORE		

COMMENTS OF EVALUATION COMMITTEE

A. WORKSHOP MATERIALS

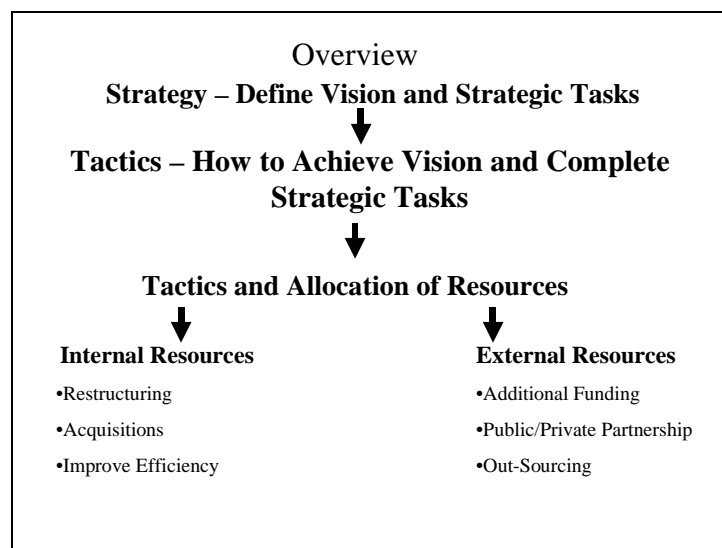
Slide 1



**Presentation Notes for
Economic Development
Strategy**

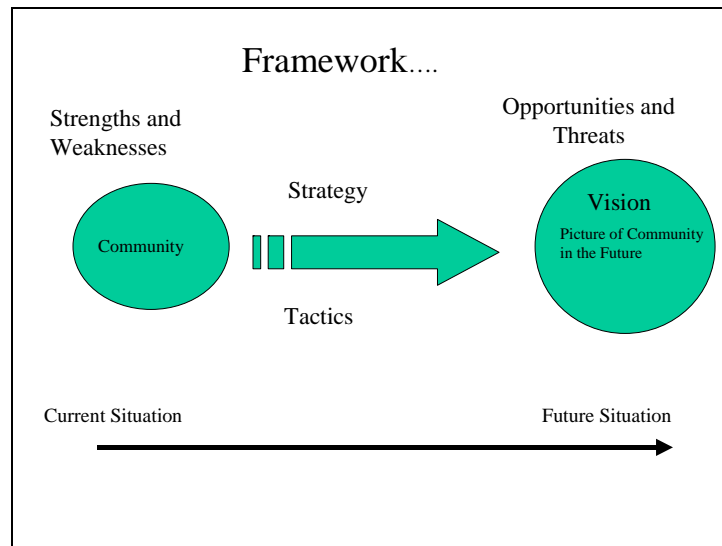
City of Ijevan
July 2002

Slide 2





Slide 3



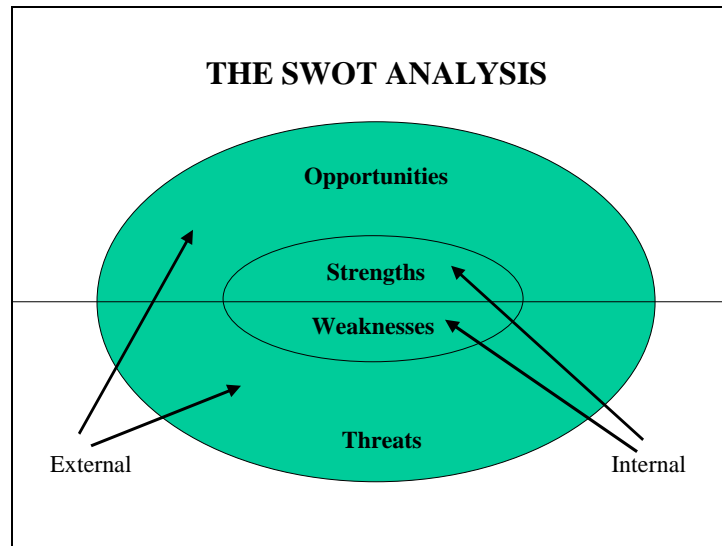
Slide 4

Definition of Vision

Picture the future you would like to see in your city after 5 years of successful economic development:

- What are the most important economic activities in your town?
- What kinds of jobs and industries are employing people?
- What services are available thanks to a healthy local economy?
- What is the rest of the world saying about your economy?

Slide 5



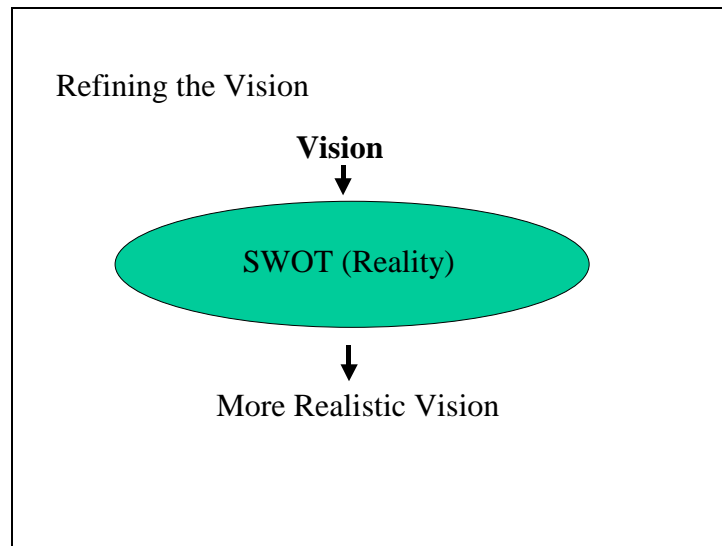
Slide 6

SWOT MATRIX (Strengths, Weaknesses, Opportunities and Threats)

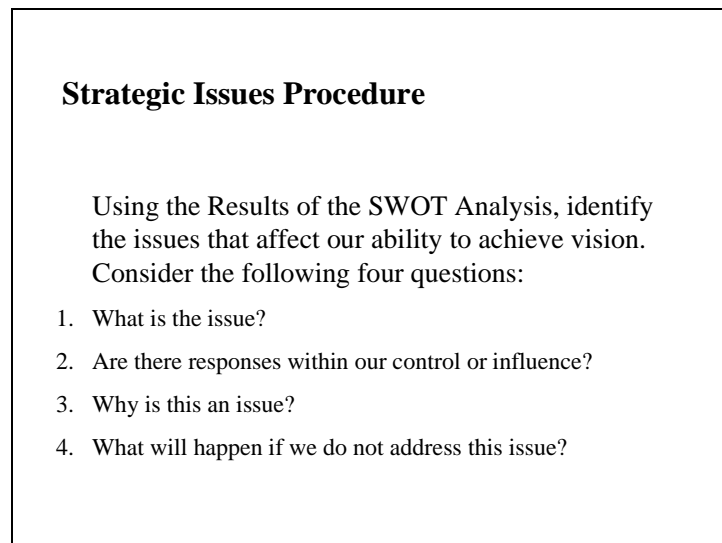
<p style="text-align: center;">Strengths</p> <p>Community assets; human or financial resources available to handle the issue; general strengths of the situation when trying to determine action; comparative advantage</p>	<p style="text-align: center;">Weaknesses</p> <p>Problems that presently exist; barriers that exist; obstacles to taking action; required components not yet in place.</p>
<p style="text-align: center;">Opportunities</p> <p>Specific benefits that would result or accrue; if action were taken potential alliances; future possibilities.</p>	<p style="text-align: center;">Threats</p> <p>Negative side effects of action; an attempt to anticipate unintended results, dangers and/or avenues of action to avoid</p>



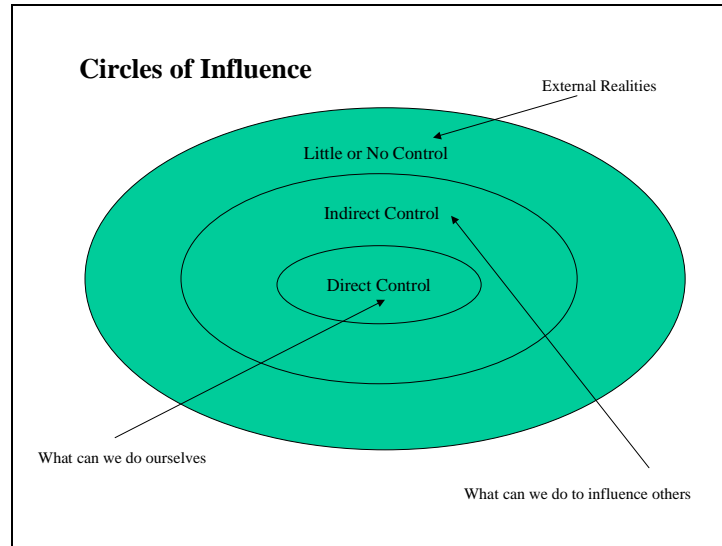
Slide 7



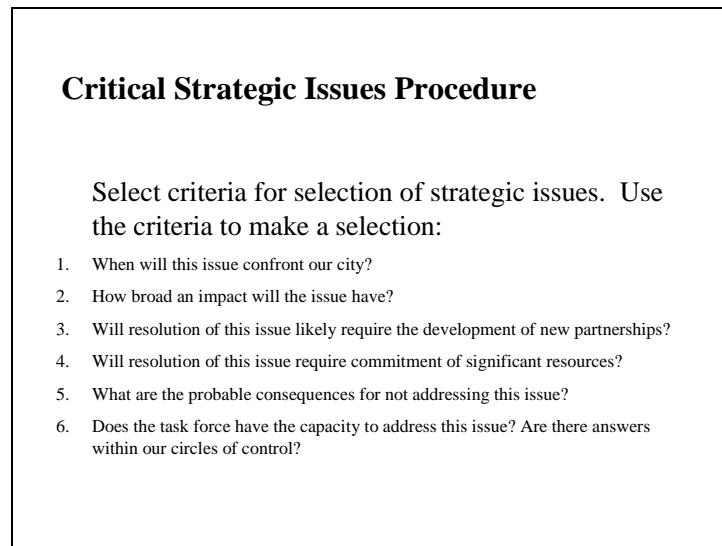
Slide 8



Slide 9




Slide 10





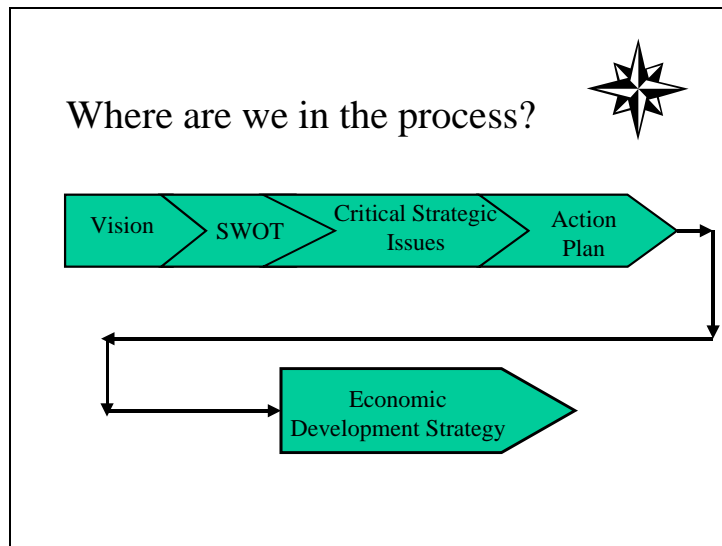
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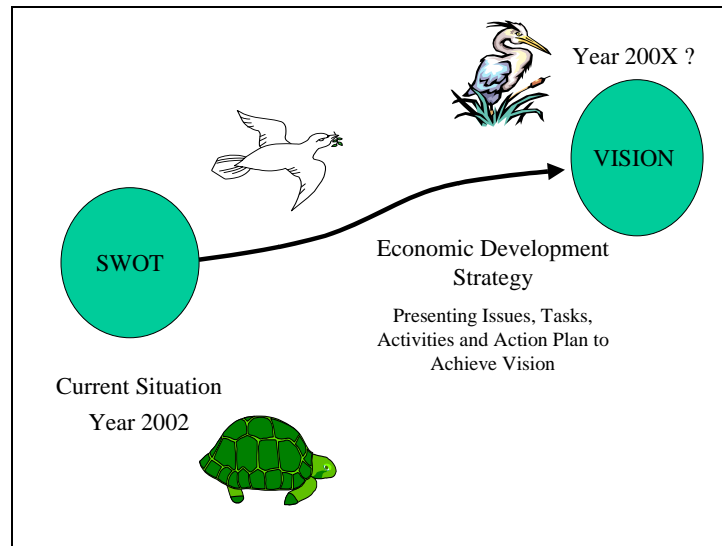
Economic Development Strategy, Ijevan City

Workshop – Finalization of Critical Strategic Issues
By The Urban Institute

Slide 2



Slide 3



Slide 4

What is a critical strategic issue?...

An issue that needs addressing to achieve:

- The Vision
- The Economic Development Strategy targets
- Budgetary constraints



Slide 5

Exercise 1.....

Form two working groups, list the strategic issues and categorize into:

- Service development (e.g. local government services)
- Sector improvement (e.g. tourism, small and medium enterprises etc)

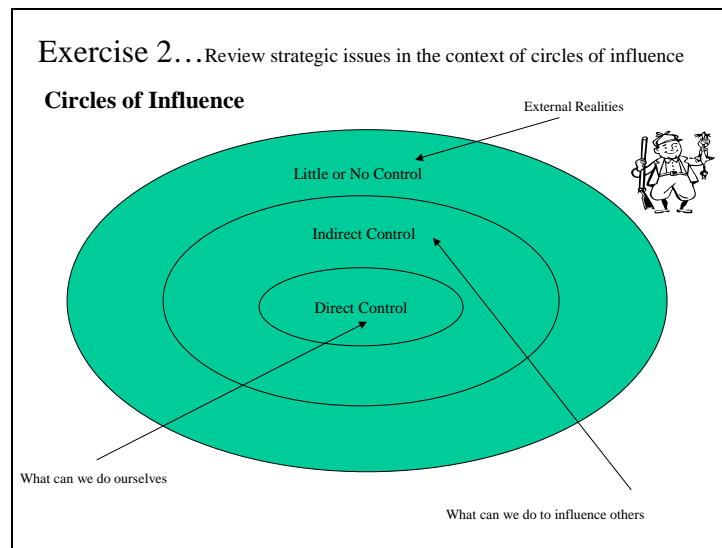
Slide 6

Critical Strategic Issues Selection Procedure...

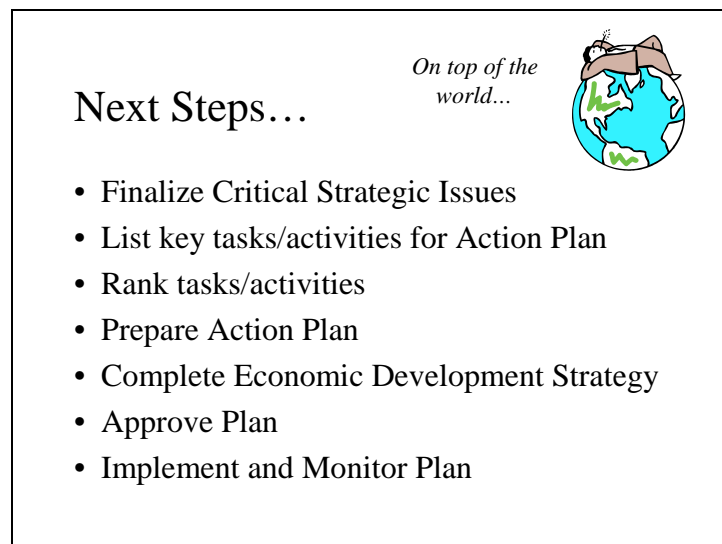
Use the criteria to make a selection:

1. When will this issue confront our city?
2. How broad an impact will the issue have?
3. Will resolution of this issue likely require the development of new partnerships?
4. Will resolution of this issue require commitment of significant resources?
5. What are the probable consequences for not addressing this issue?
6. Does the task force have the capacity to address this issue? Are there answers within our circles of control?

Slide 7




Slide 8





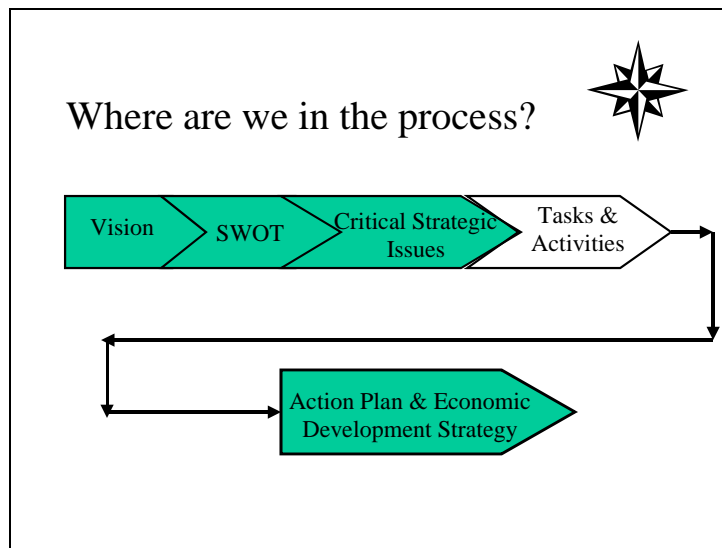
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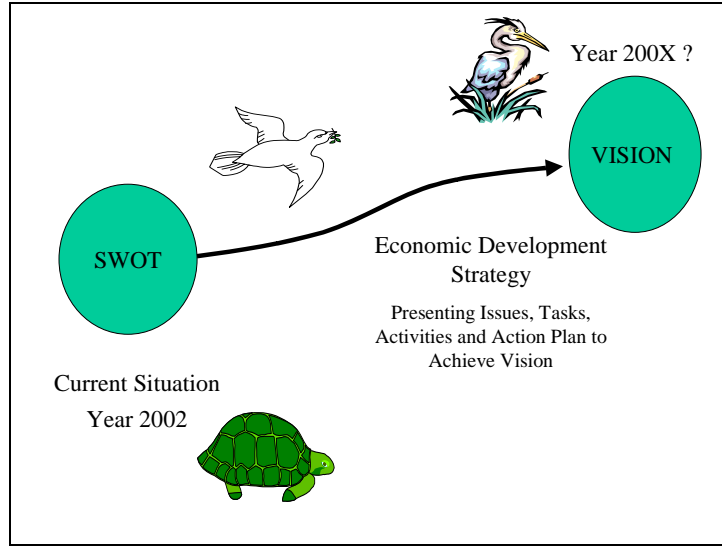
Economic Development Strategy, Ijevan City

Workshop 3 – Finalization of Tasks and Activities for Economic Development Strategy
By The Urban Institute
September 2002

Slide 2



Slide 3



Slide 4

Definitions...

Critical Strategic Issue	Task	Activity
<p>An issue that needs addressing to achieve:</p> <ul style="list-style-type: none"> • The Vision • Economic Development Strategy targets • Budgetary constraints 	<p>A task needs to be performed to:</p> <ul style="list-style-type: none"> • To address the Critical Strategic Issues • To achieve Economic Development Strategy targets 	<p>A activity needs to be performed to:</p> <ul style="list-style-type: none"> • Complete a Task • To achieve the Critical Strategic Issues • To achieve Economic Development Strategy targets



Slide 5

Exercise....

List the Critical Strategic Issues finalized in Workshop 2:

- Service development (e.g. local government services)
- Sector improvement (e.g. tourism, small and medium enterprises etc)

Slide 6

List Critical Strategic Issue and Associated Tasks

Critical Strategic Issue	Tasks	Score	Ranking
• AA	• AA(1)	• 15	• 1
	• AA(2)	• 12	• 2
Sector Responsibility	• AA(3)	• 9	• 3
• Local Government <input type="checkbox"/>	• AA(4)	• 7	• 4
• Private Sector <input type="checkbox"/>	• AA(5)	• 5	• 5
	• AA(6)	• 4	• 6

Slide 7

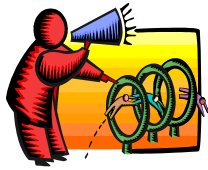
Example...

Critical Strategic Issue	Tasks	Score	Ranking
<ul style="list-style-type: none"> Tourism Development 	<ul style="list-style-type: none"> Prepare Development Plan 	<ul style="list-style-type: none"> 13 	<ul style="list-style-type: none"> 1
Sector Responsibility <ul style="list-style-type: none"> Local Government <input checked="" type="checkbox"/> Private Sector <input checked="" type="checkbox"/> 	<ul style="list-style-type: none"> List sites and status List accommodation and status List infrastructure and status 	<ul style="list-style-type: none"> 9 11 7 	<ul style="list-style-type: none"> 3 2 4

Slide 8

Tasks Selection Criteria...

- ❖ **Impact** - To what extent will accomplishing this objective meet the goal to which it applies?
 - 3 – major
 - 2 – medium
 - 1 – minor
- ❖ **Feasibility** - How likely is it that engaged resources (financial, human and capital) required to implement the objective will be available?
 - 6- very likely, are prepared
 - 3- more likely than not, can be identified
 - 2 – uncertain
 - 0 – very likely

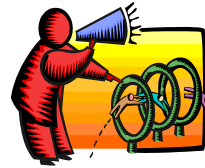




Slide 9

Tasks Selection Criteria cont/...

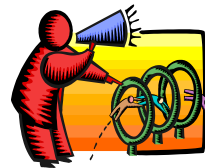
- ❖ Timing – How long will it take to measure the impact of the project?
 - 3 – Short term (1 year)
 - 1 – Medium term (2 years)
 - 2 – Long term (3 years or more)
- ❖ Benefits - How will the project benefit the municipality in terms of job creation, job retention and/or capital investment?
 - 3 – Very much
 - 2 – Moderately
 - 1 – Very little



Slide 10

Tasks Selection Criteria cont/...

- ❖ Private Sector Participation – What is the private sector's ability to bring expertise on this objective?
 - 3 – Great
 - 1 – Some
 - 1 – None
- ❖ Compatibility with Other Objectives – Will accomplishing this objective also contribute to the achievement of the goals of other task forces?
 - 3 – Yes
 - 2 – No effect
 - 1 – Negative effect



Slide 11

Next Steps...

*On top of the
world...*




- Prepare Action Plan
- Complete Economic Development Strategy
- Approve Plan
- Implement and Monitor Plan





B. BASELINE DATA REPORT


Slide 1



Ijevan City Economic Development Strategy

Summary Baseline Data Report

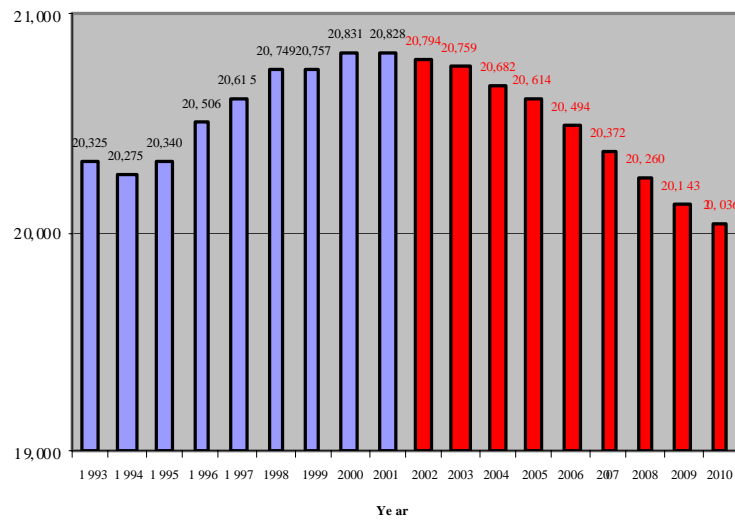
Population: 21,000
Distance from Yerevan: 144 km
Elevation from Sea Level 650-850 m
Average Air Temperature:
January 0C (winter)
July 25C (summer)





Slide 3

Demographic Trends Population Forecast



Slide 4

- **Accommodation**

- ▶ Individual private houses in Ijevan need renovation works.
- ▶ Multi-apartment buildings also need capital repair of the roof, reinforcement of the basement and upgrading of the utilities infrastructure.

- **Water Supply**

Ijevan residents face severe water shortages during the summer. Due to physical lack of the water and poor state of distribution pipes the residents typically receive water once in 2-4 days. There is also a shortage of irrigation water for agricultural activities. There is an urgent need to renovate the sewage networks. The collection of user fees is approximately 40 %.

- **Roads/Transportation**

Roads in Ijevan need capital investment. Street lighting is available only in downtown area. The poor roads impede traffic and prolong travel time. At present, the railway branch of Ijevan is not functioning. There are bus and taxi services operated mainly by the private sector.



Slide 5

- **Sources of Income**

The large share for household budget is in the form of remittance from family members currently residing outside Armenia. Other sources of income include trade and service facilities located mainly in the city market. There is 1 major city market, 5 permanent and 4 temporary gasoline fueling facilities, and 1 permanent facility for filling of gas-tanks.

- **Level of Income**

Residents' income varies from 10,000 to 20,000 (< \$40) drams/month (includes pensions, salaries, foreign remittances and allowances).

- **Education**

There are 2 operating kindergartens with 60 employees and 120 children, 6 schools (including music, arts, sports and technical) with 2,650 pupils. There is a culture club with 350 members, 3 libraries and a folk art museum. The Ijevan branch of Yerevan State University has 600 students.

Slide 6

- **Medical Facilities**

There are few medical facilities in Ijevan. The Mother and Child Healthcare Center is the only operating clinic. There is also a municipal polyclinic and a tuberculosis treatment facility. The Polyclinic treats 3,000 patients/month. The Polyclinic has 100 staff.

- **Energy Supply**

The majority of the City's residents are supplied by natural gas. Electricity supply is infrequent because of low collection of user fees.

- **Garbage Collection**

Garbage removal in the city is irregular and infrequent. The service is supposed to provide twice/month pick up for apartment buildings and once/month pick up for private houses. However, even this schedule is not kept.

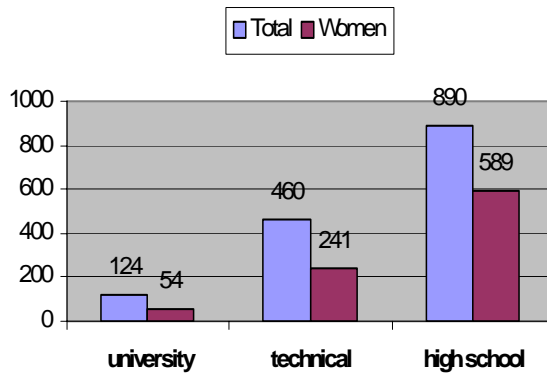


Slide 7

Unemployment

The workforce in Ijevan aged 16- 63 is 11, 419 people. The following graphs illustrate the structure (gender and education) of unemployment in the city.

	T o t a l	W o m e n
up to 18	0	0
18-22	9	7
22-30	126	10
30-50	1366	904
above 50	115	47
T o t a l	1616	968



Slide 8

Business Activity

There are 50 registered enterprises and institutions. Some of the industries of Ijevan include: carpeting company, timbering factory, mechanical factory; factory of construction materials; winery; mineral water bottling plant; hosiery; canning factory. Most of them are either at standstill or work at the minimum capacity level.

Most of the above mentioned companies produce for the local market. One of the exception is the wine producing company that exports its product.



EXECUTIVE SUMMARY

Key Strategic Issues that Constrain Economic Development

The data gathered in the Baseline Report has revealed the following key strategic issues that constrain economic development in Ijevan.

- Inadequate financial services and limited access to capital.
- Poor quality of infrastructure including: roads, rail, water services, waste collection and telecommunications.
- Weak markets in Armenia for products.
- High transport costs to export products.
- Out dated production plant to produce marketable products.
- Low fiscal capacity of local government.
- Incoherent tax administration procedures.

Background

- The political and economic transformation in Armenia has resulted in the need for municipalities to prepare and adopt economic development strategies to influence local economic development.
- The objective of this work is to present to municipal officials, citizens and entrepreneurs in Armenia:
 - Concepts of economic development strategy planning
 - An economic development plan for the City of Ijevan located Tavush Marz (Region), Republic of Armenia
- Among many definitions found, the most appropriate reads:
 - “Local economic development is a process during which local government improves citizens’ quality of life, which creates a new community and stimulates economic progress”.
- Fundamental issues in local economic development are:
 - Assistance in establishment of new businesses
 - Development retention and expansion of existing businesses
 - Attraction of new investors because entrepreneurship is the engine of economic growth
- The role of a local government in promoting economic development is limited by the State’s economic strategy, economic priorities of the Marz authorities. However, local governments may actively influence their current and future prosperity through creation of conditions for new businesses, development of the existing ones, and attraction of outside investors.

Republic of Armenia

- Armenia is a land locked country sandwiched between Turkey to the west, Azerbaijan to the east, Iran to the south and Georgia to the north
- The population is 3.2 million
- The country operates a presidential form of governance
- The Gross Domestic Product is approximately 1,160 billion drams (2001 estimate) (USD 2.1 billion)
- Real GDP growth was 9.9 percent (January to September 2001)
- The Consumer Price Index is 2.5 percent
- The exchange rate 1 USD = 550 drams
- Foreign Direct Investment (FDI) for 2000 was USD 120 million

Tavush Marz

- Tavush Marz is located in the northeastern part of Armenia.
- The province shares a border with Azerbaijan to the east and Georgia to the north.
- The province hosts 156,000 inhabitants, including 63,000 urban residents and 93,000 rural residents.
- The climate in Tavush is mild continental, with average maximum temperatures of 25C in summer and 8C in winter. The altitude of the province ranges from 650 m to 850 m. Precipitation is in the range of 600 to -750 mm/y.
- Tavush's mineral resources include a wide range of building materials, e.g., marble, basalt, granite, quartzite, and marble, as well as bentonite, mineral paints, semiprecious stones, coal, dolomite, and gypsum - most of which are utilized locally.
- Tavush's industrial potential is concentrated in the four largest cities: Ijevan (Capital) Dilijan, Berd, and Noyemberyan.
- The province has 45 large and medium-sized enterprises involved in electronics, building materials, apparel, and food processing industries. Most of these have been privatized and currently operating at reduced capacity.



- The aggregate production volume of the province in 1999 was approximately USD 5 million.

Regional Administration

- Administratively Tavush Marz is divided into:
 - The Marzpetaran (regional authority), responsible for servicing Communities' needs and run by staff directly appointed by the National Government
 - Kaghakapetarans or "Urban Communities" which are run by locally elected functionaries
 - Gjughapetarans or "Rural Communities" also run locally elected people
- The administrative center of the Marz is Ijevan, a town that has always been one of the main industrial and cultural centers of the country

Ijevan City

- Ijevan is situated on the Agstev River. The river flows east into the main river catchmentcatchment's that supports the Caspian Sea eco-system
- The climate is mild with snow falling only four or five times each winter
- The town's name means "Inn" (Armenian) or 'Karavanserai (Turkish)
- The land upon which Ijevan now stands has for many centuries been a crossroad for traders. A caravan route, one of the network networks of routes that comprised the Great Silk Road, cut through the territory of present-day Ijevan

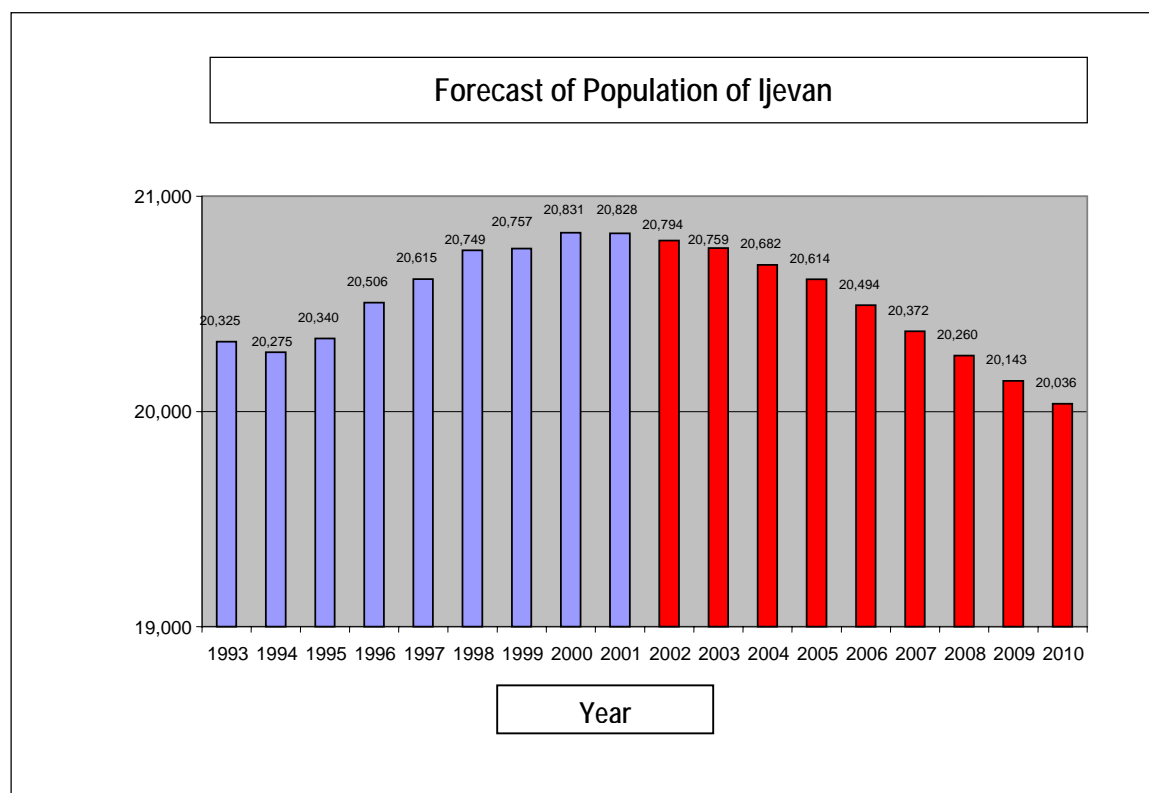
Functions

- The Law on Local Self Government (signed by the President of Armenia, May 2002) describes the responsibilities (mandated and delegated) of local government units.

Organizational Structure

- The Mayor was re-elected in May 2002 for a three-year term. The Council comprises of 15 members elected for a three-year term.
- The Municipality has 26 full-time employees.
- The City Hall operates the following departments: education (kindergartens), culture and sport, health (clinics), transport, trade and services, housing maintenance, public utilities and site improvement, territorial and urban development, financial, development of the local economy.

Demographic Trends



City Development Program and Budget

- The Mayor is responsible for preparing a three3-year development program. The Mayor is must submit the program to the newly elected council within 3 three months after the council has assumed office.
- The community budget is a financial plan of revenues and expenditures for a period of one year. The Council on an annual basis approves the budget. The budget consists of administrative and fund constituents.
- The figures below illustrate the budget (revenues and expenditures) for the period 2000 to 2002.

Major Communication Routes

- The distance from Yerevan (Capital City of Armenia) is 150 km
- The 60 km road linking Armenia and Georgia is in an extremely poor situation. Currently the donor organizations are funding the repair of the road.



- The end of 2002 will complete roads repairs. Travel time to Georgia will be one hour.
- The main road from Yerevan to Dilijan is often closed during the winter months. A 2, 2 km tunnel is being refurbished to reduce time during the winter.
- The railroad network that connects networks that connect Ijevan with Yerevan, Georgia and Azerbaijan are in a reasonable state of repair. The railroad system does not operate because of the security situation on the borders. Freight arrives at the Armenian border from Georgia on the train and is then transferred to trucks for distribution in Armenia.
- There is no airport in Ijevan.

Business Environment

- Under the term “Business Environment” it is understood the entire facilities for business and business activities, which are available in the City.
- The inner-city road network has deteriorated rapidly in the last decade.
- Drinking water supply pipelines are in a poor state of repair throughout the city.
- The sewage systems are in a poor state of repair and were not completed during the construction phase because of the lack of funds.
- The water and wastewater assets in the city belong to the Municipality. They are currently leased to a for profit company for ten years (up to 2009).
- To obtain a water supply connection it is necessary to apply to “Ijevan” Branch of the Armenian Water Supply Company.
- Water supply fees are 240 drams/month/capita.
- Drinking water supply fees are not collected properly due to supply problems.
- Only 15 to 20 percent of monthly fees are collected, which does not allow the enterprise to provide adequate services.
- The National Grid supplies electricity for the city. Because of poor payment schedules supply is often cut.
- The city’s electrical distribution network is in a poor state of repair and therefore interruptions in supply occur very frequently.

- The city does not have significant difficulties with electricity supply.
- For a connection one has to apply to the Ijevan electricity office. Depending on the technical situation and the willingness of the client to pay some “speed up fees” the connection will be made within approximately 10 days.
- The cost of 1Kwh is 25 drams. If the customer has an “alpha” counter installed, the payment will be 15 drams during off peak periods.
- Approximately 20 percent of the city is supplied with natural gas.



Table Expenditure by Economic Classification

No.	Economic classification	Actual 2000 (‘000 AMD)	Actual 2001 (‘000 AMD)	2001/2000 (%)Percent	Projected 2002 (1,000 AMD)	2002/2001 (%)Percent	2000 (%)Percent	2001 (%)Percent	2002 (%)Percent
1	Salaries	9,277.60	21,711.20	234.02%	42,926.60	197.72%	19.91%	24.44%	34.37%
2	Social security	3,325.20	10,502.80	315.85%	17,873.20	170.18%	7.14%	11.82%	14.31%
3	Office supply	664.00	988.00	148.80%	1,716.10	173.69%	1.42%	1.11%	1.37%
4	Property and equipment	0.00	8,269.50		2,684.70	32.47%	0.00%	9.31%	2.15%
5	Food	369.10	0.00		280.00		0.79%	0.00%	0.22%
6	Purchase other products	0.00	0.00		1,200.00		0.00%	0.00%	0.96%
7	Business trip	78.90	0.00		1,441.50		0.17%	0.00%	1.15%
8	Maintenance cars	1,540.20	287.40	18.66%	500.00	173.97%	3.31%	0.32%	0.40%
9	Telephone bills	2,240.00	1,902.00	84.91%	567.40	29.83%	4.81%	2.14%	0.45%
10	Borrowed cars	0.00	1,090.00		2,000.00	183.49%	0.00%	1.23%	1.60%
11	Electricity	6,120.00	2,595.20	42.41%	5,292.70	203.94%	13.13%	2.92%	4.24%
12	Distance calls	0.00	597.10		600.00	100.49%	0.00%	0.67%	0.48%
13	Outside business trips	0.00	249.30		0.00		0.00%	0.28%	0.00%
14	Purchase of equipment	267.00	0.00		0.00		0.57%	0.00%	0.00%
15	Fees	0.00	0.00		140.00		0.00%	0.00%	0.11%
16	Water and sewage fees	510.00	1,490.00	292.16%	1,980.00	132.89%	1.09%	1.68%	1.59%
17	Representative costs	0.00	425.00		0.00		0.00%	0.48%	0.00%
18	Other expenses	3,030.70	18,311.50	604.20%	11,667.50	63.72%	6.50%	20.61%	9.34%
19	Capital repair	3,396.80	1,264.00	37.21%	7,263.50	574.64%	7.29%	1.42%	5.82%
20	Other utility expenses	15,780.10	19,165.10	121.45%	26,758.80	139.62%	33.86%	21.57%	21.43%
Total expenditures		46,599.60	88,848.10	190.66%	124,892.00	140.57%	100.00%	100.00%	100.00%

- The procedure for having a connection to the gas supply is as follows: Apply to Tavush Marz Gasification Branch, which provides the technical specifications for the installation. On the basis of the specifications, the client pays for technical design with equipment specifications and cost estimates. The installation is contracted out.
- The value of houses and apartments has dropped significantly in the last five years because of outward migration.
- It is estimated that 90 percent of the housing stock needs major improvement and reinforcement.
- The housing stock has not been reinforced to score eight score after the 1988 earthquake.
- All the flat roofs of the apartment buildings require major refurbishment work.
- The city is poorly covered with urban transport units.
- The city uses 12 mini-buses to serve the city residents.
- The city uses private sector minibus services to connect Ijevan with other cities.
- The telephone system is in poor state of repair.
- Amen-Tel, the privatized (monopoly) national provider of telephone services, has not yet upgraded the city's telecommunication system.
- The telephone connection is unreliable.
- The telephone exchanges are of the analogue type.
- The cables are made of copper.
- Armen-Tel provides standard services of a telephone company, all of them expensive and with a low level of service.
- For a telephone connection, one has to pay 24,000 ((USD 44) which about twice the rate to be paid in European Countries) for installation and 900 drams per month subscription fee.
- To make a phone call from Ijevan to Yerevan costs 20 drams a minute, to CIS countries—260 drams and to foreign countries 1,000 to 1,400 drams (2 to 3 USD).
- It is not easy to establish a connection to Yerevan and the connection is often cut off after three minutes.

- Recently (2001) a USAID funded project Harmony to establish the only Internet connection in the city in one of the schools.
- The city is responsible for the collection and disposal of solid waste. The infrastructure to provide the service is in a poor state of repair.
- In October 1990 the law on Property of Republic of Armenia was passed. The Law provides for property to be owned by the State, legal entities, Armenian Citizens, other states, international organizations, foreign legal entities and citizens of other states.
- At present the "Civil Code" of January 1, 1999 regulates the real estate ownership, supervision and other types of relationship concerning real estate.
- The State Agency responsible for the registration of real estate and the rights over it is the State Committee of Real Estate Cadastre (SREC). There exists corresponding legislation, that relates to the registration of real estate and the rights of it. The SREC has offices in all Marzes.
- The table below is an indication of costs of real estate and property.

Location	Type	Cost (AMD/m2)
Center	Office Rental	1,000
	Office Purchase	5,000
Districts	Office Rental	500
	Office Purchase	2,000

- An extensive stratification of the social structure of society has taken place over the last decade and at present the major part of the national wealth is held in five percent of the population.
- Experienced labor that were between the ages 30 to 50 years ten years ago, are 40 to 60 years are struggling to find employment in the private sector because they have worked in the state sector for most of their lives. Changing skills has proved very difficult for this sector of the labor pool.
- The youth < 30 years have adapted to the new market economy, however there is considerable unemployment in this sector. Many young people relocate to the CIS to find work.
- The level of literacy (98 percent of the labor pool) in Ijevan is high. Most of the people speak 2 languages (Armenian and Russian).

- The basis for the regulation of the labor market within the Republic of Armenia is the “Law of Employment” that was adopted on December 26, 1991 and amended on December 21, 1996.
- The Law regulates and sets the rules for actions and relationship between the parties operating in the labor market.
- The Law of Employment also defines and regulates the Employment Fund, which is the financial source for the State employment policy.
- A second law regulating the relationship between the main parties operating in the Labor Market is the Labor Code. The Labor Code is being updated to comply with ILO codes.
- The available labor between the ages of 16 to 63 years is 11,419 persons.
- The table below presents the unemployment profile.

Age	Total	Women
0 to 18	0	0
18 to 22	9	7
22 to 30	126	10
30 to 50	1,366	904
Above 50	115	47
Total	1,616 (15 percent of workforce) <i>(15 of workforce)</i>	968

Commercial Enterprises

- As a result of the weak economy, many of the enterprises in Ijevan have closed or are operating at very low capacity (< 20 percent).
- The largest company operating in the region is “Betonit”, which only operates at a 10 percent capacity. It employs about 100 people. Its products, mainly bentonite clays, are used in 50 different areas, such as military, construction, aerospace, food and medical services. However, due to high transportation costs there is a limited export market.
- “Mechanical factory” has operated since 1952. In 1988 the number of employees used to be 220. The company now employs 28 people. The company produces rotary cultivators used on the mountainous agricultural land, like Armenia. The Armenian market absorbs 30 percent of the production.
- The carpet-knitting factory operates at its minimum capacity (< 20 percent). The company used to employ 2,000 people. It now employs 100 and is undergoing privatization.

- The wood processing plant that manufactures furniture was privatized in the year 2000. 50 people are employed in this factory. It operates at low capacity (< 20 percent).
- Ijevan/Tavush has good quality forest that would support a wood products industry but forestry management needs to be improved dramatically to allow the sector to flourish.
- The World Bank has initiated a project to improve forestry management and support a forestation in Tavush Marz.
- The wine company produces wines for the local market, however the plant operates at 10 percent capacity due to poor quality product and thus a reduced market.
- Other factories include:
 - Agricultural tools company supplying small-scale implements to the local farmers
 - Forestry company supplying wood for heating
 - Quarry supplying construction materials to the local market

Business Attitude Survey

- LGP conducted a business attitude survey using a specifically designed questionnaire (Appendix). The results are contained in separate report.

Education Institutions

- The Armenian education system requires children to go to school from the age of 7. The schools consist of elementary (ages 7 to 10) and middle ages (10 to 14).
- In recent years there have been cases of children not completing their middle school because of a lack of resources from the state.
- After completing the eighth form the students that wish to continue the ninth and tenth forms may do so either by attending a private technical secondary school or state sponsored secondary school.
- After this it is possible to receive further education either in colleges or universities.
- The City has 6 high schools, a technical institution and a branch of Yerevan State University. All these institutions are operating at reduced capacity (< 50 percent).
- There are 5 kindergartens in Ijevan. Only 2 are operating; one of which operates at a 25 percent capacity.

Financial Services and Availability of Capital

- The growth of the Armenian economy has come from private business. In Armenia and especially Ijevan the availability of capital is minimal:
 - The production equipment is in a poor state of repair
 - Foreign investments in Armenia are minimal because there are few attractive business propositions
 - Newly established firms are operating a sub-optimal level
 - Unhealthy large share of the business is operating in the gray economy
- The city has three banks: Agrobank, Savings Bank and Agricultural Support Bank.

Other Services

- The following additional services exist:
 - Fifteen coffee shops
 - Market that performs approximately 80 percent of the city's retail trade
 - Hairdresser
 - Tailor's shop
 - The hotel is in a poor state of repair. (The city is actively looking for investors who will buy or rent the facility)

Recreation

- Recreational areas exist in the City Center and in the districts but are in very poor state of repair.

Tourism

- Tourism infrastructure is poor and there is a need to develop a comprehensive plan to rejuvenate the infrastructure.
- The City has not developed a plan to develop the tourism sector.

Sites

- Ijevan has numerous cultural sites. The local museum can be found at the southern entrance of town with an old cannon in front, and galleries near the central fountain illustrate the work of some best artisans and students.
- The monastery of Makaravank is high up in the hills north of Ijevan.

- Nearer to Dilijan to the south are the equally impressive complexes of Goshavank and Haghartsin.
- Local fortresses such as that of Ashot Yerkat as well as numerous caves make interesting hikes.
- The Tourist Information Center in Yerevan provides information on the main tourist sites in Armenia.
- The City does not operate an information center.

Citizens Issues

The tables below present the development issues that were of concern to the citizens.

Andranik District Development Issues

No.	Problem description	1	2	3	Ranking
1	Repair of roofs and entrances of the residential buildings		+	+	1
2	Improvement of the yards, and construction of playgrounds	-		+	2
3	Gasification	-	-		3

Fourth District Development Issues Presented at General

No.	Problem description	1	2	3	4	5	6	Ranking
1	Reinforcement of emergency-state buildings		-	-	+	-	+	4
2	Renovation of the internal networks of drinking water and installation of water meters	+		+	+	+	+	1
3	Improvement and illumination of the streets	+	-		+	+	+	2
4	Gasification	-	-	-		+	-	6
5	Repair of the school building and reconstruction of the sports ground	+	-	-	+		+	3
6	Renovation of the roofs and entrances of the residential buildings	-	-	-	+	-		5

Antarayin District Development Issues

No.#	Problem description	1	2	3	4	Ranking
1	Transport		-	+	+	2
2	Improvement and illumination of the streets	+		+	+	1
3	Provision of long-term loans for completion of residential construction	-	-		+	3
4	Gasification	-	-	-		4

Hasmik District Development Issues

No.	Problem description	1	2	3	4	Ranking
1	Improvement of the road linking with the district center	+	+	+	+	1
2	Repair of the flat roofs and entrances	-	+	+	+	2
3	Gasification	-	-	+	-	4
4	Construction of a sports complex (swimming pool)	-	-	+	+	3

Kentron District Development Issues

No.	Problem description	1	2	3	4	5	6	Ranking
1	Drinking water problem (installation of water meters)	+	-	+	+	+	+	2
2	Capital repair of residential buildings (roofs, entrances, cellars)	+	+	+	+	+	+	1
3	Improvement of yards and construction of playgrounds for kids	-	-	+	-	+	-	5
4	Construction of cultural center and	-	-	+	+	+	-	4
5	Trash removal	-	-	-	-	+	-	6
6	Gasification	-	-	+	+	+	+	3

Metaghagorts District Development Issues

No.	Problem description	1	2	3	4	5	Ranking
1	Drinking water problem (internal networks)	+	+	+	+	+	1
2	Repair, illumination of roads and construction of rainwater drainage pipes	-	+	+	+	+	2
3	Gasification	-	-	+	+	+	3
4	Renovation of sewage network	-	-	-	+	-	5
5	Irrigation water	-	-	-	+	+	4

Old Ijevan Development Issues

No.#	Problem description	1	2	3	4	Ranking
1	Improvement of streets, construction of drainage system		-	+	+	2
2	Renovation of drinking and sewer water internal networks	+		+	+	1
3	Construction of sports complex	-	-		+	3
4	Reconstruction of the church	-	-	-		4

Red (Karmir) District Development

No.	Problem description	1	2	3	4	5	Ranking
1	Drinking water problem (internal networks)		+	+	+	+	1
2	Repair, illumination of roads and construction of rainwater drainage pipes	-		+	+	+	2
3	Gasification	-	-		+	+	3
4	Renovation of sewage network	-	-	-		-	5
5	Irrigation water	-	-	-	+		4

Spandaryan District Development Issues

No.	Problem description	1	2	3	4	5	6	Ranking
1	Drinking water and installation of water meters		+	+	+	+	+	1
2	Irrigation water	-		-	-	+	+	4
3	Renovation of roofs, entrances and elevators of residential buildings	-	+		+	+	+	2
4	Renovation of the roads and construction of drainage	-	+	-		+	+	3
5	Improvement of the yards	-	-	-	-		-	6
6	Creation of a recreation zone	-	-	-	-	+		5

Introduction

As a result of political and economic transformation, municipalities in Armenia will have to learn and adopt a strategic approach to municipal management and develop activities to influence local economic development.

The objective of this work is to present to municipal officials, citizens and entrepreneurs in Armenia:

- Concepts of economic development strategy planning
- An economic development plan for the City of Ijevan

What is local economic development?

Definition

Among many definitions found, the most appropriate reads:

“Local economic development is a process during which local government improves citizens’ quality of life, which creates a new community and stimulates economic progress”.

Local government attains this goal by:

- Supporting the private sector as it has a fundamental role in stimulating economic progress
- Using local resources effectively
- Promoting creation of new jobs
- Managing public funds effectively

Local economic development is a predictable process, planned and implemented together by the private sector, public sector, and local government from compatible actions and programs.

There is no single strategy, policy or program that would ensure success in economic development because local governments differ from one to another. Each local government has its local resources that may be used for successful development.

Local economic development is a process that influences prosperity of the local government and the community. Therefore, local government’s role is to enable the use existing resources in a variety of fields to foster economic development.

There are several factors that increase the probability of a successful economic development:

- Knowledge of strengths and weaknesses in the local economy and its hidden assets.

- Leadership that unites human resources, knowledge and funds of the local government, community and the private sector in order to meet common goals. Local government is not capable to succeed in economic development on its own. Therefore, cooperation among three sectors is required.
- Delivery of assistance and/or services in those areas where individual industries and institutions do not meet local government's needs. Public sector efforts should not substitute the private sector in the area where the private sector wants and is capable to undertake necessary actions and investments.

Who supports economic development?

Economic development is a result of cooperation among the following partners: public sector, private sector, and local government.

Local governments are fundamental institutions supporting local economic development. They have the following roles in the economic development process:

- Leaders in development of comprehensive policies regarding local economies
- Administrators of economic policies, programs, and projects
- Initiators of economic development programs through distribution of public funds, investment incentives, creation and retention of a favorable economic environment that stimulates growth in entrepreneurship, promotion of industry, small and medium businesses, local legal regulations.

Moreover, local governments are also responsible for development of local infrastructure, municipal services and other elements related to the economic environment.

Finally, local governments provide the private sector with important information about investments possibilities, legal regulations, services and available funds.

Fundamental issues in local economic development are:

- Assistance in establishment of new businesses
- Development retention and expansion of existing businesses
- Attraction of new investors **because entrepreneurship is the engine of economic growth**

The role of a local government in promoting economic development is limited by the State's economic strategy, economic priorities of the Marz authorities. However, local governments may actively influence their current and future prosperity through creation of conditions for new businesses, development of the existing ones, and attraction of outside investors.

These conditions include:

- Local legal and tax system: the system should give financial incentives for the local private sector and outside investors it should be stable and transparent.
- Land management: quick and reliable inventory of municipal resources, efficient solving of legal problems before sale, lease or establishment of a public private partnership, rational selection of land management methods and criteria that investors have to meet.
- Spatial planning: general spatial plan should clearly define principles of spatial policies in relation to the adopted economic development strategy and promoted businesses, environment preservation, development of local economic zones.
- Professional and transparent operation of the municipal office for local and outside investors, efficient procedures for formalities, easy access to information.
- Support form a local government for civic initiatives and entrepreneurial operations.
- Active participation in aid programs which may result in strengthening a professional approach to operation, using international funds to finance infrastructure development in municipalities.

All of the above conditions are defined as a favorable economic environment that attracts investors. Successful investment projects create jobs; increase citizens' income and public funds.

Therefore, the role of a local government in promoting economic development should achieve four objectives:

- Prosperity of the community
- Stable financial situation of the local government
- High quality of services
- Optimal utilization of a geographical location, natural environment, cultural assets, etc.

The above-mentioned elements influence the economic environment that is evaluated by investors.

This report presents the Baseline Data on the City of Ijevan to enable a Task Force (set up by means of a regulation passed by the City Council on 07/19/07/02) to prepare and implement an Economic Development Action Plan.

Methodology

The following methodology was used to gather data for this report:

- Semi-structured interviews, using the Participatory Urban Assessment, with Civic Action Group Members in each of the districts
- Interviews with selected members of the business community
- Interviews with City Hall officials
- Business survey questionnaire
- Review of reports and data

Sources of Information

To complete this Baseline Data Report the following sources of information were used:

City Hall Officials

- Karen Otanyan, Deputy Mayor, Ijevan Municipality
- Ararat Paronyan, Head of the Transportation Department, Ijevan Municipality
- Garnik Blbulyan, Head of the Utilities Department, Ijevan Municipality
- Arthur Hakobian, City of Ijevan Main Architect, Ijevan Municipality
- Zorik Chibukhchian, Head of the Employment Center
- Aida Achinian, Head of the Statistics Agency

Business Community

- Vardges Harutyunyan, Director Bentonite Company
- Vrezh Nersessyan Director Ijevan Mechanical Factory

Other

- www.bisnis.doc.gov/bisnis/country/001206tavush_am.htm
- Republic of Armenia, State Statistics Department
- Department of International Development (British Embassy)
- EU-Tacis, Yerevan, Armenia Office
- Swiss Agency for Development and Co-operation, Yerevan, Armenia Office
- Save-the-Children, Yerevan, Armenia Office

Civic Action Groups

4th District - Civic Action Group Members Fourth District—Civic Action Group Members

No.	Family Name, Name	Profession	Occupation
1	Khachatryan Volodya	Constructor	Manager of technical school
2	Karapetyan Stepan	Teacher	Principal of the school N5
3	Yeganyan Edik		Communal manager
4	Aidinyan Hamlet	Pedagogue	Secondary school N3
5	Avetisyan Yura	Welder	---
6	Sarukhanyan Marine	Technologist	Guard of the hostel
7	Araqelyan Slavik	Pedagogue	---
8	Gularyan Liparit	Driver	Deputy Principal of school N3

Andranik District – Civic Action Group

No.	Family Name, Name	Profession	Occupation
1	Hambartsumyan Seda	Pedagogue	School N 1, University
2	Otaryan Aris	Mechanic	---
3	Martirosyan Robert	Military officer	Ijevan military unit
4	Meliksetyan Vardges	Driver	---
5	Shahnazaryan Lida	---	---
6	Chibukhchyan Hamlet	Pedagogue	Teacher at the Technical college

Antarayin District – Civic Action Group

No.	Family Name, Name	Profession
1	Khojumyan Benik	Driver
2	Sahakyan Henrik	Electrician
3	Saribekyan Misha	Driver

Hasmik District – Civic Action Group

No.	Family Name, Name
1	Hakobyan Seyran
2	Harutunyan Hripsime
3	Mardanyan Ashot
4	Adamyany Marietta
5	Ghaltakhchyan Serjik
6	Sarukhanyan Bagrat

Kentron (Centre) District – Civic Action Group

No.	Family Name, Name	Profession	Occupation
1	Araqelyan Susanna	Secondary education	---
2	Mkhitaryan Karen	Engineer constructor	Department of Emergencies
3	Martirosyan Sirak	Engineer electrician	Director of communication commission
4	Aghasaryan Elmira	Pedagogue	Director of culture center
5	Amirkhanyan Kolya	Engineer constructor	---
6	Mkhitaryan Hamlet	Pedagogue	Principal of School of Arts
7	Matinyan Larisa	Agronomist	District representative
8	Yeganyan Nina	Nurse	District representative
9	Davtyan Asya	---	Pensioner

Metaghagorts District – Civic Action Group

No.	Family Name, Name	Profession	Occupation
1	Beknazaryan Slavik	Accountant	---
2	Ghukasyan Ashkhen	Pedagogue	Ijevan branch of Yerevan State University
3	Manvelyan Robert	Artist	---
4	Arustamyan Haykaz	---	---
5	Simonyan Artur	---	---

Old Ijevan District – Civic Action Group

No.	Family Name, Name	Profession	Occupation
1	Melkonyan Hmayak	Engineer— - road constructor	---
2	Blbulyan Garnik	Pedagogue	Communal manager
3	Simonyan Albert	Engineer, thermal energy specialist	Ijevan residential stock manager
4	Manucharyan Haik	Goods quality manager	---
5	Mikaelyan Garnik	Mechanic	Market warehouse manager
6	Sargsyan Albert	Electrician	Electricity distribution grid
7	Nersesyan Saribek	Mechanic	---

Red (Karmir) District – Civic Action Group

No.	Family Name, Name	Profession	Occupation
1	Sargsyan Aghasi	Technician mechanic	---
2	Saribekyan Razmik	Accountant economist	District manager
3	Khachatryan Edik	Crane manager	Pensioner
4	Hovakimyan Edik	Technician electrician	District manager
5	Chibukhchyan Samvel	Constructor	---
6	Baghramyan Jemma	Accountant	---
7	Hakhverdyan Voskan	Driver	---
8	Margaryan Razmik	Mechanic	---

Spandaryan District – Civic Action Group

No.	Family Name, Name	Profession	Occupation
1	Danielyan Robert	Constructor	—
2	Alikhanyan Gagik	Sports coach	---
3	Aghasaryan Avetik	Agronomist	Communal manager
4	Antonyan Haykaz	---	---
5	Minasyan Henrik	Carpenter	---
6	Ayvazyan Laura	Pedagogue	Teacher, Music School
7	Mnatsakanyan Ofelia	Trader	---
8	Hakobyan Anna	Pedagogue	Teacher, School N 1

General Background—Armenia

The table below presents some key facts and main macro-economic indicators for Armenia.

Official Title:	Republic of Armenia
Capital:	Yerevan
Independence:	September 21, 1991
Head of State:	Robert Kocharian
Area:	297,000 km ²
Administrative Division:	11 Marzes (Regions including Yerevan – the Capital City that has the status of Marz)
Population:	3.2 million
Life expectancy:	73.2 years
Religion:	Armenian Apostolic Church
Official language:	Armenian
Currency:	Dram (USD 1= approximately. 550 AMD)

Macro-Economic Data, Republic of Armenia

	1995	1996	1997	1998	1999	2000	2001 ¹
Real GDP, y-on-y percent change	6.9	5.9	3.3	7.3	3.3	6.0	9.9
Industrial production, y-on-y percent change	2.6	1.1	1.3	-2.2	5.4	6.4	3.8
Agricultural production, y-on-y percent change	4.0	4.0	1.1	-4.5	12.9	1.4	11.8
Nominal GDP, dram billion	522.3	661.2	804.3	955.4	987.4	1,033.3	773.3
Share of Industry in GDP, percent	24.3	23.4	22.5	19.9	21.2	21.1	22.9
Share of Agriculture in GDP, percent	38.7	34.8	29.4	30.8	27.0	21.1	22.9
Share in Capital Formation in GDP, percent	16.2	17.9	16.2	16.2	16.4	17.7	16.6
GDP per Capita, USD	342.2	423.8	423.9	498.6	485.5	503.6	368.3

	1995	1996	1997	1998	1999	2000	2001 ¹
Unemployment Rate percent	8.3	10.1	10.8	9.2	11.2	11.6	10.0
CPI (end of period), y-on-y, percent change	32.3	5.5	21.8	-1.3	2.0	0.4	2.5
CPI (period average), y-on-y, percent change	176.0	18.8	13.8	8.7	0.6	-0.8	3.3
State budget deficit, percent of GDP	11.1	9.3	4.6	3.7	5.2	4.8	5.2
Broad Money (M3), y-on-y, percent change	72.0	32.8	28.7	38.2	12.8	38.6	23.4
Credits to the Economy, y-on-y percent change	8.3	-2.0	30.4	62.9	14.1	21.3	4.0
Exports (fob), USD million	270.9	290.9	232.5	220.5	231.7	297.5	239.5
Imports (fob), USD million	673.9	757.4	779.4	794.7	697.3	757.4	617.7
Trade balance, USD million	-403.0	-467.1	-547.0	-574.2	-465.6	-459.9	-378.2
Current account, USD million	-218.4	-290.7	-306.5	-402.9	-306.9	-278.0	-94.6
Current account, percent GDP	-17.0	-18.2	-18.7	-21.2	-16.6	-14.5	-13.5
External Debt, USD million	372.6	522.1	640.5	738.8	840.6	840.4	876.6
External Debt, percent GDP	29.0	31.9	39.1	39.0	45.6	43.9	42.8
Foreign Reserves, month of imports	1.8	2.3	3.0	3.5	4.0	3.9	4.0
Exchange Rate (period average), Dram/USD	405.85	413.43	490.73	504.9	535.07	539.54	552.26
Exchange Rate (end of period), Dram/USD	402.00	435.07	495.57	522.03	523.77	552.18	554.14

1. January to September 2001

General Background —Tavush Marz

Tavush Marz is located in the northeastern part of Armenia. The province was formed in 1996 by the merging of three former administrative regions: Ijevan, Noyemberyan, and Tavush. The total area of the province is 1,600 km². According to the Tavush Governor's office, the province hosts 156,000 inhabitants, including 63,000 urban residents and 93,000 rural residents. The province shares a border with Azerbaijan to the east and Georgia to the north.



The climate in Tavush is mild continental, with average maximum temperatures of 25c in summer and 8c in winter. The altitude of the province ranges from 650 m to 850 m.

Tavush's mineral resources include a wide range of building materials, e.g., marble, basalt, granite, quartzite, and marble, as well as bentonite, mineral paints, semiprecious stones, coal, dolomite, and gypsum - most of which are utilized locally.

Tavush's industrial potential is concentrated in the four largest cities: Ijevan (Capital) Dilijan, Berd, and Noyemberyan. The province has 45 large and medium-sized enterprises involved in electronics, building materials, apparel, and food processing industries. Most of these have been privatized. The aggregate production volume of the province in 1999 was approximately USD 5 million.

Since 1996, food processing was the fastest growing sector of the province's economy. Tavush has a long history of wine making. The vineyards of this area are located at an altitude of 2,300 to 3,900 feet. The Ijevan wine factory was established in 1976 as a small processing enterprise and was converted into an open joint-stock company in 1995. The factory is equipped with modern grape processing and wine. Bottling lines imported from Germany. It produces 6 types of wines, including dessert red, semi-dessert, white dry table, red dry table, and rose dry table. The company exports its products to France and the US. The US Department of Agriculture's marketing assistance project (MAP) office in Yerevan plans to help the winery to find new markets.

Tavush cannery was founded in 1993 and turned into an open joint stock company in 1996. It is located in the village of Varagavan, which is famous for its tasty fruits and vegetables. The cannery produces preserves, natural juices, and pickles produced from.

Fruits and vegetables supplied by local farmers. The company exports its products to the United States and Canada and plans to expand its exports in near future. The company wishes to upgrade its production lines. For this, it seeks a partner in the US.

"Dilijan" joint stock Company was established in 1949 and privatized in 1995. It operates a mineral water bottling plant located in the town of Dilijan. The plant's capacity is 4,000/h of high quality Mineral Water bottles. Almost 90 percent of Dilijan's production is exported to Russia and Latvia. The company plans to upgrade its production lines and seeks a US partner to join the project.

The province's leading industrial enterprise is the Ijevan rug factory, which was established in 1964 and privatized in 1995. The factory produces a wide range of wool rugs. During the Soviet era it was one of the largest rug producers and exporters. Starting from 1981, the factory has been the only exporter of wool rugs from the former Soviet Union to Arabic countries, China, and Eastern Europe. The factory is equipped with German-made machines and is able to manufacture approximately 13 million ft² of rug annually. Currently the factory does not utilize its full capacity. The company needs working capital to increase purchases of raw materials and to renovate its facilities. It seeks a partner that will provide a financial investment of about USD 1 million.

The company has established distribution channels both in the CIS and other countries.

International transportation routes run through Tavush province, making it a transit point for road and rail traffic to and from Georgia. One of the largest Armenian customs posts is located near the village of Bagratashen. The post is responsible for the majority of goods entering Armenia through Georgia. Bagratashen is a large transportation hub, which connects Yerevan, Armenia's capital, with the Georgian black sea ports Poti and Batumi. Near the village there is also a popular wholesale open-air market for consumer goods and food products. A large number of Armenian and Georgian small and medium sized vendors trade at this market.

Tourism is an attractive sector for investments in Tavush province. The city of Dilijan is located in the mountainous part of the province. During Soviet times it was one of the most famous tourism centers in Armenia. The city has numerous spas and health.

Centers. Recently an Armenian-American businessman initiated implementation of a tourism development program of USD 17 million. Under this program, the construction of small bed-and-breakfast western style tourist cottages in 10 regions of Armenia is foreseen. The first several cottages of this type will be installed in Dilijan and Ijevan in the near future.

Most enterprises operating in Tavush have potential and need to establish long-term cooperation or a partnership with foreign investors. Some offer interesting commercial and investment opportunities.

Marz Administration

Administratively Tavush Marz is divided into:

- The Marzpetaran (regional authority), responsible for servicing Communities' needs and run by staff directly appointed by the National Government.
- Kaghakapetarans or "Urban Communities' which Communities", which are run by locally elected functionaries.
- Gjughapetarans or 'Rural Communities' also run locally elected people.

The administrative center of the Marz is Ijevan, a town that has always been one of the main industrial and cultural centers of the country.

Marzpetaran can be regarded as a regional branch of the State Administration. Apart from Marzpetaran there are several representatives offices of National Ministries in Tavush Marz, that directly report to Yerevan. At present the main duties of Marzpetaran are to administer state policy within the region, and to control the execution of state policies by local authorities. The task and duties of Marzpetaran are laid down in the Law of Territorial Administration and there is little or no freedom to initiate or implement other activities e.g., in the field of economic development. There is no 'free budget' available for any activity other than those prescribed by Yerevan.

Another problem is that usually each Marzpet (leader of the Marzpetaran), as soon as he/she is assigned, appoints new staff for the main positions. This jeopardizes any continuity of policy and skills development.

Potential Investment Opportunities in Marz

Carpet manufacturing (Company: Ijevan Rug Factory (IRF)). IRF was established in 1964 as a state-owned enterprise. It was fully privatized and converted into a joint stock company in 1997. The company produces various sizes of wool rugs. Currently it employs 220 employees. The factory owns approximately 270,000 ft² of production space. During the Soviet era the factory was one of the largest manufacturing enterprises in the country.

The cannery was established in 1993 and turned into a joint stock company in 1996. The company specializes in the production of preserves, natural juices, and pickles produced from fruits and vegetables supplied by local farmers. The company has 100 employees. The cannery wishes to upgrade its production lines. For this, it seeks a partner that will provide modern production equipment. Additional marketing assistance will be an asset.

*Mineral Water Production—*Dilijan mineral water plant in Dilijan was established in 1949 as a state-owned mineral water bottling plant. It was fully privatized and turned into an open joint stock company in 1995. The company employs 30 people. It has exported its products to Russia and Latvia.

The company wishes to upgrade its production lines. For this, it seeks a US company, which will supply a modern mineral water bottling line. Dilijan offers its production space, low cost but qualified labor force, and unlimited access to source of the mineral water.

City of Ijevan

Nestled in a river valley and surrounded with forested steep Rocky Mountains, the town of Ijevan sits in the center of the area known to locals as "Little Switzerland". The climate is mild with snow falling only four or five times each winter. The town's name means "inn" or karavansarai. The traditional architecture of this town is preserved in numerous buildings specifically old tile roofs, and the carved wooden balconies and verandas.

The land upon which Ijevan now stands has for many centuries been a crossroad for traders. A caravan route, one of the network networks of routes that comprised the Great Silk Road, cut through the territory of present-day Ijevan. Traveling merchants from the orient and occident drove their heavily laden pack animals through this wooded river valley. Along these routes the local inhabitants built small inns ("karvansarai" in Turkish, "Ijevan" in Armenian), offering weary travelers a hot meal and a place to rest. One such karvansarai stood right on the banks of the Aghstev River, where one finds the center of Ijevan today.

The area around Ijevan has a long history of being the disputed borderlands of various empires. The territory of Tavush region fell within the borders of the Gugark province during the reign of Armenian king Tigran Mets (95-55 BC). When the Armenian kingdom was split between the Roman Empire and Persia in 387 AD, the land of Tavush region was joined with Georgia. In the seventh century, the

territory fell under Arab control. In the 9th century Seljuk Turk invaders took over the region. During the 12th and 14th centuries saw a brief flourishing of Armenian stone-carving, masonry, and architecture (Makaravank and Goshavank). This artistic revival was soon curtailed by the Mongol invasions which began in the 13th century. Many Armenians were massacred or enslaved during this period.

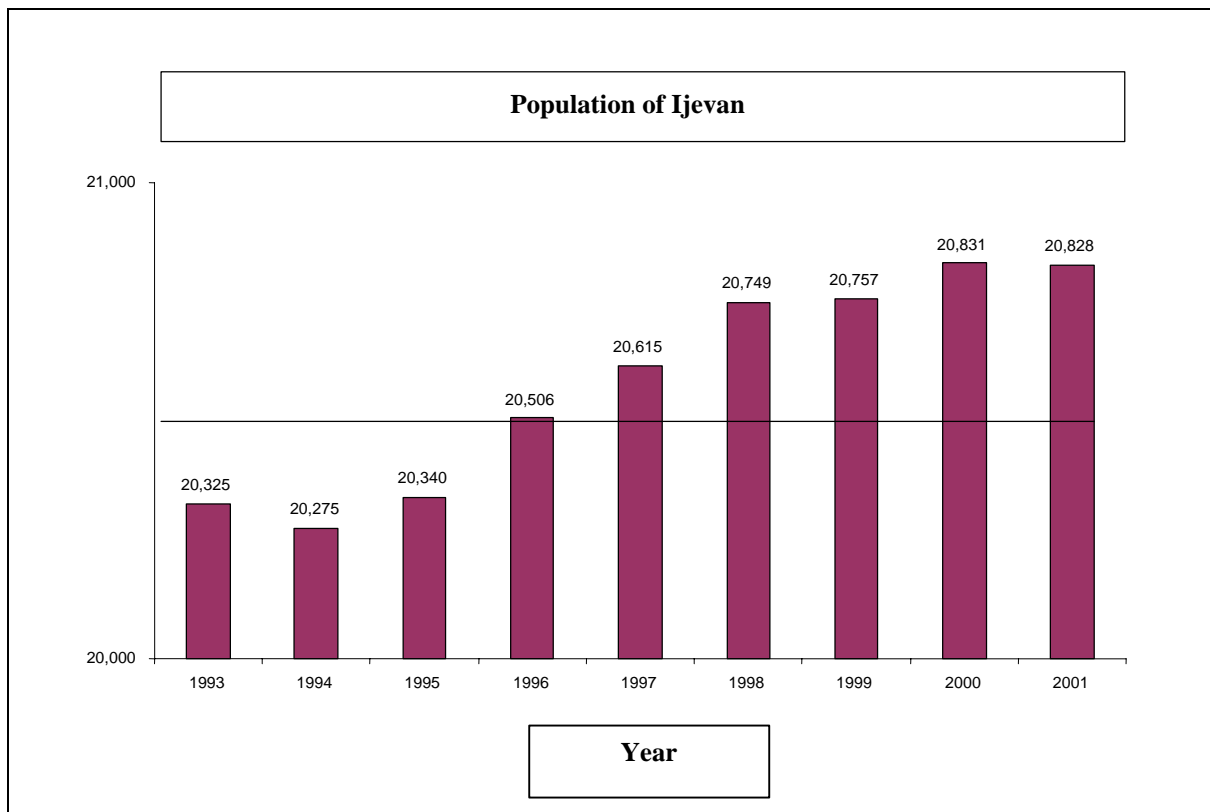
In the beginning of the 18th century, Armenians from Karabagh, Gyulistan and Jraberd came to the Aghstev river valley and settled the villages of Sevkar, Achajur, Aghdan, Uzuntala, Khashtarak and Melik. The territory fell under the protection of the Russian empire and Armenians from Karabagh and other regions continued to arrive seeking refuge from hostile kingdoms to the south and east. A shortage of arable land in the above-mentioned villages made the welcome less than warm for newcomers. The recently-arrived Armenians soon appealed to the local authorities for permission to establish their own village. In 1778, the village of Karvansarai was settled on the banks of the Aghstev. In 1805, the area officially came under the control of the Russian empire. In the mid-19th century, construction of a road between Yerevan and Tiflis (Tbilisi) was completed. The new village of Karvansarai had the fortune of being located directly on this route. The villagers took an active role in trade, transporting people and goods between the two capitols. By maintaining commercial ties with Yerevan and Tbilisi, the economy of Karvansarai blossomed and it grew larger than the surrounding villages. In 1921, it became part of the Soviet Union. Karvansarai maintained its role as a trading city and during the course of the century developed light industry (rug-making, lumber mill, winery). In 1973, the city of Karvansarai was renamed Ijevan.

DEMOGRAPHIC TRENDS¹

In analyzing data on the number of residents of the City of Ijevan from 1993 to 2001, two periods of change in the number of residents may be identified (Chart No. 1).

¹ Information from Armenia Statistics Office - 2001

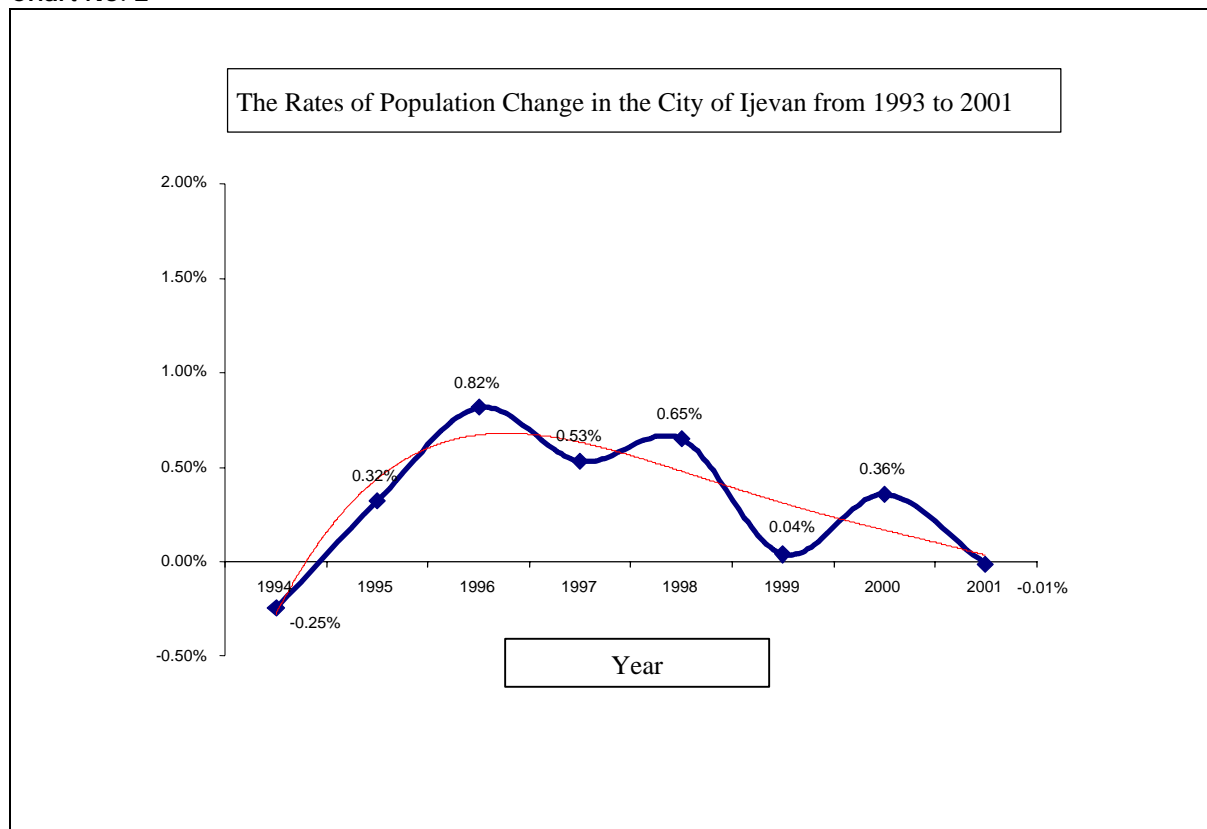
Chart No. 1



The first period is from 1993 to 1995, during which the number of city residents was relatively stable and did not exceed 20,500. The second period is from 1996 to 2001, when the number of residents noticeably increased, exceeding the level of 20,500 in 1996 and reaching 20,828 residents in 2001.

In analyzing the rates of population change in the City of Ijevan from 1993 to 2001, it may be claimed the population increased from 1995 to 2000 and the largest rate of increase was noted in 1996 when the number of residents reached 20,506 (Chart No. 2).

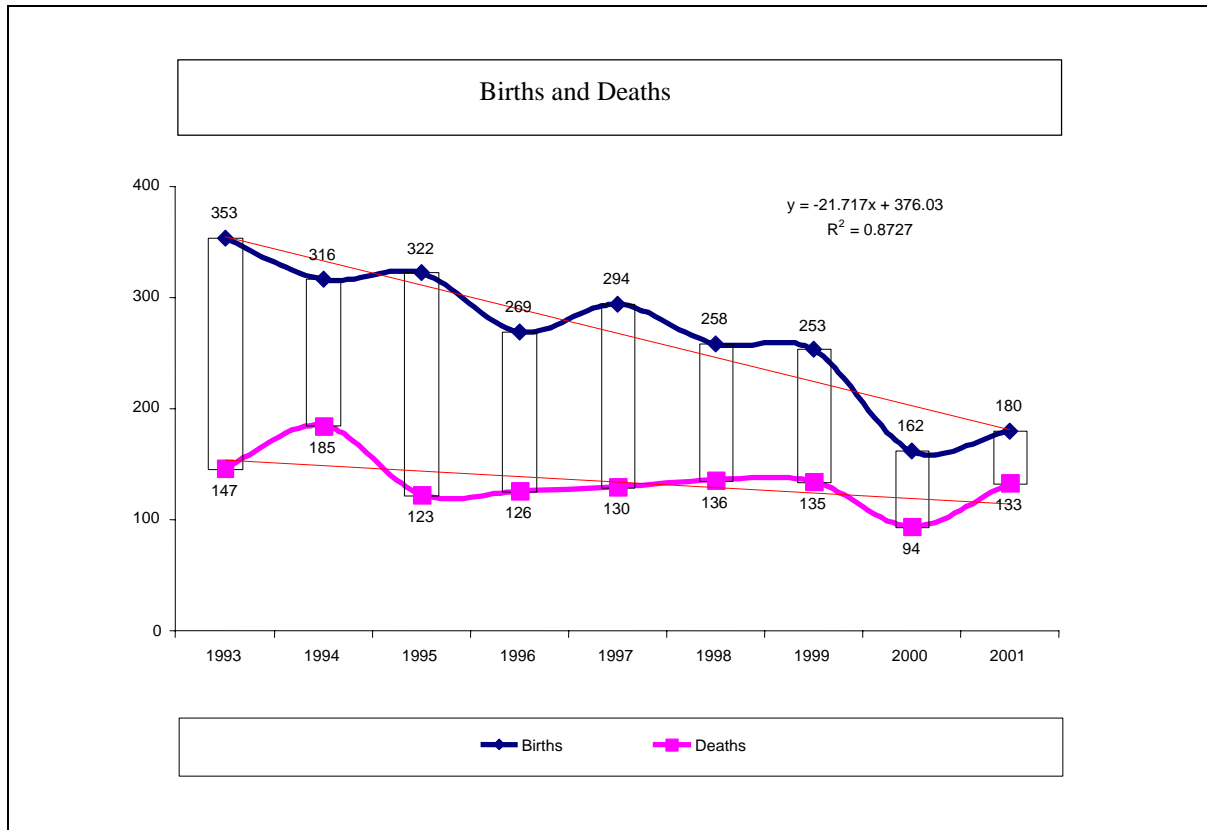
Chart No. 2



It should be noted, however, that the dynamic of increase in the number of city residents shows a clear downward trend beginning in 1996 and, as a consequence of this trend, the index of change in city residents in 2001 was – 0.01 percent.

An evaluation of the causes of these changes in the number of Ijevan residents requires an analysis of natural increase and net migration. The data on natural increase for the City of Ijevan from 1993 to 2001 show a clear downward trend in the number of births; this trend is evident over the entire analyzed period (Chart No. 3). According to statistical data, 353 children were born in 1993, while only 180 were born in 2001.

Chart No. 3



With respect to deaths, the numbers are relatively stable and, with the exception of 1994 and 2000, ranged from 123 to 147 deaths annually.

In analyzing both data on the number of births and deaths, it may be claimed that over the entire period of analysis, the natural increase in the City of Ijevan is positive, which means that the number of births exceeds the number of deaths. Due to the clear downward trend in the number of births and relatively stable number of deaths, however, this positive natural growth is declining and is affecting the population move up of the city.

A further factor determining the number of city residents is migration. An analysis of data on persons leaving the City of Ijevan and the number of persons arriving and settling there shows a negative net immigration over the analyzed period, which means that the number of residents leaving the city exceeds those entering and settling there (Chart No. 4). It should be noted, however, that migration from 1993 to 1995 was decidedly higher than in the later period, 1996 to 2001. On the other hand, Chart No. 5 shows both changes in natural increase and net migration of the population.

Chart No. 4

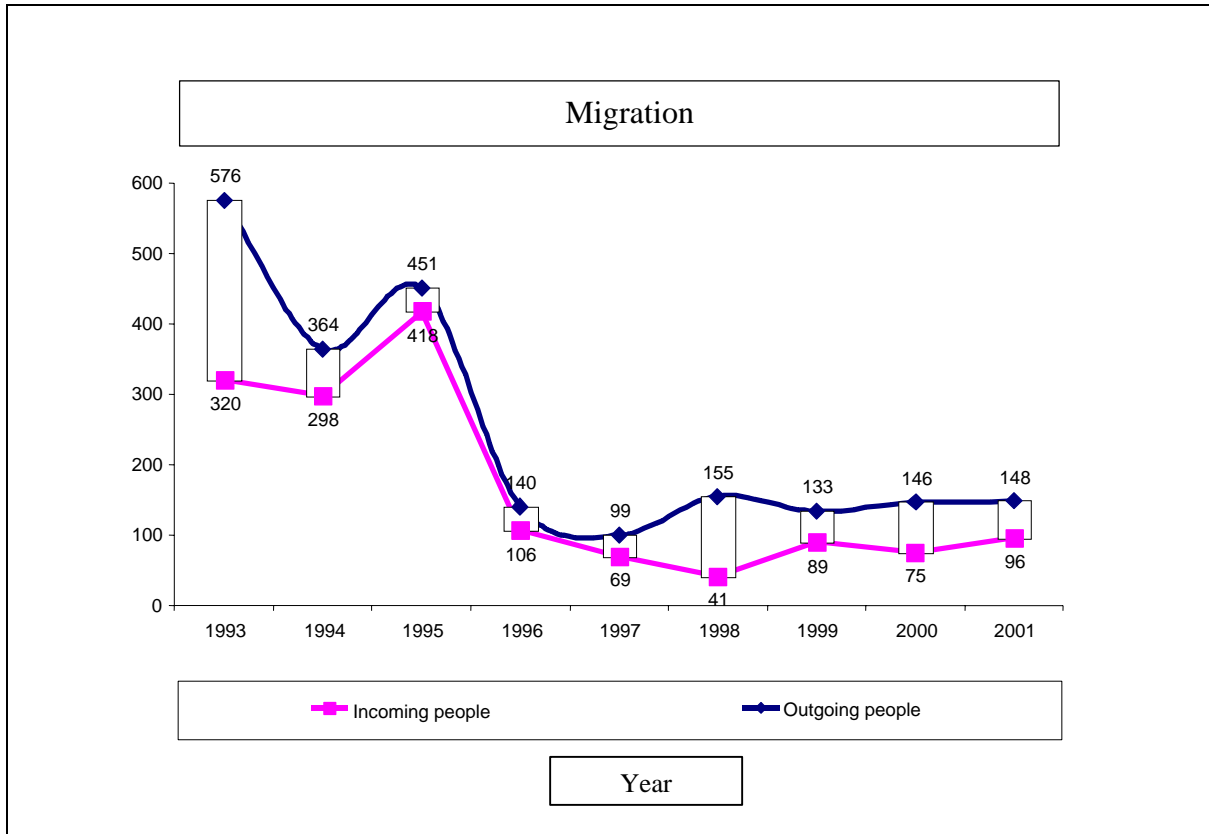
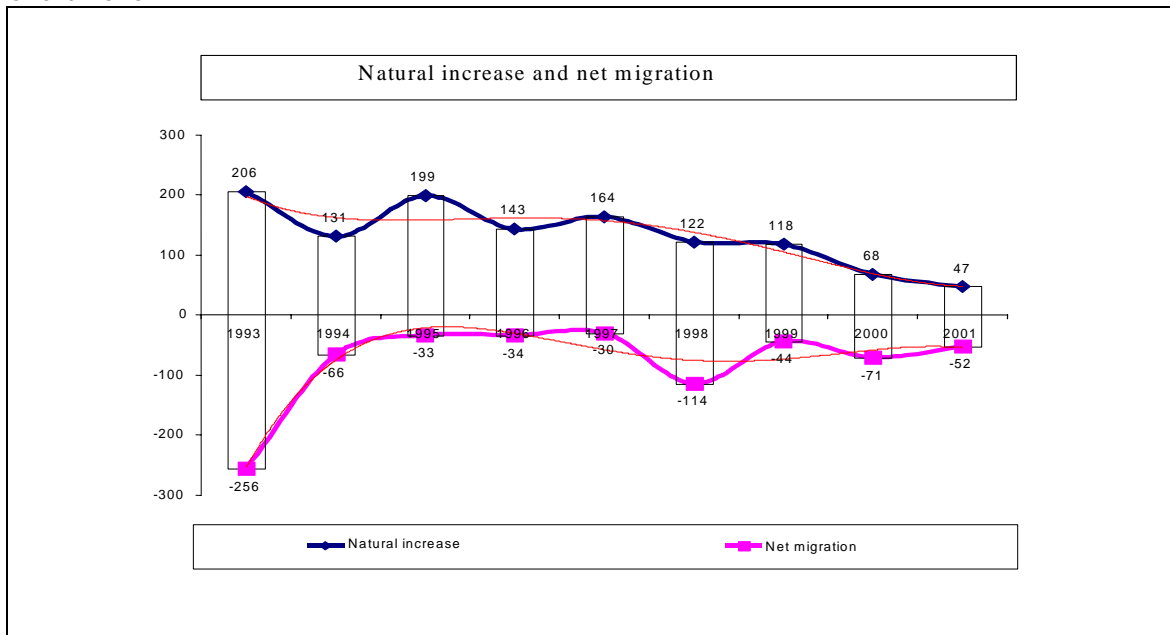


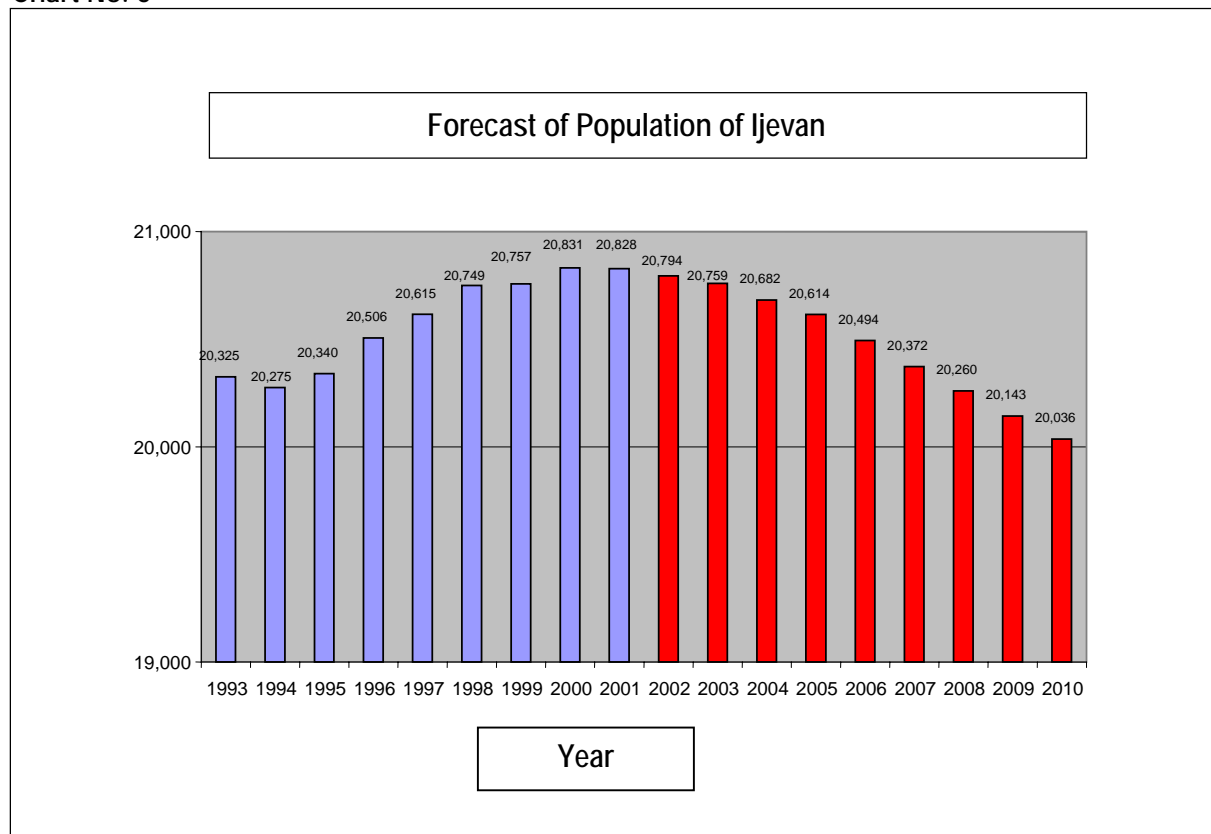
Chart No. 5



In summary, after a general analysis of population changes in the City of Ijevan, it may be stated that the increase in the number of residents from 1995 to 2000 is the result of a positive natural increase, which was higher than the negative net migration over the same period. Nevertheless, due to the evident drop in the number of births and relatively stable number of deaths, as well as constant negative net migration, for the first time since 1993 a decrease in the number of city residents was noted in 2001.

Assuming in the near future that no significant changes occur in the city's socio-economic situation and that current trends in natural increase and net migration continue, one may formulate the thesis that the population of the City of Ijevan will decrease. The most pessimistic demographic scenario is one in which both the natural increase and net migration are negative and the rate of population decrease in the city significantly increases. A very initial attempt to evaluate the impact of current trends on the population of the City of Ijevan over the next eight years is presented in Chart No. 6. According to this estimate, the population of the City of Ijevan may decrease to about 20,000 in 2010.

Chart No. 6



City Hall Administration

Functions

The Law on Local Self Government (signed by the President of Armenia, May 2002) describes the responsibilities (mandated and delegated) of local government units.

Organizational Structure

The Mayor was re-elected in May 2002 for a 4-year term. The Council comprises of 15 members elected for a 4-year term.

The Municipality has 26 full-time employees. The City Hall operates the following departments: education (kindergartens), culture and sport, health (clinics), transport, trade and services, housing maintenance, public utilities and site improvement, territorial and urban development, financial, development of the local economy.

City Development Program and Budget

Development Program

The Mayor is responsible for preparing a 3-year development program. The Mayor is responsible for submitting the program to the newly elected council within 3 months after the council has assumed office.

Community Budget

The community budget is a financial plan of revenues and expenditures for a period of one year. The Council on an annual basis approves the budget. The budget consists of administrative and fund constituents.

The Mayor submits a draft of the budget to the Council for discussion within two months after the preliminary indicators of subsidies from the state budget allocated to the communities on the basis of the Law on Equalization. The Councilors are expected to submit proposals in writing on the budget for the discussion on the budget. Amendments to the budget are considered and put to the vote. If the amendments are passed then the budget is adopted.

The figures below illustrate the budget (revenues and expenditures) for the period 2000 to 2002.

General budget indicators of City Ijevan

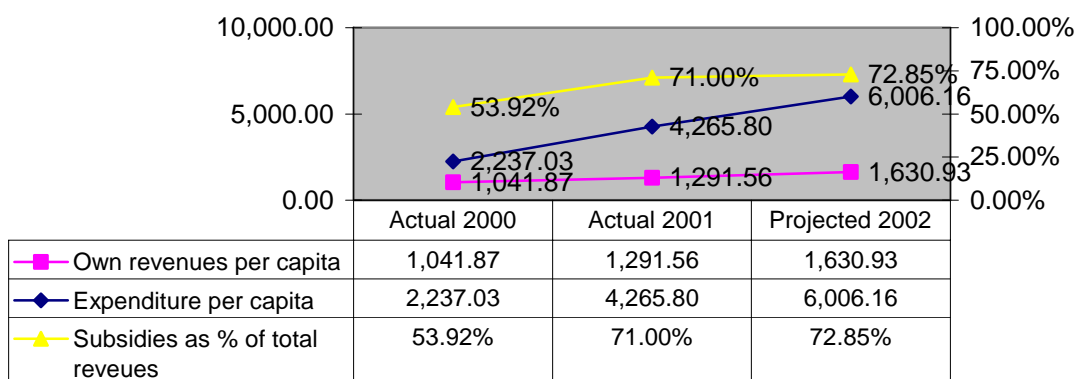


Table No. 1 General budget indicators of City Ijevan

No.	Description	Actual 2000	Actual 2001	Projected 2002
1	Population	20,831	20,828	20,794
2	Own revenues per capita	1,041.87	1,291.56	1,630.93
3	Expenditure per capita	2,237.03	4,265.80	6,006.16
4	Subsidies as percent of total revenues	53.92	71.00	72.85

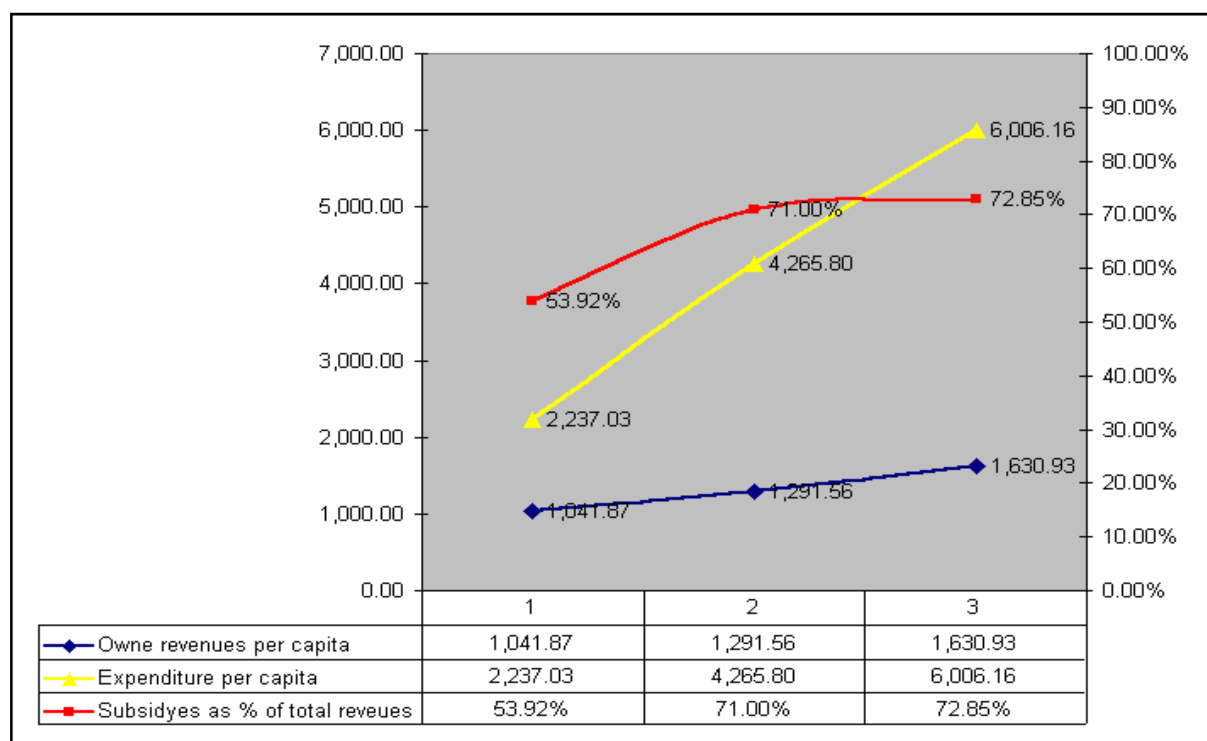


Table No. 2 Expenditure by Economic Classification

No.	Economic classification	Actual 2000 (000' AMD)	Actual 2001 (000' AMD)	2001/2000 (%)	Projected 2002 (000' AMD)	2002/2001 (%)	2000 (%)	2001 (%)	2002 (%)
1	Salaries	9,277.60	21,711.20	234.02%	42,926.60	197.72%	19.91%	24.44%	34.37%
2	Social security	3,325.20	10,502.80	315.85%	17,873.20	170.18%	7.14%	11.82%	14.31%
3	Office supply	664.00	988.00	148.80%	1,716.10	173.69%	1.42%	1.11%	1.37%
4	Property and equipment	0.00	8,269.50		2,684.70	32.47%	0.00%	9.31%	2.15%
5	Food	369.10	0.00		280.00		0.79%	0.00%	0.22%
6	Purchase other products	0.00	0.00		1,200.00		0.00%	0.00%	0.96%
7	Business trip	78.90	0.00		1,441.50		0.17%	0.00%	1.15%
8	Maintenance cars	1,540.20	287.40	18.66%	500.00	173.97%	3.31%	0.32%	0.40%
9	Telephone bills	2,240.00	1,902.00	84.91%	567.40	29.83%	4.81%	2.14%	0.45%
10	Borrowed cars	0.00	1,090.00		2,000.00	183.49%	0.00%	1.23%	1.60%
11	Electricity	6,120.00	2,595.20	42.41%	5,292.70	203.94%	13.13%	2.92%	4.24%
12	Distance calls	0.00	597.10		600.00	100.49%	0.00%	0.67%	0.48%
13	Outside business trips	0.00	249.30		0.00		0.00%	0.28%	0.00%
14	Purchase of equipment	267.00	0.00		0.00		0.57%	0.00%	0.00%
15	Fees	0.00	0.00		140.00		0.00%	0.00%	0.11%
16	Water and sewage fees	510.00	1,490.00	292.16%	1,980.00	132.89%	1.09%	1.68%	1.59%
17	Representative costs	0.00	425.00		0.00		0.00%	0.48%	0.00%
18	Other expenses	3,030.70	18,311.50	604.20%	11,667.50	63.72%	6.50%	20.61%	9.34%
19	Capital repairs	3,396.80	1,264.00	37.21%	7,263.50	574.64%	7.29%	1.42%	5.82%
20	Other utility expenses	15,780.10	19,165.10	121.45%	26,758.80	139.62%	33.86%	21.57%	21.43%
Total expenditures		46,599.60	88,848.10	190.66%	124,892.00	140.57%	100.00%	100.00%	100.00%

Major Communication Routes



The City of Ijevan is located in Tavush Marz, North East of Armenia and borders with Azerbaijan and Georgia. The distance from Yerevan (Capital City of Armenia) is 150 km, and is approximately 2.5 h.5-hour drive by car.

The 60 km road linking Armenia and Georgia is in an extremely poor situation. Currently the donor organizations (Lincy Foundation) are funding the repair of the road. Repair works are expected to be completed by the end of 2002, thus reducing travel time to Georgia to 1 hour.

It is also planned to complete reparations of the road connecting Ijevan with Dilijan (closest major center to Ijevan) by the end of 2002.

The main road from Yerevan to Dilijan is often closed during the winter months. The road crossed a high mountain pass. To improve the situation a 2 km tunnel is being refurbished. This will reduce the travel time (car) by 20 minutes and overcome the extremely dangerous conditions during the winter. The construction of the tunnel commenced in the late 1980ies. Lincy Foundation funds the project.

There is a railroad network that connects Ijevan with Yerevan, Georgia and Azerbaijan. The facilities are in place and are in a reasonable state of repair. The railroad system does not operate because of the security situation on the borders. Freight arrives at the Armenian border from Georgia on the train and is then transferred to trucks for distribution in Armenia.

There is no airport in Ijevan.

Business Environment

Under the term “Business Environment” it is understood the entire facilities for business and business activities, which are available in the City. They range from hard infrastructure, like road and rail networks, industrial sites, through available human and financial resources, to soft infrastructure like places and institutions where businesses may receive support and assistance.

Roads

Because the city does not have adequate storm-water drainage and soil erosion protection systems installed the road network is has deteriorated rapidly in the last decade. Chronic deforestation has happened in the last decade, this has caused severe flooding in the city.

Water and Sewerage Network

The City of Ijevan uses 8 reservoirs that supply water to the 20,800 residents. The pipes supplying the City from the reservoirs are owned by the National Government.

The city's internal water facilities were constructed in the 1970's. Drinking water supply pipelines are in a poor state of repair throughout the city. It is estimated that approximately 60 percent of the water is lost due to leakages. The leaks have assisted in the deterioration of the roads. As a result of the poor state of the water supply infrastructure residents receive water very infrequently. The Municipality estimates that 80 percent of the water supply network needs significant repair and upgrading works. In addition to the supply problems there is often a significant lack of water in the summer months because residents use water for irrigation purposes. In hot summer time residents receive is little as 20 percent of the scheduled amount. During that period the water supply occasionally shrinks to 2 hour/week, or 2 hour a month.

The sewage systems are in a poor state of repair and where not completed during the construction phase because the lack of funds.

The water and wastewater assets in the city belong to the Municipality. They are currently leased to a for profit company for ten years (up to 2009). Any capital company expenditure on the systems is the responsibility of Municipality. The general concern among the city staff is that all the assets will be transferred to the company to pay the debts incurred by the company for capital expenditure.

To obtain a water supply connection it is necessary to apply to 'Ijevan' Branch of the Armenian Water Supply Company.

Interview with an Engineer, “Aghstev” Water Supply and Sewage subsidiary

The subsidiary carries out water supply in the city of Ijevan. Water supply fees constitute 240 drams/month/capita.

Drinking water is collected from 9 sources and pumped to 8 “take-off points” and distributed to city districts. Drinking water reaches collection ‘take off points’ at 100 –to 120 l/second. However, districts

receive the drinking water at 30 to 60 l/second, which does not meet the demand. The reduced supply is due to leakage (over 50 percent is lost). The districts of Old Ijevan and Spandaryan, as well as the fourth District receive the least amount of drinking water—once in 4 days for 1 to 2 hours.

Major repairs of the drinking water supply internal system will allow for all city districts to receive sufficient amount of drinking water.

Drinking water supply fees are not collected properly due to supply problems. Only 15 to 20 percent of monthly fees are collected, which does not allow the enterprise to provide adequate services.

Energy

The energy sector is one of the most developed of the Republics economy. The energy resources traditionally used in Armenia are: oil products, natural gas, nuclear energy, hydropower and coal. The National Grid supplies electricity for the city however because of poor payment schedules supply is often cut. In addition the city's electrical distribution network is in a poor state of repair and therefore interruptions in supply occur very frequently. The city does not have significant difficulties with electricity supply.

For a connection one has to apply to the Ijevan electricity office. Depending on the technical situation and the willingness of the client to pay some "speed up fees" the connection will be made within approximately 10 days.

The cost of 1Kwh is 25 drams. If the customer has an "alpha" counter installed, the payment will be 15 drams during off peak periods.

Approximately 20 percent of the city is supplied with natural gas.

Below is the procedure for having a connection to the gas supply connection.

Apply to Tavush Marz Gasification Branch, which provides the technical specifications for the installation. On the basis of the specifications, the client pays for technical design with equipment specifications and cost estimates. The installation is contracted out. After the installation and handover of the plant the client appoints a responsible person.

The territory of Armenia, including Tavush Marz, possesses significant potential to develop solar energy. The average annual solar energy inflow is 1,720 Kwh/m² (average for Europe is 1,000 Kwh/m²). Recent estimations prove that usage of solar resources could be economically feasible for hot water production in apartment buildings and for individual households using photo-energy cells.

Housing

The value of houses and apartments has dropped significantly in the last five years because of outward migration. This has resulted in almost no construction in new housing. It is estimated that 90 %percent of the housing stock needs major improvement and reinforcement. The housing stock has not

been reinforced to 8 score after the 1988 earthquake. In addition 100 percent of the flat roofs of the apartment buildings require major refurbishment work.

Interview with an Expert: Head of Division, Communal Management Bureau of Municipality

The communal management bureau carries out communal works and provides communal services to the population in Ijevan. Among the priority issues facing the city are the repair of internal networks of drinking water and installation of water meters in the residential buildings, as well as general renovation of the sewer pipes. The main problem in apartment buildings is the poor quality of flat roofs. The area of each roof is 400 m², while there are some 25 multi-story residential buildings with flat roofs in the city; thus total space that needs renovation is some 10,000 m².

Urban Transport

The city uses 12 mini-buses to serve the city residents. The city uses private sector minibus services to connect Ijevan with other cities. In general the city is poorly covered with urban transport units.

Telecommunications

The telephone system is in poor state of repair. Amen-Tel, the privatized (monopoly) national provider of telephone services, has not yet upgraded the city's telecommunication system. The telephone connection is rather unreliable. The telephone exchanges are of the analogue type. The cables are made of copper. It was not possible to find reliable information when modern facilities would be available in Ijevan.

Armen-Tel provides standard services of a telephone company, all of them expensive and with a low level of service. For telephone connection, one, has to pay 24,000 (USD 44) which about twice the rate to be paid in European Countries) for installation and 900 drams per month subscription fee.

To make a phone call from Ijevan to Yerevan costs 20 drams a minute, to CIS countries—260 drams and to foreign countries 1,000 to 1,400 drams (2 to 3 USD). It is not easy to establish a connection to Yerevan and the connection is often cut off after three minutes.

Recently a USAID funded project Harmony to establish the only Internet connection in the city in one of the schools.

Garbage collection

The city is responsible for the collection and disposal of solid waste. The infrastructure to provide the service is in a poor state of repair.

Interview with an Expert: Head of Division, Communal Management Bureau of Municipality

The situation with garbage removal throughout the city is poor. One of the main reasons is that the population cannot pay for such services. The other is that the municipality does not have the infrastructure

to perform such services. Currently, this function is carried out with a petrol-driven truck (ZIL) that is very costly to operate. As a consequence, trash removal is carried out once or twice a month, and not in all the districts. The population is unhappy with services delivered.

Real Estate Legislation and Market

In October 1990 the law on Property of Republic of Armenia was passed. The Law provides for property to be owned by the State, legal entities, Armenian Citizens, other states, international organizations, foreign legal entities and citizens of other states.

At present the "Civil Code" January 1, 1999 regulates the real estate ownership, supervision and other types of relationship concerning real estate.

The State Agency responsible for the registration of real estate and the rights over it is the State Committee of Real Estate Cadastre (SREC). There exists corresponding legislation, that relates to the registration of real estate and the rights of it. The SREC has offices in all Marzes.

Below is an indication of costs of real estate and property.

Location	Type	Cost (AMD/m ²)
Center	Office Rental	1,000
	Office Purchase	5,000
Districts	Office Rental	500
	Office Purchase	2,000

Human Resources

During the last 10 years significant changes in human resources have occurred. An extensive stratification of the social structure of society has taken place. According to some experts the major part of the national wealth is held in 5 percent of the population. There is need to change this situation to increase the prospects for economic growth.

Experienced labor that were between the ages 30 to 50 years ten years ago, are 40 to 60 years. They are struggling to find employment in the private sector because they have worked in the state sector for most of their lives. Changing skills has proved very difficult for this sector of the labor pool.

The youth < 30 years have adapted to the new market economy, however there is considerable unemployment in this sector of the labor pool. Many young people relocate to the CIS to find work.

The level of literacy (98 percent of the labor pool) in Ijevan is high. Most of the people speak 2 languages (Armenian and Russian).

State Regulation of Labor Market

The basis for the regulation of the labor market within the Republic of Armenia is the “Law of Employment” that was adopted on December 26, 1991 and amended on December 21, 1996. The Law regulates and sets the rules for actions and relationship between the parties operating in the labor market. These parties are identified as follows:

- Employers–subject conducting activities
- Employees (people working for a salary, paid officials, self employed people, military)
- People searching for work
- Non-employed people
- Unemployed people

The Law of Employment also defines and regulates the Employment Fund, which is the financial source for the State employment policy.

A second law regulating the relationship between the main parties operating in the Labor Market is the Labor Code. The Labor Code is being updated to comply with ILO codes.

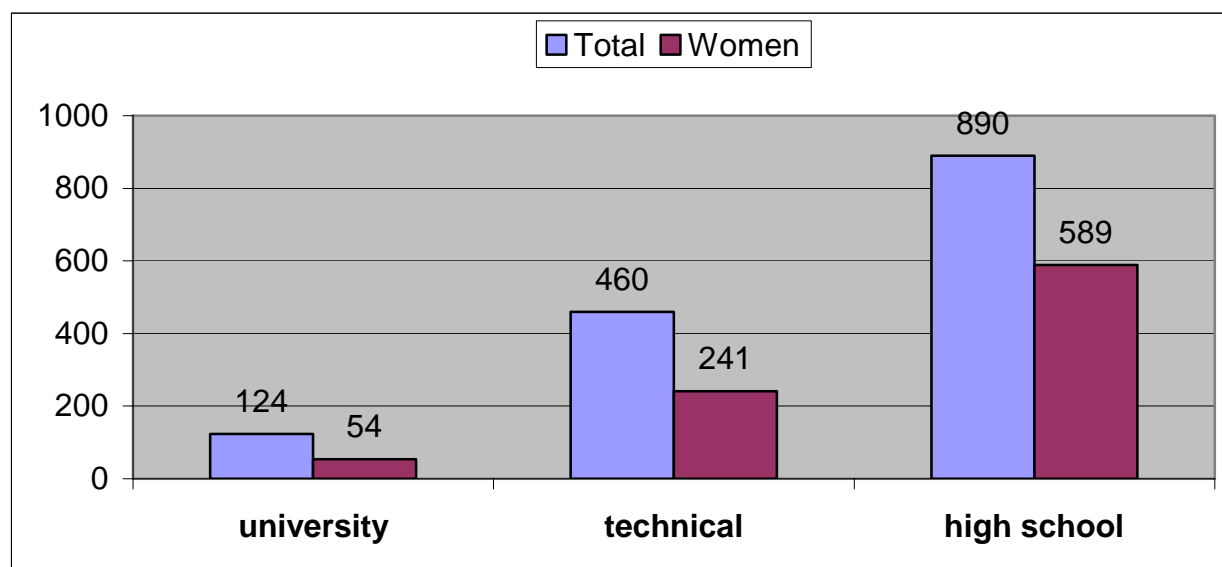
The workforce is 11,419 persons between the ages of 16 to 63 in Ijevan between the ages of 16 to 63 are 11,419 persons.

Unemployment

The table below presents the unemployment profile.

Age	Total	Women
0-18	0	0
18-22	9	7
22-30	126	10
30-50	1,366	904
Above 50	115	47
Total	1,616 (15 percent of workforce)	968

Structure of unemployment



Commercial Enterprises

As a result of the weak economy, many of the enterprises in Ijevan have closed or are operating at very low capacity (< 20 percent).

The largest company operating in the region is "Betonit", which only operates at a 10 percent capacity. It employs about 100 people. Its products, mainly bentonite clays, are used in 50 different areas, such as military, construction, aerospace, food and medical services. However, due to high transportation costs there is a limited export market.

"Betonit", used to export its product to 360 customers in Soviet Union and employed 970 people. Its production capacity was 170,000 t/year.

"Mechanical factory", open stock Company, has operated since 1952. In 1988 the number of employees used to be 220. The company now employs 28 people. The company produces rotary cultivators used on the mountainous agricultural land, like Armenia. These machines are popular also in Iran, Uzbekistan, and other countries with mountainous landscape. After the privatization of the land, small farm owners cannot to buy the equipment. The rotary cultivator weighs about 1 ton and is sells for \$800 to 900.

The Armenian market absorbs 30 percent of the production.

Another potential major employer in the region is the carpet-knitting factory that also operates at its minimum capacity. The company used to employ 2,000 people. It now employs 100 and is undergoing privatization.

The wood processing plant that manufactures furniture was privatized in the year 2000. 50 people are employed in this factory. Ijevan/Tavush has good quality forest that would support a wood products industry but forest management needs to be improved dramatically to allow the sector to flourish. The World Bank has initiated a project to improve forestry management and support re-a forestation in Tavush Marz.

The wine company produces wines for the local market, however the plant operates at 10 percent capacity due to poor quality product and thus a reduced market.

Other factories include:

- Agricultural tools company supplying small-scale implements to the local farmers
- Forestry company supplying wood for heating
- Quarry supplying construction materials to the local market

Business Attitude in Ijevan

LGP conducted a business attitude survey using a specifically designed questionnaire (Appendix). The survey was circulated among 15 to 20 local businesses and local government officials. The results are presented in a separate report.

Education Institutions

The Armenian education system requires children to go to school from the age of 7. The schools consist have elementary (ages 7 to 10) and middle ages (10 to 14). In total, the elementary and middle schools consist of eight forms, which are considered compulsory education and are provided free by the state. In recent years there have been cases of children not completing their middle school because of lack resources from the state. After completing the 8th form the students that wish to continue the 9th and 10th forms may do so either by attending a private technical secondary school or state sponsored secondary school. After this it is possible to receive further education either in colleges or universities.

The City has six high schools, a technical institution and a branch of Yerevan State University. All these institutions are operating at reduced capacity (< 50 percent).

There are 5 kindergartens in Ijevan. Only 2 are operating one of which operates at 25 percent capacity.

Service Sector

Financial Services and Capital: Availability and Procedures

The growth of the Armenian/Ijevan economy has come from private business. The role of the government has changed. They are no longer the owner and managers of industrial and economic activities. Private businesses need capital. In Armenia the availability of capital is minimal. The reasons for this are known:

- The per capita income in Armenia/Ijevan is hardly enough to cover the immediate costs of subsistence, so there are minimal savings that can be used for investments in either on-going business or new business
- The production equipment is in a poor state of repair
- Foreign investments in Armenia are minimal because there are few attractive business propositions
- Newly established firms are operating at a sub-optimal level
- Unhealthy large share of the business is operating in the gray economy
 - The city has three banks: Agrobank, Savings Bank and Agricultural Support Bank

Other Services

The following additional services exist:

- Fifteen coffee shops
- Market that performs approximately 80 percent of the city's retail trade
- Hairdresser
- Tailor's shop
- Hotel—The hotel is in a poor state of repair. (The city is actively looking for investors who will buy or rent the facility)

Recreation

The city reconstructed the recreation park funded by Save the Children. The project worth of \$50,000 employs 30 people and will be completed in October 2002. Other recreational areas exist in the districts but are in very poor state of repair.

Tourism

Tourism infrastructure is poor and there is a need to develop a comprehensive plan to rejuvenate the infrastructure. The city has limited experience of hosting tourists in local residents houses (Bed and breakfast). In 2001 the city hosted 60 tourists from France. This program will be repeated in 2002.

Cultural Sites

Ijevan is a rich cultural town to explore. Along the river promenade, there are numerous cafes, fountains and sculptures. The park was the site of a number of international sculpting competitions in the past. The local museum can be found at the southern entrance of town with an old cannon in front, and galleries near the central fountain illustrate the work of some best artisans and students.

The monastery of Makaravank is high up in the hills north of Ijevan. With gray and green stones, the complex is covered in carvings and hidden in the forest. The complex is surrounded by gated walls and has little rooms and small chapels in addition to the three attached main churches. Nearer to Dilijan to the south are the equally impressive complexes of Goshavank and Haghartsin. Local fortresses such as that of Ashot Yerkat as well as numerous caves make interesting hikes.

The Tourist Information Center in Yerevan provides information on the main tourist sites in Armenia. Brochures have been prepared for Tavush Marrz and Ijevan. The City does not operate an information center.

DISTRICT DATA¹

Fourth District

Review of District

Data Collection Methodology

LGP contractors interviewed, using a semi-structured format, 33 focus groups. 4 specialists conducted the interviews and 25 individuals took part in each focus group.

The following data was obtained.

Accommodation

The fourth district is located in the eastern part of the centre of the city. There are 29 multi-story residential buildings and 650 individual houses in the district. Total population of the district is 3,630 people. There is one school operating here with 600 pupils and 85 staff. A mental hospital operated in the district, it ceased operations in 1999.

Individual private houses are in a poor state of repair old. In many of them, because of the sloped landscape rainwater penetrates the basements and the foundations are crumbling. A part of roofs on multi-story residential buildings are flat, which is not appropriate for Armenia.

Water Supply

Drinking water is supplied every 4 days. Because of mains pressure problems only third floor apartments receive water. Individual houses and associated land were privatized in 1992. In 1995 cultivation of plots ceased because of the lack of irrigation water. The land plots are 10 to 12 kilometers far from the city. The frequency and volume of the drinking water supplied to the residential buildings are so insignificant, that family members rotate on duty not to miss it. Collection fees are approximately 30 to 40 percent at best. There is a need to renovate sewage networks.

Roads

All roads are in a poor condition. Yards and vicinities of the buildings are deserted and poor conditions create no impression of an urban area.

Garbage Collection

Garbage collection is irregular. Removal of garbage is carried out twice a month for apartment buildings and once a month for individual houses.

Fees Collection

Some 40 percent of the population has incurred debts for electricity, telephones, gas and water services. Those received pensions and benefits are considered to be "active" payers, because they are charged on the moment of receiving the welfare.

Economic Activity

There is limited economic activity in the district. There is no market in the district. Some stalls selling fresh produce have been erected roads.

Development Issues Presented at General Meeting of IV District (Number of participants: 68 (29 men, 39 women))

No.	Problem description	1	2	3	4	5	6	Ranking
1	Reinforcement of emergency-state buildings		-	-	+	-	+	4
2	Renovation of the internal networks of drinking water and installation of water meters	+		+	+	+	+	1
3	Improvement and illumination of the streets	+	-		+	+	+	2
4	Gasification	-	-	-		+	-	6
5	Repair of the school building and reconstruction of the sports ground	+	-	-	+		+	3
6	Renovation of the roofs and entrances of the residential buildings	-	-	-	+	-		5

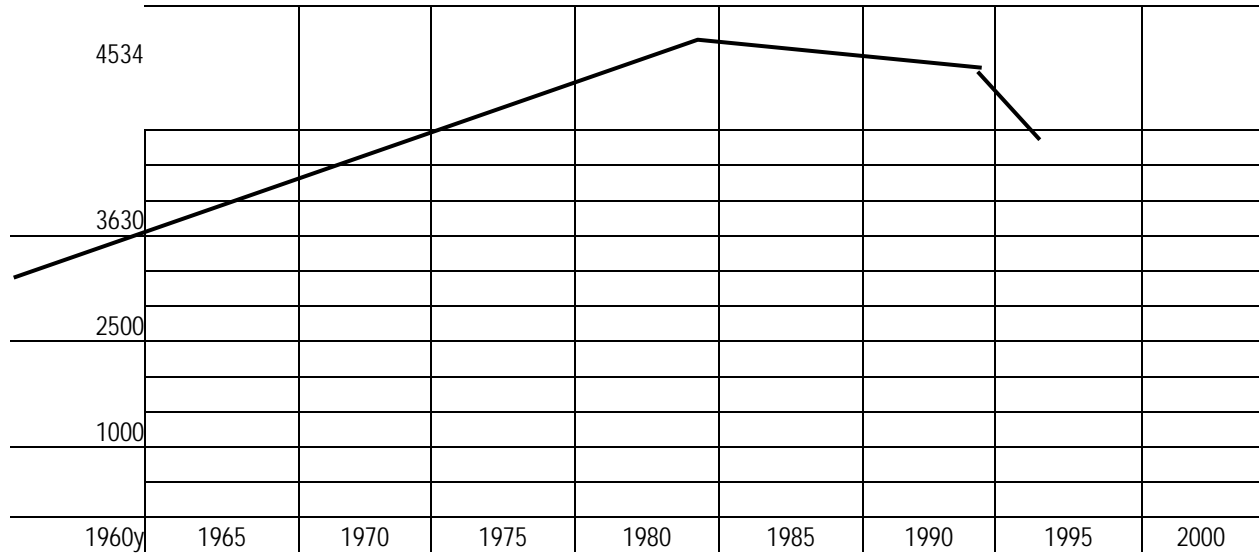
District Development Timeline

Fourth District, Kentron (Centre), Old Ijevan, and Spandaryan districts constitute the centre of the town, the oldest part of Ijevan, and are the indigenous part of it. Below presents the development. Timeline of the fourth District, Kentron (Centre), Old Ijevan, and Spandaryan.

Date	Event
	The region settled by Armenians for many centuries. Karvansara village (later turned into Ijevan town) life became more active as a result of the Tiflis-Yerevan road construction in mid-1800s. Trade links established. Potato and tobacco cultivation started. Village school built in 1858, later the church constructed. First theatre performance in 1881.
1970	Became a town of the Soviet Republic of Armenia.
1970 to 1980s	Wood Processing factory, Carpet Factory, Mechanical Plant constructed. Famous Wine Factory and Mineral water Factory established.
1988	Earthquake. No major destruction. Some buildings in emergency condition.
1988 to 1992	As the centre of a bordering with Azerbaijan region experienced inflow of refugees.
1991	Acquired the status of health recreation town.
1991 to 1995	Several international conferences of sculptures. Town of "100 sculptures".
2000	Branch of the Yerevan State University opened.

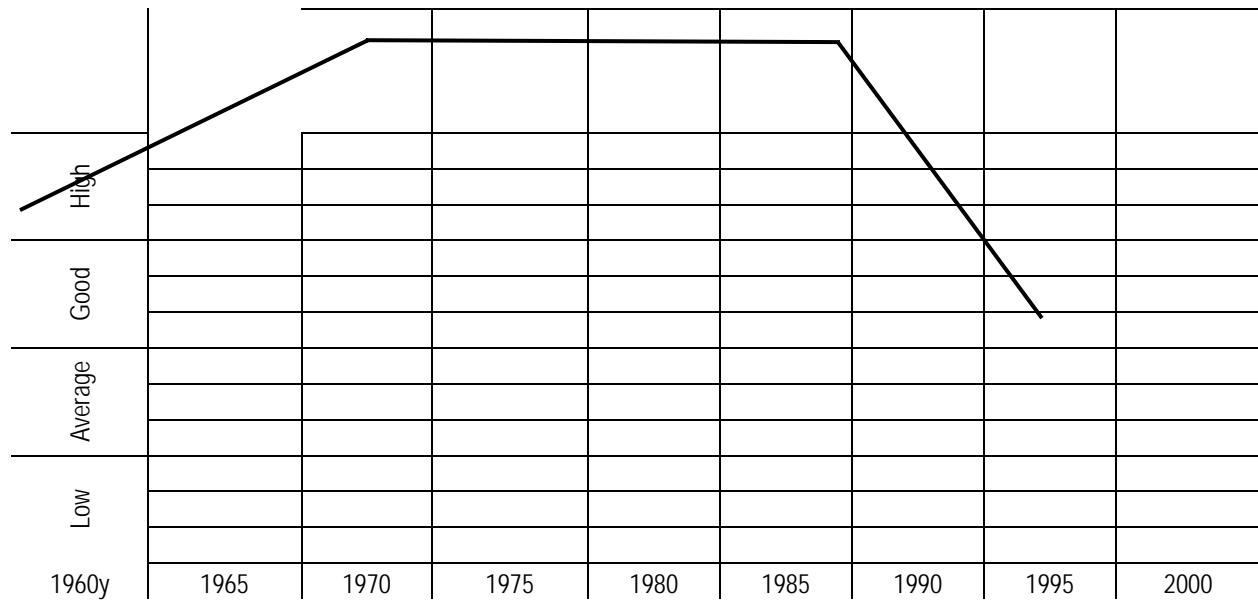
Population Migration and Standard of Living Data

Population and Migration



Mainly young families take the path of migration, and the reason being absence of jobs.

Living standard



Decrease of the living standard is due to absence of jobs.

Sources of income in District

		Marine (hostel)	Vachik Apartment	Ashot Apartment
1.	Age	48	35	40
2.	Number of family members	6	5	3
3.	Men	2	1	1
4.	Women	3	1	1
5.	Children	1	3	1
6.	Working abroad	-	-	1
7.	Pensioner and benefit recipient	-	-	-
8.	Employed	1	2	2
9.	Occupation	Teacher	Engineer Civil servant	Teacher
10.	Privatized land	-	-	-
11.	Domestic animals	-	-	-
12.	Income from land cultivation	-	-	-
13.	Income from cattle breeding	-	-	-
14.	Salary (AMD)	10,400	40,000	14,000
15.	Pension (AMD)	-	-	-
16.	Other sources of income	5,600	-	-

		Marine (hostel)	Vachik Apartment	Ashot Apartment
17.	Work abroad	-	-	\$ 150
18.	Cash expenses (AMD)	15,000	25 to 30,000	40,000
19.	Debts	\$ 300	\$ 100	-
20.	Person's view on hi/her living standard	Bad	Average	Good
21.	Others' view on his/her living standard	Bad	Average	Good
	Heating by firewood	7 to 8 m ³ (no purchase)	5 to 6 m ³	5 m ³

Education

Secondary school No. 3 operates in the district (built for 600 pupils and 85 staff). This building was constructed back in 1971, some 30 percent of the roof damaged, and toilets in need of repair. Equipment and property in the classrooms are obsolete, and there are no new didactic materials. The number of schoolchildren has decreased to 150 over the past 4 years. Teacher's wages are paid on time.

Kindergarten N No. 5 utilizes approximately 40 percent of space. The kindergarten was planned for 280 infants, but currently only 35 children attend (22 staff). Before the earthquake there were 7 kindergartens in Ijevan; now 5 are closed and the two remaining can hardly find kids to attend. The director tries to draw the attention of the authorities to this fact and find out what will happen 5 to 10 years later. Birth rate continues to shrink and migration prevails. Kindergarten staff salaries are paid infrequently.

Medical Facilities

There is no medical service in the district. During the interviews people emphasized the importance of opening at least one medical institution here.

Andranik District

Review of District

Data Collection Methodology

LGP contractors interviewed using the semi-structured format and two focus groups residents of the district (48 residents).

Accommodation

The district of Andranik (Ijevan) is situated Northwest of the city center. Present population is 760. 960 residents are registered in the district. The district of Andranik is the smallest district of Ijevan, with 4 privatized apartment buildings, 11 individual houses and 5 “domeks” populated by people who have migrated from Shamshadin region villages adjacent to the state border. There is significant uncompleted construction.

Three residential buildings only are provided with gas. Some homes are provided with gas, others are unable to pay the required advance payment of 40,000 drams. There is no centralized heating system in the district.

Residential buildings initially had flat rooftops, but most residents have replaced those with slope-rooftops at their own expense. Residents of 4 remaining blocks with flat rooftops are unable to carry out replacement works. Some residents have repaired building stairways at their own expense.

There is evidence that district residents’ have a higher standard of living as 10 homes have satellite TV. About 30 to 40 percent of homes are unoccupied. Unemployment has brought about a wave of migration. Many district residents with higher education are presently unemployed. 20 percent of households comprise of elderly people only.

Water Supply

Drinking water is supplied for 3 hours daily.

Garbage Collection

Garbage is collection once a week, owing to the fact that fees are paid promptly.

Economic Activity

There are no bakeries, pharmacies, markets, and other cultural or social establishments in the district.

Education

The district has no school or a kindergarten.

Public Transport

There is no public transport operating in the district. Residents walk 1 to 1.5 km to the city center.

Development Issues Presented at the General Meeting of Andranik District Number of participants:

31 (13 men, 18 women)

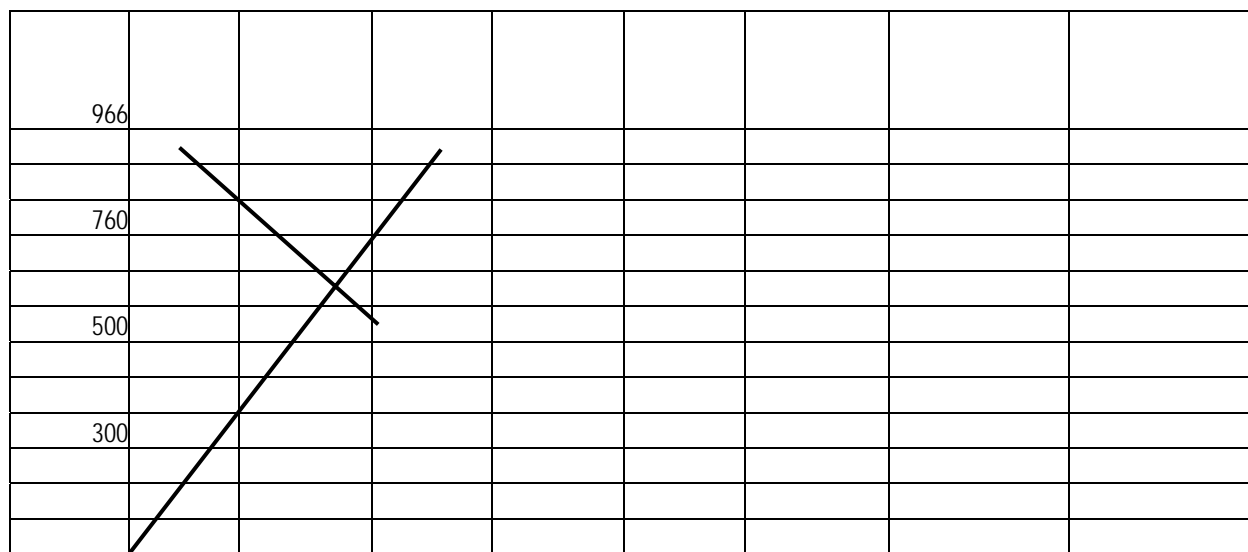
No.	Problem description	1	2	3	Ranking
1	Repair of roofs and entrances of the residential buildings		+	+	1
2	Improvement of the yards, and construction of playgrounds	-		+	2
3	Gasification	-	-		3

District Development Timeline

Date	Events
1985 to 1987	District established. Residential buildings constructed for Hay Gas employees.
1990	Construction of new residential buildings initiated by Bentonits factory. Project not completed.
1991	City residents and refugees from Azerbaijan provided with individual plots for house construction purposes.
1992	Five families migrated from Shamshadin villages adjacent to the state border live in the district in "domeks".

Population Migration and Standard of Living Data

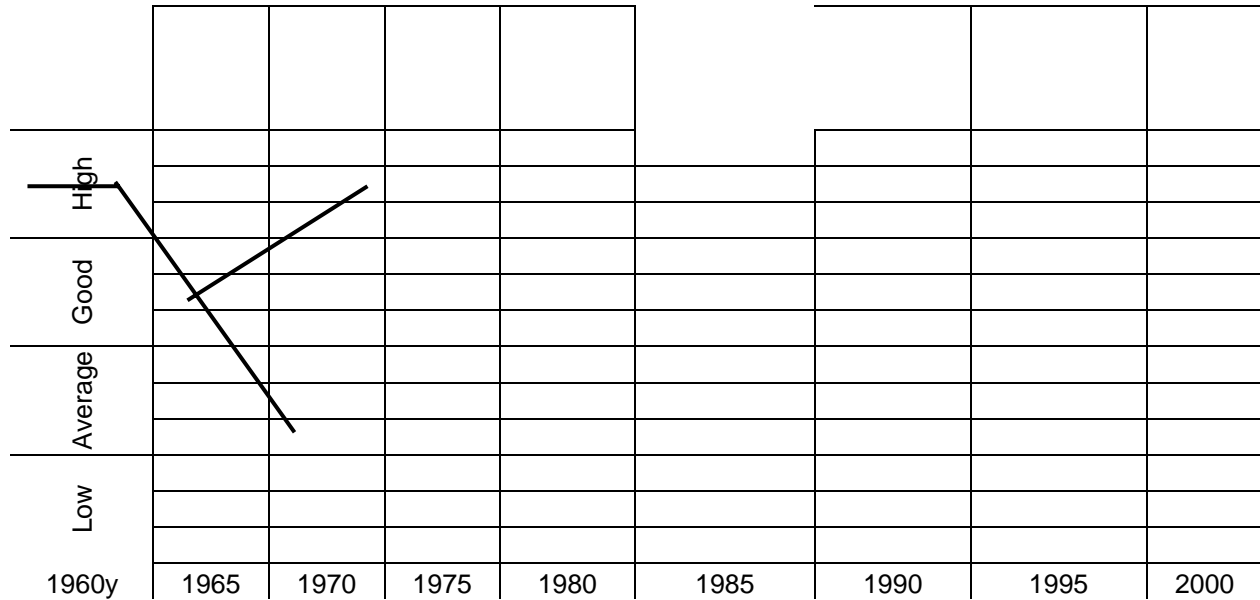
Population and Migration



1960y	1965	1970	1975	1980	1985	1990	1995	2000
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Migrating residents are mostly of young age

Living standard



The deterioration of living standard is due to large-scale unemployment.

Population Migration and Standard of Living Data

Sources of Income (Sample of Individuals Interviewed)

		Gohar	Robert	Vardges	Aida
1.	Age	40	37	48	28
2.	Number of family members	5	5	5	6
3.	Men	1	1	1	1
4.	Women	1	1	1	1
5.	Children	3	3	3	4
6.	Working abroad	-	1	-	-
7.	Pensioner	-	-	-	-
8.	Job-holder	1	-	-	1
9.	Activity	School lab. Assistant	-	-	Civil service
10.	Privatized land	-	-	-	Individual plot 1,200 sqm
11.	Farm animals	-	-	-	-
12.	Income from land use	-	-	-	-

		Gohar	Robert	Vardges	Aida
13.	Income from cattle-breeding	-	-	-	-
14.	Salary (AMD)	7,000	-	-	15,000
15.	Pension (AMD)	-	3,400	-	-
16.	Other sources of income	Benefits 9,500	Savings	15,000	25,000
17.	Income from work abroad	-	-	-	-
18.	Current expenses (AMD)	25,000	20,000	20 to 25 000	20 to 25,000
19.	Debt (AMD)	\$ 100	10,000	100,000	60 to 70,000
20.	Person's view on his/her living standard	Poor	Good	Poor	Low
21.	Others' view on his/her living standard	Poor	Good	Extremely poor	Poor

Medical Facilities

The Mother and Child Healthcare Center of Ijevan is located in the district. Below is basic data on the Center.

Institution	Employees	Target Population	General Information	Issues
Mother and Child Healthcare Center	45	10,000 children younger than 14,170 pregnant and 14,000 women of fertile age registered	<p>The center is of regional importance. Around 30 percent of newly born children require artificial food. Most young families cannot afford. Local "Narine" laboratory produced baby food, but production activity was ceased due to low consumption of products. The Center administration has introduced a project suggesting the establishment of a subsidiary dairy farm, which should allow for lower production costs. In addition, a sufficiently large number of young families in need of artificial baby food will benefit. The center seeks financial assistance for the implementation of the project. Medical services are to be provided free of charge. Pregnant patients, however, face certain expenses due to the absence of financing to the Center throughout the last 13 months.</p> <p>The condition of the Center building is satisfactory.</p>	<p>Provision of food for babies.</p> <p>Repairs of the rooftop and toilets are needed.</p>

ANTARAYN DISTRICT

Review of District

Data Collection Methodology

LGP contractors interviewed, using a semi-structured format, three focus groups. Four specialists conducted the interviews and twenty-five individuals took part in each focus group.

This district is about five kilometers from the center of the town and in the immediate neighborhood of the wine factory, in the southwest end of the town.

Accommodation

All the buildings in the district are individual private houses. Construction of these was launched in 1980s. The district population is 830 inhabiting about 200 houses.

Water Supply

Water supply is frequent. The houses are located close to the drinking water main. However, the internal water supply network of the buildings has deteriorated.

Roads

All roads are in poor state of repair. There has been in the illumination of the district streets, including illumination of the road linking the district to the city.

Garbage Collection

No garbage removal services are provided.

Fees Collection

Fifty percent of the homeowners pay fees for water services.

Economic Activity

There are no enterprises or companies in the district. In order to acquire a small household item, like matches, people have to go to the city (some 3 kilometers), let alone for medical or other services.

Residents prioritize the lack of telephones. There are no power cuts. Fee collection rate is quite high, but residents complain about the low voltage. Being a newly built up district, 40 percent of the population is under the age of 30. Young people here, who are not in a position to complete construction of their houses, reside in wagons and emphasize the demand for residential long-term loans (10 to 20 years

maturity), which would enable completion of construction activities, improve household and social conditions.

There is a need for irrigation water in this district. Residents have adjacent land plots (approximately 500 m²). An important, though seasonal source of income is firewood and forest related business.

Public Transport

There is no public transport in the district. The school and district are three km from the city center. Children have difficulties in reaching the destination on time.

Education

There is no secondary school in the district or a kindergarten.

Development Issues Presented at General Meeting of Antarayin District Number of participants: 38 (16 men, 22 women)

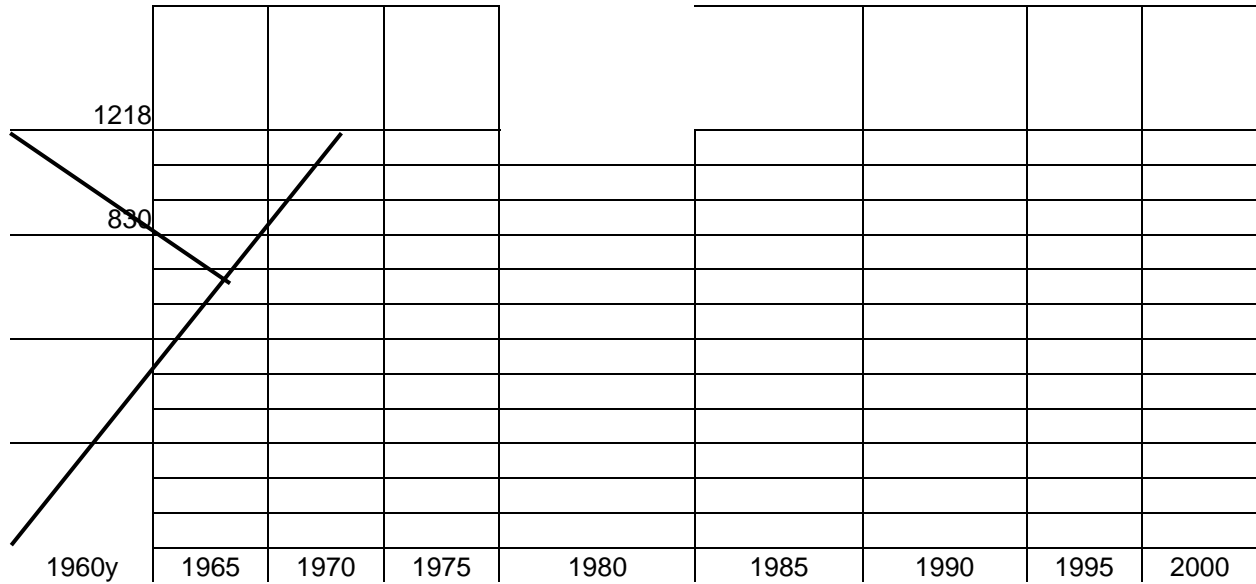
No.	Problem description	1	2	3	4	Ranking
1	Transport		-	+	+	2
2	Improvement and illumination of the streets	+		+	+	1
3	Provision of long-term loans for completion of residential construction	-	-		+	3
4	Gasification	-	-	-		4

District Development Timeline

Date	Events
1988	After the earthquake, house adjacent land plots were allocated to the urban population, and construction of the district was launched
1989	Residents received loans from government and built up their houses, which remained unfinished because of introduction of national currency.

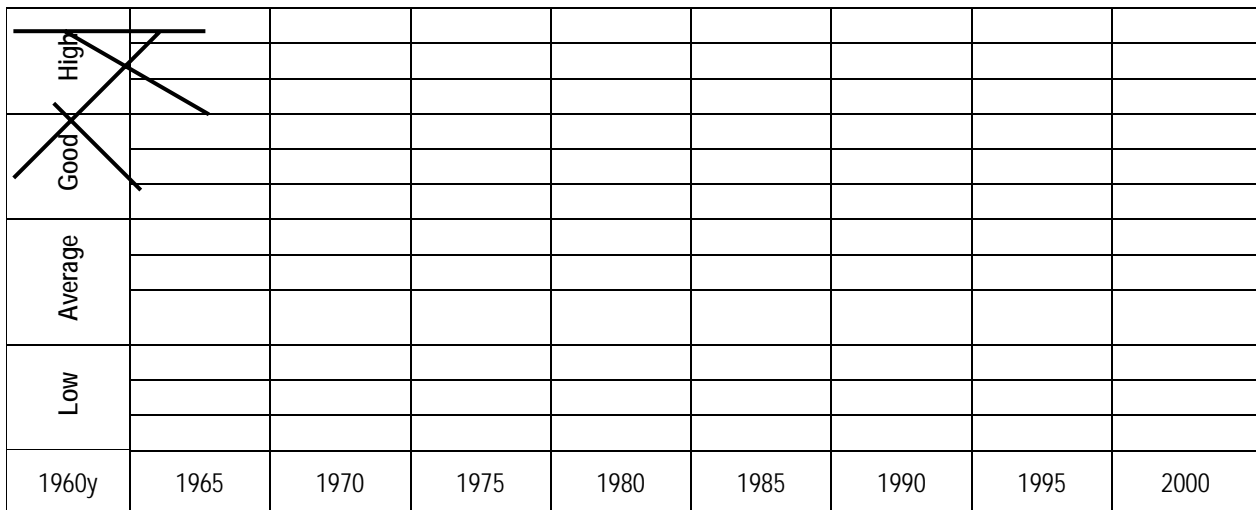
Population Migration and Standard of Living Data

Population and Migration



There are many people among the district residents who leave abroad for work, and return in autumn. Young people though, leave in entire families.

Living standard



The means of existence for the district population is the money sent from abroad by relatives.

Sources of Income (Sample of Individuals Interviewed)

		<u>Samvel</u>	Artur	Vazgen	<u>Nune</u>
1.	Age	35	36	50	28
2.	Number of family members	5	6	5	6
3.	Men	1	1	1	1
4.	Women	1	1	1	1
5.	Children	3	3	3	4
6.	Working abroad	-	2	-	-
7.	Pensioner	-	-	-	-
8.	Job-holder	1	-	-	1
9.	Activity	Civil Servant	-	-	Civil service
10.	Privatized land	-	-	-	Individual plot 1,000 sqm
11.	Farm animals	-	-	-	-
12.	Income from land use	-	-	-	-
13.	Income from cattle-breeding	-	-	-	-
14.	Salary (AMD)	7,000	-	-	15,000
15.	Pension (AMD)	-	3,400	-	-
16.	Other sources of income (AMD)	Benefits 9,500	Savings	15,000	25,000
17.	Income from work abroad	-	-	-	-
18.	Current expenses (AMD)	2,000	20,000	20 to 25,000	20 to 25,000
19.	Debt (AMD)	5,000	10,000	100,000	60 to 70,000
20.	Person's view on hi/her living standard	Poor	Poor	Poor	Low
21.	Others' view on his/her living standard	Poor	Good	Extremely poor	Poor

HASMIK DISTRICT

Review of District

Data Collection Methodology

LGP contractors interviewed using the semi-structured format with 3 focus groups. 48 residents were interviewed.

The district of Hasmik is situated to the North of the city center. The district was established after the 1988 earthquake.

Accommodation

The district has 8 residential buildings, 5 of which are 9-storey, 4 others are 2- and 4-storey. There are no individual houses in the district. District population comprises 550 people, while there are 800 residents registered in the district. 100 One hundred district residents are refugees, and the UNHCR has initiated the construction of 22, 5-storey apartment buildings for the refugees. A condominium with 11, 9-story apartment building was established, but is currently not functioning.

There are only apartment buildings in the district, some of them—with flat rooftops needing replacement. Elevators of multi-story apartment buildings are regularly out of order. Yards and building stairways are now far beyond their initially favorable condition. Street maintenance and cleaning of district and inter-district streets is infrequent.

Energy supply

The main gas line of the city passes through the district but technical and financial constraints prevent the gasification of district homes.

Education

There are no schools and kindergartens in the district. Children attend schools and kindergartens of neighboring districts.

Medical Facilities

There are a no medical services in the district.

Water Supply

Drinking water is supplied to district homes through water pumps. Breakdowns are very frequent. Residents were particularly enthusiastic about the installation of water meters.

Development Issues Presented at General meeting of Hasmik District Number of participants: 34 (14 men, 20 women)

No.	Problem description	1	2	3	4	Ranking
1	Improvement of the road linking with the district center		+	+	+	1
2	Repair of the flat roofs and entrances	-		+	+	2
3	Gasification	-	-		-	4
4	Construction of a sports complex (swimming pool)	-	-	+		3

Development Timeline

Date	Events
1986 to 1988	District established. 8, 9- and 4-storey residential buildings built for Ijevan Carpet factory, Railway Station and Water Supply subsidiary employees.
1988 to 1989	Residential building No. 8 inhabited by refugees from Azerbaijan.
1998	District bridge destroyed by floods.
2000 to 2001	Construction of two 5-storey residential buildings by the UNHCR in progress.

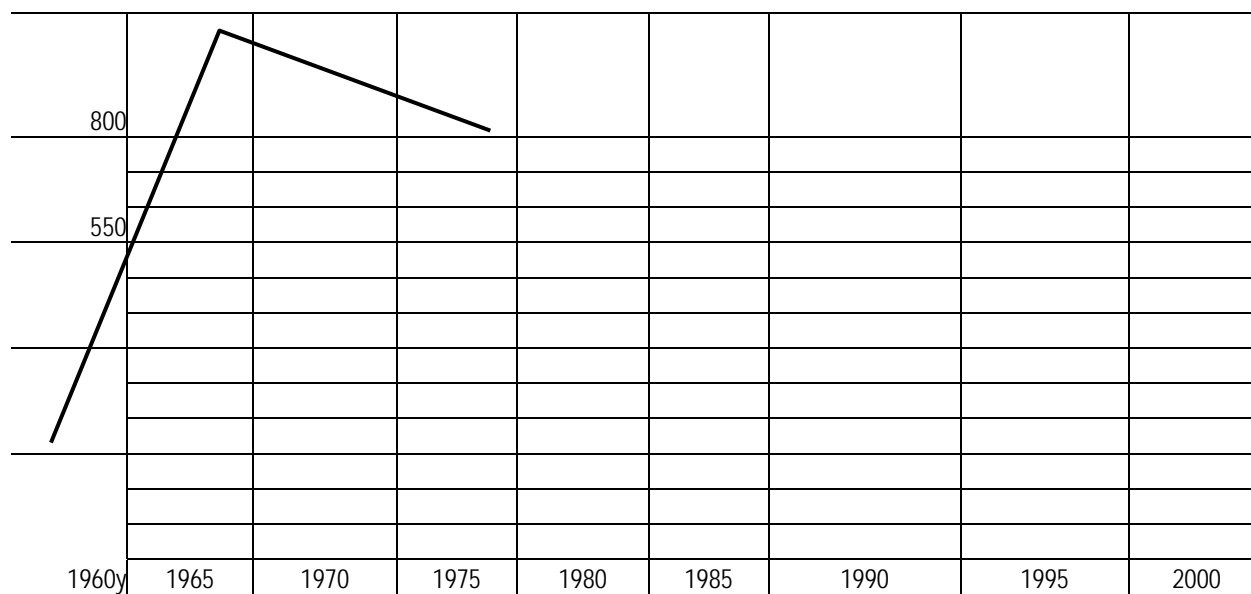
Sources of income

		Gevorg	Aghabek	Lala	Mher
1	Age	52	28	48	70
2	Number of family members	5	6	3	8
3	Men	1	1	-	3
4	Women	1	2	1	2
5	Children	3	1	2	3
6	Working abroad	-	1	-	2
7	Pensioner	-	1	-	1
8	Job-holder	1	-	-	-
9	Activity	Security guard	-	-	-
10	Privatized land	-	-	-	-
11	Farm animals	-	-	-	-
12	Income from land use	-	-	-	-
13	Income from cattle-breeding	-	-	-	-
14	Salary	80 percent	-	-	-
15	Pension	-	20 percent	-	10 percent
16	Other sources of income	20 percent	-	100 percent	-

		Gevorg	Aghabek	Lala	Mher
17	Income from work abroad	-	80 percent	-	90 percent
18	Current expenses	\$ 30	\$ 50	\$ 20	\$ 100
19	Debt	\$ 40	\$ 150	\$ 200	
20	Person's view on his/her living standard	Poor	Average	Poor	Good
21	Others' view on person's living standard	Poor	Average	Poor	Average
22	Service fees as percentage of income	30 percent	40 percent	10 percent	30 percent

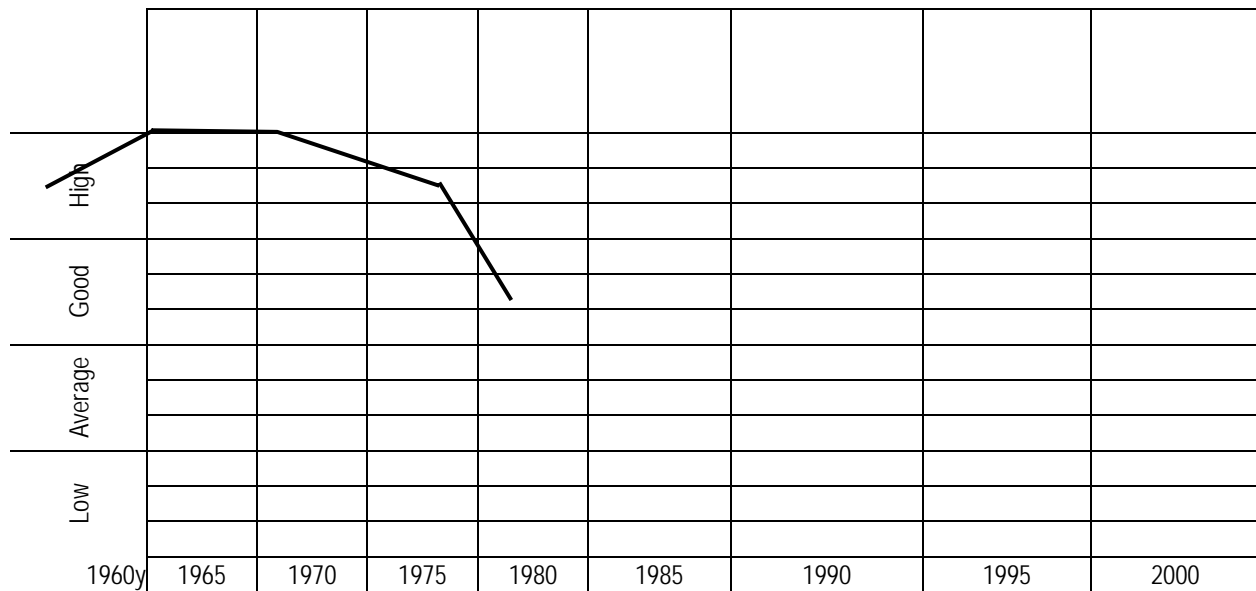
Population Migration and Standard of Living Data

Population and Migration



Large numbers of young families migrate to the Russian Federation.

Living standard



The deterioration of living standard is due to large-scale unemployment.

KENTRON (CENTER) DISTRICT

REVIEW OF DISTRICT

Data Collection Methodology

LGP contractors interviewed using the semi-structured format with 8 focus groups (total 76 residents participated).

Accommodation

The population living in the district is 4,100 people. Kentron District of Ijevan has 30 multi-story apartment buildings, including 29-story and 285-story buildings. The number of individual houses is 60.

Because of utilization of wood burning stoves throughout the recent 10 years, the entrances of the buildings have been destroyed and adapted to chimneys. This has given rise to the problems with the cleaning of the chimneys and repair of the entrances.

Despite the fact that this is a central district, children do not have playgrounds. Residents realize that it is very difficult to find free space in the central part of the city, and they propose to turn some central streets into pedestrian areas, thus putting partial solution to the problem of sufficient playgrounds.

Located in the center of the city, this district seems to be an improved and secure area. This impression is fostered both by presence of numerous local and regional agencies and organizations and widespread service utilities. There is night illumination in the district, singing fountains operate, and this is the favorite area of rest for the population.

Education

There are 2 secondary schools in the district with 1,210 pupils and 170 staff, a musical school with 300 attendants and 40 staff, an Arts School, Sports school, and a kindergarten with 35 children and 22 staff.

Economic Activity

The following enterprises and organizations are located in the district:

- Ijevan Carpet Manufacturing Plant (which is operating at 20 percent of capacity)
- Wood-Processing Plant (20 percent capacity)
- Mechanical Plant, Forest Management Utility
- Road and Highway Construction Plant
- Vehicle and Transportation Park
- Trade units (approximately 500)

Fee collection rate is approximately 30 to 40 percent.

Job creation opportunities in the City Center are stunted because of unfavorable tax legislation for small enterprises and excess of supply of products.

Garbage Removal

Garbage removal is not satisfactory, the residents claim that there are too few collectors and especially in the residential area infrequent collection causes a build up.

Water Supply

Drinking water is supplied once in two days, and because the total volume of the water supplied is too limited. Mains pressure is low and water only reaches the third floor of the multi-story buildings. Volume reduced in summer time, because of extensive use for irrigation. Low collection of fees (40 percent) is experienced.

Interview with Head of Division, Communal Management Bureau of Municipality

The Municipality provides services to the population in Ijevan. The priority issues facing the city are:

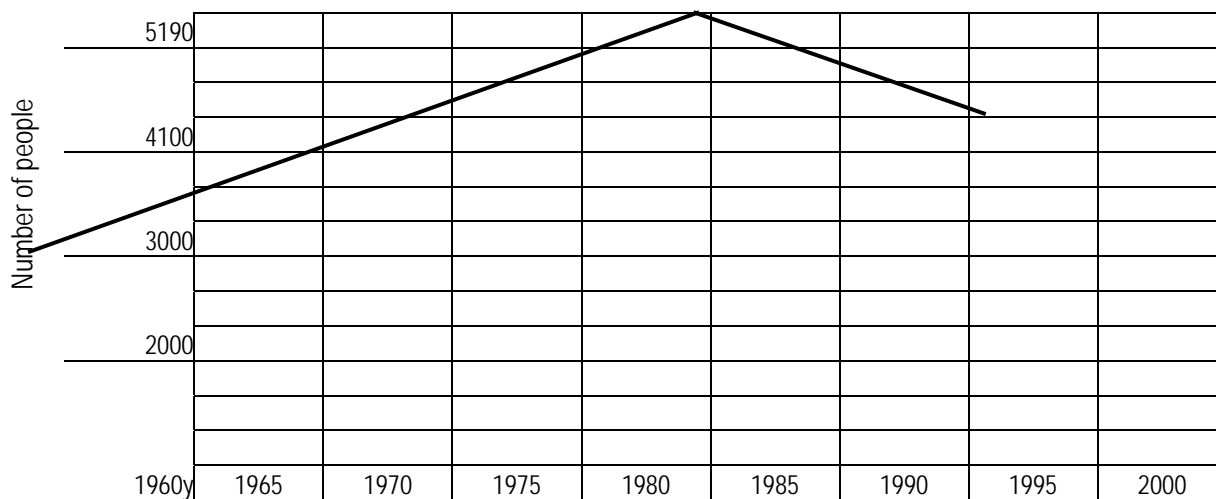
- Repair of drinking water networks and the installation of water meters in the dwellings, as well as general renovation of the sewer pipes.
- Repair of flat roofs of multi-story residential buildings. The area of each roof is 400 square meters, while there are some 25 multi-story buildings with flat roofs in the city; thus total space subject to renovation is some 10,000 square meters, and these works would require capital investments.
- Creation of jobs to boost the Municipal tax base.
- Poor garbage removal equipment.
- City population is very unhappy with the communal services delivered by the municipality. The necessary works are not organized and carried out, due to the lack of funds.

Development Issues Presented at General Meeting of Kentron District Number of participants: 73 (33 men, 40 women)

No.	Problem description	1	2	3	4	5	6	Ranking
1	Drinking water problem (installation of water meters)		-	+	+	+	+	2
2	Capital repair of residential buildings (roofs, entrances, cellars)	+		+	+	+	+	1
3	Improvement of yards and construction of playgrounds for kids	-	-		-	+	-	5
4	Construction of cultural center and	-	-	+		+	-	4
5	Trash removal	-	-	-	-		-	6
6	Gasification	-	-	+	+	+		3

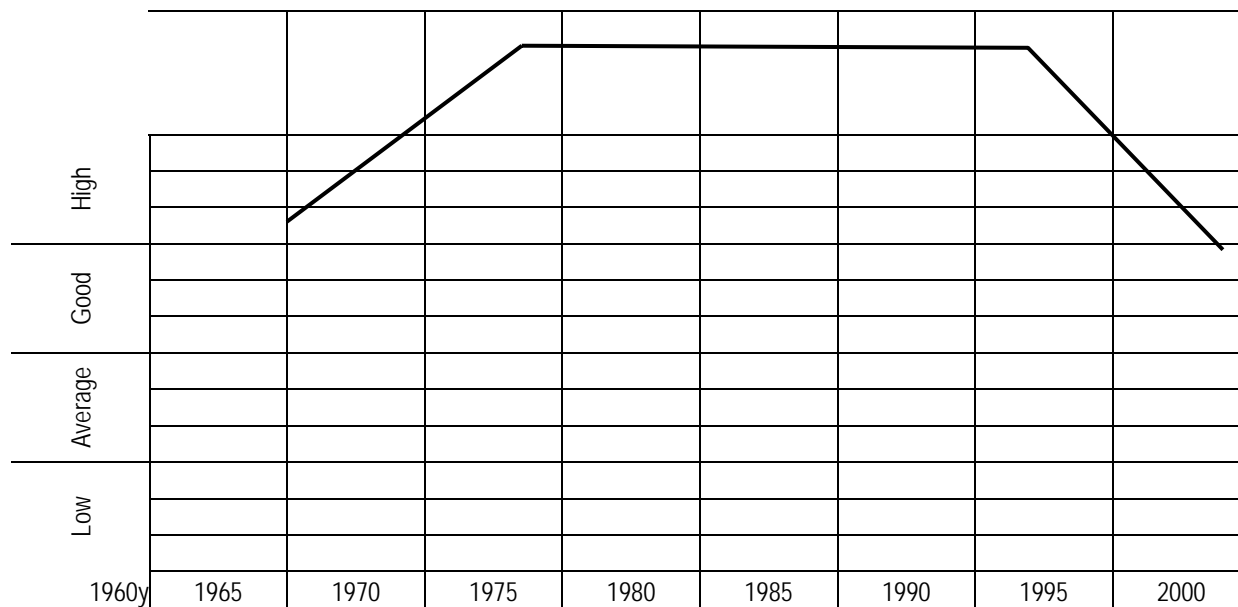
Population Migration and Standard of Living Data

Population and Migration



In comparison to other cities, migration from Ijevan is rather limited. However, those leaving are young families.

Living standard



Decreasing living standard is due to absence of jobs.

Sources of Income

		Khatun Residential Building	Armenuhi Residential Building	Yura Residential Building	Susanna Residential Building
1.	Age	65	36	60	50
2.	Number of family members	11	5	4	2
3.	Men	3	1	1	1
4.	Women	3	2	1	1
5.	Children	5	2	2	-
6.	Working abroad	-	1	-	-
7.	Pensioner and benefit recipient	3	1	1	-
8.	Employed	-	-	-	-
9.	Occupation	-	-	-	-
10.	Privatized land, including	-	-	-	-
11.	Domestic animals	-	-	-	-
12.	Income from land cultivation	-	-	-	-
13.	Income from cattle breeding	-	-	-	-
14.	Salary	-	-	-	-
15.	Pension	17,000	5,000	3,500	-
16.	Other sources of income	-	-	-	\$ 100 from children
17.	Income from work abroad	-	\$ 20	-	-
18.	Cash expenses (in drams)	25,000	15,000	12,000	15,000
19.	Debts	\$ 200	\$ 50	40,000	-
20.	Person's view on hi/her living standard	Bad	Bad	Bad	Average
21.	Others' view on his/her living standard	Average	Bad	Bad	Average

Medical Facilities

The only municipal polyclinic and tuberculosis dispenser cabinet are located in the Kentron district.

The above polyclinic serves Ijevan and adjoining villages. It was originally built for adults, but it provides targeted specific services to the entire population. It has a staff of 100 people, and the average monthly rate of attendance is 3,000 patients. People come with cardio-vascular, intestinal, neurosis, and seasonal diseases. Despite the fact that an examination at the doctor is partially free, the population rarely visits doctors, because eventually people are too poor to purchase needed medicines. Only in extreme and advanced cases people visit doctors.

The tuberculosis dispenser is located in the building of the polyclinic. Three doctors work here serving 120 registered patients. In 2000, 16 patients were recorded and another 9 in 6 months of 2001. The patients in need of hospital treatment are sent to the specialized municipal hospital in Abovian.

Infections Department of the Central Hospital

According to the information provided by a doctor of this department, 6 to 7 years ago the number of patients suffering infectious diseases (especially children) was larger than it is now. The department has 30 beds, but there was not a single patient in when we visited the place. It is a long time now that there have been no cases of mass infections. The department lacks even the first aid facilities.

Below is the data on number of patients and rates of morbidity in the infections department in 1993 to 2000.

Year	Number of patients	Deaths	Number of child deaths
1993	338	8	5
1994	361	4	3
1995	308	3	3
1996	314	6	3
1997	335	3	1
1998	218	3	1
1999	123	2	1
2000	121	0	0

It should be emphasized that the decrease in number of patients is not related to changes in the system of recording and registration.

There are wage arrears for 4 months of 1999, 3 months of 2000 and 3 months of 2001. The salaries are 5,000 drams, and the rate of remuneration of the doctors in the neighboring pediatrician department is 2,500 drams. Many doctors have already left the republic, and the rest have taken the same path.

Education

The following educational and cultural centers operate in the district:

	Pupils (children)	Staff
Secondary school No. 2	350	70
Secondary school No. 5	860	100
Musical school	300	40
Arts school for children	80	11
Culture House	30	11
Cultural Center, "Avanduyt"	200	18

The building of the secondary school No. 2 became an emergency structure after the 1988 earthquake. In 1990 the second block of the school and gym were constructed. Insufficient is the number of classrooms, and the economic and academic assets are obsolete. As a consequence of migration and drop in the birth rate, the total number of pupils keeps decreasing throughout the recent years. 10 years ago the school had 600 pupils, nowadays the number is 350, decreasing by nearly 50 each year.

School No. 5 has spacious building. No repairs were made during the last 10 years approximately 40 percent of the roof is damaged. Lessons are held in one shift, and the teaching is Russian based. Under the School Development Project, classroom equipment for physics and chemistry were won. A buffet was established in the building attended by 50 children from vulnerable families and 100 outsiders of the same status. This buffet is financed by charity organizations. With the objective to ensure stable income for the school, the Principal plans to construct a sports complex in the schoolyard under some charity project, which will be free for the schoolchildren and payable for kids from other schools and public at large. In contrast to other schools, the number of schoolchildren in this institution has doubled in the recent 10 years, i.e., in 1992 it was 420, and now there are 860 kids attending. According to the personnel, the increase is due to the Russian based education systems and a well-organized academic process.

The music school is the only educational establishment in the city, which is involved in musical education. Its building is repaired and has relevant amenities. The only problem is the financing. Personnel have not received their salaries for 7 months now. There are a great number of talented and gifted children, and there is a need of additional training, but in view of lacking salaries and/or sponsorship it becomes impossible. Concerts and performances are held with the objective to generate additional income for the school. However, when these initiatives are free, population takes part with pleasure, and they do not, when its payable.

The School of children arts accepts children of 7 to 12 years old. It is in operation since 1977. Tenure is 5 years, with certificates awarded in the on graduation. It has painting and dancing sections, and the monthly fee is 1,500 dram. The staff has not received salaries for 5 months now. It is functionally subordinate to the City Hall. Premises are well maintained. In the basement section of the building there is a free space, which the staff plans to utilize for organizing ceramics, stone and wood crafting groups, if

financial means were available. Besides, there is a lack of equipment and other property for implementing this idea.

Culture House has a 380-seat hall, where many concerts, performances and municipal gatherings are held. This organization has not received their salaries for 14 months from the City Hall. It does not have a proper scene and/or professional equipment. It is not a place for population to spend free time, because it does not have proper equipment and/or amenities. A dancers' group carries out its lessons here.

“Avanduyt” cultural center has been operating in wagons for two years now. The City Hall has not paid salaries to the staff for 15 months. The Center runs musical (70 kids), computer, first medical care, handcrafting, dancing and wood crafting groups. Classes are held in places provided in various administrative buildings. The Center is located in a small park, where the former carousels are robbed and idle. The staff has developed sound projects and is in search of sponsors. Under one of the projects they plan to make the park a Children Center, which in summer time may be used as a camp for kids. The park is situated on the bank of the river, and trees and plants are adequately preserved. They also plan to put into operation an open-air theatre, laughing room, children theatre, as well as to install new carousels and a gym. In addition there is project to establish a children theater troupe. The staff wishes to generate certain income from a part of their activities and thus survive. Among the staff there is a group of experienced and educated women.

METAGHAGORTS DISTRICT

Review of District

Data Collection Methodology

LGP contractors interviewed using semi-structured format with 5 focus groups (total 65 people)

Metaghagorts district of Ijevan is situated in the southwestern part of the city.

Accommodation

Construction of the district started after 1988. After the earthquake, residential construction loans were provided to those who had land plots. Refugees from Azerbaijan, some 100 families, utilized loans. District population is 1,680, including 300 refugees. Individual houses are 800 and there are no state-built multi-flat residential buildings. This district is suburban and remote from the city. People here live exclusively in individual private houses.

The district is considered new and developing, and there are many (some 250 sites) unfinished constructions here.

Education

There is no school here, kindergarten.

Medical Facilities

There are no medical facilities in the district.

Garbage Collection

The municipality does not provide garbage collection services.

Roads

Roads are not covered with asphalt and are in poor condition. District streets are in need of improvement works, and holes caused by rainwater impede any traffic.

Water Supply

Drinking water problem was to some extent alleviated in 1999, because under the Armenian Social Investment Fund project 500 meters of internal networks were renovated.

Economic Activity

A large share of household budget is formed of remittances from relatives who left the district abroad in search of jobs. Residents proposed to establish a hospital for the poor, which would provide free medical services to the vulnerable.

Development Issues Presented at General Meeting of Metaghagorts District Number of participants:
 73 (33 men, 40 women)

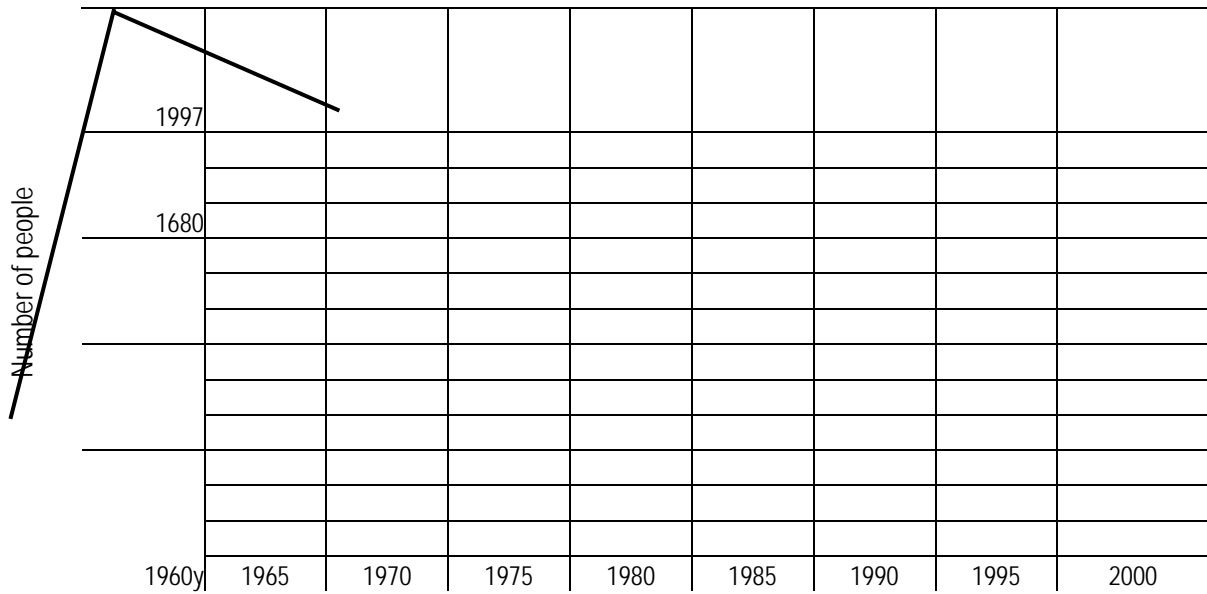
No.#	Problem description	1	2	3	4	5	Ranking
1	Transport and communication		+	-	-	-	4
2	Drinking and irrigation water	-		-	-	-	5
3	Improvement of the streets	+	+		+	-	2
4	Gasification	+	+	-		-	3
5	Long term residential construction loans	+	+	+	+		1

Sources of income

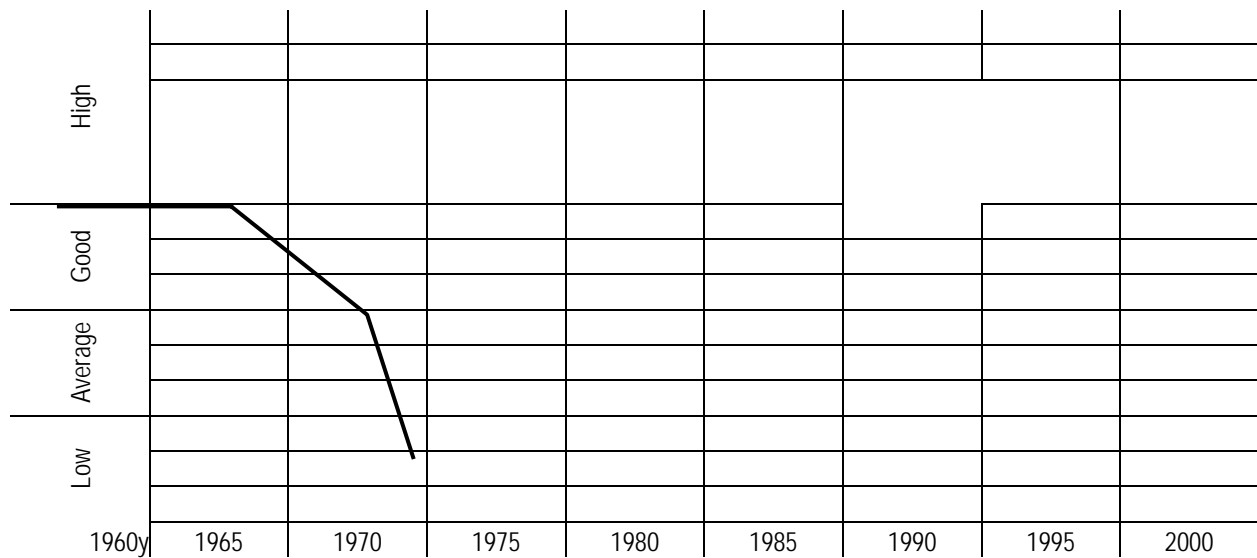
		Nargiz Individual house)	Simonyan Natalia (Individual house)	Gayane (Individual house)
1.	Age	62	56	40
2.	Number of family members	6	5	4
3.	Men	2	2	1
4.	Women	2	2	1
5.	Children	2	1	2
6.	Working abroad	-	-	-
7.	Pensioner and benefit recipient	2	2	-
8.	Employed	-	3	1
9.	Occupation	-	Doctors, engineer	Civil servant
10.	Privatized land, including	-	-	-
	House adjacent	700 m ²	700 m ²	1,000 m ²
11.	Domestic animals	-	-	-
	Hens	10	10	20
	Pigs	-	-	8
12.	Income from land cultivation	-	-	-
13.	Income from cattle breeding (in drams)	-	-	15,000
14.	Salary (in drams)	-	40,000	25,000
15.	Pension (in drams)	7,900	9,000	-
16.	Other sources of income, assistance from relatives, honey cultivation	\$ 100	\$500	-
17.	Work abroad	-	-	-
18.	Cash expenses	-	\$ 150	30,000
19.	Debts	\$ 200 to 300	-	\$ 70
20.	Person's view on his/her living standard	Average	Good / satisfactory	Average
21.	Others' view on his/her living standard	Satisfactory	Good	Average

Population Migration and Standard of Living Data

Population and Migration



Living standard



OLD IJEVAN DISTRICT

Review of District

Data Collection Methodology

LGP contractors interviewed, using a semi-structured format, 6 focus groups (total 72 people)

Western part of Ijevan, Old Ijevan district of the city is located close to the center. This district lies on the right bank of the Aghstev River.

Accommodation

There are no apartment buildings in the district. Instead there are 890 individual houses with the population of 1,750. There is a hostel for the technical school here, which is allocated to 47 families, including 3 families of refugees from Azerbaijan (social conditions of these 47 families is extremely hard, they are extremely poor). There is one school in the district with 1,000 pupils and 105 staff, as well as a kindergarten with 70 children and 15 staff.

Private houses are in a poor state of repair. During the recent 12 years, only 12 "new" houses have been built. Many are locked with inhabitants working abroad and in search of jobs. These houses usually have adjacent land plots that are cultivated. Eighty 80 percent of the population has a very low then medium living standard (below the poverty level), and are in need of humanitarian aid.

The district does not have a recreation area for the kids and young people, and hence these groups voiced the necessity of constructing a sports complex and a park.

Water Supply

The district is in desperate need of renovating the drinking water and sewer networks. Sewerage is running in the streets. Only 1 out of 21 respondents have paid for water in the year 2001. Residents do not receive water very infrequently, and they claim that because of leakage more than 50 percent of the water entering the district is lost before it reaches consumers.

Garbage Collection

Trash removal is carried out only in the central street, no trash removal is carried out elsewhere, and garbage is discharged in any place around.

Roads

Some parts of the streets are impassable both for pedestrians and vehicles because of lack of road maintenance. In sloped areas rainwater brings mud and soil onto the streets because of poor drainage systems.

Energy Supply

50 percent of the district population has natural gas supply the remainder does not have the dram 40,000 payable in advance for installation. Electricity supply is infrequent because of non-payments.

Development Issues Presented at General meeting of Old Ijevan district Number of participants: 54 (19 men, 35 women)

No.	Problem description	1	2	3	4	Ranking
1	Improvement of streets, construction of drainage system		-	+	+	2
2	Renovation of drinking and sewer water internal networks	+		+	+	1
3	Construction of sports complex	-	-		+	3
4	Reconstruction of the church	-	-	-		4

Education

There is a secondary school and a kindergarten operating in the district.

Secondary school No. 1 is the oldest school in the city, and it has a history of 140 years. There are some 1,000 pupils and 105 staff in this school. Premises are convenient. In 2000, in the framework of "Food for Work" project, a sports ground was built here and surroundings of the school improved. It needs new equipment. Toilets are in need of partial repair. In the beginning of each academic year the staff carried out small internal repairs. Under the "School Development Project", the school has won a computer lab. It has a privately run buffet.

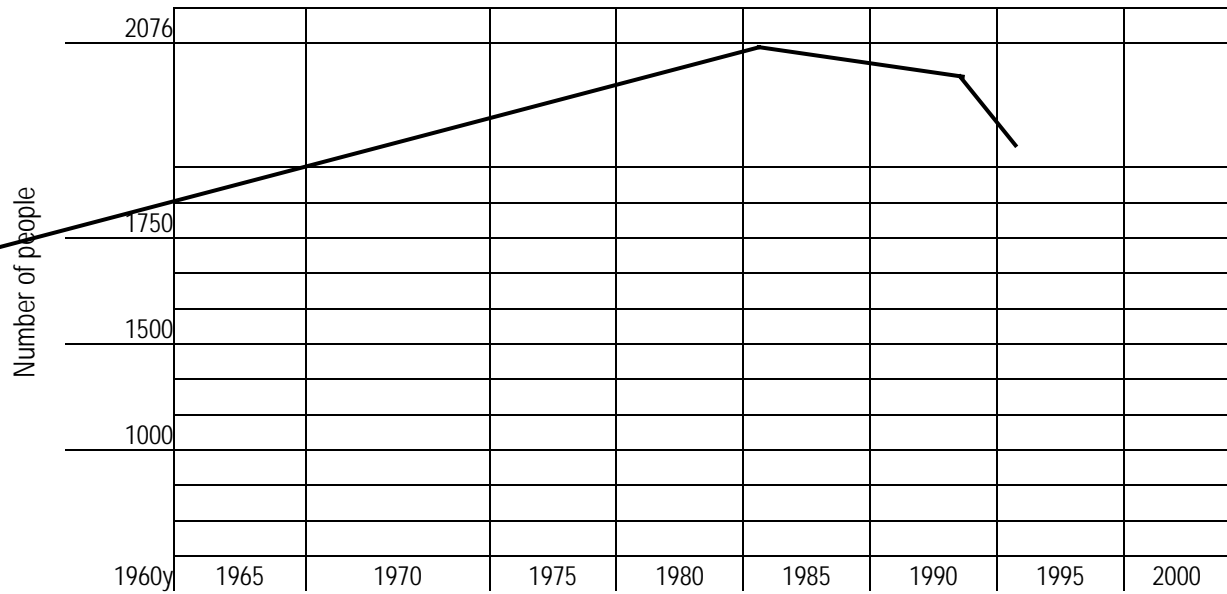
Kindergarten No. 1 (70 children and 15 staff) has good amenities, an improved yard, and a capacity to service 30 kids, but both kids have decreased in number and parents became insolvent. Water is supplied in accordance with the schedule; in winter the building is heated with wood burning stoves. Lacking are didactic and academic materials. There is no state support of pre-school education activities.

Medical Services

There is no medical service in the district.

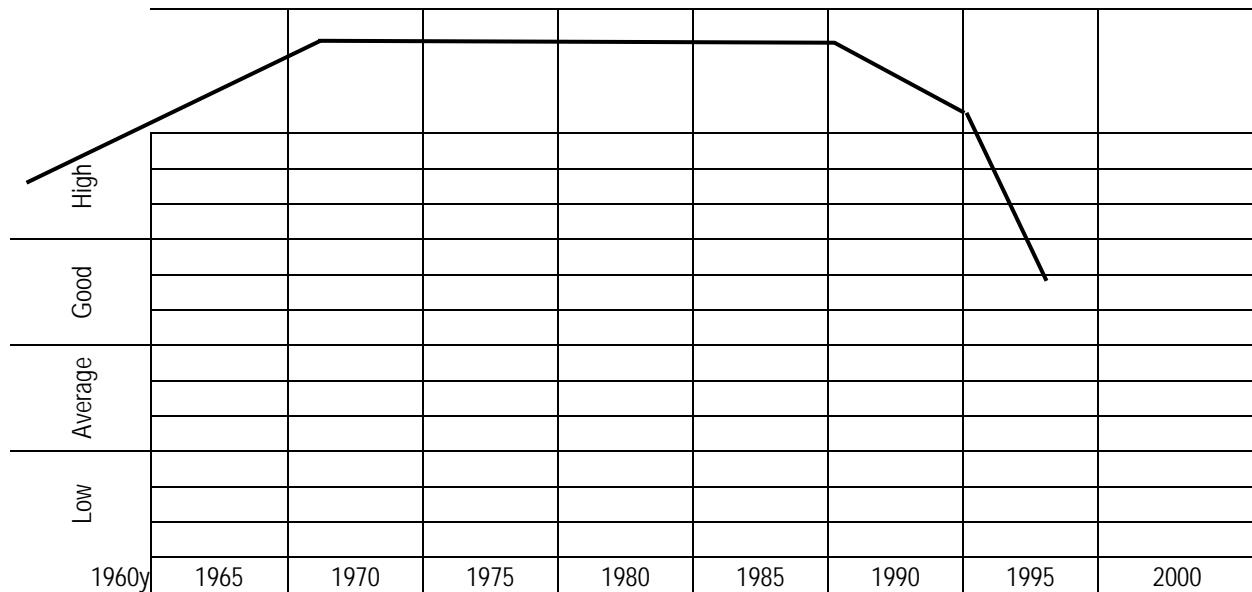
Population Migration and Standard of Living Data

Population and Migration



Young generation leaves for Russian Federation in search of jobs, and majority stays there for permanent residence.

Living standard



Decrease in living standards is due to unemployment.

Sources of income

		Roza Roza (Residential building)	Aida (Nno residence)	Margo (Individual house)
1.	Age	76	28	73
2.	Number of family members	2	5	1
3.	Men	-	1	-
4.	Women	1	1	1
5.	Children	1	3	-
6.	Working abroad	-	-	-
7.	Pensioner and benefit recipient	1	1	1
8.	Employed	-	-	-
9.	Occupation	-	-	-
10.	Privatized land	-	-	-
11.	Domestic animals	-	-	-
12.	Income from land cultivation	-	-	-
13.	Income from cattle breeding	-	-	-
14.	Salary	-	-	-
15.	Pension	4,400	2,200	4,100
16.	Other sources of income	-	9,500	4,300
17.	Work abroad	-	-	-
18.	Cash expenses (in drams)	4,000	12,000	-
19.	Debts (in drams)	-	25, to - 30,000	12,000
20.	Person's view on his/her living standard	Very bad	Very bad	Bad
21.	Others' view on his/her living standard	Bad	Very bad	Bad

RED (KARMIR) DISTRICT

REVIEW OF DISTRICT

Data Collection Methodology

LGP contractor interviewed using the semi-structured format 3 focus groups (total 52 people).

The Karmir district of the city of Ijevan is situated West of the city center. The city of Ijevan is located on both left and right banks of Aghstev River. Karmir district occupies a major part of the left bank, with residential houses dominating in the area. The district is situated on a slope hillside, which is the main factor causing major flood damage.

Accommodation

District population comprises 1,720 people, with up to 2,190 residents registered in the district. There are 5 apartment buildings, 570 residential houses, and 11 "domeks" in the district. Refugees from Azerbaijan populate "Domeks".

This part of the district is relatively newly established, with predominantly young families unable to complete the construction of their homes. Residents suggested that long-term (10 to 20 years) housing loans be provided, which would allow them to complete construction works. A need for irrigation water supply was identified in this area, too. The district does not have a bathhouse.

Education

The district has 1 school with 360 students, and a Technical College.

	Employees	Students	General information	Problems
Secondary School No. 4	70	360	The school is located in a well-maintained 3-storey building constructed in 1990. Student numbers decrease by 10 every year.	Construction of a new boiler-house. Repairs of the internal sewage system.

Economic Activity

Located in the district are: A Red Cross regional office, Regional Archives, Central Hospital Complex, Central Post office, "Aghstev" water supply and sewage subsidiary, Railway station (not functioning), Municipal Communal Commission.

Roads

Most streets are impassable during due to frequent floods. The floods are caused by excessive deforestation. Even light rains result in floods destroying city streets and bringing silt into the city center.

Garbage Collection

Garbage collection is very infrequent.

Water Supply

Drinking water supply and water quality is poor. Drinking water is to be provided for an hour per day according to the schedule, but in reality residents receive drinking water once per 3 to 5 days. Rainwater is collected in special containers for later usage for certain purposes. Residents encounter difficulties with sewage systems of multi-story residential buildings due to the absence flowing water. In case of long delays of water supply, residents are forced to buy water a price of 5,000 drams per tank.

Economic Activity

Some district residents earn their living through occasional jobs at the city trade market located in the district, others gather berries and fruit from the forest and sell them in the market, thus earning around 2000 drams/day. The daily rate for laborers comprises 1,000 to 2,000 drams.

A considerable, although not year-round source of income for a number of district families is selling firewood. Around 50 percent of district residents have incomes below the poverty levels. Families' expenses are in order of priority as follows: food, electricity, phone, healthcare, education, leisure, etc.

A part of the district (around 25 to 30) percent) is located near the Wine factory, away from the city center.

Public Transportation

Residents complain about the absence of public transportation. Children have difficulty walking around 3 km to the nearest school.

Development Issues Presented at General Meeting of Red (Karmir) District Number of participants: 52
 (24 men, 28 women)

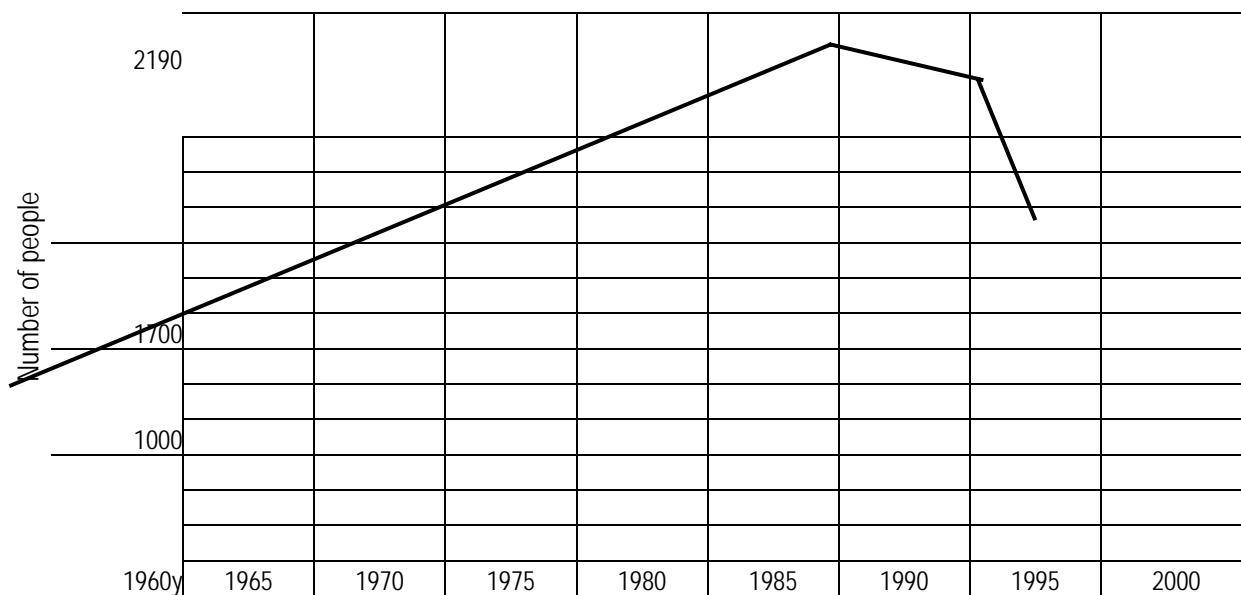
No.	Problem description	1	2	3	4	5	Ranking
1	Drinking water problem (internal networks)		+	+	+	+	1
2	Repair, illumination of roads and construction of rainwater drainage pipes	-		+	+	+	2
3	Gasification	-	-		+	+	3
4	Renovation of sewage network	-	-	-		-	5
5	Irrigation water	-	-	-	+		4

District Development Timeline

Date	Events
1955 to– 1960	District established. Families provided with individual plots for housing and construction purposes.
1961	The settlement of Karvansarai renamed into the town of Ijevan.
1961 to 1964	Hospital Complex built
1966 to 1968	Technological Technical College built
1968 to 1970	Secondary School No. 4 built
1974 to 1975	City post office built.
1973 to 1975	Railway station built: Yerevan – Aghstafa railroad constructed.
1975 to 1976	Regional Veterinary Clinic built
1988	Earthquake. No destruction. Residential buildings severely damaged.
1990	A new building constructed for Secondary School No. 4. Old school building populated by refugees from Azerbaijan.

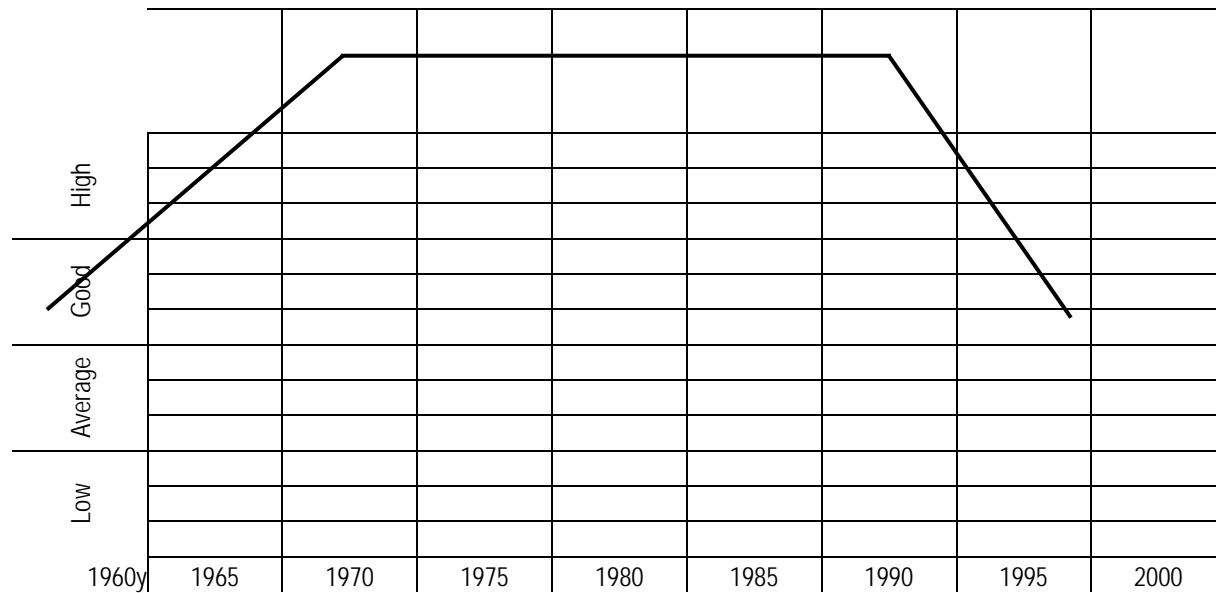
Population Migration and Standard of Living Data

Population and Migration



Migration rates are lower, as compared to other districts.

Living standard



The deterioration of living standard is due to the absence of industrial activity.

Sources of income

	Dwelling	Spartak Individual house	Vahram Individual house	Razmik 'domik'	Samvel Individual house
1	Age	50	35	35	43
2	Number of family members	7	10	4	6
3	Men	2	2	1	2
4	Women	2	3	1	1
5	Children	3	5	2	3
6	Working abroad	-	-	-	-
7	Pensioner	-	1	-	1
8	Job-holder	-	-	-	1
9	Activity	-	-	-	Civil Service
10	Privatized land	-	-	-	-
	- Individual plot	300m ²	600 m ²	500 m ²	500 m ²
11	Farm animals	-	-	-	-
	- Poultry	-	7	-	8
	- Pigs	-	-	-	5
12	Income from land use	-	-	-	-
13	Income from cattle-breeding	-	-	-	-

		Spartak	Vahram	Razmik	Samvel
	Dwelling	Individual house	Individual house	'domik'	Individual house
14	Salary (in drams)	-	-	-	15,000
15	Pension	-	4,000	8,200	3,600
16	Other sources of income	-	12,000	-	15,000
17	Income from work abroad	-	-	-	-
18	Current expenses	20 to 25,000	35 to 40,000	40,000	\$ 150
19	Debt	\$ 500	20,000	\$ 250	\$ 400
20	Person's view on his/her living standard	Poor	Poor	Poor	Average
21	Others' view on person's living standard				Good

Medical Facilities

	Employees	Target population	General information	Problems
Hospital Complex	252	Around 90 in-patients and 300 out-patients a month	The Complex is of regional importance. There are 4 buildings in the Complex. There are therapeutically, pediatric, gynecological, surgical, diagnostic, laboratory departments and a department of infectious illnesses at the Complex. Building space is satisfactory. Especially large numbers of patients apply for gynecological and surgical aid. According to the Healthcare system development program introduced, layoffs of about 120 employees are expected. The director of the Complex suggests that production of spoons, forks, knives, dental and other appliances be established in the territories of the Complex which Complex, which are currently unused. That would also allow for the employment of a part of the Complex employees that are to be laid off in the near future. The Complex administration seeks sponsors for the implementation of the project.	Complex buildings are in need of partial repairs. Staff members have not received any salary for 14 months.

SPANDARYAN DISTRICT

Review of District

LGP consultants interviewed using the semi-structured format with 3 focus groups, (total 48 people)

Spandaryan district of Ijevan is located in the northeastern part of the city.

Accommodation

There are 69-storey residential buildings with 208 flats and 320 individual private houses in the district. Total population is 1880. District population resides either in individual houses or apartment buildings. The latter face the problem of flat roofs. Residents have small land plots.

The surroundings and yards of the buildings are in poor condition and are not fit for use by children as playgrounds.

Majority of the residents do not support the implementation of various projects and programs, they consider humanitarian aid a priority.

Education

There is no a school or kindergarten in the district. The building of former kindergartens is used by a branch of Yerevan State University.

Economic Activity

The following enterprises are located in the district:

- Brewery
- Wine factory
- Gas department
- Tourism base (idle)
- Meteorological center
- Cable car (unfinished)
- Dendrology Park (botanical garden).

Garbage Removal

Trash removal service is rendered for apartment buildings only.

Water Supply

Drinking water is supplied once in 4 days for an hour to apartment buildings. Individual houses seldom receive water. Here people transport water from old Ijevan area.

Roads

Roads are in poor condition creating interruptions for the urban transport system.

Development Issues presented at General Meeting of Spandaryan District Number of participants: 62
(36 men, 26 women)

No.	Problem description	1	2	3	4	5	6	Ranking
1	Drinking water and installation of water meters		+	+	+	+	+	1
2	Irrigation water	-		-	-	+	+	4
3	Renovation of roofs, entrances and elevators of residential buildings	-	+		+	+	+	2
4	Renovation of the roads and construction of drainage	-	+	-		+	+	3
5	Improvement of the yards	-	-	-	-		-	6
6	Creation of a recreation zone	-	-	-	-	+		5

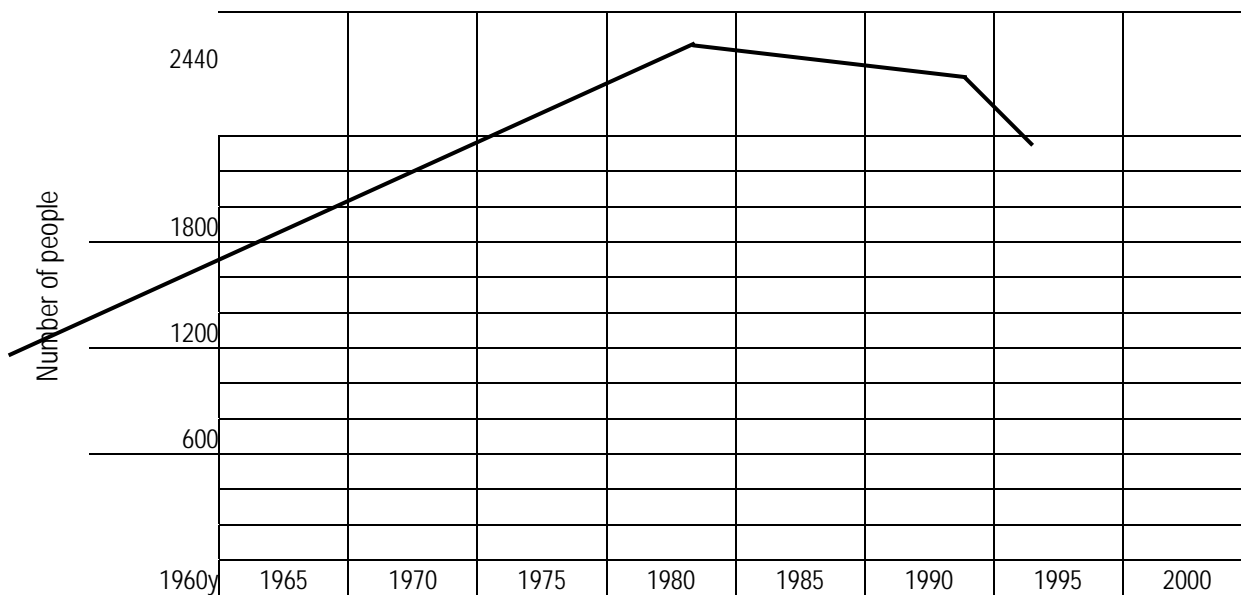
Sources of income

No.		Arevik (Individual house)	Laura (Individual house)	Haikaz (Individual house)
1.	Age	40	46	66
2.	Number of family members	6	6	7
3.	Men	1	2	2
4.	Women	1	2	1
5.	Children	4	2	4
6.	Working abroad	-	-	-
7.	Pensioner and benefit recipient	-	-	2
8.	Employed	-	1	-
9.	Occupation	-	Music school	-
10.	Privatized land, including	-	-	-
	House adjacent	-	200 m ²	1,000 m ²

No.		Arevik (Individual house)	Laura (Individual house)	Haikaz (Individual house)
11.	Domestic animals	-	-	-
12.	Income from land cultivation	-	-	-
13.	Income from cattle breeding	-	-	-
14.	Salary (in drams)	-	12,000	-
15.	Pension (in drams)	-	-	8,700
16.	Other sources of income	-	-	-
17.	Work abroad	-	-	-
18.	Cash expenses (in drams)	100,000	40,000	2,000
19.	Debts	\$ 500	\$ 150	\$ 300
20.	Person's view on his/her living standard	Bad	Good	Bad
21.	Others' view on his/her living standard	Bad	Good	Bad

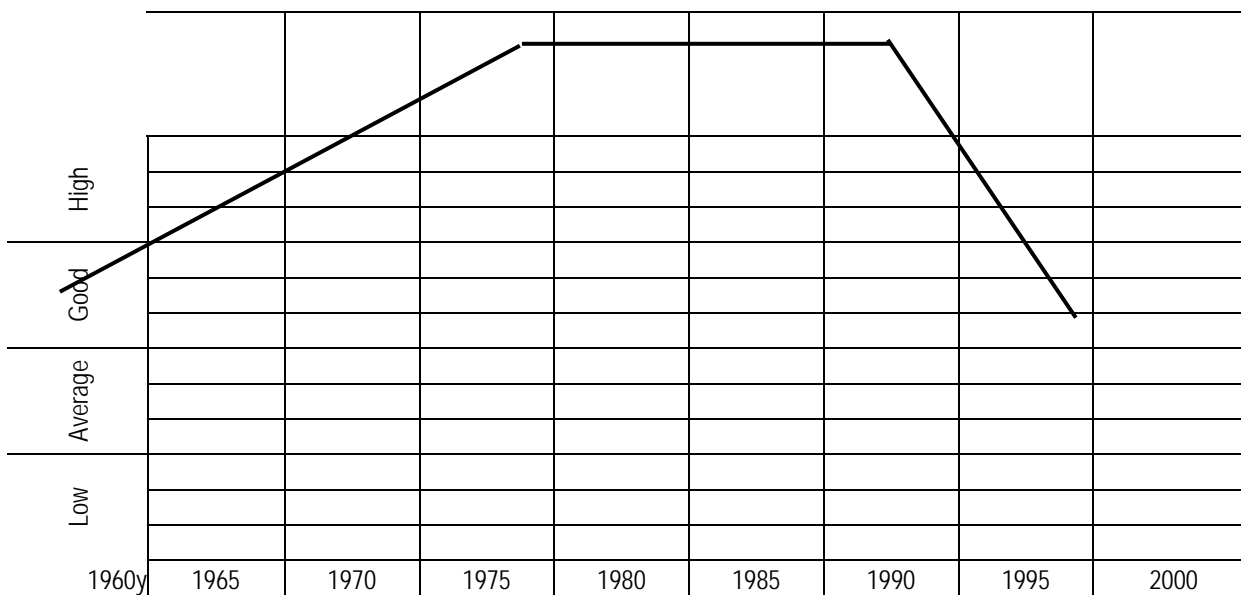
Population Migration and Standard of Living Data

Population and Migration



Among those emigrating many are young families leaving for Russian Federation. Many are those as well who leave abroad in search of jobs.

Living standard



Tenants of multi-flat residential buildings have low living standard.

C. BUSINESS SURVEY INTERVIEW AND RESULTS

Company Name _____

Name, Title, and Telephone Number of the interviewee.

QUESTIONS CONCERNING COMPANIES

1. Type of business _____

2. Main products or service _____

3. Who are your main clients?

_____ Individual consumers, _____ other companies, _____ public sector

4. What percentage of your sale goes to the consumers in?

_____ the city, _____ the county, _____ CIS, _____ Elsewhere?

5. How many people do you employ? _____

6. How many do you expect to employ in a year _____, in three years _____?

7. If you expect that the level of employment is going to change significantly, please give the reason?

8. Does the company have plans to make new capital investments in these premises?

_____ yes, _____ no

If yes, please describe them and the planned timing of the investment.

QUESTIONS REGARDING THE LOCAL BUSINESS CLIMATE

1. Which are the three most positive things about CITY as the place to do business?

2. Which are the three most negative things about the CITY as the place to do business?

3. On a scale from 1 (poor) to 5 (good), please evaluate your city as the place to carry out your company's business.

1---2---3---4---5

The following sentences describe a city government that is working hard to create a good business climate. On a scale from 1 (not at all) to 5 (very accurate), please evaluate how well these statements describe CITY.

- The city government encourages a consumer service ethic in its employees, especially those who deal directly with the public.

1---2---3---4---5

- The city makes permitting process for establishing a new business easy and understandable.

1---2---3---4---5

- The city makes permitting process for building, remodeling, or expanding a business facility reasonable quick and fair.

1---2---3---4---5

- Compared with other cities in Armenia, local taxes and fees affecting businesses are reasonable.

1---2---3---4---5

- The city's system for collecting taxes and fees is fair and efficient.

1---2---3---4---5

- The city consults the business community when making major decisions about public investments.

1---2---3---4---5

- The city government is accountable and responsible its use of public funds.

1---2---3---4---5

1. Does city ask businesses for voluntary contributions for special public needs?

Yes_____ No_____

If yes, are such requests reasonable? Yes_____ No_____

In Armenia, cities are in charge of providing a number of services. On a scale from 1 (poor) to 5 (excellent) please evaluate the following city services.

Protection of the environment	1---2---3---4---5
Housing	1---2---3---4---5
Providing utility services	1---2---3---4---5
Administration of municipal property	1---2---3---4---5
Providing fire-protection	1---2---3---4---5
Collecting and waste disposal	1---2---3---4---5
Maintenance of roads	1---2---3---4---5

What would you like the CITY to do in order to make it a place with better conditions for the operation of your business?

What would you like the CITY to do in order to make it a place with better conditions for business operation in general?

DO YOU HAVE ANY ADDITIONAL REMARKS ON BUSINESS CLIMATE IN THE CITY?

Thank you for your participation in this survey. Your opinion will help us in our effort to make the CITY a better place for business operation.

Date of the interview and signature of the person conducting the interview

NAME

DATE

INTRODUCTION

On July 25, 2002 the Council of the City of Ijevan passed a Resolution to form a Steering Committee to work with the USAID funded Local Government Project specialists to prepare an Economic Development Strategy for the City of Ijevan.

On July 26 the Steering Committee met with Urban Institute specialists (Malcolm Simpson, Marian Syzmanowicz, Arthur Drampian and Zara Chatinian) to develop a Vision Statement and undertake a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis.

The report presents the agreed Vision, results of the SWOT analysis and the identified Strategic Objectives.

Resolution Passed by Council

Below is an extract from the Resolution passed by the Council regarding the preparation of the Economic Development Strategy.

Extract

From the Resolution of the Ijevan Community Council dated July 25, 2002 on Establishing a Steering Committee for the Purpose of implementing the Project on Economic Development Strategy in Ijevan City.

The Community Council mentions that a project on Economic Development Strategy will be prepared and implemented in Ijevan City using Urban Institute consultants. A steering committee is to be established for the purpose of monitoring the process of organization and implementation of the preparation phase of the project.

Taking into account the above-mentioned and the Mayor's proposal, the Community Council decides:

- ☐ To approve the Mayor's proposal and the submitted composition of the Steering Committee for implementation of the Project on Economic Development Strategy (see enclosed the list of the Committee members).

Members of the Community Council:

E. Manucharyan - signature	S. Chagharyan – signature
B. Gevorgyan - signature	R. Tigranyan – signature
S. Engibaryan – signature	M. Sajadyan – signature
A. Pajtyan – signature	H. Nersisyan – signature
K. Mardanyan - signature	N. Harutyunyan - signature

This document has the same legal force as the original.

Secretary of the Municipality

S. Eganyan

Extract

From the Order issued by the Ijevan Mayor, dated July 25, 2002, No. 33 on Cooperation with the Local Government Project and Establishing a Steering Committee.

The USAID and the Local Government Project are ready to assist Ijevan City in planning Economic Development Strategy. For implementation of the project a steering committee is to be established. Taking into account the above-mentioned:

I decree:

To establish a steering committee with the following members:

- | | |
|------------------------|---|
| 1. Varuzhan Nersisyan | Chairman of the Committee, Ijevan Mayor |
| 2. Ararat Paronyan | Member, Head of the Trade, Transport and Service Department |
| 3. Astghik Eganyan | Member, Operator of the Information Analytical Center |
| 4. Elmira Aghasaryan | Member, Director of "Avandujt" CJSC |
| 5. Boris Gevorgyan | Member, Member of the Community Council |
| 6. Kagik Mardanyan | Member, Member of the Community Council |
| 7. Nikolay Harutyunyan | Member, Member of the Community Council |
| 8. Ruben Tigranyan | Member, Member of the Community Council |
| 9. Garik Sukoyan | Member, Member of the Community Council |
| 10. Mekhak Sayadyan | Member, Member of the Community Council |
| 11. Manya Blbulyan | Member, trader |
| 12. Valer Melikbekyan | Member, trader |
| 13. Susanna Aghbalyan | Member, trader |
| 14. Vrezh Nersisyan | Member, Director of the Mech. Factory of Ijevan OJSC |
| 15. Garnik Sargsyan | Member, employee of the Winery OJSC |
| 16. Grisha Sargsyan | Member, Director of MOES |

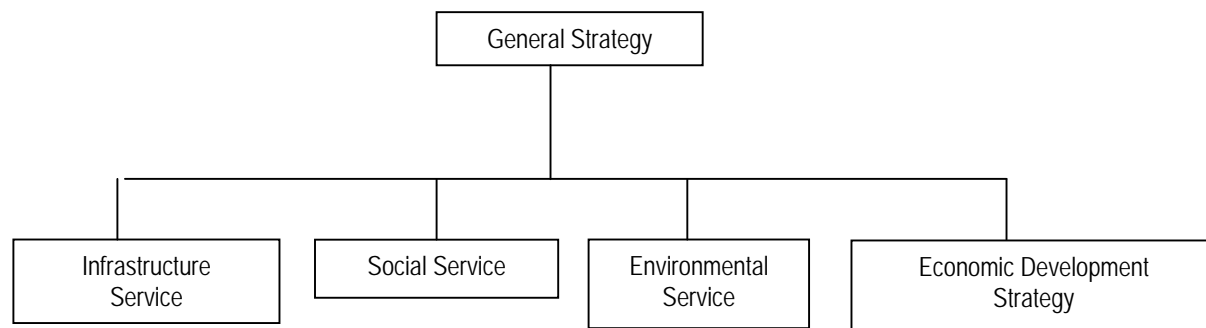
Signed Mayor:

V. Nersisyan:

Official Stamp

INTRODUCTION

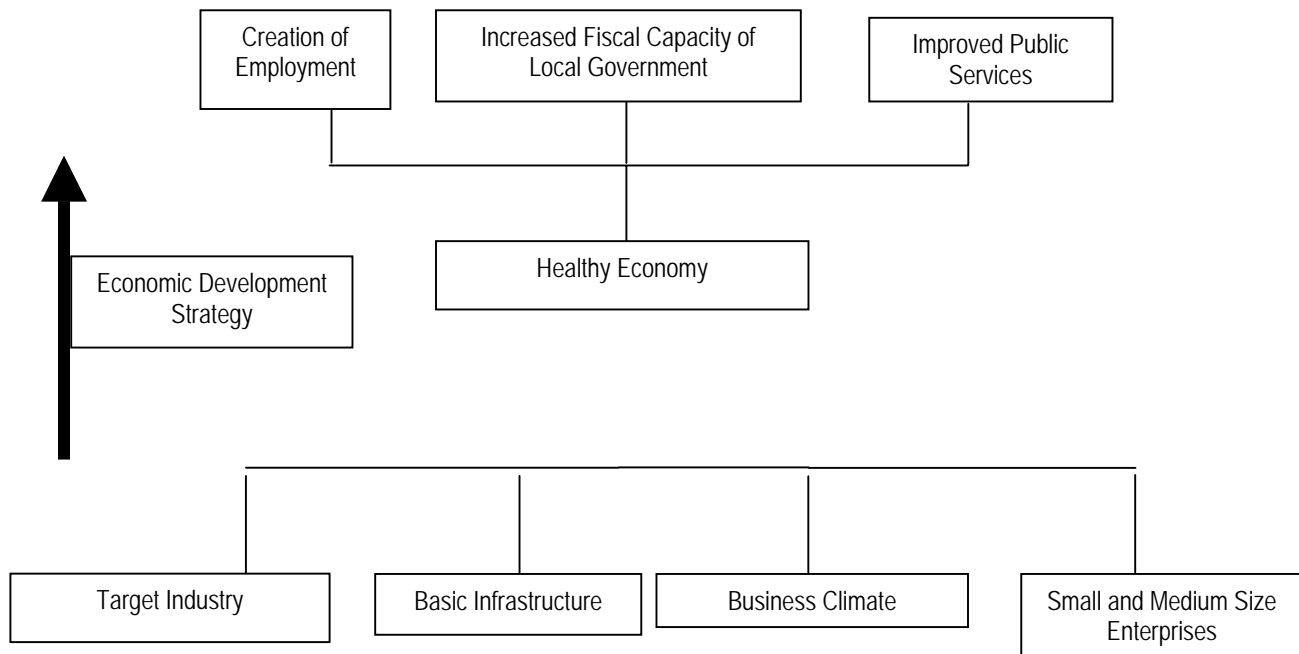
LGP introduced the following differences between General Strategy and Economic Development Strategy.



General Strategy includes all strategies (strategy for infrastructure, social, environmental and economic development) that must be integrated to ensure a growth and continued modernization of an economy.

The goals for the Economic Development Strategy are:

- Create opportunities for employment
- Increase the fiscal capacity of local government
- Improve the quality of public services (communications, roads, water and environmental services)



IJEVAN VISION

The Steering Committee, after much deliberation proposed the following Vision Statement:

“Ijevan as a prosperous community with the financially secure population, strong local government, ecologically safe industry and developed tourism, culture and business sector”

The Steering Committee wished to articulate the following in the Vision Statement:

The need for good environmental management in Ijevan to sustain not only tourism but also to recognize the need to develop a diversified economy that creates employment opportunities for all citizens and ensures that quality public services are delivered by the local government.

SWOT ANALYSIS

To successfully perform the SWOT analysis the Steering Committee worked in two groups. Each group completed a SWOT analysis. The table below presents the results of the SWOT analysis after combining the results from each of the groups and ranking the issues, by majority vote.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Trust toward local government and strong local leadership • Industrial heritage • Human resources • Favorable climate and some natural resources 	<ul style="list-style-type: none"> • Lack of communication infrastructure • No access to capital • Drinking water problem • The abuse of central government powers (to centralized governance)
Opportunities	Threats
<ul style="list-style-type: none"> • Donor and foreign investment possibilities • Tourism development • Highway reconstruction • Industry upgrade 	<ul style="list-style-type: none"> • Natural disasters • War threats (Security on Armenia/Azerbaijan border) • Emigration • Deforestation

Critical Strategic Objectives

The following critical strategic objectives were identified.

Promote Development of Tourism

- Suggested programs are:
 - Rejuvenation of the City Main Street to increased economic activity.
 - Improved general infrastructure including: roads, telecommunication and transportation.
 - Improve specific tourism infrastructure (accommodation, cultural sites, forestry management, access to sites and hiking routes).
 - Develop specific tourist product (visits to cultural sites, hiking routes, etc.).

Small and Medium Enterprises development

- A Suggested programs is training in the following:
 - One-person business
 - Business start-up for companies
 - Financial and operations management
 - Marketing and product packaging
 - How to access to capital (grants, bank facilities)

Improve Business Climates

- Suggested programs are:
 - Improve taxation (local and national government) issues.
 - Create better labor market.
 - Create better business services including: telecommunications, banking services, etc.

Improve environmental protection and related infrastructure services

- Suggested programs are:
 - Invest to improve the quality of water and sewage services.
 - Invest to improve the quality of garbage collection and disposal.

Improve business development opportunities and retention

- A suggested programs is to improve co-operation between local government and business by developing:
 - An accurate businesses inventory.
 - A program to visit business regularly to better understand the key issues that affect the business.
 - Creation of a business organization that represents the interests of business (Chamber of industry and commerce).
 - Improve the services for the trade and agriculture market.
 - Improve forestry management.

Improve public services

- Suggested programs are:
 - Improve service delivery in education.
 - Improve health care service delivery service.

Develop and implement a city marketing program

- Suggested programs are:
 - Establish a marketing specialist in the City Hall.
 - Establish programs to promotion the city of Ijevan and a place for investment.
 - Establish programs to promote commercial activity in the High street.
 - Develop a sound cooperation with donor organizations (access to grant capital).

Refurbish access routes to and cultural site

- Suggested programs are:
 - Refurbish access routed to cultural sites.
 - Refurbish cultural sites and related objects.

The strategic objectives and suggested programs to accomplish them will be used to design the Strategic Economic Development Plan.

INTRODUCTION

In July 2002 the Urban Institute specialists (Malcolm Simpson, Marian Szymanowicz, Arthur Drampian and Zara Chatinian) conducted a survey among members of the business community, local government officials and Economic Development Steering Committee in the City of Ijevan to investigate their attitudes.

The Survey is a necessary component of Strategic Economic Development Planning process for the City of Ijevan. It was intended to provide useful and reliable information on the attitudes of those conducting business activities in the city. Issues covered by the Survey included business status, nature and type of activities, questions concerning labor and employment matters, overall evaluation of the city as a place to do business.

This report presents the findings of the survey.

Methodology

Members of the business community, local government officials and Economic Development Steering Committee were invited to participate in the Business Attitude Survey. Table No. 1 presents a list of interviewees.

Table No. 1–List of Interviewees

Company Name	Name of the Interviewee	Position of the Interviewee
Ijevan Municipality		Head of Transport and Servicing Department
Ijevan "Vardashat" LLC	Gagik Sukoyan	Director
Ijevan Mechanical Factory	Vrezh Nersisyan	Director
"Service – 21" LLC	Nikol Harutyunyan	Director
"Dendroservice" Ltd.	Mekhak Sayadyan	Director
"Urenu Hovit" Ltd.	Susanna Aghbalyan	Director
Ijevan "Machinery Meliorative base" CJSC	Borik Gevorgyan	Director
"Bzhshkakan Shuka" Ltd.	Ruben Tigranyan	
Ijevan "Avanduyt" CJSC	Elmira Aghasaryan	Director
"Mormongats" Ltd.	Garnik Sargsyan	Director
Ijevan Municipality	Astghik Eganyan	Operator of the Information Analytical Center

An example of the survey is attached as an appendix of this report. 11 responses were collected, processed and analyzed.

An example of the survey is attached to the appendix of this report.

Eleven responses were collected, processed and analyzed. To encourage complete and frank responses from interviewed employers, those interviewed were assured that this report would not include references to specific businesses in analyzing the data and the survey forms would remain confidential.

Results of Survey

- The interviewees represent varying types of business activity including: tourism services, municipal services, agriculture services and trade. In addition the size of the companies varies from a few (1 to 3) employees to approximately 200.
- Clients of the companies are individual consumers, other companies and public sector.
- The main market for the businesses is a local market (Ijevan, Tavush Marz and Armenia). According to the survey about 61 percent of sales are in the local market. It is worth noting that local business did not indicate any export sales. Sales in the CIS are 0 percent.
- It is important to note that the companies surveyed indicated that they are planning to increase the number of employees (total number 106 employees) in three years (total number 191). Employers see possibilities of expanding their operations in the near future.
- It is important to note that companies have plans to make new capital investments in the future (Eight respondents indicated that they have plans to make new capital investments). The respondents noted that new capital investments were dependent on the availability of finance.
- Three respondents mentioned that they would make the investments in 2003.
- The respondents indicated that the three most positive things about the city of Ijevan as a place to do business were:
 - Skilled human resources
 - Suitable environment to develop tourism development possibilities
 - Supportive local self-government
- The three most negative things about the city of Ijevan as the place to do business were:
Taxation
 - Poor financial condition of citizens
 - Lack of capital
- Most of the respondents stated that the City of Ijevan encourages staff to value the customer.
- One respondent did not agree with statement that: "The City of Ijevan makes the permitting process for establishing a new business easy and understandable".
- The respondents stated generally that local taxes and fees affecting business are unreasonable. The respondents considered that the local system of collecting taxes and fees is considering as a fair and efficient.

- One respondent did not agree with statement that: "The City consults the business community when making major decisions about public investments".
- One respondent did not agree with statement that: "The City of Ijevan is accountable and responsible for its use of public funds".
- Most of the respondents have an opinion that the City asks business for voluntary contribution for special public needs and the requests are reasonable.
- The respondents evaluated that public services in the City were good and reasonable (despite current economic conditions), especially administration of City property.
- Answering question: "What would you like the City to do in order to make it a place with better conditions for the operation of your business?" the respondents indicated following issues: job creation, reduce local taxes and resolve the regional problems (Marz/City issues).
- Answering question: "What would you like the City to do in order to make it a place with better conditions for business operation in general?" the respondents indicated following issues: low interest rate loans and business support technical assistance.
- One of the respondents wrote the following statement: *"There is no common business climate in the city. The city's businessmen have nothing in common"*.

No. of question	Questions	Total	1	2	3	4	5	6	7	8	9	10	11
1	Type of business												
	Tourism	2		1							1		
	Production of agriculture and forest mechanism	1			1								
	Car servicing	1				1							
	Parks and gardens	1					1						
	Melioration and preventive works	1							1				
	Trade of medical equipment and medicines	1								1			
	Public catering	1										1	
2	Main product or service												
	Tourists services	1		1									
	Agriculture services	1							1				
3	Who are your main clients?												
	Individual consumers	11	1	1	1	1	11		1	1	1	1	1
	Other companies	9	1	1	1	1	11		1	1			1
	Public sector	8	1	1	1	1	11			1			1
4	What percentage of your sale goes to the consumers?												
	In the city	490%	100%	50%	60%	10%	0%	70%	100%	100%			
	In the country	205%	0%	30%	40%	5%	100%	30%	0%	0%			
	In CIS	0%	0%	0%	0%		0%	0%	0%	0%			
	Elsewhere	105%	0%	20%	0%	85%	0%	0%	0%	0%			
5	How many people do you employ?	108		28	3	24	1	33	3	14	2		
6	How many people do you expect to employ?												
	in a year	106		30	0	10	0	50	3	10	3		
	in three years	191		100	10		25		6	50			
7	If you expect that the level of employment is going to change significantly, please give the reason?												
	Financial	1		1									
	Base exploitation	1		1									
	Contracts	1		1									
	New joint companies are being established	1									1		

No. of question	Questions	Total	1	2	3	4	5	6	7	8	9	10	11
	Expensive energy carriers	1				1							
	Absence of banking investments	1					1						
	Burocracy in business development process	1					1						
	Goods and services demanded free of charge by "strong person"	1					1						
	Alienation of public sector from private sector	1					1						
	High interest rate of the bank loans	1							1				
	Absence of starting capital	2								1	1		
	Unemployment	1											1
	Emigration	1											1
	Border zone	1											1
12	On scale from 1 (poor) to 5 (good), please evaluate your city as the place to carry out your company's business												
	1	0											
	2	1					1						
	3	2			1		1						
	4	1								1			
	5	4		1		1					1	1	
13	The city government encourages a consumer service ethic in its employees, especially those who deal directly with the public												
	1	0											
	2	1					1						
	3	1									1		
	4	3		1					1	1			
	5	6	1		1	1	1						1 1
14	The city makes permitting process for establishing a new business easy and understandable												
	1	1		1									
	2	0											
	3	2					1						1
	4	1									1		
	5	6	1		1	1			1	1			1

No. of question	Questions	Total	1	2	3	4	5	6	7	8	9	10	11
1		1								1			
2		1					1						
3		3							1		1	1	
4		1				1							
5		4	1	1				1					1
	Collecting and waste disposal												
1		1									1		
2		2				1							1
3		1								1			
4		1			1								
5		6	1	1				1	1				1
	Maintenance of roads												
1		0											
2		1				1							
3		3					1			1			1
4		3		1	1						1		
5		4	1					1	1				1
23	What would you like the city to do in order to make it a place with better conditions for the operation of your business?												
	To implement beautification activities which are also connected to budget issues	1						1					
	Job creation	1								1			
	Decrease of local taxes	1									1		
	To address regional problem	1									1		
24	What would you like the city to do in order to make it a place with better conditions for business operation in general?												
	Loans for a lower interest rate	1								1			
	Methodological assistance	1									1		
25	Do you have any additional remarks on business climate in the city?												
	There is no common business climate in the city. The city businessmen's have nothing common.	1						1					

Question No.	Questions	Total	1	2	3	4	5	6	7	8	9	10	11
1	Type of business												
	Tourism	2		1							1		
	Production of agriculture and forest mechanism	1			1								
	Car servicing	1				1							
	Parks and gardens	1					1						
	Melioration and preventive works	1							1				
	Trade of medical equipment and medicines	1								1			
	Public catering	1										1	
2	Main product or service												
	Tourists services	1		1									
	Agriculture services	1							1				
3	Who are your main clients?												
	Individual consumers	11	1	1	1	1	1	1	1	1	1	1	1
	Other companies	9	1	1	1	1	1	1	1	1			1
	Public sector	8	1	1	1	1	1	1		1			1
4	What percentage of your sale goes to the consumers?												
	In the city	490%	100%		50%	60%	10%		0%	70%	100%	100%	
	In the country	205%	0%		30%	40%	5%		100%	30%	0%	0%	
	In CIS	0%	0%		0%	0%			0%	0%	0%	0%	
	Elsewhere	105%	0%		20%	0%	85%		0%	0%	0%	0%	
5	How many people do you employ?	108			28	3	24	1	33	3	14	2	
6	How many people do you expect to employ?												
	In a year	106		30	0	10	0		50	3	10	3	

Question No.	Questions	Total	1	2	3	4	5	6	7	8	9	10	11
	In three years	191		100	10		25			6	50		
7	If you expect that the level of employment is going to change significantly, please give the reason?												
	Financial	1		1									
	Base exploitation	1		1									
	Contracts	1		1									
	New joint companies are being established	1									1		
8	Does the company have plans to make new capital investments in these premises?	8	1	1	1	1	1	0	0	1	1	1	
9	If yes, please describe them and the planned timing of the investments												
	After exploitation of the base	1		1									
	At the first opportunity, when the finance are available	2				1					1		
	In 2003	3					1			1		1	
10	Which are the three most positive things about city as the place to do business?												
	Culture	2	1										1
	Tourism	3	1					1					1
	Financial	3		1					1		1		
	Exploitation of places of sightseeing	1		1									
	Contracts	1		1									
	Human potential, work force	4			1	1		1		1			
	Natural conditions	2			1								1
	Support of local government, positive attitude	3			1					1	1		
	Improvement of city budget	1					1						
	Clarification of elected and appointed bodies	1					1						

Question No.	Questions	Total	1	2	3	4	5	6	7	8	9	10	11
	2	1					1						
	3	2			1			1					
	4	1								1			
	5	4		1		1					1	1	
13	The city government encourages a consumer service ethic in its employees, especially those who deal directly with the public												
	1	0											
	2	1					1						
	3	1									1		
	4	3		1					1	1			
	5	6	1		1	1		1				1	1
14	The city makes permitting process for establishing a new business easy and understandable												
	1	1		1									
	2	0											
	3	2					1					1	
	4	1									1		
	5	6	1		1	1			1	1			1
15	The city makes permitting process for building, remodeling, or expending a business facility reasonable quick and fair												
	1	0											
	2	0											
	3	2									1	1	
	4	1					1						
	5	4			1			1	1	1			

Question No.	Questions	Total	1	2	3	4	5	6	7	8	9	10	11
2		5					1		1	1	1	1	
3		1				1							
4		0											
5		5	1	1	1			1					1
	Administration of municipality property												
1		0											
2		0											
3		1									1		
4		1				1							
5		8	1	1	1		1	1	1	1			1
	Providing fire-protection												
1		1								1			
2		1					1						
3		3							1		1	1	
4		1				1							
5		4	1	1				1					1
	Collecting and waste disposal												
1		1									1		
2		2				1						1	
3		1								1			
4		1			1								
5		6	1	1			1	1	1				1
	Maintenance of roads												
1		0											
2		1				1							
3		3					1			1		1	
4		3		1	1						1		
5		4	1					1	1				1

Question No.	Questions	Total	1	2	3	4	5	6	7	8	9	10	11
23	What would you like the city to do in order to make it a place with better conditions for the operation of your business?												
	To implement beautification activities which are also connected to budget issues	1					1						
	Job creation	1							1				
	Decrease of local taxes	1								1			
	To address regional problem	1								1			
24	What would you like the city to do in order to make it a place with better conditions for business operation in general?												
	Loans for a lower interest rate	1							1				
	Methodological assistance	1								1			
25	Do you have any additional remarks on business climate in the city?												
	There is no common business climate in the city. The city businessmen's have nothing common.	1					1						

Question No.	Questions	Valid number of questionnaires	Total	%
1	Type of business	8		
	Tourism		2	
	Production of agriculture and forest mechanism		1	
	Car servicing		1	
	Parks and gardens		1	
	Melioration and preventive works		1	
	Trade of medical equipment and medicines		1	
	Public catering		1	
2	Main product or service	2		
	Tourists services		1	
	Agriculture services		1	
3	Who are your main clients?	11		
	Individual consumers		11	39%
	Other companies		9	32%
	Public sector		8	29%
4	What percentage of your sale goes to the consumers?	8		
	In the city		61%	
	In the country		26%	
	In CIS		0%	
	Elsewhere		13%	
5	How many people do you employ?	8	108	
6	How many people do you expect to employ?	8		
	In a year		106	
	In three years		191	
7	If you expect that the level of employment is going to change significantly, please give the reason?	4		
	Financial		1	
	Base exploitation		1	
	Contracts		1	
	New joint companies are being established		1	
8	Does the company have plans to make new capital investments in these premises?	8	8	
9	If yes, please describe them and the planned timing of the investments	6		

Question No.	Questions	Valid number of questionnaires	Total	%
	After exploitation of the base		1	
	At the first opportunity, when the finance are available		2	
	In 2003		3	
10	Which are the three most positive things about city as the place to do business?	11		
	Human potential, work force		4	
	Tourism		3	
	Financial		3	
	Support of local government, positive attitude		3	
	Culture		2	
	Natural conditions		2	
	Exploitation of places of sightseeing		1	
	Contracts		1	
	Improvement of city budget		1	
	Clarification of elected and appointed bodies		1	
	Involvement of investing organization		1	
	Community property and assets		1	
	Demand		1	
	City development		1	
	Improvement of the social situation and living standard		1	
11	Which are the most negative things about the city as the place to do business?	10		
	Tax base		7	
	Poor financial conditions of people		6	
	Absence of starting capital		2	
	Financial		1	
	Base exploitation		1	
	Communications means		1	
	Banking system		1	
	Expensive energy carriers		1	
	Absence of banking investments		1	
	Bureaucracy in business development process		1	
	Goods and services demanded free of charge by "strong person"		1	
	Alienation of public sector from private sector		1	
	High interest rate of the bank loans		1	
	Unemployment		1	
	Emigration		1	
	Border zone		1	

Question No.	Questions	Valid number of questionnaires	Total	%
12	On scale from 1 (poor) to 5 (good), please evaluate your city as the place to carry out your company's business	8		
	Very poor		0	0%
	Poor		1	13%
	Average		2	25%
	Good		1	13%
	Excellent		4	50%
13	The city government encourages a consumer service ethic in its employees, especially those who deal directly with the public	11		
	Very poor		0	0%
	Poor		1	13%
	Average		1	13%
	Good		3	38%
	Excellent		6	75%
14	The city makes permitting process for establishing a new business easy and understandable	10		
	Very poor		1	10%
	Poor		0	0%
	Average		2	20%
	Good		1	10%
	Excellent		6	60%
15	The city makes permitting process for building, remodeling, or expanding a business facility reasonable quick and fair	7		
	Very poor		0	0%
	Poor		0	0%
	Average		2	29%
	Good		1	14%
	Excellent		4	57%
16	Compared with other cities in Armenia, local taxes and fees affecting business are reasonable	8		
	Very poor		5	63%
	Poor		0	0%
	Average		1	13%
	Good		1	13%
	Excellent		1	13%
17	The city's system for collecting taxes and fees is fair and efficient	8		

Question No.	Questions	Valid number of questionnaires	Total	%
	Very poor		2	25%
	Poor		0	0%
	Average		2	25%
	Good		1	13%
	Excellent		3	38%
18	The city consults the business community when making major decisions about public investments	6		
	Very poor		1	17%
	Poor		0	0%
	Average		0	0%
	Good		3	50%
	Excellent		2	33%
19	The city government is accountable and responsible its use of public funds	5		
	Very poor		1	20%
	Poor		0	0%
	Average		0	0%
	Good		1	20%
	Excellent		3	60%
20	Does city ask business for voluntary contributions for special public needs?	11		
	Yes		8	73%
	No		3	27%
21	If yes, are such requests reasonable?	8		
	Yes		8	100%
	No		0	0%
22	In Armenia, cities are in charge of providing a number of services. On a scale from 1 (poor) to 5 (excellent) please evaluate the following services			
	Protection of the environment	11		
	Very poor		2	18%
	Poor		0	0%
	Average		1	9%
	Good		1	9%
	Excellent		7	64%
	Housing	10		
	Very poor		0	0%
	Poor		2	20%

Question No.	Questions	Valid number of questionnaires	Total	%
	Average		3	30%
	Good		1	10%
	Excellent		4	40%
	Providing utility services	11		
	Very poor		0	0%
	Poor		5	45%
	Average		1	9%
	Good		0	0%
	Excellent		5	45%
	Administration of municipality property	10		
	Very poor		0	0%
	Poor		0	0%
	Average		1	10%
	Good		1	10%
	Excellent		8	80%
	Providing fire-protection	10		
	Very poor		1	10%
	Poor		1	10%
	Average		3	30%
	Good		1	10%
	Excellent		4	40%
	Collecting and waste disposal	11		
	Very poor		1	9%
	Poor		2	18%
	Average		1	9%
	Good		1	9%
	Excellent		6	55%
	Maintenance of roads	11		
	Very poor		0	0%
	Poor		1	9%
	Average		3	27%
	Good		3	27%
	Excellent		4	36%
23	What would you like the city to do in order to make it a place with better conditions for the operation of your business?	3		
	To implement beautification activities which are also connected to budget issues		1	
	Job creation		1	
	Decrease of local taxes		1	
	To address regional problem		1	

Question No.	Questions	Valid number of questionnaires	Total	%
24	What would you like the city to do in order to make it a place with better conditions for business operation in general? Loans for a lower interest rate Methodological assistance	2	1 1	
25	Do you have any additional remarks on business climate in the city? There is no common business climate in the city. The city businessmen's have nothing common.	1	1	

RESULTS OF BUSINESS ATTITUDE SURVEY

