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**Preparation of Destination Management Organization (DMO) Development Model for the
Republic of Armenia**

Ref. Number: DMO-01

**ASSIGNMENT 3
TASK 5
Preparation of 4 Site Management Plans
SMP1: Areni Community**

**ARS Progetti SPA
in association with ARPA Environmental Foundation**



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Index

LIST OF ABBREVIATIONS	5
LIST OF TABLES	6
LIST OF FIGURES	7
1. OBJECTIVES OF THE STUDY	8
1.1. Purpose	8
1.2. Specific objective	8
1.3. Contents	8
1.4. Stakeholder involvement	8
2. SITE IDENTIFICATION	9
2.1. Site Description	9
2.2. Site Boundaries	9
2.2.1. Core area	9
2.2.2. Tourism impact area	10
2.3. Key Stakeholders identification	10
3. TOURISM ASSETS AND DEMAND	11
3.1. Tourism Supply in the impact area	11
3.1.1. Tourism attractions and activities, and their improvements	11
3.1.2. Tourism facilities and services, and their improvements	13
3.1.3. Infrastructure analysis and recommendations	15
3.2. Tourism Demand	15
3.2.1. Visitor flows	15
3.2.2. Profile of visitors	16
3.2.3. Community use of the site	16
4. KEY STRATEGIC AND MANAGEMENT ISSUES FROM A TOURISM PERSPECTIVE	17
4.1. SWOT Analysis	17
4.2. Critical issues	18
5. STRATEGIC FOUNDATIONS	19
5.1. Vision Statement	19
5.2. Stakeholder engagement	19
5.2.1. Stakeholder mapping	20
5.2.2. Stakeholder communication	20
5.2.3. Key strategic stakeholder issues	21
5.3. Tourism Development Strategy	21
5.4. Governance	22



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6. SITE MANAGEMENT PLAN (Under Tourism Perspective)	22
6.1. Recommended extent and forms of tourism	22
6.1.1. Suggested investments at the site	22
6.1.2. Suggested investments on other tourism services and infrastructures in the impact area	23
6.2. Visitor Management	24
6.2.1. Carrying Capacity	24
6.2.2. Flow Management Techniques	27
6.3. Visitor rights and responsibilities	27
6.4. Adding value through products, experiences and services	28
6.4.1. Why it is important	28
6.4.2. Products, services and experiences that can be developed	28
6.4.3. Sales	29
6.4.4. Value Infrastructures	29
6.4.5. Branding and marketing	29
6.4.6. Involvement of entrepreneurs and community	30
6.4.7. Merchandising	30
6.5. Collection of visitor flow statistics	30
6.6. Communication to stakeholders and public at large	31
6.7. Risk management (Safety and security)	31
7. MONITORING	31
7.1. Conservation or environmental benchmarks	32
7.2. Community benchmarks	32
7.3. Economic/Tourism benchmarks	32
7.4. Site-specific benchmarks	33
8. ORGANIZATION	33
8.1. Governance structure	33
8.2. Management structure	34
8.2.1. Main responsibilities of the ATB	34
8.2.2. Role and responsibilities of the Municipality of Areni inside the ATB	34
8.2.3. Role and responsibilities of the Areni Tourism Association inside the ATB	34
8.2.4. The team of experts	35
8.3. Functional Structure	35
8.3.1. Timeline for the implementation of the Site Management Plan	36
8.4. Human Resources	37
9. BUSINESS PLAN	38
9.1. Key assumptions	38
9.2. Costs	39



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Ambiente Risorse Sviluppo



9.3. Revenue streams	40
10. CONCLUSIONS AND FINAL RECOMMENDATIONS	42
ANNEXES	43
Annex 1: tourism related businesses in Areni	43



LIST OF ABBREVIATIONS

Abbreviation	Definition
ATA	Areni Tourism Association
ATB	Areni Tourism Board
ATDF	Armenian Territorial Development Fund
AUA	American University of Armenia
BA	Business Armenia
B&B	Bed and Breakfast
CFOA	Communities Finance Officers Association
DFA	Development Foundation Armenia
DM	Destination Managemnt
DMO	Destination Management Organization
EU	European Union
FTE	Full Time Employee
GoA	Government of Armenia
GIZ	Deutsche Gesellschaft fur Internationale Zusammenarbeit
HTF	Half Time Employee
HO.RE.CA	Hotels Restaurnt and Catering
JV	Joint Venture
KE	Key Expert
LEID	Local Economy and Infrastructure Development (project)
MES	Ministry of Emergency Situations
MoE	Ministry of Economy
NK	Non Key (expert)
NCFA	National Competitiveness Foundation of Armenia
NGO	Non-governmental Organization
PAs	Protected Areas
RA	Republic of Armenia
SA	Study Area
SPNAs	Specially Protected Natural Areas
SMEs	Small and Medium Enterprises
TA	Travel Agent
TC	Tourism Committee
TO	Tour Operator
ToR	Terms of Reference
TSPs	Tourism Service Providers
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
VD	Vayots Dzor
WB	World Bank



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LIST OF TABLES

Table 1: Tourism attractions in Areni	12
Table 2: Areni stakeholder mapping	20
Table 3: Areni stakeholder communication plan	21
Table 4: Suggested investments for existing tourism assets in Areni	23
Table 5: Suggested investments for additional tourism attractions in Areni	24
Table 6: Areni tourism development time plan	36
Table 7: Department and Staff	37
Table 8: Direct costs ATB per year	39
Table 9: Revenue streams ATB	40



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LIST OF FIGURES

Figure 1: Study core area: ten villages within Areni enlarged/consolidated community	10
Figure 2: Tourism impact area: Areni community boundaries	10
Figure 3: Main Natural heritage identity attractions: View of the karstic peaks and cliffs of Vayk Range on the left. View of stalactite formations in Mozrov Cave on the right	13
Figure 4: Representative examples of Urban and Built heritage identity attractions: Noravank Monastery on top left; Areni Church on the top right; and the Areni-1 Cave archaeological remains at bottom	13
Figure 5: Example of intangible heritage: Karases in use for wine making at Areni Wine Factory and Traditional dances in typical dress for Trndez, 14th February 2021	13
Figure 6: Street vendor around Areni	17
Figure 7: Areni Cultural Tourism	29
Figure 8: Integrated Marketing Approach for Areni	30
Figure 9: Steps for risk management defined by ISO 31000:2009	31
Figure 10: Management Structure	36
Figure 11: Profit and loss ATB	41



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1. OBJECTIVES OF THE STUDY

1.1. Purpose

The study is intended to define the site management plan for the Areni community, which is known for its wine and cultural and natural heritage, and will be upgraded under the project to better host wine related tourism experience.

1.2. Specific objective

According to agreements reached with the TC after the Inception Report Presentation, the Site Management Plan is to be intended as a **Tourism Management Plan** that will supplement existing management tools with tourism development activities and procedures in order to increase the site's touristic attractiveness through specifying management, operation and other related functionalities.

The Site Management Model will be structured on the base of the tourism development masterplan elaborated in 2019 by ARS Progetti and the ARPA Foundation as part of the project promoted by the ATDF "Development of Concept for the Heritage Hub Regeneration in Areni Village and Adjacent Villages".

The masterplan developed with the direct participation of key stakeholders of the local community aims at guiding the urban regeneration through the restoration of public infrastructure and the upgrade of heritage and landscape elements, such as building facades and roofs, public spaces, museums, access roads, water and sanitation, drainage and street lighting. Furthermore, the masterplan focuses on wine tourism, and proposes new routes and innovative products to promote Areni and its surrounding destinations.

The Masterplan is built around the concept of valorization of the site-specific identity attractions around which a comprehensive program and action plan for development has been proposed and subsequently approved by the national and local authorities.

1.3. Contents

According to TORs, the TSMP is based on the specific nature of the site and addresses the following topics:

- Analysis of the tourism supply and demand of the Areni tourism area
- Recommendations for the improvement of tourism attractions and activities
- Definition of key strategic management issues and a comprehensive SWOT analysis
- Stakeholder mapping and engagement
- Governance model
- Recommendations for a site management model for the Areni tourism area
- Specification of human resource needs and key required capacities and skills per the functionality.

1.4. Stakeholder involvement

The TSMP ensures identification of Key Stakeholders (i.e. owners and implementers of the SMP) from the beginning of the project and tightly cooperation with them for enforcing the plan's sustainability.

A workshop was organized by the Consultant in coordination with Client and key stakeholders to present and summarize the findings and reach agreements based on consultative approach.



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2. SITE IDENTIFICATION

2.1. Site Description

Areni community is situated in the central-east area of Armenia, south-east of the capital city, bordering with the mountains of Nakhchivan. The area that is covered by the current site management plan covers 10 villages within the Areni community.

Areni enjoys a certain domestic reputation for its eno-gastronomy heritage and products. The destination is considered a hotspot for Armenian visitors who are travelling to Areni over the weekend, enjoying fresh agricultural products and purchasing locally made wine.

Currently, Areni's revival and growth of wine culture is a strong driver for its development as a tourism destination, with a growing number of investments in hotel and restaurants opening. This, combined with archaeological attractions nearby (Areni-1 Cave,) is opening possibilities to further strengthen Areni as a key tourism hub for Vayots Dzor region. Moreover, local tourism businesses stated that tourists would like to experience more activities when visiting specific sites (visit secondary attraction, walking, hiking, etc.).

Areni acts as gateway to South Armenia for travelers coming from other destinations and driving to the country from Iran. Being rich in history, natural and cultural attractions Areni and the Areni-Yeghegnadzor cluster needs to be further developed, also in view of enhancing popularity of close by attraction poles of Tatev and Meghri.

It emerges an urgent need to invest in community infrastructure and qualitative accommodation/experiences inside the area. In particular, poor quality of roads leading to the sites has been identified as major weakness for individual visitors, therefore improving the road networks is critical as it helps reaching the attraction safely and timely, and enriches the set of attractions/activities to be experienced by tourists.

2.2. Site Boundaries

2.2.1. Core area

The area interested by the development of the management model focuses on Areni Enlarged Community. The Community administrative boundaries as established back in 2016 extends over an area of about 426 Km² and includes 10 villages (which were independent before 2017), with a total population of 10.410 inhabitants (2011 Census).

The ten villages located in the study area are: Areni, Khachik, Arpi, Rind, Yelpin, Chiva, Agrarakadzor, Aghavadzor, Mozrov and Gnishik:

- a) Areni, Arpi, Agharakadzor are the main urban settlements they are located along the Arpa River and M2 highway;
- b) Yelpin, Chiva, Rind, Aghavnadzor are settled at the foothill of Vardenis mountain ranges north of Arpa river.
- c) Khachik , Gnishik, Mozrov are the mountain villages climbed in the Vayk Range which is forming the southern boundary of the study area.



Figure 1: Study core area: ten villages within Areni enlarged/consolidated community

2.2.2. Tourism impact area

The tourism impact area coincides with the extended area of ten villages. However, the village of Areni is considered the tourism hub because of the following reasons:

- Areni offers most of the accommodation facilities;
- Areni hosts most restaurants and wine production facilities;
- Areni village is logistically seen the center of the area and connects north with south;
- In order to visit the Areni-1 Cave and the Noravank monastery the village of Areni must be passed;
- From a tourism attraction point of view, the village of Areni is the most attractive destination in the larger Areni area.



Figure 2: Tourism impact area: Areni community boundaries

2.3. Key Stakeholders identification

The key stakeholders of the Areni tourism area are composed of the following:



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- Private businesses related to the tourism industry based within the impact area:
 - o 23 accommodation facilities such as hotels, bed & breakfast facilities;
 - o 9 wine producing companies;
 - o 20 restaurants;
 - o 7 gastro-yards and wine houses;
 - o Farmers producing dried fruits, nuts, vegetables, fresh fruit;
 - o Souvenir shops.
- Associations, international organisations, NGOs and non-for-profit organisations such as foundations related to tourism:
 - o Vine and Wine Foundation;
 - o Foundation that is managing the Areni -1 Cave;
 - o Arpa Environmental Foundation;
 - o USAID; UNDP; World Bank, European Union;
 - o Public entities related to tourism and its management:
 - o Vayots Dzor regional office
 - o Municipality of Areni;
 - o Ministry of Education, Science, Culture and Sport;
 - o Ministry of Economy – Tourism Committee.

3. TOURISM ASSETS AND DEMAND

3.1. Tourism Supply in the impact area

3.1.1. Tourism attractions and activities, and their improvements

The Areni tourism area is full of potential attraction points. However, not all of the potentials are fully enjoyable due to lack of maintenance, accessibility, management, and other reasons. In the following the main attractions are listed according to its cultural and natural heritage value and other types of attractions, divided into primary and secondary attractions.

Moreover, recommended improvements are given for the general infrastructure and for the above-mentioned classification of tourist attractions and assets of Areni.

Type of asset	Primary / secondary	Name of attraction and tourism asset	Recommendations for improvement
Cultural heritage asset	Primary	Surb Astvatsatsin Church	- General valorisation of the building - Improve accessibility - Signage
		Central square and Areni House of Culture	- General upgrade of the building - Signage - Development of urban concept of the surrounding square
		Areni-1 Cave and entrance to the Norvank Gorge	- Enhance aesthetic experience at the entrance point by regulating entrance modalities and visitor flow
		Noravank Monastery	- Landscaping and upgrading of the site to valorise and regulate the tourism impact
		Archaeological excavations in Areni-1 Cave	- Development of inter-active facilities
		Facilities for the "Areni Wine" Festival	- Improvement of streetscape - Provision of facilities to valorize the festival



		Upper Areni central plaza	- General upgrade of the the plaza with resting facilities and pavement
		Eno-gastronomic heritage	- Promotion and marketing of Areni as the country's primary eno-gastronomy destination
		Areni Wine Festival	- Infrastructure upgrade for signage, parking, toilets, etc.
Secondary		Hatakiraz Monastery	- Rehabilitation and opening for visitors
		Ertich fortress	- Restoration of the fortress and creation of a museum of local history
		House of cultural theatre in Agharakadzor	- Rehabilitation
		Stone bridge on Arpa River	- Rehabilitation and site upgrade
		Church and cemetery in Gnishik	- Rehabilitation and valorisation
		Glkhatun House in Chiva	- Rehabilitation, refunctioning and re-use for food and wine tasting facility
		Ulgyur monastery in Aghavnadzor	- Upgrade road infrastructure - Soft rehabilitation
Natural heritage asset	Primary	Noravank Gorge from the entrance to the monastery	- Upgrade and provision of amenities for passive recreation activities along the Gorge

Table 1: Tourism attractions in Areni enlarged community

Ideas and recommendations for additional tourism attractions & activities not existing at the moment:

- establish a museum / exhibition center about the history of wine making in Areni;
- market place / bazar for local products along the riverside of Areni and along the main roads leading to Areni;
- revival of the ancient viticultural landscape at Gnishikadzor Archaeological complex;
- development of adventure sports in Noravank Gorge;
- opening of a hiking trail on the upper edge of Noravank Gorge from Noravank to the Arpa River;
- promotion of the development of slow-winter sport facilities;
- create a communal / cooperative winery for the promotion of local wine consumption and purchase;
- promotion of the establishment of an integrated cultural landscape and archaeological park in Noravank Gorge and Areni-1 Cave;
- opening of a tourist visitor and information center;
- development of a management plan to open Mozrov and Arjeri caves to promote individual cave expeditions;
- establishment of the Karas Producers Association and Training School for karas making in Rind.





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Figure 3: Main Natural heritage identity attractions: View of the karstic peaks and cliffs of Vayk Range on the left. View of stalactite formations in Mozrov Cave on the right



Figure 4: Representative examples of Urban and Built heritage identity attractions: Noravank Monastery on top left; Areni Church on the top right; and the Areni-1 Cave archaeological remains at bottom



Figure 5: Example of intangible heritage: Karases in use for wine making at Areni Wine Factory and Traditional dances in typical dress for Trndez, 14th February 2021

3.1.2. Tourism facilities and services, and their improvements

In the following the supply of primary tourism related facilities and services is presented, it includes:

- Accommodation facilities: 23 with a total capacity of 188 beds;
- House restaurants: 11;
- Gastro-yards and wine houses: 7;
- Wineries: 9;
- Restaurants: 9.



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A detailed list of all tourism related businesses as mentioned above is attached in Annex 1.

All of the listed supply facilities are small-scale family-run businesses and have been classified like this by the municipality of Areni. Some businesses offer various services, e.g., a gastro-yard can be a winery and a restaurant as well. The restaurants show a high quality with regards to the dishes and the ingredients used, the service quality differs but is evaluated as good in general.

Regarding the accommodation facilities, the service quality, equipment, comfort and general services are middle to low quality. Those facilities that are managed as a single business usually offer better quality than those managed by families renting out a few rooms in their own house.

In Areni village a hotel belonging to Tufenkian hotels chain with a capacity of around 100 rooms is currently in development and planned to open in 2023. Tufenkian Hotel is looking to develop quality tourism and a competitive luxury product, focusing on the potential of grapes, wine and history of Areni. The 4 star hotel will have the following amenities:

- 100 rooms;
- Convention centre (conference halls) – accommodating more than 300 people , also suitable for private events such as weddings;
- Indoor and outdoor swimming pool;
- Panoramic gym (located on 6th floor);
- Spa structure is under development, its management shall be outsourced to an international company;
- Restaurant (open for hotel guests and other guests);
- Separate wine bar / shop / tasting rooms: promoting wine tours with local wineries, but also other Armenian quality wine. The wineries with whom the hotel is planning to cooperate in Areni are: Jacobian Hoobs – Zorah –In Areni (upper-scale Areni Winery product) – Momik.

The Areni Lodge Hotel, a family-run business with 12 rooms is also about to be opened in 2023. The rooms are catered to upper-scale tourists as the prices for rooms (120USD per night) and the 2 presidential suites (240USD per night) for VIP are quite high with respect to the prices of other accommodation structures in Areni. Luxury tourists are the target as the Areni Lodge Hotel does not want to compete with existing local accommodation businesses, it is the goal to contribute to the creation of suitable accommodation solution to enhance quality of accommodation in Areni.

The hotel restaurant shall also work as a training institute for locals who want to work in the local restaurant and hospitality industry. Other amenities are the following:

- Meeting room facility for 70 people;
- Roof top observatory to foster astronomy tourism;
- Museum showcasing intangible cultural heritage of Areni, focusing on artists and artisans in cooperation with the Areni municipality.

Souvenir shops and handicraft facilities:

- Areni offers a few possibilities to purchase souvenirs. In particular, the following shops are open at present:
 - Areni village: one pottery workshop including a souvenir shop was identified in Areni village during the mission in October 2022. The owner, a young lady, is not particularly interested in collaborating with the local tourism industry and tourists as she faced some issues with certain tourism businesses in the past. She mainly works with school kids and adults, teaching pottery and art methods, producing cups, plates, bijouterie, paintings, and daily supply objects. The products are all hand-made, of high quality and creative.



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- Areni village: the Wine Factory, located along the main road, offers various souvenir products in the wine tasting space, at the entrance. These products are related to wine, such as, bottle openers, bottle holders and coolers, paintings, magnets, bowls, wine glasses, aprons, table cloths, etc. However, the souvenir products are rather of low quality and it was not able to assess whether the products were “made in Armenia” or imported.
- Other wineries: other wineries such as Momik, Areni Winery and Trinity offer some particular souvenir products such as books about wine, CDs with local music, creative bottle openers, as well as agricultural souvenir products such as dried fruit and herbs, etc. However, these wineries do hardly promote the mentioned souvenir products as they are focusing on selling wine.

3.1.3. Infrastructure analysis and recommendations

At the moment the tourism impact zone of Areni is accessible via car only. There is no availability of an airport or train services. Public transportation services that can be used by tourists are limited to small vans and buses, as well as taxis. The main roads are generally in a good shape. Off the main route, the roads lack in pavement, signage and any other relevant infrastructure.

The supply of water and electricity cannot be assured constantly. Especially during the dry season there is a shortage of fresh water. This can lead to social issues with regards to the development of accommodation facilities, in particular in Areni village. Proper services for sewage and solid waste disposal urgently need to be installed as they threaten the environment of the area.

- Recommended hard interventions required for the improvement of general infrastructure:
 - Improvement of street network in traditional neighbourhoods;
 - Streetscape improvement along secondary street networks in Areni town;
 - Streetscape improvement in traditional urban patterns in Areni, Khachik and Yelpin;
 - Streetscape improvement and facilities provision to valorize Areni Wine Street Festival;
 - Improvement of solid waste management system including collection system, separation system, re-use of waste for energy production (bio-mass plant, bio-fuel plant, renewable energy plant for heat and electricity, etc.) for all villages;
 - Improvement of waste water drainage and treatment for all villages;
 - Provision of pathfinding and informative signages along main roads, at villages and at village entrance / exit points in all villages.

3.2. Tourism Demand

3.2.1. Visitor flows

Due to the lack of proper tourist arrival and demand data the following information is based on personal interviews with private and public stakeholders. No exact numbers are available at the moment as neither the TC, the national statistics bureau nor the municipality of Areni are collecting any relevant data.

At present, only hotels are requested to provide tourist arrival data. B&Bs and any other accommodation structure are exempt. However, approximate numbers shall be reported to community leaders on a regular basis.

In order to benefit from statistical data, the municipality of Areni shall introduce a “soft” arrival data mechanism to be applied to all accommodation facilities. This shall come along with workshops and trainings about awareness raising with respect to the importance and benefits of data collection (to



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the municipality and the businesses), and user-friendly data collection interfaces (data collection mobile apps or on google shared documents).

High travel season is tendentially between March and November. The visitor numbers culminate during the Areni Wine Festival in September when all surrounding accommodation facilities and private houses are usually fully booked. From the end of November to the end of February many tourism businesses are closed for the winter due to low arrival numbers. This is also due to the bad road conditions in winter.

According to the information collected during interviews the visitor demand has been growing over the last years by 10-15% (except for 2020).

3.2.2. Profile of visitors

Most of the visitors in Areni are domestic tourists who are staying in the impact area for the weekend. Leisure, relax, wine and local gastronomy are the main drivers for individuals, couples, and family groups coming for family celebrations. The majority of the visitors arrive from the capital city and surrounding areas and are travelling by car for around 2-3 hours.

Moreover, those visitors that are regarded as diaspora Armenians are one of the most important tourists. They are usually travelling with their extended family, come for a longer stay, travel to small villages and enjoy local restaurants, as well as purchasing local wine and agricultural products.

International visitors of the Areni area are mainly composed of ex-pats living and working in Yerevan or in surrounding countries. A large part of international tourists imigrate from Russia and Iran as well as Georgia. However, some groups from Germany and France are also visiting Areni with organized tours from national tour operators.

3.2.3. Community use of the site

The local residents of Areni show proudness of their area, especially with respect to the wine and agricultural products that are produced and sold. Many families run agricultural activities producing wine, dried fruits, nuts, vegetables, fresh fruit, bread, herbs, etc. They try to get integrated into the local tourism value chain selling their products to accommodation facilities and restaurants.

Although there has not been identified any relevant coordination of businesses in the form of an association, it seems like the agricultural family businesses are somehow finding their way to benefit from the local tourism industry. This happens at one side through direct sales to tourism businesses, at the other side through direct sales to visitors driving by car buying agricultural products along the road.

The farmer stands along the road are mainly in scarce conditions, without hygiene services, electricity, water, parking space, signage, organization, etc. In order to improve the overall situation for street vendors, which are mainly local farmers, these street markets shall be rehabilitated as mentioned throughout this report. Such a rehabilitation needs hard interventions (as mentioned) and soft interventions such as marketing, maps, transparent pricing, cleanliness, etc.

Rehabilitated street vendor markets would contribute the overall aesthetics of markets along the road, invite more visitors to stop and purchase products, among other benefits.



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Figure 6: Street vendor around Areni

4. KEY STRATEGIC AND MANAGEMENT ISSUES FROM A TOURISM PERSPECTIVE

4.1. SWOT Analysis

Strengths

- The area is very rich in identity attractions** that are part of the living culture, essential to the local population and to their social organization. These resources are paramount assets on which to build on to develop a solid and sustainable tourism.
- The destination is characterized by **outstanding nature, heritage and ancestral traditions**. Vineyards are a characterizing element of the Areni landscape, with its wine production and festival being a main attraction point for regional tourists. International tourists, mainly from Russia and Iran, are also attracted by the destination.
- There is a considerable tendency of tourism growth with respect to arrival numbers, overnight numbers and new businesses in the sectors of agriculture, wine and tourism. The local community has a certain kind of business interest in the tourism industry and is investing.
- Areni village is easily accessible via car from Yerevan. It can be visited for a day trip but most of the visitors stay for one night or over the weekend.
- Areni has a distinctive competitive advantage which is eno-gastronomy tourism. Furthermore, Areni is known for the nearby Areni-1 Cave which is a well-managed archaeological site.

Weaknesses

- Areni's nearby villages are in a rural setting with some villages and nearby attractions difficult to access due to poor infrastructure.** The quality of accommodation is below international standards and both community infrastructure, buildings and sites rehabilitation appear are not in line with growing expectations of the global tourism market.
- Wine-making and selling are supported by several development initiatives, but informality is still predominant.** Although its ancestral traditions, the destination has still to feature itself as a "brand" in the touristic arena.
- Inadequate infrastructure and services provision due to poor public investments which results in an **untidy public realm affecting livability and image of urbanized settlements**. Since 1991, with new economic, social, and territorial priorities, the private ownership of residential, commercial, and most productive lands has been favored.
- Despite a high urbanization rate at national level** (63% of population settled in urban areas) in general **all marzes of Armenia, are experiencing depopulation**: VD is one of the most hit regions with a decrease of 9 to 11% of population in the past 10 years. Main causes are a general trend of population aging and shrinking. The absence of urbanized centers (above 10,000 inhabitants) in VD limits the attraction of investments directed to reinforce



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economic base, infrastructure provision, urban services, and access to welfare. VD misses attractive centers for the populations of their rural regions, either as service reference centers or as employment destinations. This is a structural cause of the de-population phenomenon mentioned above.

- e) **A large share of municipal finances comes from central budget transfers with limited local revenue capacity.** Armenia has made great strides in decentralizing planning processes in urban and territorial planning however, the Soviet Union public administrative legacy weak regulatory framework, and low local capacities have perpetuated a strict hierarchy of planning. This is resulting in poor governance of public commons (green spaces, buffer zones, heritage sites, etc.) and a weak enforcement of building and land use regulations.
- f) **Environmental hazards and pollution connected to poor basic service provision is a challenge** in settled areas.
- g) The municipality of Areni does not follow a certain tourism development strategy, there is no sustainability concept, and any kind of data related to tourism is not collected.

Opportunities

- a) **The rehabilitation of its main sites, coupled with key investments in hard infrastructures, can support the enhancement of Areni landscape and the valorization of its tourism image.** By capitalizing on the retracing of its ancient wine production process (including the use of *karas*), the destination can reconnect with its intangible heritage and its past, while targeting the growing cultural heritage market.
- b) By formalizing and adopting a cooperative approach for wine and spirit production, Areni can add value to both the quality of products and the destination experience, opening its path to become a valuable international destination.
- c) The local community is aware of the growing demand of tourist arrivals and is investing in setting up businesses in the sectors of agriculture, wine, accommodation facilities, restaurants and other support activities.
- d) The annually organized Areni Wine Festival is a key driver for the area but needs improvement to better benefit the community and its businesses.
- e) Implementation of Areni development concept, which is currently undergoing a feasibility study.

Threats

- a) **Excessive commercial and speculation activities may alter the values and significance of the cultural and natural heritage for the community.** It is therefore essential that tourism-related activities, whether carried out by the state, by public or by private organizations, respect and safeguard the tangible and intangible cultural and natural heritage and thus the rights, aspirations and wishes of the present and future, generations.
- b) **Uncontrolled destination development can bring to major environmental problems** and to the risk of ruining the landscape of the area and its identity. International competitors are strongly investing in quality of wine/certification and branding which threatens marginalization and further loss of attractiveness of the Areni region.
- c) **Security issues and tension on the Armenian-Azerbaijan bordered.**

4.2. Critical issues

The following are the most critical issues for the development and management of tourism which are deducted from the SWOT analysis above:

Political, administrative, and legal issues:

- The military tensions with Azerbaijan are a critical issue for investment and development in general, in particular in the tourism industry. Private business owners are hesitant in investing



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in their structures because they are afraid of a general economic downturn in the country on the short term.

- The municipality of Areni does currently not have a clear plan for the development of tourism in general. There is a big lack of data with regards to international and domestic visitors, a tourism business registry, monitoring and sustainability of tourism activities, among many others. Moreover, there is a lack of human resources that are able to carry out certain activities related to a tourism action plan.
- Legal issues regard in particular the proposal of agri-tourism activities in Armenia and specifically in Areni. This covers issues of property laws, business registration, liability concerning visitors, among many others.

Infrastructure issues:

- Energy: electricity shortages are a daily reality in Areni. Businesses are suffering from the uncertainty of electricity supply. Private generators that need to be purchased and run are cost intensive.
- Water: shortages of fresh water supply are also a daily reality in Areni, especially during the dry period.
- Roads and signage: as mentioned earlier, good road conditions are available on the main connections only. All side roads, in particular those in villages are non-paved. Businesses face issues with the accessibility when it rains.

Education and training issues:

- Accommodation facilities and restaurants: the family run businesses and its employees often lack in education and training for proper tourism services. This results in relatively poor service quality although the hospitality is excellent. This covers topics such as standards of cleanliness, aesthetics of architectural and internal design, language skills, among others.
- Business management skills: in particular the family businesses often lack in proper business management skills, covering topics such as marketing and promotion, business networking, investment decision-making, among others.

5. STRATEGIC FOUNDATIONS

5.1. Vision Statement

The mentioned Concept Tourism Development Masterplan is taken as the reference document for the elaboration of the management model to be developed as part of the present assignment.

In particular, the Site Management model is inspired by the tourism development vision for the destination elaborated with the stakeholders as part of the Masterplanning exercise, which states: *“Areni: live the stunning landscape of the ancestral cradle of wine making, surrounded by millenary heritage and sacred mystical traditions, experiencing Armenia culture of hospitality”*.

5.2. Stakeholder engagement

It is critical that the destination thinks carefully about the **potential positive and negative impacts** that tourism may have on the host community and its heritage. **Communication** with the host community to understand their needs, concerns, and aspirations is therefore **a basic tenet of sustainable tourism**.

A participative methodology shall be applied to the structural engagement of stakeholders, in particular private businesses, associations, and civil society organisations. A best practice example for the sustainable integration of stakeholders into a tourism destination management plan has been



applied to the World Heritage Site of Hampi, India.¹ Some of the activities that can be applied to Areni are listed as follows:

- Heritage conservation: the local population shall be integrated into the conservation and protection of tangible heritage including physical interventions for rehabilitation, training, knowledge of materials to be used, among others;
- Site management: establishment of a local consultative committee to better organize the needed interventions for heritage protection and conservation;
- Tourism data collection group: creation of a voluntary group of people responsible for collecting relevant data of tourists and businesses.

5.2.1. Stakeholder mapping

The following table summarizes the key, primary and secondary stakeholders from the civil society, private and public sector of Areni.

	Civil society	Private sector	State / Public / International
Key stakeholder	<ul style="list-style-type: none"> - Wine and Vine Foundation - Areni Wine Festival Foundation - Tufenkian Foundation 	<ul style="list-style-type: none"> - Accommodation facilities - Restaurants - Wineries - TOs and TAs - Transportation companies - Tour guides - Artisans and handicraft workshops 	<ul style="list-style-type: none"> - Ministry of Economy - Tourism Committee - Municipality of Areni - Regional Administration of Vayots Dzor - Ministry of Territorial Administration and Infrastructure
Primary stakeholder	<ul style="list-style-type: none"> - ARPA Environmental Foundation - Institute of Archaeology and Ethnography 	<ul style="list-style-type: none"> - Media agencies - TV stations and radio channels - Farmers and agricultural producer businesses - sommeliers - hosting community - Local businesses (shops, markets) 	<ul style="list-style-type: none"> - Ministry of Education, Science, Culture and Sports (MoESCS)
Secondary stakeholder	<ul style="list-style-type: none"> - Diocese of Vayots Dzor 	<ul style="list-style-type: none"> - Conservation experts - Wine making equipment companies - Secondary tourism businesses 	<ul style="list-style-type: none"> - World Bank - USAID - UNDP - EU - GIZ - WWF - CNF - Embassies

Table 2: Areni stakeholder mapping

5.2.2. Stakeholder communication

The communication with the stakeholders shall be periodical as proposed in the following table:

	Civil society	Private sector	State / Public / International
Key stakeholder	<ul style="list-style-type: none"> - Personal meeting with sector representatives every three months 	<ul style="list-style-type: none"> - Personal meeting with sector representatives every three months 	<ul style="list-style-type: none"> - Tourism report with relevant updates about all activities : once a month to municipality, every six months to Ministries

¹ More information: BAUER, B., SINHA, N., TRIMARCHI, M., ZAPPINO, V. (2017) Tourism Community Involvement Strategy for the Living World Heritage Site of Hampi, India: A Case Study. In: Bourdeau, L., Gravari-Barbas, M., Robinson, M. (Eds) World Heritage Sites and Tourism: Global and Local Relations. Routledge, ISBN 9781315546322 <https://www.taylorfrancis.com/books/e/9781315546322/chapters/10.4324/9781315546322-15>



	- Tourism statistics report about Areni once a month	- Tourism statistics report about Areni once a month	
	- Newsletter containing updates about important entries: every month	- Newsletter containing updates about important entries: every month	
	- Update of content on destination website : once a week	- Update of content on destination website : once a week	
Primary stakeholder	- Newsletter containing updates about important entries: every three months	- Newsletter containing updates about important entries: every three months	- Tourism report with relevant updates about all activities : every six months to Ministries
	- Annual tourism meeting : in person once a year	- Annual tourism meeting : in person once a year	
Secondary stakeholder	- Newsletter containing updates about important entries: every six months	- Newsletter containing updates about important entries: every two months	- Annual tourism meeting : in person once a year
	- Annual tourism report	- Annual tourism report	- Annual tourism report

Table 3: Areni stakeholder communication plan

5.2.3. Key strategic stakeholder issues

The purpose is to identify the aspirations, concerns, opportunities, challenges, roles, and resources of different stakeholders.

The elaboration of a SWOT analysis and its update every six month during the course of the implementation shall be the basis. The following questions could be relevant:

- What are the key stakeholder concerns?
- The key risks or threats?
- What are the key aspirations for individual businesses/stakeholders/the destination as a whole?
- What are the most threatening risks?
- What are the opportunities for doing things better?

The key to this exercise is to identify those key issues that stakeholders will need to focus their efforts, as well as identify other outcomes that might also be achieved.

5.3. Tourism Development Strategy

A basic tourism development strategy for Areni shall be elaborated.

The strategy should identify the following key assets:

- The top 3-5 issues affecting the site;
- The opportunities for doing things better;
- The desired changes and some key performance indicators identifying when a certain change has happened to the satisfaction of the key stakeholders;
- Explain the current capacity and potential resources for solutions;
- Elaboration of a simple action plan with activities required for delivering future solutions.

This tourism strategy should be built around the core issues identified from both from SWOT Analysis and from stakeholder consultation. The strategy should have a simple vision that reflects the



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aspirations of the stakeholders. This should be about protecting the assets and processes that matter in the destination, as well as improving the visitor services.

A basic strategy can directly set out the issues, risks, challenges, objectives, roles, and responsibilities. It should consider environmental, economic, social, cultural, quality, health and safety, aesthetic, and tourism issues. Everyone in the destination with a role to play should be able to understand what is expected of them when they read it, and how they might benefit from supporting it.

5.4. Governance

Every successful tourism destination needs clear governance and management. While some of the world's best managed destinations are running Destination Management Organisations, based on clear Destination Management Plans, such a governance model can also be carried out with strong stakeholder engagement and a leading entity, e.g., a powerful and motivated municipality. Funding is an intrinsic part of tourism destination governance. This part shall be transparent and needs constant monitoring from independent bodies.

There is no one-fits-for-all tourism management structure. Different destinations, societies and cultures have their own ideas of what good management looks like, how it works, and how different people and organisations work together. However, most experts agree that some structure for managing the issues at a destination scale is necessary. The legislative part is also of importance. A destination can have a pure public governance but also a form of a private-public-partnership (PPP). The PPP model has to be based on the legal situation which sometimes needs to be adapted.

In urban areas, it might be an elected mayor or a local authority with an inspired vision. In natural areas, it might be a dynamic National Park management authority with the mandate to protect the site and deliver on wider destination issues. In many larger destinations, it may be the tourism board or DMO that sets the strategy. The destination may need a custom solution, but it can probably learn a great deal from looking at good management systems in other sites.

Destination management usually requires partnership working across the tourism value chain. This can be a challenge, as effective partnership requires consensus of shared goals, aspirations, and mutual obligations. Professionals from different sectors may be reluctant to engage with each other or dedicate time to gain new skills. Site managers who need to influence tourism may need a broader range of skills, some knowledge of the tourism sector, or the willingness to learn about it quickly to help make this dialogue effective.

The management structure should be appropriate to the size and scale of the destination, and define its responsibilities for the management of environmental, economic, social, and cultural issues. It might be a department, group, committee, private company, a Non-Governmental Organization (NGO), or simply a partnership of different types of organizations linked by a shared strategy.

The most progressive heritage sites have management structures and governance that are extremely open and inclusive. A significant number of people in the destination and host community play a vital role in setting the strategy, delivering actions and activities, and monitoring progress.

6. SITE MANAGEMENT PLAN (Under Tourism Perspective)

6.1. Recommended extent and forms of tourism

6.1.1. Suggested investments at the site

In the following, investments for existing tourism assets and non-existing tourism assets are suggested. However, the most important investment is the opening and installation of a tourism



visitor and information center in the heart of Areni. This could also be the seat of the tourism management team who is in close contact with the key tourism stakeholders.

The table reports suggested investments for existing tourism assets.

Type of tourism product	Name of attraction and tourism asset	Recommendations for improvement
C&H (Religious)	Surb Astvatsatsin Church	- General valorisation of the building - Improve accessibility - Signage
	Noravank Monastery	- Landscaping and upgrading of the site to valorise and regulate the tourism impact
	Hatakiraz Monastery	- Rehabilitation and opening for visitors
	Church and cemetery in Gnishik	- Rehabilitation and valorisation
	Ulghiur monastery in Aghavnadzor	- Upgrade road infrastructure - soft rehabilitation
C&H (Built Heritage)	Central square and Areni House of Culture	- General upgrade of the building - Signage - Development of urban concept of the surrounding square
	Upper Areni central plaza	- General upgrade of the the plaza with resting facilities and pavement
	Ertich fortress	- Restoration of the fortress and creation of a museum of local history
	House of cultural theatre in Agharakadzor	- Rehabilitation
	Stone bridge on Arpa River	- Rehabilitation and site upgrade
	Gikhatun House in Chiva	- Rehabilitation, refunctioning and re-use for food and wine tasting facility
C&H (Archaeological)	Areni Cave 1 and entrance to the Norvank Gorge	- Enhance aesthetic experience at the entrance point by regulating entrance modalities and visitor flow
	Archaeological excavations in Areni Cave 1	- Development of inter-active facilities
Gastro & Wine	Facilities for the Areni Wine Street Festival	- Improvement of streetscape - Provision of facilities to valorize the festival
	Eno-gastronomic heritage	- Promotion and marketing of Areni as the country's primary eno-gastronomy destination
	Areni Wine Festival	- Infrastructure upgrade for signage, parking, toilets, etc.
Adventure & Nature Based	Noravank Gorge from the entrance to the monastery	- Upgrade and provision of amenities for passive recreation activities along the Gorge

Table 4: Suggested investments for existing tourism assets in Areni

6.1.2. Suggested investments on other tourism services and infrastructures in the impact area

The following table reports suggested investments for additional tourism attractions and activities that do not exist at the moment:

Type of tourism product	Name of attraction and tourism asset	Recommendations for improvement
Gastro & Wine	Areni Wine Museum	- Establishment of a dedicated wine museum - Exhibition center about the history of wine making in Areni



	Areni Wine Cooperative		<ul style="list-style-type: none"> - Wine shop show-casing the best wine products of the area - Creation of a communal / cooperative winery for the promotion of local wine consumption and purchase facilities for visitors
	Market Place / Facilities along the roads		<ul style="list-style-type: none"> - Establishment of market facilities along the main roads around Areni - Dedicated spaces for street vendors of wine and other agricultural products from Areni - Installation of hygiene services and washing rooms for the vendors and the buyers
	Karas making in Rind		<ul style="list-style-type: none"> - Establishment of the Karas Producers Association and Training School for karas making in Rind
C&H (Archaeological)	Gnishikadzor complex	Archaeological	<ul style="list-style-type: none"> - Revival of the ancient viticultural landscape - Establishment of an archaeological visitor complex
Adventure & Nature Based	Adventure sports facilities		<ul style="list-style-type: none"> - Development of adventure sport facilities along the Noravank Gorge - Mountain bike trail - Climbing park - Kids nature adventure park with climbing facilities
	Hiking trail on the upper edge of Noravank Gorge from Noravank to the Arpa River		<ul style="list-style-type: none"> - Establishment of hiking trails of different difficulty levels - Signage for hiking trails - Signs with site interpretation : information about flora and fauna, animals, landscape, history, etc. - Installation of pic-nic areas with waste disposal facilities, fire spots, etc.
	Cave expeditions		<ul style="list-style-type: none"> - Development of a management plan to open Mozrov and Arcerij caves to promote individual cave expeditions

Table 5: Suggested investments for additional tourism attractions in Areni

6.2. Visitor Management

6.2.1. Carrying Capacity

According to Unesco², the idea of a single number identifying how many visitors a site can accommodate – its “carrying capacity” – is problematic. Recent research has suggested that a better way to think about it is to look at the constraints upon numbers and the variables that are likely to make anything beyond a certain number of visitors unsustainable and socially, ecologically, economically, or culturally damaging.

As mentioned above, Areni has a total capacity of 188 beds at the moment. A hotel complex with around 100 beds, a lodge and a few private bed and breakfast structures are about to be opened soon, summing it up to around 300 beds. If we assume an annual occupancy rate of 50% this would result in around 54.000 bed nights in Areni. Moreover, if we assume that the average length of stay is 3 nights this would result in around 18.000 tourist arrivals per year. Given the relatively vast area of Areni it can be stated that such a number would not affect the tourist destination in a negative manner in the short and medium term.

However, the area presently faces issues with the supply of fresh water and constant electricity. If the above estimated numbers of bed nights and arrival numbers are subject to rise substantially in

² UNESCO (2021). [World Heritage Sustainable Tourism Toolkit](#)



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the coming years and no investment in utility infrastructure is done a severe impact is predicted. This impact hampers the quality of life for the local population and certainly the quality of visitor experience of the tourists.

Moreover, infrastructure for the collection and disposal of residual waste is important in order to protect the environment. With regards to wild life and protected animals, there is the need to introduce a monitoring system and respective signage along the hiking and biking trails. This could prevent a negative impact on the environment and wild life.

Methodologies for calculating carrying capacity

There are several methodologies to calculate Carrying Capacity (CC) for cultural heritage sites with the ultimate scope of informing its operational guidelines³.

The theoretical model for CC calculation is:

$$\text{Total site surface}/(1\text{m}^2 \cdot \text{opening hours})/2$$

However, by setting additional parameters, the master plan for Areni could become a tool to be updated over time to describe the current situation of the site, its state of conservation and any weaknesses or management problems:

Step 1 – Create a site description sheet

This document should entail some general information about the site, as well as its juridical status, environmental data (e.g. seismic risk), information on its management, availability of plans and programmatic documents, number of visitors and their profile (age, gender, nationality etc.), maximum number of visitors/ m² (according to fire regulations), accessibility, number of opening days per year (for fenced CH sites).

Step 2 – Create a set of KPIs

The KPI set could enclose the following information:

Functional Carrying Capacity			
KPI	Description	Confrontation level⁴	Value of KPI
Nr. of tourist with respect to the visitable surface	CC= (visitable surface/ total surface)* theoretical CC	1	To be filled out on site
Maximum visitors	Constraint indicated by fire regulation	1	To be filled out on site
Accessibility	Presence of architectural barriers	1	To be filled out on site
Opening times	Site opening days/hours	3	To be filled out on site
Security measures in place	YES/NO	4	To be filled out on site
Heritage Vulnerability factors	To be identified on place during inspections	3	To be filled out on site

This set of KPIs could inform the definition of visitors paths, opening times, adequacy of lighting systems, security and prevention plans. In absence of data, surveys should be carried out on site.

³ E. Cimnaghi, G. Mondini, M. Valle: "La Capacità di carico turistica: uno strumento per la gestione del patrimonio culturale" in Quaderni della Valorizzazione NS5 – Ministero dei Beni e delle Attività culturali e del Turismo.

⁴level 1: comparison with normative indications (if any) or quantifiable physical factor; level 2) comparison with best practices in the literature; level 3) site-specific definition of the reference target by means of a direct comparison direct comparison with the managing body; level 4) qualitative indications to be defined in consultation with the managing body



Social Carrying Capacity			
KPI	Description	Confrontation level	Value of KPI
Resident perception on tourism flows at site	In-depth interview with key stakeholders to understand satisfaction level	3	To be filled out on site
Perception of tourist's attitude towards residents	In-depth interview with key stakeholders to understand satisfaction level	3	To be filled out on site
Ratio between nr. of tourists in low seasons and high season	1 (i.e., visitor statistics collected at site)	2	To be filled out on site
Other specific problems at site	(e.g., thefts, vandalism)	4	To be filled out on site

This set of KPIs can inform action to de-seasonalize tourism flows, introduce behavior norms at site, prevention policies (e.g. the installation of cameras)

Psychological Carrying Capacity			
KPI	Description	Confrontation level	Value of KPI
Tourist level of satisfaction regarding presentation of CH (i.e., heritage interpretation)	Ad-hoc studies	3	To be filled out on site
% of tourists who believe the site is overcrowded	Direct observation	3	To be filled out on site
Level of fruition of cultural offer and site comprehension	Direct observation	3	To be filled out on site

This set of KPIs can inform actions to enhance site quality and fruition, policies to reduce crowds (e.g. introduction of an online ticket), information on ancillary services and initiatives to make the visit more pleasant.

Infrastructural/ Territorial Carrying Capacity			
KPI	Description	Confrontation level	Value of KPI
Nr. of transports to get to the site	Nr. of ordinary and dedicated transport means available	1	To be filled out on site
Toilets/ nr. of visitors	Determined by the law	1	To be filled out on site
Signage	YES/NO	4	To be filled out on site
Spaces dedicated to visitor relax (e.g., benches and pic-nic areas) in TSMP area	Direct observation and/or ad-hoc studies	3	To be filled out on site
Nr. parking lots in TSMP area	Direct observation and/or ad-hoc studies	1	To be filled out on site

This set of KPIs can inform TSMP on actions related to the introduction of dedicated transportation means (e.g., direct bus operating on weekends) to reach the site and to take decisions on incrementing signage, toilets, trash bins and other amenities available to tourists.

Step 3 – Create a result sheet

The results obtained will be incorporated in a special form, aimed at collecting in a synthetic and organic manner the indications that emerged during the application phases of the model.

As can be seen from the table below, the first field to be filled in relates to the identification of the asset being studied.



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As part of the analysis of the extrapolated theoretical CC values, it is useful to make a comparison with the flows at the reference site, in order to understand whether there is **overutilization or underutilization of the cultural asset**.

The results sheet conclusions should enclose a section on management guidelines, which must contain indications of a strategic nature to improve the conditions of usability of the site and inform its operational guidelines.

6.2.2. Flow Management Techniques

As mentioned in chapter 6.3.1., the number of present visitors to Areni is relatively manageable. Moreover, it is not expected that the number will significantly rise within the next 5 years, as the hotel development sector nor the infrastructure sector around Areni is booming.

However, visitor flow management techniques are necessary during the Areni Wine Fest, the area's biggest event. There is a need for the following interventions to improve the overall visitor experience of the festival:

- management concept of parking spaces including a shuttle service (from parking space to the festival area);
- management concept for the car traffic to and from the festival area: for busses and private cars. Clear road signage and indications of parking spaces is necessary to avoid traffic jams, increase security and safety on the road, and enhance visitor experience;
- improve the management of public hygiene services as well as the number of toilets at the parking areas and around the whole festival area; this should also include the provision of toilets for disabled visitors;
- waste management concept during and after the festival: there is an urgent need to collaborate with the municipality on this topic as the community is disadvantaged being left along with trash after the visitors leave Areni;
- increase road signage as all visitors are arriving by private / collective car or bus;
- provision of maps, information leaflets, booklets about the festival area and the programme.

Creation of visitor itineraries:

Moreover, a certain number of specific itineraries in and around Areni can lead to benefitting the local community and its businesses. Such itineraries can be designed by the local tourism management team, together with the municipality and the businesses. Along these itineraries (walking, hiking, by car) the local businesses can sell their products and services.

Such itineraries can lead through populated areas with a management approach. Further, it prevents the visitors to walk through areas where the local population is not interested in getting in touch with tourists. The itineraries need to be promoted by leaflets, booklets and marked with signage.

6.3. Visitor rights and responsibilities

Taking care of the environment is one of the most important responsibilities of visitors and it shall be communicated in various ways, such as: in hotels, with signage along the main roads, on busses, on websites and social media channels directed at tourism marketing, at specific sites and attractions, etc.

As Areni is a destination which is mainly accessible by car, the parking of these cars shall be managed well and the visitors shall be informed about the parking spots around the city.



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6.4. Adding value through products, experiences and services

6.4.1. Why it is important

Adding value to sustainable and authentic products, services and experiences at the destination is relevant for the local actors and for the visitors.

a) Some products, services, and experiences are outstanding universal value (OUV) critical.

Many sites are “cultural landscapes” that were created by and still sustained by traditional socio-economic systems. In these situations, it is imperative that value is added to the products of such landscapes so the system can be sustained and the OUV attributes preserved through its survival.

b) Some products, services, and experiences are community welfare critical.

Many communities living in or around the site will depend on a relatively small number of products, services, and experiences to survive and feed their families. Even if their basic economic activities are not related to the site, it is often critical for good heritage management that they are able to survive and have a reasonable standard of living. People who are experiencing economic decline are more likely to make choices that can damage the heritage.

c) “Distinctive”, “authentic”, and or “unique” sells.

People visiting specific cultural and natural sites have a reasonable desire for products, services, and experiences they cannot get anywhere else.

The perception of the quality of a destination is a serious matter, and one that can be helped in part by the products, services, or experiences it offers. Regardless of whether what is offered at the destination is important for the host community's livelihood or the value of the site, it is often just good sense and good economics that the opportunities provide good things to buy and do.

d) Diversifying the products, services, and experiences is inherently more robust and sustainable.

Many destinations have quite a narrow product range, which increases their fragility to risk. By widening the product portfolio, the risk can be spread for the host community and businesses.

6.4.2. Products, services and experiences that can be developed

Areni is a cultural tourism destination. The chart below shows the relevant products and services that are related to the Areni cultural tourism system.

Various activities and attractions mentioned in chapter 6.1.2. shall be developed along the value chain to improve the visitor experience at the destination, as well as for improving the business opportunities for the local population.



Figure 7: Areni Cultural Tourism

6.4.3. Sales

Opportunities for purchasing local products are an important factor for Areni. Especially the wine and agricultural products are highly demanded but currently the places for its sales are scarce. As suggested in chapter 6.1.2., market facilities along the main roads to Areni are a necessary investment.

Moreover, consumer products such as souvenirs, as well as products “made in Areni” by local artisans and handicraftsman represent a highly demanded item. However, Areni does not offer any relevant space for such products at the moment. It is recommended that the tourism visitor and information center hosts sales opportunities for such products.

6.4.4. Value Infrastructures

Recommendations to give more value to existing infrastructure:

- Establishment of market and vendor facilities along the main roads leading to Areni;
- Support to the wine production association / cooperation (as soon as it has been established) for investing in bottling machines, hygiene processes, marketing, cultivation and harvest processes, etc.;
- Lower manufacturing costs of key products especially in the agricultural sector through machinery using less energy;
- Installation of renewable energy supplies for the hotel sector.

6.4.5. Branding and marketing

An integrated marketing approach is suggested for the tourism destination Areni. As depicted below, this includes also a specific approach to public relations (PR). Brand partnerships are particularly



interesting for the destination of Areni because of its many distinctive agricultural products and locations such as the Areni Wine Cave.



Figure 8: Integrated Marketing Approach for Areni

6.4.6. Involvement of entrepreneurs and community

Tourism related entrepreneurs and the business community shall be organized by a dedicated association, the Areni Tourism Association (ATA). Its organization and responsibilities are further explained in chapter 8.

6.4.7. Merchandising

Merchandising in combination with a tourism destination often results in the creation of souvenirs. The artists, artisans and handicraftsmen of Areni shall be encouraged to create gadgets and souvenirs made with local materials (clay, wood, metal, paper, straw, etc.), designing consumer friendly products. A best practice example is the product designer Giulio Vinaccia, who is operating from Italy and giving teaching and design recommendations for such products.⁵

Such products (consumer goods, furniture, bijouterie, accessories, etc.) can create significant revenues for the artisans. If the destination of Areni decides for a certain destination logo, it can be applied to some products.

6.5. Collection of visitor flow statistics

The collection of visitor statistics is of high importance for the management and marketing of the tourism destination Areni. In particular, the accommodation structures shall use a consistent system of data collection of basic visitor profile information, such as:

- Nationality
- Place of residence
- Gender
- Age group

⁵ More information: <https://www.giuliovinaccia.org>, retrieved in January 2023.



- Purpose of visit
- Travel party
- Length of stay at the accommodation structure

However, it is recommended such a consistent system of data collection, processing and analysis is managed directly by the Tourism Committee or the National Bureau of Statistics.

6.6. Communication to stakeholders and public at large

As mentioned in chapter 6.5.5., the contribution of PR to the success of a tourism destination cannot be underestimated. This is further linked to chapter 5.2.2. and the suggestions for methods and timeline of stakeholder communication.

The communication to visitors shall also include specific information on the activities, services and products of the destination with dedicated printed brochures, maps, leaflets, guidebooks, additional to the content that shall be given through a destination website.

6.7. Risk management (Safety and security)

Risk management refer to two aspects:

- Risks to cultural heritage;
- Risks to visitors.

With regard to **Risks to cultural heritage**, because of its importance as a management tool, international standards have been developed. One of them is ISO 31000:2009, Risk Management - Principles and guidelines. The figure shows the main steps defined by the standard (inner ring) as well as concepts and tools developed for the heritage sector⁶.

A risk management plan should be devised, with classification of risks from insignificant (risks easily mitigated by normal day to day process) to catastrophic (destruction of the site).



Figure 9: Steps for risk management defined by ISO 31000:2009

7. MONITORING

There are a number of reasons why monitoring is important:

- To ensure that the Value of the site is being maintained
- To assess the condition and/or state of conservation

⁶ See ICCROM (2016). *A Guide to Risk Management of Cultural Heritage*. Government of Canada, Canadian Conservation Institute



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- To allow outstanding issues to be recognised and dealt with
- To allow good practice, knowledge, and experiences to be shared between states, site managers, and other heritage professionals.

Benchmarks should be **smart**:

- **Specific.** Be extremely clear about what you mean; vague or generic benchmarks do not work – target a specific area for improvement.
- **Measurable.** Benchmarks must be based on data that can be repeated to provide comparisons – this requires quantifiable measures.
- **Assignable.** Things only happen if someone is tasked with doing them, specify in who will make this thing happen.
- **Realistic.** State what can realistically be achieved in the given time period, considering available resources.
- **Time-related.** Specify when the action will be undertaken, and when its outcome can be achieved.

Benchmarks should be relatively simple to understand and should be widely communicated.

Benchmarks to be considered include:

- Conservation or environmental benchmarks
- Community benchmarks
- Economic/Tourism benchmarks
- Site-specific benchmarks

7.1. Conservation or environmental benchmarks

For this site we may define the main environmental benchmarks:

- Biodiversity of flora, fauna, animals
- Pollution by tourism businesses and visitors
- Water quality
- Energy efficiency

7.2. Community benchmarks

The main community benchmarks may be defined as:

- The average wage in tourism sector paid to local people in the Areni community
- The poverty rate in Areni
- The quality of life in Areni
- The percentage of local young people who receive training in the tourism industry
- The number of local people who run a business related to tourism

7.3. Economic/Tourism benchmarks

The main economic/tourism benchmarks may be:

- Number of domestic tourists visiting Areni
- Number of incoming tourists visiting Areni
- Number of overnight tourists stays in Areni
- The main purpose of tourist visits
- The profile of tourists
- Seasonality of visits
- Money spent by tourists on food, accommodation, souvenirs, etc.
- Economic impact of Areni Wine Fest



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7.4. Site-specific benchmarks

Such benchmarks may be:

- Number of cultural events organized in Areni during a year
- Number of visitors at Areni Wine Fest
- Number of new wine companies opening
- Number of wine sales from Areni wine companies
- Number of people working in and benefitting from the tourism industry
- Number of people receiving training for tourism business management

8. ORGANIZATION

8.1. Governance structure

Based on discussions with the local stakeholders, as well as the Tourism Committee, the following option for the governance of the Areni tourism site is considered:

- The management is granted to a **Foundation (Areni Tourism Board)** which is created by the Government of Armenia. The key partners such as the Areni Tourism Association and the Municipality of Areni will have their representatives in the Board of Trustees, which is the supreme body of the Foundation;
- Such Foundation will operate as a Local Cluster DMO, representing interests of all key stakeholders involved, starting with the Government via TC/Regional DMO, Municipality of Areni, Gastro & Wine tourism operators.

In this case a new entity is created, the Foundation, which is a non-profit organization, that has a clear objective – to manage and valorize the tourism attractions and assets of Areni.

The legal form of the foundation is preferred to the private LLC for managing the tourism destination. The justification is explained in detail in assignment 1.3 – Conception Framework of the DMO establishment, in particular in the chapters 2.5.2.4 and 2.5.2.5.

In line with the Law on Foundations, the Statute/Charter of the Foundation will stipulate the objectives and list of business activities that the Foundation can engage in personally. It will also define the scope of main stakeholders, the structure of the Foundation, as well as the members of the Board of Trustees.

The following is assumed:

- the Government will provide financial resources to cover operational costs, but most of all for the upgrade and maintenance of public infrastructure and utilities;
- the Areni Tourism Association is established as a purely private entity, composed of the private tourism related companies in Areni and all surrounding villages;
- the Municipality of Areni provides services to the site, including security, waste collection and disposal, installation and upgrade of public utilities, etc.
- the Regional DMO of Vayoz Dzor (which is created by the TC), supports the establishment of the local cluster DMO office in Areni;
- a Board of Trustees of the Foundation will be composed by five people (three from the Government⁷, one each from the ATA and Municipality of Areni). The Government will appoint the President of the Board. The representative of the Municipality and the

⁷ One shall represent the Regional DMO, established by the TC



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representative of the ATA will be Vice-Presidents carrying out responsibilities defined at the following § 8.2.2 and 8.2.3⁸;

- an experienced Director - hired upon a tender on a competitive basis - will be in charge for the management;
- the Foundation will be provided with a staff to cover basic functions including administration and stakeholder coordination.

8.2. Management structure

8.2.1. Main responsibilities of the ATB

Main responsibilities of the ATB shall be the following:

- Management and operational running of the Areni Visitor Center in coordination with the regional DMO;
- Supporting measures for the regional DMO;
- Implementation of marketing activities for Areni;
- Activities concerning product development in Areni;
- Active stakeholder engagement in all 9 Areni villages;
- Decision-making about preferences and urgencies of urban tourism related utility and infrastructure projects;
- Elaboration and implementation of a marketing and branding strategy for the tourism destination Areni in accordance with the national and regional strategies;
- Implementation of the visitor data collection process;
- Fund-raising activities;
- Responsibilities described below at § 8.2.2 and 8.2.3, attributed to the representative of the Municipality and the representative of the ATA, as members of the Foundation Board (both will be Vice-Presidents).

8.2.2. Role and responsibilities of the Municipality of Areni inside the ATB

The representative of the Municipality will have a crucial role within the ATB. Inside ATB, he will carry the following responsibilities:

- Organization of regular meetings, according to the stakeholder engagement and communication plan, including the provision of meeting space;
- Reporting to key public stakeholders such as the Ministry of Economy and other relevant ministries;
- Preparation and final approval of the Areni tourism destination budget;
- Lobbying with relevant Ministries with respect to investment in infrastructure, energy, transport, communication technologies, etc.;
- Fund raising for public investments in the tourism sector;
- Monitoring the visitor data collection process;
- Ensuring social and environmental sustainability of the tourism activities in Areni.

8.2.3. Role and responsibilities of the Areni Tourism Association inside the ATB

The representative of the Areni Tourism Association will be in charge of representing the interests of its members on the territory of Areni.

We point out that the establishment of such a private business association is justified because Areni hosts a certain number of companies that perform well in the tourism sector. There is currently a

⁸ The Foundation shall have an open-participatory model, so as to allow for possible future inclusion of other subjects, such as for instance the Areni 1 Cave Scientific Research Foundation



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certain level of competition, an increasing number of tourism related businesses, and the presently running businesses are growing in terms of employees and revenues. Many business owners are planning in investing in their activities due to the increasing number of tourists and tour operators offering activities. This is a good basis for the creation of an association where competition also result in better cooperation among the actors.

However, due to the scattered business environment, the establishment of the association shall be incentivised and actively supported by the municipality of Areni. The department of tourism shall organise discussion round tables and act as a stakeholder manager to help setting up the private tourism business association.

Such a formal association shall be established in order to create a strong and unified voice of the private tourism sector. Currently, the tourism related businesses are scattered and have little knowledge about the development and future of the tourism sector in Areni. A competitive tourism destination is dependent on a strong business community which is guided by communication, exchange of information and a strong sense of collaboration.

They should represent the following sectors:

- Accommodation structures
- Wineries
- Restaurants
- Tour operator / travel agent / tour guide
- Areni Wine Fest Foundation

The member elected president of the ATA shall rotate every three years, preferably each sector shall be able to have a president when rotating.

Inside ATB, the ARA representative will carry the following responsibilities:

- Fund raising for private investments in the tourism sector;
- Tourism stakeholder engagement;
- Liaison with the larger tourism industry, in particular national and international tour operators, travel agents, etc.

8.2.4. The team of experts

In order to fulfill all duties the ATB needs to be backed by an expert / team of experts with regards to social and environmental sustainability, in particular during the first two years.

The social sustainability shall look at the aspects of job creation, employability, fair remuneration and contracts, fair distribution of tourism companies impact and visitor numbers, and others.

The environmental component of the expert team is supposed to ensure a low ecological impact of the tourism companies, a fair distribution of electricity and water supply, waste management, conservation of the cultural landscape of vineyards, among others.

The team of experts can be the permanent staff members of the Foundation or conduct the expertise based on a contractual basis. During the first two years these experts should elaborate a sustainability action plan and certain indicators. The activities shall then be carried out by the foundation.

8.3. Functional Structure

We assume a management structure which is held by the Executive Director, that operates through functional departments: Board of Trustees , Public Utilities, Marketing & Event Management, Visitor Services. Security and Cleanings of ATB offices might be outsourced, as it is for maintenance and other service activities.



Figure 10: Management Structure

8.3.1. Timeline for the implementation of the Site Management Plan

The following table summarises the steps and timeline for the implementation of the Site management plan for Areni.

The Areni tourism board shall be formally established on the short term, in a two years time, when all roles, responsibilities, and also the budget for its operation have been confirmed. This short time frame is advised as the tourism destination Areni is ready for introducing a management structure. The destination is demanded by visitors and the private businesses are investing in their activities.

TABLE 6: ARENI TOURISM DEVELOPMENT TIME PLAN

<i>Time</i>	<i>Key activities</i>
Short-term (1-2 years)	<ul style="list-style-type: none"> - Elaboration of details of the tourism management structure and the Areni tourism board - Set-up of the Areni Tourism Association with around 10 founding members - Official establishment of the Areni Tourism Board - Approval of a 5 year action plan for the development of tourism in Areni - Installation of market facilities along the roads and in Areni for the promotion and sale of agricultural products
Medium-term (3-5 years)	<ul style="list-style-type: none"> - Initiation of the works for the upgrade of all primary cultural heritage attractions as stated in chapter 3.1.1.
Long-term (more than 5 years)	<ul style="list-style-type: none"> - Creation of a communal / cooperative winery for the promotion of local wine consumption and purchase - promotion of the establishment of an integrated cultural landscape and archaeological park in Noravank Gorge and Areni Cave 1



- development of a management plan to open Mozrov and Arcerij caves to promote individual cave expeditions
- establishment of the Karas Producers Association and Training School for karas making in Rind
- opening of a hiking trail on the upper edge of Noravank Gorge from Noravank to the Arpa River

8.4. Human Resources

The following table reports the Departments along with relative personnel. Security and Cleanings of ATB offices might be outsourced, as it is for maintenance and other service activities.

It is also assumed to engage volunteers for some activities, while ensuring gender equality.

Department	Personnel
Administration	1 FTE
Public Utilities	1 FTE
Marketing & Event Management	2 FTE
Visitor Service	3 FTE
Security/Custodians	2 FTE
Cleaners	2 FTE

Table 7: Department and Staff

Human resources should be specialists of the sphere, trying however to involve local young people who have consistent trainings and skills.

The direct cost of human resources will be covered by ATB Members.

a) Human resources from the municipality of Areni:

The municipality of Areni will provide human resources from the department of tourism and public utilities, including:

- Engineer for public utilities: fresh and grey water management, waste collection and disposal;
- Expert for social and environmental sustainability.

The costs for these positions shall be covered by the municipality and are accounted both as costs and revenue of the Foundation in the Business Plan (they represent the contribution of the Municipality to the Foundation).

b) Human resources from the Areni Tourism Association:

The Areni Tourism Association⁹ will provide the following human resource to ATB:

- Tourism communication officer

The costs for this position shall be covered by the ATA and are accounted both as costs and revenue of the Foundation in the Business Plan (they represent the contribution of ATA to the Foundation).

⁹ The ATA shall not have any employees as all activities foreseen for the association shall be carried out honorarily by its members. This regards in particular the president, the board of trustees and the treasurer.



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c) Human resources from the TC/Regional DMO:

- Director of the Areni Tourism Board
- Administration support
- Event management and fund raising
- Tourism marketing and branding expert
- Tourism product development expert
- Visitor center employees

The costs for these positions shall be covered by the regional DMO.

9. BUSINESS PLAN

9.1. Key assumptions

All main Foundation / ATB partners share responsibilities for the management of the tourism site Areni.

- The site is well accessible and infrastructure works have been made for the parking lots, signage along the roads, public utilities upgrade, among others.
- Market facilities have been opened along the roads leading to Areni and within the city.
- It is further assumed that works for various tourism activities as explained in the chapters have been carried out.

This basic business plan identifies the main sources of costs and revenues for the ATB.

The estimations for the costs of the business plan do not regard the costs for any physical installations for attractions or any infrastructure that are described in the chapters 6.1.1. and 6.1.2 considering the suggested investments.

The financing of infrastructure (public utilities, roads, etc.) and tourism attractions (hiking trails, signage, activities, etc.) shall be provided separately by the Government, by international organisations or by private investors.

The ATB will be involved in the decision making about what kind of investment and infrastructure is necessary and shall be a source of information when it comes to the decision of the locations to be developed.



9.2. Costs

The following costs are an estimation of direct costs for the Areni Tourism Board:

COST CODING	ITEM	COST PER YEAR	
HUMAN RESOURCES	Director of ATB / DMO	15.000,00	
	Administration support of ATB / DMO	12.000,00	
	Event manager and fund raiser of ATB / DMO	15.000,00	
	Marketing and branding expert ATB / DMO	15.000,00	
	visitor center employees (3 positions) ATB / DMO	30.000,00	
	Tourism product expert ATB / DMO	15.000,00	
	Expert for social and environmental sustainability (municipality)	15.000,00	
	Engineer for public utilities (municipality)	15.000,00	
	Tourism communication officer (ATA)	15.000,00	
	Security (2 positions) ATB	18.000,00	
	Cleaning services (2 positions) ATB	15.000,00	
	OFFICE SPACE	Rent for office space	4.000,00
		Utility cost	2.000,00
Technical equipment		2.000,00	
Office furniture		3.000,00	
Organisation of ATB meetings		2.000,00	
LOGISTICS	Communication cost	3.000,00	
	Travel expenses	3.000,00	
TOTAL		199.000,00	

Table 8: Direct costs ATB per year



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9.3. Revenue streams

The revenue streams of the ATB are very much based on marketing cooperations with the private sector, in particular national and international companies in the tourism and transportation sectors. Moreover, revenues are coming from event organisation, parking fees and sales of merchandise and souvenirs, as well as a small amount from the Government (20%) to sustain the activities of the foundation.

ATB INCOME STREAMS	Y1	Y2	Y3	Y4	Y5
MARKETING COOPERATION	\$ 20.000,00	\$ 22.000,00	\$ 25.000,00	\$ 30.000,00	\$ 32.000,00
ORGANISATION OF EVENTS	\$ 10.000,00	\$ 12.000,00	\$ 12.000,00	\$ 15.000,00	\$ 15.000,00
PARKING FEES	\$ 2.000,00	\$ 2.500,00	\$ 3.000,00	\$ 3.000,00	\$ 3.500,00
SALES OF MERCHANDISE AND SOUVENIRS	\$ 10.000,00	\$ 11.000,00	\$ 12.000,00	\$ 12.000,00	\$ 14.000,00
DONATIONS	\$ 10.000,00	\$ 10.000,00	\$ 10.000,00	\$ 10.000,00	\$ 10.000,00
HR COVERAGE FROM ATA	\$ 15.000,00	\$ 15.000,00	\$ 15.000,00	\$ 15.000,00	\$ 15.000,00
HR COVERAGE FROM MUNICIPALITY	\$ 30.000,00	\$ 30.000,00	\$ 30.000,00	\$ 30.000,00	\$ 30.000,00
HR COVERAGE FROM REGIONAL DMO	\$ 102.000,00	\$ 102.000,00	\$ 102.000,00	\$ 102.000,00	\$ 102.000,00
TOTAL	\$ 199.000,00	\$ 204.500,00	\$ 209.000,00	\$ 217.000,00	\$ 221.500,00

Table 9: Revenue streams ATB



Profit and Loss statement

	Y1	Y2	Y3	Y4	Y5
ANNUAL REVENUES	\$ 199.000,00	\$ 204.500,00	\$ 209.000,00	\$ 217.000,00	\$ 221.500,00
ANNUAL COSTS	\$ 199.000,00	\$ 199.000,00	\$ 199.000,00	\$ 199.000,00	\$ 199.000,00
PROFIT/LOSS	\$ -	\$ 5.500,00	\$ 10.000,00	\$ 18.000,00	\$ 22.500,00



Figure 11: Profit and loss ATB



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10. CONCLUSIONS AND FINAL RECOMMENDATIONS

This report presents recommendations for a practical tourism site management model for the valorization and upgrading of services in Areni.

The proposed management model for the tourism destination Areni is based on a comprehensive site analysis, including the following topics:

- Analysis of the tourism supply and demand of the Areni tourism area
- ideas for the improvement of tourism attractions and activities
- Definition of key strategic management issues and a comprehensive SWOT analysis
- Stakeholder mapping and engagement
- Proposal for a management model
- Business plan with prudential assumptions of profit and loss

Considering that Areni with its 9 villages is an attractive tourism destination, in particular for wine and culinary products, the area needs to be managed well and in the best case also sustainably. At the moment, the municipality is not in the position to guide tourism development in Areni, also because the tourism related businesses are hardly connected to each other. A networking approach is necessary to create a collaborative tourism enterprise environment in Areni.

It is recommended to establish the “Areni Tourism Board” (ATB) as a foundation. This body shall take decisions on behalf of the tourism destination Areni. It consists of a strong cooperation between the municipality of Areni, the „Areni Tourism Association” and is running the local cluster DMO office. The Areni Tourism Association shall be a purely private tourism sector business association.

With respect to the proposed DMO model in assignment 1, the local cluster DMO plays a crucial role in the management model as it is responsible for marketing activities, tourism product development and the tourism visitor and information center.

The Areni Tourism Association, a formal body, shall be established in order to create a unified voice of the private tourism sector. The key members shall be from the following sectors:

- Accommodation structure
- Wineries
- Restaurants
- Tour operator / travel agent / tour guide
- Areni Wine Fest Foundation

The proposed model is based on a community driven solution which integrates all private primary tourism stakeholders in the area, in particular its businesses.

The proposed model has been discussed with the municipality and the private entrepreneurs during an expert mission in October 2022 and an online meeting in February 2023.

The estimated costs per year for the Areni Tourism Board are rather low as the management structure is slim and based on the integration of tourism industry experts which support the Areni tourism area to become an attractive destination, in particular for domestic tourists.



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ANNEXES

Annex 1: tourism related businesses in Areni

Accommodation facilities			
No.	Village	Name	No. Of beds
1	Aghavnadzor	Winyard Hill B&B	2-3
2	Areni	Areni wine art B&B	20-25
3		Maran B&B	8-12
4		Traditional Cuisine of Areni B&B	4-6
5		Qarayts (goat) B&B	6
6		Areni lodge guest house and cottage B&B	12
7		Areni wine cellar B&B	7
8		Gnel Sargsyan B&B	2-4
9		Anna's home B&B	10
10		Arsen's house B&B	4-6
11		Areni toun B&B	13
12		Park hotel Khoren's lake	6
13		"Edem" Hotel-Restaurant	8-12
14		La Casa de Areni	4-6
15		LiViTi	8-10
16		Noravank hotel	6-10
17	Arpi	Armine Manukyan B&B	4
18	Gnishik	Gnishik eco lodge	9
19	Chiva	Ararat B&B	6
20		Journey B&B	2
21		Noravank B&B	12
22		Gayane & Khikar B&B	4
23		Ashot & Gohar B&B	4

House Restaurants		
No.	Village	Name
1	Areni	Areni wine art
2		Wine house Mher
3		Arevik wine garden
4		Wine house Areni cave
5		Vardges's place
6		Stepanyan's gastro yard
7		Maran
8		Traditional Cuisine of Areni B&B
9		Ghazaryan's gastro yard
10		Wine house Ar-Areni
11	Arpi	Matevosyan's house

Gastro yards & wine houses		
No	Village	Name
1	Areni	„Areni cave,, Gastro yard and wine house
2		Stepanyan's gastro yard
3		Matevosyan's gastro yard



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4		Ghazaryan's gastro yard
5		Areni Tavern Wine house
6	Arpi	Matevoyan's House Gastro yard
7	Chiva	Noravank Gastro yard

Wineries		
No	Village	Name
1	Aghavnadzor	Matevosyan Wine
2		Trinity Wine Canyon
3		Ginekar Co.LTD
4	Areni	Momik Wines
5		Areni Winery
6		Hin Areni
7		„Areni Wine,, Winery
8	Arpi	Ginetas
9	Rind	Saki & Sons (ZORAH)

Restaurants		
No.	Village	Name
1	Aghavnadzor	„Qarap,, Restaurant
2	Areni	„Harsnasar,, Restaurant Complex
3		„Arpeni,, Tavern
4		„Hin Areni,, Winery and restaurant
5		„Areni Wine Factory,, Winery and restaurant
6		„Edem,, Restaurant Complex
7		„Arpa Parnas,, Wine and rest valley
8		„Noravank,, Canteen
9	Chiva	„Journey,, Restaurant