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Comprehensive Development Plan: Jermuk as a Destination Spa & Winter Tourism Center

Volume I – Core Strategy

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Comprehensive Development Plan: Jermuk as a Destination Spa & Winter Tourism Center

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I. EXECUTIVE SUMMARY

The core strategy for Jermuk is the first of four framework documents that are collectively designed to unite the community around a shared vision of the development of Jermuk as a centre for spa and winter tourism, to provide a road map for achieving it, and to allow the national government and the municipality to coordinate efforts in doing so. The plan was developed at the direction of the Government of Armenia as outlined in Government Decree No. 1064, which designates Jermuk as a “Tourism Center”. It is consistent with and adds direction to the goals laid out in several official documents, including The Government of Armenia’s Program for 2008, the Government of Armenia’s 2003 Poverty Reduction Strategy Paper, the EU Armenian Action Plan, the Jermuk City Master Plan, and the national Tourism Development Concept Paper and supporting Tourism Development Action Plan.

A destination spa is a residential/lodging facility with the primary purpose of guiding individual spa-goers to develop healthy habits and promote relaxation. Jermuk developed a reputation as a spa resort on the basis of the supposed medical properties and healing qualities of its water. Although a popular spa destination in Soviet times (when it attracted as many as 25,000 to 30,000 tourists per year), Jermuk has fallen into decline as a result of the fall of the Soviet Union, changing customer tastes, and a failure to invest in the town’s facilities and infrastructure. Today estimates suggest that Jermuk attracts no more than 5,000 tourists per year. Although Jermuk recently constructed a ski slope in an attempt to make it an attractive year-round destination and thereby decrease the town’s seasonality, Jermuk faces stiff competition in both the spa and winter tourism industries from countries such as Austria, Germany, and France that offer superior quality, as well as others, like the Czech Republic, that are more competitive on cost. It also confronts an increasingly sophisticated market with ever greater niche preferences.

A SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis was developed for Jermuk after extensive interviews and consultations with local and national stakeholders. Based upon the results of the analysis, and a review of relevant literature, a strategic vision was developed for Jermuk: to strive to become a “Center for Healthy and Active Living”, catering to domestic and foreign tourists from Europe, the CIS, and North America (primarily from the Armenian diaspora) who seek to adopt and/or maintain a healthy lifestyle. The vision recognizes that Jermuk is currently, and is likely to remain, at a competitive disadvantage vis-à-vis other, more established, spa destinations and ski resorts, and that Jermuk will need to distinguish itself by offering a holistic tourism experience and promoting itself as such.

The Decree of the Government of Armenia intends that implementation of this vision should result in the following outcomes:

- 1) To turn Jermuk into a year-round spa resort that meets international standards through the development of:
 - a. Spa and winter tourism facilities and services as an alternative to European destinations
 - b. An international chess championship center
 - c. A pan-Armenian and international youth camp destination
 - d. A cultural tourism destination
- 2) Ensure 100,000 annual visitors
- 3) Increase tourism-generated incomes to USD\$100 million
- 4) Create 4,000 additional jobs

An analysis conducted by the consulting team leads them to believe that these goals, while achievable, are likely to be ambitious for a four-year period.

A set of objectives were developed that reinforce and support the strategic vision and goals outlined above. The objectives include 9 direct tourism objectives, which are related primarily to the spas and their immediate related and supporting industries, and 13 indirect objectives, which deal with other areas that have an indirect impact on a tourist's experience in Jermuk. These objectives have been developed specifically to enhance the strengths, counteract the weaknesses, take advantage of the opportunities, and negate the threats outlined in the SWOT analysis. It is recommended that the private sector take primary responsibility for the direct tourism objectives, and that civil society and the local community be integrally involved throughout the entire development process.

The report concludes with some suggestions related to the monitoring and evaluation of the implementation of the local development framework, based on best practices from the US and the UK. As noted above, this volume is followed by three additional volumes that contribute to the Local Development Framework. These include an Action Plan that ties specific actions and relevant deliverables to each objective (Volume 2); Development Process Guidelines that highlight best practices worldwide in development planning (Volume 3); and Development Control Guidelines that are designed to evaluate all new development from the perspective of protection of Jermuk's existing assets (Volume 4).

I. PART ONE – BACKGROUND INFORMATION

A. Definition, Purpose, and Context of the Local Development Framework

Defining a Local Development Framework

Jermuk's future development as a centre for spa and winter tourism is guided by four distinct documents that, together, comprise a Local Development Framework. The framework approach is structured and based upon international best practice in spatial planning from the USA and UK. Together, the four documents provide guidance for the local municipality, the town and its stakeholders on what should be developed, why it should be developed and how.

Spatial planning is a process of place shaping and delivery. It aims to:

- produce a vision for the future of places that responds to the local challenges and opportunities, and is based on evidence, a sense of local distinctiveness and community derived objectives, within the overall framework of national policy and regional strategies;
- translate this vision into a set of priorities, programs, policies, and land allocations together with the public sector resources to deliver them;
- create a framework for private investment and regeneration that promotes economic, environmental and social well being for the area;
- coordinate and deliver the public sector components of this vision with other agencies and processes;
- contribute to the achievement of Sustainable Development.

The Local Development Framework is designed to achieve three aims. First, it will unite the community around a common sense of purpose, assuring that everyone in the community is able to participate in the development process. Second, it will provide the community with a road map for achieving that development. Finally, it will serve to assure that the national government and community have a shared vision and are able to coordinate efforts to move forward together.

This document, the Core Strategy, is the first of the framework documents. It addresses the purpose behind the proposed development, the methodology used in preparing the framework, issues of sustainability and local needs, the roles and responsibilities of the various stakeholders, the overall vision, and objectives in order to meet this vision. In accordance with best practice, the Core Strategy has been prepared based on sound evidence gathering and discussions with public and private sector stakeholders.

This Core Strategy lays out the government's and community's vision of its future. It articulates that vision by first carefully defining what Jermuk wants to be, then, through an analysis of strengths, weaknesses, opportunities, and threats, identifies the obstacles that exist in making the vision a reality, and then coming up with a set of objectives and actions that can be implemented to overcome the obstacles that have been identified.

Other framework documents, attached, comprise:

- 1) Action Plan – specifying concrete and detailed activities that should be undertaken according to set phases of development, to achieve the vision and outlining the responsibilities for undertaking such activities;
- 2) Development Process Guidelines – outlining best practice in planning roles and activities

- 3) Development Policy Guidelines – providing guidance on how development should be undertaken to achieve the vision– the ‘how to’ guide enabling development to maintain the overall character of the town.

Also attached to this Strategy is a short report prepared as a result of the evidence gathering process, and the Jermuk Master Plan prepared in 2004 by Architon Ltd, on behalf of the Ministry of Urban Development.

Context for the Plan

The town of Jermuk has a rich history as a destination spa in the former Soviet Union. However, the fall of the Soviet Union, as well as a rapidly changing set of customer demands, has presented Jermuk with a unique set of challenges in recapturing its position as a regional leader in spa tourism and a primary tourism destination in Armenia.

The Government of Armenia has determined the development of Jermuk to be a national priority. Government Decree No. 1064-Ն (attached as appendix 1), approved on 18th September this year, designated the town as a ‘Tourism Center’ in accordance with article 2 and clause 4 of article 6 of the Law on Tourism and Tourist Activities of the Government of the Republic of Armenia.

The decree obliged the RA Minister of Economy to develop and submit to Government, a Jermuk Development Program, within a three month period. Furthermore, it obligated the Minister to involve various stakeholders in the development of the Program. The Development Program was to be designed on the basis of the City Master Plan, although the Master Plan may be modified to accommodate the Program.

The basis for the government decree was:

- 1) The ‘Tourism Development Concept Paper’ approved by the RA Government on February 13, 2008, in which the goals of state tourism policy are outlined: to enhance the contribution of tourism to national income, undertake regional development, improve living standards and alleviate poverty. These goals are to be achieved through increasing tourist arrivals, tourism-generated incomes and job creation.
- 2) The national project, ‘Armenia as a Center for Organized Recreation’; an action plan for 2008-2012 in line with the Concept Paper outlined above, that prioritizes spa tourism, winter tourism and regional tourism development.
- 3) The natural and climatic resources at Jermuk, the town’s history of providing health and medical tourism services and the town’s future potential for providing health/medical/wellness and winter sports tourism activities.
- 4) The growth in international spa and winter tourism demand.

The decree outlines a number of priorities. These focus on infrastructure, transportation and communications improvements, integrating Jermuk into the European Spa network, sound zoning and urban planning, workforce development, destination marketing and environmental protection. The decree then goes on to define a number of specific activities. The goals, objectives and actions are outlined in part two of this strategy document.

Foundations for the Plan

The plan to develop Jermuk as a leading tourism center is carefully aligned with the Government of Armenia’s Program for 2008. Section 2 of Armenia’s Government Program outlines five key priorities. The fourth priority is “equality in regional development”, including “reduction of productivity and income differentials between Yerevan and the regions” and an “increase in the level of responsibility of local self-governance” (p. 15, English version). This

plan envisions addressing these objectives by creating jobs and increasing the competitiveness of Jermuk as a spa destination, and by doing so through the devolvement of authority and increased input at the local level, as is outlined in further detail in the “process” document. Throughout the strategy, reference will be made to specific sections of the Government Plan in discussing objectives for Jermuk’s Development.

The effort is also anticipated to make an important contribution to the goals outlined in the Government of Armenia’s 2003 Poverty Reduction Strategy Paper (PRSP). Importantly, and reinforcing what the Government Program has outlined, the PRSP notes on p. 19 of the English version (#62) that “more limited chances to find jobs and generate income...are the main reasons for the tangibly higher poverty rates in other cities (outside Yerevan)”. The PRSP Progress Report of May of 2005 also highlights the importance of the income disparities between Yerevan and the regions (p. 11 of English version, #32) noting that the poverty gap between Yerevan and other cities had increased since the original PRSP was developed. Furthermore, the PRSP projects that, of the 248,000 new jobs to be created by 2015, nearly all (231,000) were anticipated to be created outside of the agricultural sector. Creating jobs in the tourism sector in Jermuk will address both of these issues. Additionally, the constraints to addressing poverty that the report highlights include the lack of participatory processes at the local level (p. 12 of English version, #32). The fact that this plan was developed with substantial input at the local level is a step to address this issue.

In accordance with the European Neighborhood Policy of the European Union, the Government of Armenia has committed itself to a number of ambitious objectives focusing on shared values and effective implementation of political, economic and institutional reforms. The implementation of the EU Armenian Action Plan will help fulfill the provisions in the Partnership and Cooperation Agreement (PCA), and is determined to significantly advance the approximation of Armenia’s legislation, norms and standards to those of the European Union. This Strategy contributes to Priority Area 3 of the Action Plan – “*Encourage further economic development, enhance poverty reduction efforts and social cohesion, thereby contributing to the long term objective of sustainable development, including the protection of the environment*”. Due consideration has been given to the activities outlined in the Action Plan, where they relate to the development of Jermuk.

On February 13, 2008, the Government of Armenia adopted the National Tourism Development Concept Paper; a strategic document outlining the vision and goals of state tourism policy to the year 2030. The goals of the Concept Paper are to increase the contribution of tourism to gross national income, balanced development, the improvement of living standards and poverty alleviation in rural areas. State policy defines tourism development principles should be based upon competitiveness, international integration, focus & specialization, cooperation, sustainable development, tourism as a priority sector of the economy, and nature and environmental protection. The objectives and actions outlined in this comprehensive plan for Jermuk are aligned with state policy, goals and objectives prescribed in the Concept Paper.

The Government of Armenia adopted its Tourism Development Action Plan 2008-2012, based on the Tourism Development Concept Paper, on 16th October 2008 (1322- Ն). The Action Plan clearly defines the development of tourism in the Marzes in Armenia and the development of spa, rural and winter tourism as priorities of state policy for the next four years.

Although not analyzed in significant detail, the Jermuk Local Development Framework has attempted to take account of relevant legislation of the Government of Armenia. Details of legislation that have been studied and which impact on the implementation of the Action Plan are outlined in Appendix 2.

Finally, the Jermuk City Master Plan has also served as a foundation for this Core Strategy. The Master Plan provides significant background information on the town and suggests appropriate future zoning. However, although tourism and recreation are mentioned in the Master Plan, there is little in the way of specific recommendations on how to develop Jermuk as a tourism centre. It also lacks a clear vision based on consultation with national and regional government and the local community. This is a gap that this Local Development Framework aims to fill.

Process of Developing the Local Development Framework

The framework was developed through extensive consultation with stakeholders at both the local and national level. A complete list of interviews conducted in order to develop the plan is included in Annex 3. It was also developed based on sound quantitative and qualitative evidence gathering from site visits, report and statistical reviews and other information made available to the research team. A brief evidence-based report is included in Annex 4. Following the interviews and evidence gathering, a SWOT Analysis was developed to highlight the current status of the different areas relative to the plan. On this basis, (stakeholder input and the SWOT analysis) a set of strategies and objectives were determined. Once this had been completed and put into writing, the draft copy of the plan was presented to community stakeholders for their feedback, which was incorporated into a re-drafted (final) version.

Constraints in Preparing the Local Development Framework and Further Work Necessary

The team of tourism industry consultants that prepared the Local Development Framework was constrained largely by the limited timeframe imposed by the Government Decree. Typically, Local Development Frameworks are prepared over a minimum 18 month period, as best practice in spatial planning requires adequate time to consult with all stakeholders and work with the community. The timeframe has made it difficult to analyze in significant detail the existing and relevant Armenian legislation. A review of the Local Development Framework's compliance to legislation is strongly recommended.

Whilst national and local stakeholders graciously gave up their time to meet with the team, there were some delays in obtaining critical documents, including the Jermuk City Master Plan (which was not received until the middle of November). Given the timeframe, it was also not possible to update the Jermuk Master Plan prepared by Architon (a suggestion made by the government decree). It is critical to ensure that zoning of development, as outlined in the Master Plan, is updated to reflect this Local Development Framework.

An important step in the development and implementation of an Action Plan is the undertaking of an Environmental Impact Assessment. Within the EU, this is guided by a directive on Strategic Environmental Assessment. In the case of Armenia, the Government must undertake an Environmental Impact Assessment as obligated by the 'Act of the Republic of Armenia on Environmental Impact Assessment', dated November 20, 1995. As well as discussing with government ministry representatives, the strategy should also undergo a process of community consultation.

It has been difficult to devise concrete objectives and actions with the lack of quantitative information available (employment, tourism, housing, vehicles, etc). It is therefore recommended to develop a Growth Management Strategy to ultimately include as part of the Local Development Framework. The purpose of a growth management strategy is to use quantitative data to decide where, when, and how growth will occur, to help the municipality keep up with new development. One of the goals of the tourism development program is to

add 4,000 jobs to Jermuk. As the population is currently only about 10,000, adding this number of jobs, together with the increased tourist populations, will result in a large influx of new residents and stresses on infrastructure and services. Therefore, the development of a growth management strategy should be tightly integrated into the existing framework and master plan for Jermuk to strategically manage this growth. “

B. Brief History & Background on Destination Spas and Jermuk

Definitions of Resorts and Spas

A resort is a place used for relaxation or recreation, attracting visitors for holidays or vacations. Such resorts usually try to provide most of a vacationer's wants while on the premises, such as food, drink, lodging, sports, entertainment, and shopping. A destination spa, on the other hand, is a residential/ lodging facility with the primary purpose of guiding individual spa-goers to develop healthy habits and promote relaxation. Such facilities usually offer a comprehensive program that includes spa services, physical fitness activities, wellness education, healthy cuisine, stress-relieving activities, and special interest programming. Guests reside and participate in the program at a destination spa instead of just visiting for a treatment or pure vacation. Some are located in exotic locations or spa towns.

Origins and Recent History of European Spas

The current concept of the European spa was born in the famous Roman baths. In the 1900's, most European spas revolved around hydrotherapy and bathing. They were usually divided into two categories: 1) mineral spring spas, which supposedly had healing properties, and 2) thalassotherapy spas, which were based on hydrotherapy using sea water, seaweed, and mineral bath sea salts. In the 1990s, European spas were forced to adjust as government support (financial assistance) for visiting spas dwindled due to financial constraints. European spas have been forced to re-invent themselves to adjust to a changing market, establishing spas in such areas as ski resorts and by the seaside, and targeting ever wealthier, upscale customers. Nevertheless, there has been an explosion in the number of spas and spa-goers in the last 20 years, including those attending destination spas. This explosion has been accompanied by and has contributed to the level of sophistication of spa-goers. Today's spa-goer, with more choices than ever before, is more discerning and demanding than ever.¹

History of Jermuk as a Destination Spa Resort

Jermuk was originally a fortress dating back to the year AD 189, later becoming the summer residence of Armenian princes from a neighboring province. In the early 20th century, government health officials began closely inspecting Jermuk water, and scientists attested to its "unquestionable medicinal properties". By 1945, Soviet officials decided to transform Jermuk into a health resort of nationwide significance, based on the waters' healing properties (incidentally, the word *Jermuk* originated from the word "jerm" which means "hot spring"). By 1970, between 25,000 and 30,000 people, including generals and high-ranking government officials, were visiting Jermuk annually to come to its sanatoriums. Jermuk was in very high demand at the time, while also suffering from insufficient supply. Like other spas in Europe, state-sponsored medical treatment represented the bulk of its demand; the majority of visitors attended as patients, not as tourists. With the decline and fall of the Soviet Union, demand for the services Jermuk provided also declined, and many of its facilities and infrastructure fell into disrepair. Spa visitors fell to their current levels, estimated at 5,000 per year.

¹ Information for this section has been taken from Chapter 2, "American and European Spa", authored by Mary Tabbachi, and Chapter 5 "Trends in the Global Spa Industry" by Susie Ellis, of Understanding the Global Spa Industry, 2008, edited by Cohen and Bodeker.

Alongside the decline of spa facilities, Jermuk also saw a halt to infrastructure development and increasing unemployment. The town's population declined from around 9000 in 1989 to just 5146 in 2001 (census data). The city hosts a number of derelict hotels and sanatoriums that were started during the Soviet Era but never completed. These buildings and construction sites negatively impact the aesthetic appearance of the town.

Jermuk Background

Jermuk is located 175km SE of Yerevan on a plateau, framed by the Eastern Zangezur Ridge, at a height of approximately 2100m above sea level. The territory of the community is approximately 5664 Ha. The climate is characterized by moderate winters (average January temperature -8.1 degrees centigrade) and warm and dry summers (average August temperature 15.6 degrees centigrade). Average precipitation is 800mm per year. The city prides itself with the annual number of sunny days (2409 hours per year). Humidity varies from 62% in August to 72% in January. Snow cover commences at the beginning of December and remains until mid-April. Snow depth reaches between 60 and 75cm in February.

According to data provided by the Jermuk Municipality, the town's current population is estimated at around 6300 people (a density of 112 persons per square kilometer). The RA National Statistical Service puts the figure at nearer 5200 people; constituting 47% of the Soviet-era population. Many of the former Jermuk residents are considered to have moved abroad (mainly to Russia) as migrant laborers. Additionally, a large number of Jermuk residents (those with higher education) are believed to have moved to Yerevan for improved work opportunities.

Jermuk's employment rate (the proportion of working age adults – 18 to 65 years – in employment) is considered to be high compared to other regions, at 87%. The Jermuk mineral water factory represents the town's major year-round employer. Approximately 800 residents (24% of the working population) are engaged in the production industry (mainly represented by food and beverage processing). The tourism sector accounts for 400-450 employees during the high season and 200-250 in the off-peak season. The construction sector is one of the town's most important industries and engages between 200-250 employees. 441 Jermuk residents are registered unemployed – a figure lower than previous years. In addition to the registered unemployed, around 300 Jermuk residents (including Kechut and Gndevaz villages) can be considered as under-employed and available for work; residents largely involved in agricultural activities.

Jermuk, and its surrounding region, are well-known for their historical monuments and churches. Among them are Gndevank (8 c.), St. Astvatsatsin Cloister (XIII c), Noravank (XII c.), Tanaat Cloister (XIII c.), Tatev Cloister (IX-XIII c.), as well as natural sites including Gndevaz lava-stream, dikes, volcanic cones, various lava-flow stones, erosive cliffs, Jermuk waterfall, Jermuk natural bridge, rock springs, warm mineral waters and various natural rock monuments.

Among other local attractions, are the Jermuk Art Museum, a branch of the National Gallery of Armenia; "Pilkahas" caves, situated approximately 1km from Kechut village and about 18 km from the Vayk-Sissian highway; "Mamarza" settlement, located 5 km from Gndevaz village; and Gndevank monastic complex, situated on the left bank of Arpa river, 1km to the west of Gndevaz village.

During Soviet times, two protected areas were designated. Jermuk Reserve was formed in 1958 and covered 3865 Ha of Jermuk oak forest near the upper streams of the Arpa River.

The Jermuk Hydrological Reserve was formed in 1981 and comprised 18,000 Ha of water basin.

With only 4 crimes reported throughout the first 9 months of 2008, Jermuk has one of the lowest crime rates in the country.

Jermuk's Tourism Assets

Jermuk is Armenia's largest and most well-known 'spa' town, with seven operating 'spas', accounting for around 1400 beds. In Soviet times, there were approximately 2000 beds providing accommodation for some 25,000 to 30,000 annual tourists. Each of the spas is apparently fully occupied during the high summer season; this drops to 20% occupancy during the low season. Only two of the spas – the Armenia and Olympia – representing 110 rooms, have been fully renovated in the past three years. Jermuk World (132 rooms), Tulis (80 rooms) and Nareg (a complex of 5 cottages and 2 storey buildings) have performed significant modernization but would still benefit from some interior and exterior renovation. The Ararat (Mother & Child) and Gladzor spas are targeting the lower end of the market and are in need of substantial renovation. Two spa projects are currently under development; the Resort (500 rooms) and Hyatt Spa (80 rooms). Both are apparently funded or part-funded by the Hyatt chain and are due to be completed by the end of 2011. Collectively, the operating spas provide more or less a similar range of services and treatments, typically limited to mineral water treatments (baths, syringing, inhalations, etc) and traditional spa services such as massage, diagnostics and turf/paraffin procedures.

As well as the large-scale spas and spa projects, Jermuk also offers 6 guesthouses with 110 beds. These guesthouses do not offer spa treatments. They include the Verona (24 beds), Cascade (16 beds), Anush (30 beds), Life (12 beds) and Evmari (28 beds).

There are four, non-hotel, operating restaurants, with varying seating capacities and in different states of reconstruction. Together, they apparently provide a capacity of 1500 eating places. All four are located on the right side (spa area) of the town, providing good accessibility for spa guests. However, only two of the restaurants – Jermuk and Gndevank – have a high quality interior and exterior design and operate year round. The Forte and Syunik restaurants only function in the high season. Combining the capacity of the spa restaurants with these restaurants, the town provides a total seating for approximately 2000 guests.

The recently established ski lift provides Jermuk with a modern and attractive recreational opportunity. The significant winter snowfall, large number of annual sunny days and attractive winter temperatures (higher temperatures than Yerevan) provided favorable conditions for establishing the ski facilities. The two runs (red – 1300 meters and green – 1350 meters), nearing completion, provide for both experienced and amateur skiers. A small slope for sledging is also planned. The ski lift charge is AMD 1000. During the summer months of 2008 (July & August), the ski lift hosted 15,000 guests, providing the Municipality with an income of AMD 15 million. The ski lift was constructed by the Swiss company, Leitner, to international standards, at a cost of €5 million (government funded). The company also provided technical training for local staff so that 90% of potential problems can be solved easily. The ropeway length is currently 1km although there is the possibility, in the future and depending on success, to extend this to a network of 16km of ropeways. The ski facilities include the rental of brand new equipment, parking for 250 vehicles and food and beverage outlets. Two ski instructors from Tsgaghadzor have trained 8 local ski instructors

Other recreational facilities include the main town park, covering 12Ha, the mineral water springs, gorge and water cascade (waterfall). During Soviet times, there were many areas

maintained for sports and active leisure. Few of these remain at the spas but are considered to be in a poor state of repair. There are a few cultural monuments in the town but these are not considered to be of major tourist significance.

Jermuk's Mineral Water Composition & Medical Properties

Information on Jermuk's mineral water dates back to the 13th Century according to historian, S. Orbelyan. The springs were investigated by G. Voskoboynikov in 1830 and researched in more detail later in 1925; after which a decision was made to develop the town into a spa resort. The town had its heyday during the Soviet period when it hosted between 25,000 and 30,000 annual visitors.

One Liter Contains	Karlovy Vary (by S.M. Ovchinnikov)	Jermuk (by G. Bozoyan)
Kations		
Lithium	0,0033	0,0037
Ammonium	0,0001	-
Potassium	0,1042	0,0890
Natrium	1,7180	1,2110
Magnesium	0,0465	0,0744
Calcium	0,1025	0,1480
Strontium	0,0003	0,0038
Ferrum	0,0001	0,0008
Anions		
Chlorine	0,6170	0,4757
Bromine	0,0014	0,0001
Fluorine	0,0024	0,0001
Sulfate	1,6620	0,9000
Hydrophosate	0,0001	0,0150
Hydrocarbonate	2,1000	2,2430
Hydroarsenate	0,0001	----
Nitrogen gas	0,40	0,5-0,8
Solid residue (105C)	5,39	3,792
Water temperature °C	73	64

The mineral water springs are classified by the Jermuk Master Plan as thermal (32 to 64 degrees centigrade), lightly acidic to neutral (pH 6.8-7.5), and rich in hydro-carbonates and sulfates. The water contains microelements of iodine, bromide, copper, zinc, iron, cobalt, aluminum, manganese and others.

The composition of Jermuk's water is often compared to Karlovy Vary (Czech Republic), Zheleznovodsk (Russia) and Isti-Sou (Azerbaijan) and is supposed to be as curative as the famous Czech thermal springs. However, there is no recent, independent, evidence-based scientific research on the medical or health benefits of the water.

There are other mineral water sources located in Dara-Yurt Gorge (near Jermuk resort). The water there is lightly thermal (23-36°C), lightly acidic to neutral (pH 6.8-7.0) and rich in hydro-carbonates, sulfates, calcium silicate, boron and iron. Some bore-hole waters are similar to waters in Hankavan (Armenia) and Mashukyan (Pyatigorsk). There are also some springs in Pujur River gorge and the area of Ketchut village.

According to the Encyclopedic Glossary of Resorts (Moscow, 1983), Jermuk water is used for bathing, drinking, rinsing, inhalations and other procedures. The water is also said to treat stomach, intestinal, liver, bladder, pancreatic, kidney, peripheral nervous system, bone, cardio-vascular and gynecological diseases.

According to Jermuk's chief doctor, the mineral waters are also particularly useful for:

- Digestive tract disorders
- Musculoskeletal, loco motor system disorders
- Gall bladder diseases
- Endocrine and hormonal disorders

- Neurological diseases
- Diabetes
- Dermatological and proctologic diseases

The impact of the mineral water procedures apparently depends on the stage of the disease. In general, water treatment is considered most effective at the onset of ailments and chronic diseases. According to the Chief Doctor, treatment is not recommended for those with heart problems, high blood pressure and cancer patients.

As mentioned above, although local medical professionals have highlighted the diseases and illnesses treatable by Jermuk's mineral water, independent evidence to prove the medical benefits is lacking

C. Spa & Winter Tourism Market Potential

Armenia's Tourism Development

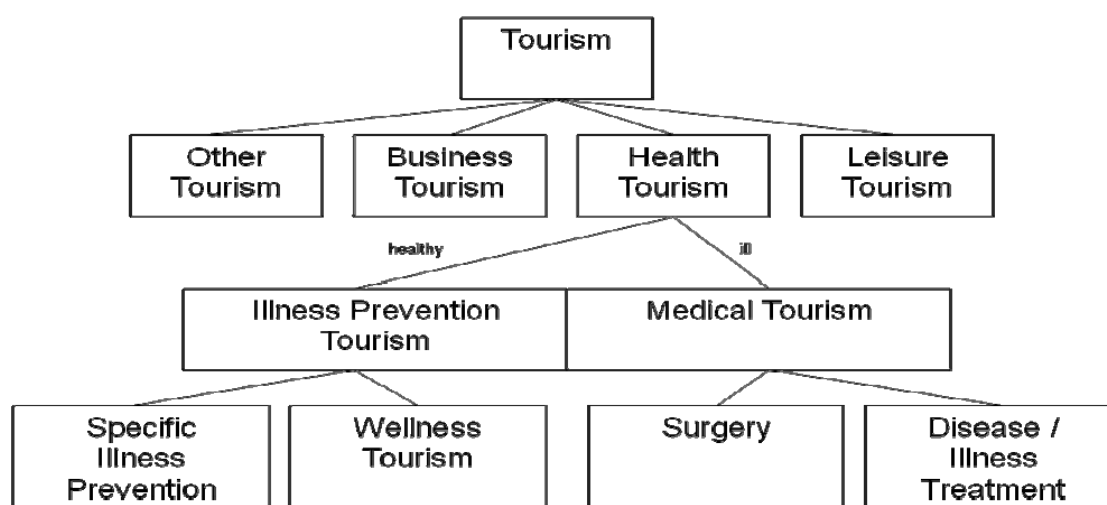
In 2007, Armenia welcomed 510,287 international tourists; an increase of 33.5% on 2006 and a CAGR of 26.7 % since 2001. According to data for the first half of 2008, tourist arrivals increased by 13.3%, continuing the remarkable growth trend. The majority of visitors (data from 2006/7 international visitor survey) are from Russia (34.9%), Georgia (28.1%), Iran (7.8%), the USA (4.5%), France (3.5%), Germany (2.9%) and Ukraine (2.0%). The majority of leisure visitors to Armenia are from Georgia (18.6%), Russia (11.4%), France (11%) and the USA (9.5%). Those visitors who travel to Armenia for health reasons are also predominately from Georgia (55.8%) and Russia (35.9%).

The same survey suggested that 62.2% of all international visitors have Armenian heritage. Although the proportion of international visitors traveling primary for leisure purposes is relatively low (11.6%), it is clear that many of the 44.8% of visitors travelling to visit friends and relatives also undertake leisure activities during their stay.

Little quantitative data is available concerning Jermuk's tourism industry. Estimates suggest that approximately 5,000 tourists visit the town each year, although this cannot be substantiated, and as discussed later in this report, likely to be well underestimated. According to the international visitor survey, those tourists most likely to visit Jermuk are from: Canada (38.2% of all Canadian tourists visiting the town), followed by France (25.2%), USA (22.2%), Lebanon (21.6%), Greece (20.3%), Syria (19.3%), Italy (18.5%), Germany (17.1%), and the UK (15.2%). In total, 8.0% of all foreign visitors to Armenia travel to Jermuk. This increases to 31.6% of all leisure tourists and 21.0% of all health visitors.

According to the same survey, 1.7% of all tourist nights spent in Armenia are in Jermuk. Those most likely to stay overnight in Jermuk are from Greece (3.4% of all their tourists nights spent in Jermuk), Georgia (2.7%), Russia (1.9%), the CIS countries (1.6%), UK (1.2%) and Syria (1.0%). 1.9% of all leisure, recreation and vacation tourist nights are spent in Jermuk. 13.1% of all foreign health tourist nights are spent in Jermuk.

Understanding the Spa, Wellness, Medical and Health Tourism Segments



The terms, “Wellness”, “Medical Tourism”, and “Health Tourism” are often used interchangeably to relate to travel based on some form of health-related treatment. The diagram above outlines the differences between the terms. There are several definitions of the medical, wellness and health tourism segments, however experts largely agree that: while medical and wellness tourism are both regarded as subcategories of health tourism, wellness tourism is assumed to be pursued solely by “healthy” people whose main motive is to preserve or promote their health, and medical tourists become customers only when they are stricken by a specific medical condition or ailment. The term “Spa Tourism”, in the minds of western tourists, is most likely to fit under “Illness Prevention Tourism” rather than “Medical Tourism” although in the former Soviet Union, ‘Spa’ and ‘Sanatorium’ are both used interchangeably to relate to ‘Medical Tourism’.

The term “Wellness” was apparently coined in 1961 by American physician, Dr. Halbert Dunn by joining the words WELLbeing and fitNESS. Muller & Lanz-Kaufman (2001) define wellness as:

“state of health featuring harmony of the body, mind, spirit, with self-responsibility, physical fitness/beauty care, healthy nutrition/diet, relaxation (need for de-stressing)/meditation, mental activity/education and environmental sensitivity/social contacts as fundamental elements.”

Wellness tourists may undertake treatments very similar to those used by medical tourists, but the motive of preserving or promoting their health is in contrast. In general, the wellness movement emphasizes a proactive approach in which people try to identify potential problems and to prevent their further development so that they stay fit, both physically and mentally. Since people take part in recreational activities while on vacation, tourism is a perfect vehicle for promoting wellness.

The spa industry segment is regarded as the leading player in health and wellness tourism. The term spa, comes from the Latin acronym of *sanus per aquam*, or ‘health through water’ and in a contemporary context is broadly defined as ‘water-based and ‘non-water facilities applied for enhancing overall well-being, both physical and mental, through a variety of professional services and treatments. The essential framework of the spa industry is based largely on the use of natural resources (including a healthy climate) with an important contribution from medical care and a comprehensive approach to therapeutic stays. Today, the spa tourism industry is supposed to be going through a renaissance. The key motivations for the contemporary customers visiting spas are considered to be the desire to relax and unwind from the pressures of work and day-to-day life and the wish to maintain health and physical wellbeing.

In terms of defining the different spa experiences, spa facilities are generally classified as:

Day spa: a business that provides a variety of professionally administered spa services on a day-use basis.

Destination spa: a facility with the primary purpose of guiding individual spa-goers to develop healthy lifestyle habits, usually accomplished by providing a comprehensive program that includes spa services, physical fitness activities, wellness education and healthy cuisine.

Medical spa: a spa that operates under the full-time, on-site supervision of a licensed healthcare professional whose primary purpose is to provide comprehensive medical and wellness care in an environment that integrates spa services, as well as traditional, complimentary and/or alternative therapies and treatments.

Mineral Spring spa: a spa, operating within a retreat location and offering an on-site source of natural mineral, thermal or seawater used in hydrotherapy treatments.

Related spas: businesses that incorporate spa principles into their philosophy and practices, with minimal water therapy facilities and minimal guest amenities, e.g. dental spa, salon spa, nail spa.

Resort/hotel spa: a spa owned by and located within a resort or hotel providing spa facilities usually with additional fitness components and spa-cuisine menu choices.

Current Trends in Spa Tourism

Very little research has been undertaken and information currently available about the spa and wellness market segment, either its size or its value. However, rough estimates put the size of the global market at about 5 million international trips annually. This includes only trips made exclusively to spas; it does not include trips made for other purposes in which a trip to a spa is included. It is anticipated that growth in this sector will continue at a rapid pace, driven primarily behind attitudes toward physical fitness and well-being. Additionally, although health and wellness tourism was traditionally driven by women and “empty-nesters” (adults whose children have already left home), there appears to be a trend toward younger individuals (in the 20-24 age group) showing interest as well. In addition, the 50-65 age range remains a largely untapped market; they are attractive because, as they have more free time and they tend to stay longer. The growth in the spa industry can be linked to an increased interest in healthy living, evidenced by higher levels of expenditure on physical fitness activities, and demand for organic and health foods.

According to a study by the International Spa Association (ISPA) released in November 2007, there are more than 150 million active spa-goers worldwide. In terms of sheer numbers of active spa-goers the United States maintains the world’s leading position, accounting for 32.2 million spa visitors. Thailand comes in second with 27.1 million spa-goers, followed by Japan accounting for 19.1 million, Italy with 17.8 million and Germany with 11.5 million. According to the latest figures from the ISPA, medical spas globally enjoyed an annual growth of 69% and were ranked among the fastest growing segments of the tourism industry. Experts estimate that by 2025, wellness tourism will have become the world’s second largest industry, surpassed only by healthcare.

As mentioned above, the destination spa market segment is changing rapidly. Ellis (pp. 74-77) and the ‘Failte Ireland’ National Tourism Development Authority in “Health and Wellness” highlight some of these. They include:

1. A shift from spas being a place to visit to being a well-rounded way of life.
2. Increased mixing of medicine and spas.
3. An increase in spas catering to men and offering male-specific treatments.
4. The introduction of spa suites and couples’ treatments.
5. Increased consolidation and competition, combined with rising costs of labor. Spas began seeking out ways of differentiating themselves, such as offering vegetarian menus; accommodating pets or babies; offering adventure opportunities; or catering to business groups.
6. The rise of the Internet as an avenue for both marketing and booking. The Internet has introduced a new challenge to spas, as it has introduced high-tech into the traditional high-touch spa environment.
7. A rising concern about organic or sustainability issues, and the concurrent rise of the “eco-spa”.

8. Spa-goers who are drawn to indigenous treatments and products, especially when traveling (e.g. Desert Sand-herb Rasoul Scrub in Dubai); these can often serve as the basis for unique products and treatments (such as Dead Sea black mud baths or the wine spas of France)
9. Increased leisure and sporting opportunities.
10. Differentiation through reinforcement of the local culture and customs at spas (such as cultural adventure in Bhutan or delivering serenity in Thailand)
11. Increased emphasis on luxury, with consumers demanding ever more exclusive, private, meaningful, tasteful experiences and more extravagant, indulgent experiences. These may include private spiritual and wellness counseling, new exotic massage oils, four-hour massages, three-therapist treatments, underwater spas, private hotel/spa rooms, and ultra-chic “designer” spas.
12. Spas and wellness retreats will help consumers achieve their health goals such as quitting smoking, recovery from grief, spiritual awareness, and detoxification
13. Increased emphasis on brand-building.
14. A boom in spa cuisine, with more culinary options such as vegan, vegetarian, high protein, low carbohydrate, and low fat.

Current Trends in Winter Tourism

While winter tourism is often seen as relating to snow-based outdoor activities, it is much broader than that. Winter tourism includes any tourism product or service offered between November and April (in the northern hemisphere), regardless of whether it takes place indoors or outdoors. According to the definition of the Winter Tourism Sub-committee of Canada, the range of winter tourism activities can be categorized as follows:

- Skiing - organized alpine activities such as: downhill skiing, snowboarding, heli-skiing;
- Outdoor Experiences - ecotourism and adventure activities such as: cross-country skiing, snowmobiling, snowshoeing, sledging, dog-sledding, tubing, tobogganing, winter camping, wildlife observation;
- Urban Experiences - city-based activities such as: shopping, dining, sightseeing, museums, theatre, concerts, sports events;
- Festivals/Events - major winter events
- Learning/Cultural Experiences - language learning holidays, aboriginal experiences, cooking schools
- Resorts and Spas
- Festive Season - special events related to Christmas, the New Year and other holidays.

However, the main motivation for consumers going on a winter holiday remains sports (e.g. downhill skiing and snowboarding). Criteria for choosing a destination (and resort) include accessibility, price, quality of services and facilities. The sufficient (natural) snow conditions are considered to be the most important destination attributes.

The main incentive for winter travelers is to experience something unique, exotic and/or challenging. The type of an adventure holiday varies according to the target group and it can be based on:

- **Unique nature/culture** (e.g. Northern Lights, Sami culture)
- **Variety of activities** (e.g. skiing, snowboarding, snowmobiling, dog-sledding)
- **Extreme Action** (e.g. survival safaris).

Ski tourism is one of the largest segments within the winter tourism segment. It is assumed that people who go on a ski holiday often have one specific activity in mind; to go skiing. Particularly young people who go skiing together are very focused on getting as much time on the slopes as possible during their stay.

Like spa tourism, few global studies have been undertaken on the international winter tourism market. However, information that is available suggests that:

- There is an increase in day trips to winter resorts
- Skiers are demanding new locations, as long as the quality of the skiing remains the same
- The demographics of skiers and their characteristics (length of stay, accommodation preferences, gender, ethnicity, etc) has changed little over the past few years
- Snowboarding has grown more quickly than skiing; largely as a result of young people taking up the sport, although older generations show some interest
- Winter tourism grows strongly as a result of recommendations from friends and family
- Winter resorts are expanding the range of activities available to tourists to counteract the risk of poor snow quality

Unfortunately, apart from a few national studies, there is little quantitative data on trends within the global winter tourism industry.

Competition in the Spa & Winter Tourism Industry

Although demand for spa and winter tourism products is increasing, there are a large number of destinations competing for tourists. It is critical that tourism planners and stakeholders take account of what these destinations provide when developing Jermuk and provide high value tourism experiences that are chosen in preference to these destinations. Research undertaken in the last two years has shown that Armenia's major source markets include tourists from Western Europe (particularly France, Italy, Germany and the UK), Russia and the US-Armenian Diaspora. It is therefore important to examine the destinations frequented by these tourists.

Austria can be considered to be Europe's major spa and wellness tourism destination with more than 550 wellness hotels and resorts and more than 100 medicinal baths. The country has a 10% share of the European spa market with more than 11 million visitors travelling to take a health-oriented vacation. Austria also accounts for almost one fifth of all Alpine winter tourism. Important resort towns include Baden, Carinthia, Badgstein, Salzburg, Zell am See, Schladming Dachstein-Tauern, Gastein, Hochkoenigs, and Tyrol.

Germany is also considered a European leader in wellness tourism with close to 900 spa resorts, including more than 300 modern health centers, 50 climatic health resorts, 48 seaside health resorts, 62 Kneipp hydrotherapy resorts and more than 160 mineral and mud spas. Popular destinations within Germany are Baden-Baden, Stuttgart, Baden-Wuerttemberg, Bad Nauheim, Wiesbaden, Bad Kissingen, Bad Elster, Bad Duerkheim, Binz, Bad Reichenhall, Bad Homburg, Bad Oeynhausen, St. Peter Ording, Oberhof, Heligendamm and Hesse.

France is the European leader in winter tourism accounting for 37% of all Alpine tourism and providing more than 480km of ski pistes and 150 ski lifts. Popular destinations include Courchevel, Meribel, Chamonix, Val d'Isere, Lourdes, Evian-les-Bain and Dax.

Switzerland offers similar products to Austria with its mix of spa and winter tourism opportunities. There are 164 medium to large well-known ski resorts and numerous health resorts and spas. Popular destinations include Adelboden, Appenzellerland, Engadine/Scuol, Valai/Leukerbad, Weggis, Lucerne, Morschach, Vitznau, Davos, Klosters, St. Moritz, Tasch, Zermatt, Verbiee and La Tzoumaz.

Spain is similar to France with its spa and winter tourism offerings. It has more than 2000 registered thermal springs, 90 baths and 120 spa resorts. It also provides 837 kilometers of ski runs in the popular resorts of Formigal, Baqueira Beret and Sierra Nevada. Other popular destinations include Rias Baixas, Baneario de Archena, Mar Menor, Lanjaron, Baneario de Arnedillo, Baneario de Fitero, Baneario de Fortuna, Baneario de Ledesma and Baneario de Lugo.

Greece has 75 professional spa and bathing centers, and 19 ski resorts suitable for amateur skiers. Popular destinations include Kaimaktsalan, Kellaria, Fterolakos, Vassilitsa, Helmos, Chania, Heraklion, Lasithi, Mykonos, Naxos, Rhodes, Santorini, Sifnos and Tinos. Like Greece, Cyprus offers a relatively small number of spa resorts (approximately 20).

Although Western Europe has dominated the spa and winter tourism industry in terms of quality, expenditures and tourism numbers, countries of the former Soviet Union are adapting well, based particularly on their tradition of health tourism and sanatoria, to the needs of Western European wellness tourists. The same can also be said with their medical tourism sector with large numbers of private patients travelling from west to east for dental work and surgery.

Hungary has become particularly well-known for its spa tourism industry comprising 59 spa hotels and 55 wellness centers. The country apparently has the world's fifth largest supply of thermal waters with 1289 hot springs. Popular destinations include Budapest, Buk, Heviz, Eger, Harkani, Gyula, Zalakaros, Lenti, Mako, Gunaras, Micolz, Debrecen, Dombovar-Gunaras, Hajduszoboszlo and Sarvar.

The Czech Republic has, similarly to Hungary, become a major spa destination for Western European tourists in recent years. Although many people may only have heard of Karlovy Vary, the country has 176 spas, many located in and around some 40 spa towns. Other popular destinations include Podebrady, Marianske Lazne, Frantiskovy Lazne, Jachymov, Bechyne, Darkov, Vraz, Konstantinovy Lazne, Janske Lazne, Jesenik and Luhacovice.

With their accession to the European Union in 2008, both Romania and Bulgaria have increased in popularity for spa and winter tourism.

Geographically closer to Armenia, Russia and Georgia also provide winter and spa tourism destinations. According to the Tourism Development Strategy of the Russian Federation, there are around 150 functioning ski resorts located largely in central Russia, the Povolzhye Region (near the Volga River), Altay, Ural and Caucasus regions, the Kolski and Kamchatka peninsulas, and around Lake Baikal. Famous mineral water resorts are located in Pyatigorsk, Kislovodsk, Zheleznovodsk (the Caucasus), Vladivostok, the Kamchatka and Karelia regions, near the Black Sea, the Altai River and Lake Baikal.

Georgia has two ski resorts centered at Bakuriani and Gudauri and a number of mineral water resorts, the most popular being located in the Borjomi, Abastumani, Nunisi, Sairme, Ckhaltubo, Beshumi, Shovi and Zekari regions.

D. Sustainability & Local Needs

Sustainable Development is most often defined using the Brundtland Commission's definition coined in 1987; that development should "meet the needs of the present without compromising the ability of future generations to meet their own needs." Development of Jermuk as a spa and winter tourism resort must be undertaken in a way that balances the social, cultural, economic and environmental needs of the current population and visiting tourists, and those anticipated to live in and visit Jermuk in the future.

This is important not just from a moral standpoint, because the term 'Sustainable Development' continues to be popular or because other destinations are also focusing heavily on sustainable development. It is critical to the long term success of Jermuk as a tourism destination since the tourism industry there directly depends on the quality of the environment, the character of the town and its culture, and the local people. Short term gains must not take precedence over long term objectives.

Sustainable tourism can be defined as:

"Tourism that takes full account of its current and future economic and social and environmental impact addressing the needs of visitors, the industry, environment and host communities."

The UN World Tourism Organization and UN Environment Program, in 2005, devised 12 key principles for sustainable tourism development, outlined below, which also serve as suitable guidelines for Jermuk's long term tourism development²:

1. **Economic Viability** – to ensure the viability and competitiveness of tourism destinations and enterprises, so that they are able to continue to prosper and deliver benefits in the long term (understanding the market, delivering visitor satisfaction, maintaining good trading conditions, maintaining and projecting an attractive destination, delivering business support).
2. **Local Prosperity** – to maximize the contribution of tourism and economic prosperity of the host destination, including proportion of visitor spending locally (reducing leakages, strengthening links between business, influencing levels of visitor spending).
3. **Employment Quality** – to strengthen the number and quality of local jobs created and supported by tourism, including the level of pay, conditions of service and availability to all without discrimination by gender, race disability or in other ways (increasing employment opportunities and the proportion of year-round jobs, ensuring and enforcing labor regulations, encouraging enterprises to provide skills training programs and career advancement, concerns for the wellbeing of workers).
4. **Social Equity** – to seek a widespread and fair distribution of economic and social benefits from tourism throughout the recipient community, including improving opportunities, income and services available to the poor (developing income earning opportunities for disadvantaged people, utilizing income from tourism to support social programs).
5. **Visitor Fulfillment** – to provide a safe, satisfying and fulfilling experience for visitors, available to all, without discrimination by gender, race disability or in other ways (improving access for all, providing holiday opportunities for the economically and socially disadvantaged, maintaining a duty of care to visitors, monitoring and addressing visitor satisfaction and quality of experience).
6. **Local Control** – to engage and empower local communities in planning and decision-making about the management and future development of tourism in their area, in

² WTO-UNEP, 2005, Making Tourism More Sustainable: A Guide for Policy Makers

consultation with other stakeholders (ensuring appropriate engagement and empowerment of local communities, improving the conditions for effective local decision-making).

7. **Community Wellbeing** – to maintain and strengthen the quality of life in local communities including social structures and access to resources, amenities and life-support systems avoiding any form of social degradation or exploitation (getting the balance right in the volume, timing and location of visits, reducing congestion, careful planning and management of tourism enterprises and infrastructure, promoting mutual use of facilities and services by residents and tourists, influencing behavior of tourists towards local communities).
8. **Cultural Richness** – to respect and enhance the historic heritage, authentic culture and traditions and distinctiveness of host communities (ensuring effective management and conservation of cultural heritage sites, working with communities on the sensitive presentation and promotion of culture and predictions).
9. **Physical Integrity** – to maintain and enhance the quality of landscapes, both urban and rural, and avoid physical and visual degradation of the environment (ensuring that new tourism development is appropriate to local environment conditions, minimizing the physical impact of tourist activity, maintaining high quality rural and urban landscapes as a tourism resource).
10. **Biological Diversity** – to support the conservation of natural areas, habitats and wildlife and minimize damage to them (working with national parks and other protected areas, promoting development and management of ecotourism, using tourism to encourage landholders to practice sustainable land management, working with private parks and reserves, minimizing damage to natural heritage from tourism, raising visitor awareness of biodiversity, raising support for conservation from visitors and enterprises).
11. **Resource Efficiency** – to minimize the use of scarce and non-renewable resources in the development and operation of tourism facilities and services (taking account of resource supply in the planning of tourism development and vice versa, minimizing water consumption by the tourism sector, ensuring the efficient use of land and raw materials in tourism development, promoting a reduce, reuse, recycle mentality).
12. **Environmental Purity** – to minimize the pollution of the air, water and land and the generation of waste by tourism enterprises and visitors (promoting the use of more sustainable transport, reducing the use of environmentally damaging chemicals, avoiding the discharge of sewage to river environments, minimizing waste and where necessary disposing of it with care, influencing the development of new tourism facilities).

These principles must be taken into account with all development and alongside Environmental Impact Assessments prescribed under RA Government legislation.

E. SWOT Analysis

Based on interviews with national and local stakeholders and the asset inventory conducted, a SWOT (Strengths, Weaknesses, Opportunities, and Threats) Analysis was conducted of Jermuk. The SWOT examined each of the numerous elements of importance in the creation of a destination spa and winter tourism destination, from the quality of the spas and winter sport facilities to governance of the area. It has been divided into both direct and indirect tourism factors, and then sub-divided further into categories that make a logical segue into the action plan.

	Strengths	Weaknesses	Opportunities	Threats
Direct Tourism Factors				
Spa, Wellness, and Health Facilities	<ul style="list-style-type: none"> •Best spas have a relatively attractive interior and varying room standards, including high-end •Hyatt planning to build hotel/spa in Jermuk •Recent investments made to spa facilities and suggestions of further funding available •Spas in good location within town •Spas have good reputation amongst domestic population •Growth of international spa and wellness tourism 	<ul style="list-style-type: none"> •Spas have unattractive facades •Few non-medical things to do on-site (usually limited to billiards table tennis or the bar) •Quality of food generally poor, with limited choice •All spas offer basically the same treatments, with little differentiation •Limited flexibility in packages •Poor language and hospitality staff skills •No facilities for disabled people •Lack of online information and enquiries for first time visitors (not operating/not suitable websites) •Limited telecommunication facilities (internet, phone etc) •Ineffective, tardy system of booking, arrival and departure organization. •Lack of flexible pricing system during the low season, which 	<ul style="list-style-type: none"> •Development of more in-house activities; the spas have a captive audience with plenty of disposable income and a lot of time on their hands; these could be very profitable •Development of "specialty" or "house" treatments for which a given spa becomes known to provide some differentiation •Introduction of Western-style food and/or traditional Armenian cuisine •Introduction of flexible packages that allow tourists to choose from an array of options •Improvement of exterior of sanatorium buildings to make them look more modern •Organization of trainings for the staff (language skills, service etiquette) 	<ul style="list-style-type: none"> •Due to the weaknesses listed here, there is a chance that Jermuk spas may find themselves unable to compete with other spas in the west for the international audience they seek •Because of weak appearance of roads, parks walk sides and green areas, sanatorium buildings do not look appealing in the area of city. •Insufficient investment in spa facilities and services

	Strengths	Weaknesses	Opportunities	Threats
		<p>could significantly increase the year-round occupancy rate</p> <ul style="list-style-type: none"> •Age and quality of medical treatment equipment •Lack of proven medical benefit •Limited scope of services •Limited seasonality – 20% occupancy in off-peak season •Poor management and marketing abilities •Lack of diversification of accommodation and services according to the needs and preferences of different age groups, markets and customer segments •Limited understanding of global spa industry and market needs 		
Restaurants	<ul style="list-style-type: none"> •4 restaurants able to provide 1500 eating places at once 	<ul style="list-style-type: none"> •Many restaurants in need of renovation (both interior and exterior) •Choice and quality of food 	<ul style="list-style-type: none"> •To create rich western menu to satisfy demands of tourists from western countries •To represent local (Armenian) or nearby countries (Turkish, Eastern Asian and Mediterranean) cuisine •Development of vegetarian and other healthy menus 	<ul style="list-style-type: none"> •Since service and quality management is not regulated by international standards, the risk exists to leave international tourists unsatisfied
Attractions	<ul style="list-style-type: none"> •Mineral water springs •Ski lift and ski runs of varying levels of difficulty •Landscape, climate •Art Gallery •Pilkahas Caves •Mamarza Settlement 	<ul style="list-style-type: none"> •Lack of attractions for tourists to visit •Little entertainment or recreation (see leisure/recreation below) •Natural and cultural attractions not exploited to provide valuable tourism experience 	<ul style="list-style-type: none"> •Addition of attractions could provide tourists with more to do while simultaneously creating employment outside of the spas themselves •Organization of ski, paragliding, riding courses for the younger tourists and lectures/courses on healthy lifestyle (diet, fitness consultations, stress management etc) for the older ones •Improving the exploitation of existing 	<ul style="list-style-type: none"> •Lack of additional attractions in Jermuk could limit average length of stay and decrease the rate of return visit (especially for foreign visitors)

	Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> •Gndevank Monastic complex •3 Monuments in Jermuk 		attractions	
Services		<ul style="list-style-type: none"> •Lack of qualified tourist guides •General lack of customer service orientation •Limited number of options for tourists who want to eat out •Lack of tourist information points •Lack of goods and services accepting payments via credit card 	<ul style="list-style-type: none"> •Creation of basic tourist information point with someone who can answer questions, provide maps, etc. •Differentiation based on quality service •Accreditation of spas and hotels by international accreditation bodies •Improvement of banking/exchange services to make the delivery of services easier and more affordable •Training of staff in hospitality and customer service 	<ul style="list-style-type: none"> •Regardless of the condition of the spas, inadequate services will likely limit the number of tourists
Destination Management/ Branding	<ul style="list-style-type: none"> •Concerted effort being made to develop an identity for Jermuk as a tourist town by the local private sector •National government commitment 	<ul style="list-style-type: none"> •Lack of current western scientific evidence suggesting that the waters actually offer the health benefits they claim to •Limited promotion resulting in low levels of awareness in Jermuk •Lack of image/message development •Confusion regarding appropriate target markets •Overly reliant on nostalgia as a selling point rather than developing an offer interesting to tourists •Unqualified tourism destination managers and management •Insufficient budget locally and 	<ul style="list-style-type: none"> •Conduct of a study by an unbiased group (scientists/doctors) to prove the health benefits of the water •Development of a clear "brand" for Jermuk that appeals to a new generation of tourists, and actively seeking out and promoting to that target customer •Training and development of Municipal tourist office/staff 	<ul style="list-style-type: none"> •A failure to provide evidence about the benefits of the water could result in loss of customers (especially Western) who rely more on traditional medicine •Failure to develop a core theme could result in inappropriate development of the destination and inappropriate message and targeting

	Strengths	Weaknesses	Opportunities	Threats
Tourism Industry of the Country	<ul style="list-style-type: none"> • Attractive for tourists for its ancient historical heritage and culture • Large share of Armenian Diaspora (mostly from Russia and USA), visiting the country • Steady growth rate of annual arrivals 	<p>nationally to promote Jermuk</p> <ul style="list-style-type: none"> • Lack of high-skilled operating personnel and high quality service and infrastructure • High flight costs (see below) • Uncompetitive hotel prices relative to neighboring countries (Turkey, Georgia, Jordan, Syria) • Concentration of the better tourism facilities for international tourists in the capital city • Investment in the tourist industry oriented to short-term results rather than on the development of the country as a competitive tourist destination 	<ul style="list-style-type: none"> • Jermuk aligns its development and promotional efforts to other activities currently being undertaken within Armenia's tourism industry 	<ul style="list-style-type: none"> • Armenian tourists continue to take overseas vacations rather than domestic trips to Jermuk
Indirect Tourism Factors				
Character/Design of Town	<ul style="list-style-type: none"> • Clean and tidy • Quiet atmosphere conducive to relaxation • Cared for – compared to other Armenian towns • Some good architecture • Family environment 	<ul style="list-style-type: none"> • Too many uncompleted or derelict buildings 	<ul style="list-style-type: none"> • Political will and early process of development planning ensures Jermuk development will be appropriate and sustainable leading to maintenance and enhancement of the character • Development of a design code to maintain character of the town 	<ul style="list-style-type: none"> • Jermuk develops haphazardly and therefore is unable to become an internationally renowned destination • Legislative environment does not support maintenance of the character of the town • Pressure for development results in unsustainable development
Transport	<ul style="list-style-type: none"> • Daily transport between Jermuk and Yerevan in winter months • Twice daily transport between Jermuk and 	<ul style="list-style-type: none"> • Poor transport frequencies • Lack of information on transport options to Jermuk and frequencies • Low quality of transport options – old buses 	<ul style="list-style-type: none"> • Roads, although adequate, could be improved • To create special charter (cheaper) flights to Yerevan for tourists traveling to Jermuk • To operate modern minibus transport (with access to disabled people) driving around Jermuk in peak seasons 	<ul style="list-style-type: none"> • Roads could fall into disrepair if not attended to, limiting access to site • Due to high flight price, tourists may choose other destinations rather than Armenia

	Strengths	Weaknesses	Opportunities	Threats
	<p>Yerevan in summer months</p> <ul style="list-style-type: none"> •3 minibuses provide intercommunity transportation throughout the day •Daily bus to Yeghegnadzor •Two taxi companies as well as private drivers •Adequate roads •Year-round access •3 Petrol Stations 	<ul style="list-style-type: none"> •Only one method of transport to the city •Time taken to reach Jermuk vs. what benefits the town provides •Confusion over airport feasibility in and around Jermuk 	<ul style="list-style-type: none"> •Facilitate ecologically clean means of transportation (cycling, electricity powered transportation) 	
Communications	<ul style="list-style-type: none"> •Reasonable telephone service 	<ul style="list-style-type: none"> •Lack of optical cable to provide Internet access •Small number of public internet terminals 	<ul style="list-style-type: none"> •Addition of high-speed wireless Internet in hotels and other public locations •Satellite TV (including western channels) in rooms of hotels and spas. •Update web location search systems (such as Google Maps) for Jermuk 	<ul style="list-style-type: none"> •Lack of Internet may discourage Western visitors, especially younger tourists, to visit
Health	<ul style="list-style-type: none"> •Existence of polyclinic and ambulance 	<ul style="list-style-type: none"> •No real hospital facility, so surgery would have to be done elsewhere •Potential quality of healthcare in polyclinic •No optician •Poor and limited quality of dental services •Lack of Accident & Emergency medical facilities 	<ul style="list-style-type: none"> •Development of hospital, particularly for potential skiing injuries •Development of ambulance service able to reach mountain ski tracks. 	<ul style="list-style-type: none"> •Lack of adequate health facilities could be a major barrier to developing a town around an "active" lifestyle, which may include inherent risks (i.e. skiing injuries)
Housing	<ul style="list-style-type: none"> •Adequate housing to 	<ul style="list-style-type: none"> •Inadequate housing for any 	<ul style="list-style-type: none"> •Development of additional housing dedicated 	<ul style="list-style-type: none"> •Lack of adequate housing

	Strengths	Weaknesses	Opportunities	Threats
	support current population	substantial number of additional inhabitants along with quite a large share of derelict buildings without any plans for future (or deadlines for making any plans) <ul style="list-style-type: none"> •Relatively expensive, especially to rent •Many owners have left, leaving empty properties 	to seasonal workers in the tourism industry <ul style="list-style-type: none"> •Reconstruction/destruction and the optimization of the available stock of empty, derelict buildings and change of their profile based on the analysis of needs of the resort •Provision of short-term rental facilities for high paying clients 	facilities may limit the number of additional workers the town can attract <ul style="list-style-type: none"> •Limited housing would also likely result in higher prices
Infrastructure	<ul style="list-style-type: none"> •Clean and tidy streets and town 	<ul style="list-style-type: none"> •Much of local infrastructure is either half-complete or run-down •Absence of signs and road maps on the roads showing directions to different places in the city (spas, waterfall, ski lift, restaurants). 	<ul style="list-style-type: none"> •Renovation of existing buildings and destruction of those that cannot be could increase visual attractiveness of town •Chance to develop public-private models of cooperation for infrastructure development •Renovation of pavements, sidewalks and grass areas near roads and street lights in Jermuk city •Construction of underground parking can free up the town from unattractive looking garages and make space for landscaping and public spaces •Scheduling and the supervision of the reconstruction/construction of the privatized, but so far run-down buildings 	<ul style="list-style-type: none"> •If development of new infrastructure is not accompanied by destruction of the old, substantial investment may not result in substantial improvement
Utilities and Energy	<ul style="list-style-type: none"> •Adequate gas and electricity 24/7 •90% of town provided with gas •Good water supply •Garbage collection system 	<ul style="list-style-type: none"> •Gas provided entirely by Russia and passes through Georgia •Sewage system outdated, without proper treatment and passing into Arpa river •Solid waste disposed of without preventing groundwater pollution •Open air garbage storage area 	<ul style="list-style-type: none"> •Development of gas pipeline from Iran to diversify source •Use of solar energy as done in some European countries to heat water (solar panels on the roofs of spas or hotels). •Surfacing and the enlargement of the sewage system 	<ul style="list-style-type: none"> •Substantial influx of inhabitants may strain the existing electricity grid •Political risk re: gas stoppage •The sewage capacity may not be enough for future development of the town
Retail		<ul style="list-style-type: none"> •Very little retail services exist 	<ul style="list-style-type: none"> •Chance for small, private shops to develop on 	<ul style="list-style-type: none"> •Too many new shops might not

	Strengths	Weaknesses	Opportunities	Threats
		<p>and what does is limited primarily to food</p> <ul style="list-style-type: none"> •No shops on left (sanatorium) side. The ones on right (living area) side do not have appropriate appearance 	<p>right side selling things that interest tourists, such as handicrafts</p>	<p>look harmonious with architecture and nature of the city</p>
Education	<ul style="list-style-type: none"> •Existence of primary and secondary schools, including art, sport and chess schools •Vocational education available for tourism-related jobs 	<ul style="list-style-type: none"> •No universities in Jermuk •Quality of education only mediocre •Most tourism education that does exist is based in Yerevan (Yerevan offers tourism mgt) •Sports school is in poor state of repair with outdated equipment and poor heating 	<ul style="list-style-type: none"> •Development of a “center of excellence” in tourism development in Jermuk to train individuals interested in moving into the spa and winter tourism industry •Creation of internships and on-the-job training options for students studying in Yerevan to generate interest in working in Jermuk upon graduation •Creation of an easily browsable web page covering educational and informational issues about Jermuk (including links to spas and hotels web pages) 	<ul style="list-style-type: none"> •A lack of qualified skilled labor would be a nearly insuperable barrier to the development of Jermuk as a legitimate, recognized leader in spa tourism
Economy and Employment	<ul style="list-style-type: none"> •Unemployment lower than in other areas due to tourism industry •Jermuk Group provides substantial employment year-round 	<ul style="list-style-type: none"> •13% unemployment •Underemployment •Seasonality of tourism industry provides uneven employment throughout year •Unemployed aren't equipped to work in tourism and must be trained •General lack of suitable job opportunities •Difficult to find trained construction workers and shortage of skilled workers 	<ul style="list-style-type: none"> •Introduction of winter activities to provide a year-round source of employment •Chance to diversify region away from its traditionally heavy dependence on agriculture •Chance to link employment and education opportunities (see “education” above) •Development of tourism support industries, such as restaurants, retail, etc 	<ul style="list-style-type: none"> •Heavy dependence on one industry; global recession or economic downturn could limit the amount of money people spend on tourism
Agriculture	<ul style="list-style-type: none"> •Meat and dairy products, potatoes 	<ul style="list-style-type: none"> •Fruits and vegetables not grown •Lack of strong market 	<ul style="list-style-type: none"> •Exploration of agricultural tourism •Exploration of vegetable cultures available to 	<ul style="list-style-type: none"> •Due to future increase of food consumption, food prices in

	Strengths	Weaknesses	Opportunities	Threats
	<p>available</p> <ul style="list-style-type: none"> • Good quality cultivation nearby with improved irrigation 	<ul style="list-style-type: none"> • Mechanization underdeveloped 	<p>grow at that altitude in order to serve them fresh (and organic) in restaurants</p>	<p>Jermuk may increase</p>
Community Services	<ul style="list-style-type: none"> • 3 Libraries • 2 Churches • Baze Children's Camp • 2 Banks • Functioning police station 	<ul style="list-style-type: none"> • Poor standard fire brigade 	<ul style="list-style-type: none"> • Expand fire services 	
Leisure/Recreation	<ul style="list-style-type: none"> • Development of ski lift with two ski runs of differences in difficulty • Public park in reasonable condition covering 12 Ha 	<ul style="list-style-type: none"> • Lack of hiking trails • Limited indoor and outdoor sports facilities available for use • Generally limited number of things to do • No organized activities /facilities complementary to ski lift services in summer • Very little social or night life, such as bars, pubs, bowling and computer game centers. • Only one festival, Jermuk's winter, held yearly 	<ul style="list-style-type: none"> • Expansion of ski lift network and ski runs • Development of leisure and recreation activities around a common theme • Expansion of the chess facility for use by visitors • Organization of tours/activities complementary to ski lift and suitable to the environment (i.e. riding and hiking tours, paragliding, golf, rock climbing, rafting, cycling – bicycles for rent) • Development of evening activities appropriate to a crowd of people who live an active, healthy lifestyle 	<ul style="list-style-type: none"> • Lack of an active night life could drive away younger tourists, who are the most likely to travel to Jermuk in search of active, healthy living
Cultural/Religious	<ul style="list-style-type: none"> • 2 churches • A few monuments • Armenia's general reputation as a center of Christianity • Art Museum 	<ul style="list-style-type: none"> • No archaeological sites • No real craft industry • No real presence of items of cultural and historical significance 	<ul style="list-style-type: none"> • Putting visible signs on those things that are of significance and presenting them in a visually appealing way (such as the waters and the Kings' Bathing Area) • Create new monuments or attractions • Organization of Art presentation in Art Museum during peak seasons • Development of cultural tours (carpet making, wine production, blacksmith, etc) • Creation of service industries representing the 	<ul style="list-style-type: none"> • Potential disconnect as tourists visit the country primarily for its religious and cultural offerings while Jermuk's primary offer is nature and outdoors living

	Strengths	Weaknesses	Opportunities	Threats
			<p>cultural heritage of Armenia (“ancient Armenia” style restaurants (like “Old Yerevan”), tonratun (Armenian national bread baking), etc) in order to overcome the lack of items of cultural/historical significance in the region</p> <ul style="list-style-type: none"> •Creation of annual festival that would go along with Jermuk’s tourism theme and attract tourists 	
Environment	<ul style="list-style-type: none"> •Fresh air, attractive nature (including water and forests) •Generally clean streets •Attractive lake •Water Cascade 	<ul style="list-style-type: none"> •Water contaminated (including recent discovery of arsenic in water) •Nature has been inadequately separated from infrastructure so natural attractions such as the waterfall are not as pleasant as they might otherwise be 	<ul style="list-style-type: none"> •Creation of sewage treatment plant (see utilities & energy) •Development of protected areas that restrict building in those areas •Development of building codes to protect watersheds and environmental character of town 	<ul style="list-style-type: none"> •Water contamination may result in substantial decrease in number of tourists •Insufficient development of protected areas may hinder Jermuk’s ability to market itself as a “natural destination”
Civil Society	<ul style="list-style-type: none"> •Existence of “municipal councils” that can veto decisions •Very low (nearly non-existent) crime rate 	<ul style="list-style-type: none"> •Generally very little citizen participation in decision-making •Lack of a tradition of citizens’ groups who contribute ideas to the community leadership •Tourism association non-functional 	<ul style="list-style-type: none"> •Involvement of citizens in community planning activities •Improve tourism association role 	<ul style="list-style-type: none"> •If community not sufficiently involved in planning, may have objections to certain aspects of development plan
Governance	<ul style="list-style-type: none"> •National government has made Jermuk a priority location for development 	<ul style="list-style-type: none"> •Municipality has limited input into planning process (driven at national level) •No official responsible for local economic development •Although compulsory purchase of land possible, it is difficult and appears to be used very little in practice (compulsory upgrading also appears to be rare) 	<ul style="list-style-type: none"> •Devolve local development planning to the municipal level •Clarification on the part of the municipal government regarding under what circumstances compulsory purchase will be adopted •Creation of investment incentives to attract private sector money •Achieving and coordinating a balance between resort development and the maintenance of 	<ul style="list-style-type: none"> •If local planning not devolved, could result in a plan that is not accepted by and/or beneficial to the community, and could result in coordination problems where competing ministry interests rather than the best interests of Jermuk drive the planning process •With a change of government,

	Strengths	Weaknesses	Opportunities	Threats
		<ul style="list-style-type: none"> •President can overrule mayor on land use decisions •Very little coordination between ministries at national level •Lack of investment incentives •Master plan for city apparently exists but is almost impossible to find 	<p>environmental, ecological and safety considerations</p> <ul style="list-style-type: none"> •Establishing and fostering a dynamic and rewarding work environment encouraging the sustainable growth of the businesses (especially of tourism industry) and the quality of the services 	<p>Jermuk may become a lower priority, leaving a half-finished effort</p> <ul style="list-style-type: none"> •No really functioning restrictions protecting the natural environment, which can cause pollution and deforestation of the surroundings as a result of aspiration of business sector to yield short-term profits of the space
Business environment/ Financing		<ul style="list-style-type: none"> •Need for market investment •High taxes and no incentives provided for young business •High risks and the level of uncertainty •Expensive funding sources for young businesses •Lack of governmental financing aimed on improvement of infrastructure of city 	<ul style="list-style-type: none"> •Recruitment of new investors by the creation of an economic stimulation policy (incentives) to support foreign investment inflows •To create a favorable investment environment to minimize the business risks •To allow private sector to get bank loans with lower rates (current rates are around 17%) which are intended for development of tourism in Jermuk 	

On the basis of the SWOT analysis, a vision was created for Jermuk based upon its perceived strengths as a destination spa. Additionally, a set of objectives was developed in response to some of the obstacles that were identified. These form the basis for the strategy developed below.

II. PART TWO – JERMUK STRATEGY

F. Strategic Vision

Jermuk will strive to become a 'Center for Healthy and Active Living' catering to domestic and foreign tourists from Europe, the CIS and North America (largely Diaspora visitors) who seek to adopt and/or maintain an active and healthy lifestyle. Visitors will be attracted by the unique combination of a pristine environment, pleasant climate, organic and healthy cuisine, mineral water springs, spa tourism products and services, general outdoor pursuits and active winter tourism sports, and opportunities for meditation and spiritual reflection. Jermuk's tourism products and services will focus on a holistic approach to promote a healthy mind, body and spirit to people of all ages, with various levels of ability and particularly youth groups and families. The development of the town will also lead to a healthier and more satisfied local population able to utilize the same products and services on offer to tourists.

G. Explanation and Justification for Vision

The vision provided above has been formulated based on the significant research and analysis undertaken in preparation for the Local Development Framework. It takes account of the:

- Trends in spa and winter tourism demand
- Products and services available at competing destinations and the way that they are promoted
- Comprehensive SWOT analysis
- RA Government's policies on tourism and regional development, and poverty alleviation
- RA Government's 2008 Action Plan, and
- Jermuk Master Plan prepared in 2004.

It is also founded on Jermuk's history of providing sanatorium-based tourism experiences.

As has been outlined in the first part of this strategy document, Jermuk faces immense competition from Russia, the Caucasus, Western Europe and Eastern Europe in both the spa and winter tourism sectors. Given the popularity of the spa resort and winter tourism destinations in these locations, the loyalty provided by existing clients, the quality of the services and facilities available, the relative convenience and cost of accessibility, and the low prices (particularly in Eastern Europe), Jermuk will achieve little by trying to simply duplicate tourism offerings. It is clear that Jermuk's spas do not provide the same level of luxury, comfort, treatments and services as many spas in Western and Eastern Europe. Nor does it provide the same quality winter tourism experience as destinations in the Pyrenees or Alps with its two ski slopes and lack of après ski facilities. Even with significant investment and development within Jermuk, it will still be at a competitive disadvantage with its distance from core source markets, costs and infrastructure. Jermuk will find it difficult to promote itself as just a winter tourism or spa resort.

It must differentiate itself from competing destinations; it must not be seen purely as a ski resort or spa town. Instead of providing just skiing or spas, or being perceived as providing these, Jermuk needs to be perceived as offering, and offer, a holistic tourist experience. This experience should be based around a particular theme that unites the range of tourism products, services and activities available to the guest. The prominence of Jermuk as Armenia's major spa resort, the landscape around Jermuk, existence of mineral water springs, spas, organic agriculture, pleasant climate and skiing opportunities all fit within the theme proposed above – a 'Center for Healthy and Active Living'.

Promoting and developing Jermuk around this theme will ensure that the town offers more than just spas in summer and skiing in winter; and therefore attracts a more sophisticated and higher value tourism market. Tourists will choose Jermuk because, as a destination, it will combine active outdoor and winter pursuits with relaxing and beneficial spa treatments, a healthy climate and pleasant landscapes, organic food, a chance for meditation and spiritual reflection; an experience rather than just an activity.

The combination of tourism activities developed for the higher value tourism market will enable Jermuk to realistically target tourists from Eastern & Western Europe, Russia and the CIS, although marketing efforts must be targeted to specific countries and segments within each country that will be amenable and interested in the tourism activities available.

The local population should also make use of and enjoy the recreational facilities designed for tourists; if necessary at a discount. If they are enthused by the concept of a healthy lifestyle, they will be better positioned to provide the high levels of service demanded by domestic and foreign tourists.

H. Strategic Goals

According to the Government Decree, the conceptual goals of the *Jermuk Development Program* are by 2012:

- 1) To turn Jermuk into an all-year round spa resort that meets international standards through the development of:
 - a. Spa and winter tourism facilities and services as an alternative to European destinations
 - b. An international chess championship center
 - c. A pan-Armenian and international youth camp destination
 - d. A cultural tourism destination
- 2) Ensure 100,000 annual visitors
- 3) Increase tourism-generated incomes to USD 100 million
- 4) Create 4000 additional jobs

Based on the research undertaken in preparing the Local Development Framework, some clarification and discussion is required on these strategic goals.

Firstly, Jermuk and villages in the vicinity have few buildings or monuments of major international or national significance, except perhaps for Gndevank Monastery and the local art gallery. The local art school provides the opportunity for dance, music and singing performances for tourists although combined, these resources cannot be the basis to create a 'cultural tourism destination'. Amateur cultural performances can be part of the tourism experience in Jermuk but cannot be considered to be a major draw for tourists. Although culture can complement the concept of Jermuk being a 'Center for Healthy and Active Living' it should not try to compete with it. Culture is reflected in a number of different ways – architecture, art, cuisine, music, dance, theatre, heritage, etc. The vision outlined above incorporates many of these. Therefore, culture should be incorporated into the existing theme rather than be considered as a stand-alone product.

Secondly, the estimate of tourist arrivals to Jermuk provided by the Municipality (5000) appears to be an underestimate. The research team is not aware of how this figure was estimated although it may be related to the specific number of Jermuk visitors staying in sanatoriums and receiving medical treatment. Some confusion may also have arisen in the use of terminology; tourists being defined differently from visitors, and the term tourists

including those travelling for holiday, health and business purposes, as well as those visiting friends and relatives. Essentially, and in this case, a visitor is anyone who goes to Jermuk. A tourist is anyone who stays in Jermuk for at least one night. The definitions are important since the focus of any tourism strategy should be on those spending the most money at the destination; in this case, holiday/recreation/leisure visitors that stay at least one overnight in Jermuk.

In 2007, research suggested that there were approximately 22,500 foreign leisure and health visitors to Jermuk (including those who visited for perhaps just one hour and those who stayed perhaps more than 10 days). Added to this should be domestic visitors, although no accurate data exists on the travel patterns of the Armenian population. If we estimate it at 3% of all domestic travel, this would represent approximately 11,070 visitors totalling approximately 33,632 foreign and domestic, leisure and health visitors annually now. Therefore, an increase in the number of foreign health and leisure visitors, and domestic visitors from 33,632 to 100,000 by 2012 would represent growth of 197% over four years.

	Visitor Type	% of all Visitors to Armenia	Number of Visitors Visiting Armenia	% of Visitors Visiting Jermuk	Number of Visitors Visiting Jermuk
Foreign Visitors	Leisure, Recreation, Holiday	11.6%	59,193	31.6%	18,704
	Health	3.6%	18,370	21%	3858
	Visiting Friends & Relatives	44.8%	228,608	5.3%	12,116
	ALL FOREIGN VISITORS	100%	510,287	8.0%	40,822
	DOMESTIC VISITORS			3%	11,070
	TOTAL				33,632

Unfortunately, current data collection techniques do not allow us to separate out those people visiting Jermuk for the day and those staying overnight.

Another important indicator of tourism industry success is the number of overnight stays in Jermuk (the number of people staying overnight multiplied by the number of nights that they stay) since this is a better indication of those spending more money in Jermuk. According to the same survey conducted between 2006 and 2007, 1.7% of all tourist nights in Armenia were spent in Vayots Dzor Marz. This equates to a total of 72,885 overnights for foreign leisure and health tourists. However, some element of caution is necessary here. The figure is only an estimate, only relates to foreign tourists (no information available on domestic tourists) and is based on Vayots Dzor Marz rather than just Jermuk. Also, it does not necessarily reflect the number of people staying overnight in paid accommodation. Therefore, this figure is only a guide. For the purpose of examining other goals, we should estimate domestic overnights in Jermuk at 47,300 nights.

	Tourist Type	Number of Tourists Visiting Jermuk	Average Length of Stay in Armenia (nights)	Total Overnight Stays	% of all Nights Spent in Jermuk	Total Tourist Nights in Jermuk
Foreign Tourists	Leisure, Recreation, Holiday	18,704	11.5	680,720	1.9	12,934
	Health	3858	24.9	457,413	13.1	59,921
	Visiting Friends & Relatives	12,116	25.4	5,806,643	1.4	81,293
	ALL FOREIGN TOURISTS	40,822	20.1	10,256,769	1.7	174,365
	DOMESTIC TOURISTS	11,700	4.3			47,300
	TOTAL	33,632				120,155

Using the same level of increase in visitor arrivals, we could estimate that by 2012, the number of foreign and domestic leisure and health overnight stays will have increased from 120,155 to 356,000.

An accurate system of recording data on visitors, tourists and overnight stays by foreign and domestic citizens will need to be established in order to assess the current situation more accurately, and determine real success toward the established goals.

In devising a goal for the number of annual visitors and overnight stays, it is also important to take account of the actual availability of rooms. We know from research that, depending on quality of rooms, Jermuk can currently provide accommodation for between 500 and 1000 guests at one point in time (assuming single occupancy). This will expand to 1500 rooms with the completion of the Resort and Hyatt Spa hotels.

Number of Rooms	Total Available Room Nights
500	182,500
1000	365,000
1500	547,500

Interviews with stakeholders indicate that occupancy rates can be between 20% and 100% depending on the season. Assuming that all leisure and health tourists (domestic and foreign) stayed only in a paid hotel, guesthouse or spa accommodation, and that those visiting friends and relatives stayed with them, then with only 500 rooms, Jermuk would be at 65% occupancy rate year round. Given that single occupancy is not the norm, this occupancy rate is an absolute maximum.

If we assume an increase of overnight stays by 197% over the four year period (the same growth as projected for visitor arrival numbers – although growth rates do differ in reality), Jermuk should still easily be able to accommodate all tourists wanting rooms, without constructing completely new accommodation establishments. Certainly, those under construction now, will need to be completed.

Thirdly, the government decree suggests a target of US\$100 million in tourism revenues by 2012. With little base data to work from, it is very difficult to ascertain what current expenditure levels are. Based on the visitor survey conducted between 2006 and 2007, we can estimate income from foreign tourists staying in Jermuk to be approximately US\$6.4 million. To this, must be added the income from foreign tourists just visiting Jermuk (and not

spending at least one night there) and also domestic visitors (those visiting for a few hours and those staying overnight). If the total income were to be in the region of US\$15 million, which is already high, the strategy would have to increase expenditure levels dramatically. The target of US\$100 million is approximately 50% more than what the consultants believe to be achievable.

	Tourist Type	Total Tourist Overnight Stays	Average Daily Expenditure (US\$)	Total Expenditure (US\$)
Foreign Visitors	Leisure, Recreation, Holiday	12,934	112.2	1,451,195
	Health	59,921	28.3	1,695,764
	VFR	81,293	23.4	1,902,256
	ALL FOREIGN TOURISTS	174,365	36.9	6,434,069
	DOMESTIC VISITORS AND FOREIGN SAME-DAY VISITORS			8,565,931
	TOTAL			15 million

Fourthly, we know from research that approximately 450 people are officially and directly employed in Jermuk’s tourism sector during the high season. Creating 4000 additional jobs in three years is also ambitious if we consider the standard international industry average for number of tourists per employee. Typically one employee is required for every 26 foreign tourists. With a goal of 100,000 foreign leisure and health tourists by 2012, this would only require just over 2500 additional jobs in total. However, the number of additional jobs could be higher if we also consider indirect tourism employment – those working in agriculture, retail, etc. In this case, employment could increase well beyond the 4,000 suggested.

While the goals are presented in the government decree are achievable, the consulting team believes that they are overly ambitious for a four year period.

I. Objectives

Objectives serve to reinforce and support the strategic vision and the goals outlined above. Actions, which are detailed in the next part of this document, will specify how the objectives can best be achieved. Objectives include both direct tourism factors, as well as indirect, or supporting, elements. The indirect tourism objectives are specifically structured to enhance the strengths, counteract the weaknesses, take advantage of the opportunities and negate the threats outlined in the SWOT analysis, presented in the section preceding this.

Direct Tourism Objectives

Objective #1: Upgrade and improve the quality and range of spa, hotel, guesthouse and other accommodation facilities and services to orient them more toward today’s demanding foreign and domestic consumers (including introduction of international standards)

Objective #2: Improve, upgrade, provide evidence for and diversify the range of medical treatment facilities and services at spas, to orient them more toward today’s demanding foreign and domestic consumers

Objective #3: Develop and enhance the winter skiing and other winter sports facilities and services available in Jermuk.

Objective #4: Develop and enhance Jermuk’s reputation as an international center for chess competitions through the provision of appropriate facilities and effective promotion.

Objective #5: Develop Jermuk's capacity and reputation to host high-value and quality pan-Armenian and international youth camps through the provision of quality facilities and human resources.

Objective #6: Improve the quality and diversity of related and supporting industries to the tourism cluster in Jermuk, including attractions, restaurants, shops, leisure activities, etc. in order to provide tourists with more activities, increase daily expenditure per tourist and increase longer stays

Objective #7: Improve tourism destination and enterprise management and staff capabilities, skills and competence and quality of unemployed labor, through local tourism training programs, internships, apprenticeships and vocational training.

Objective #8: Develop a unique "brand" for Jermuk aligned with its current and potential competitive advantages, identify appropriate target customer group(s), and actively promote the destination and theme to them.

Objective #9: Upgrade information on tourism services for Jermuk that will encourage tourists to visit, enable them to more easily orient themselves, and to assure that they are aware of everything there is to do in Jermuk.

Indirect Tourism Objectives

Objective #10: Enhance and protect the character of Jermuk as a tourism destination, typified by the architecture, green space, quality of the environment, cleanliness, hospitality of the people, etc.

Objective #11: Improve, upgrade, and expand transport infrastructure and transportation services to and from Jermuk.

Objective #12: Upgrade modern communication links to Jermuk.

Objective #13: Expand medical and health facilities

Objective #14: Determine how many additional jobs are likely to be created as part of this initiative and assure that adequate and affordable housing is available to them.

Objective #15: Improve the existing infrastructure by committing to tear down or renovate each building in need of repairs, by improving the quality of signage and developing a modern, pleasing appearance for city streets, pavements and the park.

Objective #16: Develop solid and sewage waste treatment and disposal methods.

Objective #17: Seek to align local agricultural production toward the needs of accommodation establishments, restaurants and retail outlets; focusing on high quality organic production and local traditions.

Objective #18: Provide community facilities and services to improve the living standards and social environment of local people.

Objective # 19: Promote the religious and cultural heritage of Vayots Dzor and Jermuk, as a supporting element of Jermuk's vision and for the economic and social benefit of the local community and visiting tourists.

Objective #20: Maintain and enhance the rural environment in and around Jermuk.

Objective #21: Devolve some authority for the development of Jermuk to the town itself and actively attempt to engage the community in the development of Jermuk by encouraging participation and feedback, with the expectation that these measures will enhance the sustainability of Jermuk's development.

Objective #22: Enhance the business environment to increase the chances of attracting private sector actors to invest in Jermuk.

Actions to support each of these objectives, with justification, responsibility and indication of priority (phasing), is provided in the Local Development Framework Action Plan (Volume 2 of the LDF).

J. Roles & Responsibilities of the Public & Private Sectors, Civil Society & Community

The successful implementation of this strategy will depend upon the extent to which each stakeholder is able to accept their responsibilities, liaise and coordinate with other stakeholders and fulfill their obligations.

The Government of Armenia (on a national level) and the Jermuk Municipality are largely responsible for creating the enabling environment and facilitating implementation of the strategy. This will include assistance in reaching out to potential investors and creating an attractive investment environment. They are also primarily responsible for the indirect objectives relating to the character of the town, transportation, communication, health, housing, infrastructure, utilities & energy, community facilities, rural environment, cultural & religious heritage, education and training, governance and the business environment.

The private sector should take responsibility, primarily, for the direct tourism objectives; the improvement to and expansion of accommodation, spa services, outdoor activities and pursuits, retail facilities, food & beverage facilities, and handicrafts and souvenirs.

Civil society and the local community must be involved throughout the development process since this is their town and they will be impacted by the development that takes place. This means consulting them at various stages of the process, listening to their views and suggestions and heeding their concerns.

Further details relating to the individual roles are outlined in the Action Plan (Volume 2 of the LDF) and the document on the Development Process (Volume 3 of the LDF).

K. Monitoring & Evaluation

Survey, monitoring and review are crucial to the successful delivery of Local Development Frameworks. A systematic and dynamic monitoring system will help the national and local government understand the wider social, environmental and economic issues affecting their areas and the key drivers of spatial change

Best practice suggests undertaking the following key, inter-related monitoring tasks:

- 1) Assess the extent to which actions in local development documents are being implemented;

- 2) Where actions are not being implemented, explain why and to set out what steps are to be taken to ensure that the action is implemented; or whether the action is to be amended or replaced;
- 3) Identify the significant effects of implementing actions in local development documents and whether they are as intended; and
- 4) Set out whether actions are to be amended or replaced.

Local Development Frameworks should be continually reviewed and revised and an annual monitoring report should be the main mechanism for assessing the Framework's performance and effects. This reflects the concept of 'plan, monitor, and manage', whereby the findings of monitoring feed directly into any review of strategy that may be required. However, monitoring may indicate the need to address other aspects beyond reviewing the strategy set out in the framework. For example, it may indicate the need to refine or extend the monitoring framework itself or propose actions in respect to other related local strategies and initiatives.

Four broad principles which underpin the initial development of a monitoring framework are:

- 1) **Making use of existing information:** information and indicators should be drawn from existing sources to avoid unnecessary duplication.
- 2) **Being consistent with national and regional monitoring:** approaches should be consistent with those used to monitor spatial planning across Armenia at national and regional levels.
- 3) **Setting objectives, policies, targets and indicators:** as a proven method, the objectives-policies-targets-indicators approach should be applied to local development framework monitoring. This requires setting clear objectives, policies, targets and indicators to facilitate implementation, monitoring and review.
- 4) **Taking a forward looking approach:** in line with 'plan, monitor and manage', monitoring should not just be about collecting information and indicators. An analytical and action-orientated approach is required which results in sound and reliable information.

In addition there are a number of analytical principles which underpin the development of robust monitoring frameworks:

- 1) **Transparency:** clearly stated objectives, targets, indicators and methods of monitoring;
- 2) **Flexibility:** thematic and cross-cutting across different spatial scales;
- 3) **Continuity:** agreed and stated methodologies and routine data collection encouraging continuity in the methods and measures used;
- 4) **Simplicity:** succinct and simple formats of analysis which are easily accessible;
- 5) **Relevance:** reliable and relevant information; and
- 6) **Time series:** appropriate timeframes for updating and reporting information, taking into account the practicality of data availability and the analytical needs of policy monitoring.

Monitoring and evaluation reports should focus on:

- 1) Whether actions and related targets in local development documents have been met or progress is being made towards meeting them or, where they are not being met or not on track to being achieved, the reasons why;
- 2) What impact the actions are having in respect of national and regional targets and any other targets identified in local development documents and not covered above.
- 3) What significant effects implementation of the actions is having on the social, environmental and economic objectives by which sustainability is defined and whether these effects are as intended;
- 4) Whether the actions in the local development document need adjusting or replacing because they are not working as intended;

- 5) Whether the policies need changing to reflect changes in national or regional policy;
- 6) If policies or proposals need changing, the actions needed to achieve this.

The research team relied upon limited available data on Jermuk in order to prepare the Local Development Framework. Much of the information is presented in the Assets Inventory. However, in analyzing existing data, it was clear that much of it was dated or based on estimation. This type of information can be considered to be contextual but should be included within the Monitoring and Evaluation system. Data may not relate directly to the goals and objectives but is necessary to understand changes that may impact the strategy:

- 1) **Demographic structure:** population size, household types, social groups;
- 2) **Socio-cultural issues:** crime rates, unemployment level and poverty;
- 3) **Economy:** economic activity rates, household income, house price level, productivity and employment;
- 4) **Environment:** key assets in the natural environment;
- 5) **Housing and built environment:** housing stock conditions and quality and assets of the built environment; and
- 6) **Transport and spatial connectivity:** transport accessibility, vehicle use and road conditions

Suggestions for indicators for the individual actions are proposed in the LDF Action Plan (Volume 2). However, a comprehensive Monitoring and Evaluation system is required as a component part of the LDF. The Government of Armenia adopted a Monitoring & Evaluation system as part of the National Tourism Concept Paper. Some of the indicators in the Concept Paper are equally relevant to the development of Jermuk as a tourism destination.

III. PART THREE – ANNEXES

Annex 1 – Government Decree on the Approval of the Town of Jermuk as a Tourism Center

ROA Government Decree on the Approval of the Town of Jermuk as a Tourism Center

**THE REPUBLIC OF ARMENIA
GOVERNMENT DRAFT DECREE
18 September 2008 No1064-Ն**

ON THE DECLARATION OF JERMUK AS A TOURISM CENTER

In compliance with article 2 and clause 4 of section 1 of article 6 of the Law of the Republic of Armenia on Tourism and Tourist Activities the Government of the Republic of Armenia decrees to:

1. Declare the town of Jermuk as a tourism center
2. Ratify the conceptual goals and priority issues in the Jermuk Development Program in compliance with the Annex.
3. To RA Minister of Economy Nerses Yeritsyan:
 - 1) To ensure the development of the Jermuk Development Program and its submission to the Government of the Republic of Armenia within a three month period in compliance with the conceptual goals and priority issues envisaged by clause 2 of the present Decree,
 - 2) To ensure the cooperation of all stakeholders as well as the involvement of international experts in the development of the program
4. Define that
 - 1) The program is designed on the basis of the master city map
 - 2) The city map may be modified upon necessity in compliance with the program.

CONCEPTUAL GOALS AND PRIORITY ISSUES IN THE JERMUK DEVELOPMENT PROGRAM

1. General Provisions

In compliance with the Tourism Development Concept Paper approved by ROA Government in February 13, 2008 the goal of the tourism state policy is to enhance the contribution of tourism in the national income, as well as in the processes of equal regional development, improvement of living standards and poverty reduction preconditioned by:

- 1) increase in tourist visits
 - 2) increase in tourism generated incomes
 - 3) creation of jobs
2. Improvement of Armenia's tourism product and development of tourism in the regions of Armenia through the development of new competitive destinations with efficient use of the country's tourism resources and through prolongation of tourism season are among the key issues fostering the implementation of state policy objectives.
 3. The national project "Armenia as a Center for Organized Recreation" which aims at the solution of the state policy issues envisaged by the Tourism Development Concept Paper and which, in fact, represents an action plan for 2008-2012 incurring from the Concept Paper includes the design and implementation of spa and winter tourism development programs as well as programs on the development of tourism in the regions of Armenia, which in its turn will serve as a basis for the design and implementation of the Jermuk development program.
 4. The town of Jermuk has its unique place and traditions in Armenia with its rich spa resources. In Soviet times it used to be a spa resort hosting over 20000 tourists from Soviet countries per annum. After the loss of the market of former Soviet states and Russia with the collapse of the Soviet Union Jermuk now hosts approximately 5000 tourists annually.
 5. Given its nature and climatic conditions, national specifics and traditions as well as the already developing infrastructure (With 1.3 milliard drams financing from the RA budget a completely new ropeway with its ski runs corresponding to international standards has been constructed and has been functioning since 2007) the town has serious prospects to become a spa and winter tourism center as an alternative to prominent global resorts and to have its place and role in the global tourism industry.
 6. The global spa industry experiences a dynamic growth. Both the demand for spa services and the competition among destinations providing such services increases continuously.
 7. As per the data for 2007 there are 71600 spas all over the world providing for 1.2 million jobs. Capital investments in spa industry have reached 13 billion USD and are continuously increasing. The annual turnover of the global spa industry amounts to 255 billion USD per annum.
 8. The global winter tourism industry has 275 destinations with 80 million visiting tourists and an income of 64 billion USD annually.

9. Given its hot mineral water (its chemical composition and medicinal properties) Jermuk is very similar to Czech Karlovi Vari spa resort, which has 10000 visitors per month on average given the statistics for 2008.
10. In view of the fact that Jermuk's nature is as good as in Karlovi Vari, as well as considering Jermuk's potential for the development of winter and other types of tourism it may be stated that the town's perspective to become a destination spa resort as an alternative to well-known global destinations is feasible with the implementation of a target program (with the availability of the required investments) and with active and effective cooperation among all stakeholders (state and private) within this program.

2. Conceptual Goals of the Jermuk Development Program

11. The Conceptual Goals of Jermuk Development Program by 2012 are as follows:
 - 1) To turn Jermuk into an all-year spa resort that meets international standards through the development of the following main directions:
 - a) A spa and winter sports destination as an alternative to prominent global (Alpine, Czech, German) destinations.
 - b) An international chess championship center
 - c) A pan-Armenian as well as international youth camp destination
 - d) Cultural tourism destination
 - 2) To ensure 100 thousand visitors per year
 - 3) To increase the annual tourism generated income to 100 million USD
 - 4) To create 4000 additional jobs

3. Priority Issues of the Jermuk Development Program

12. The priority issues of the Jermuk Development Program are as follows:
 - 1) To design and develop infrastructures for the town in line with the vision for “an architectural environment that is complete, maintained and attractive, that meets international standards and shows the best correlation with the national profile of the town, its specifics, traditions and historical-cultural heritage”.
 - 2) To improve Jermuk's transportation network providing the town with ecologically clean means of transportation (electricity powered transportation, horse carriages, bicycles, rope ways) and with parking facilities
 - 3) To provide the town with high quality internet
 - 4) To integrate Jermuk's spas into the network of European spa resorts delivering high quality services
 - 5) To turn the town into a center for international chess championships
 - 6) To establish individual districts, streets specialized in certain services
 - 7) To turn the town into pan-Armenian as well as international youth camp destination
 - 8) To develop human resources ensuring continuous training and requalification of personnel
 - 9) To provide the town with alternative roads and transport communication
 - 10) To establish Jermuk's profile as a spa and winter resort as an alternative to prominent global (Alpine, Czech, German) destinations and adequately represent this profile in the international market
 - 11) To form Jermuk's profile as an attractive and favorable all-year tourism destination and adequately represent this profile in the international market.

- 12) To create preconditions for protection and sustainable utilization of city's natural recreational resources

4. Actions to address priority issues in the Jermuk Development Program

13. The actions to address the priority issues are as follows:

- 1) To define standards for the infrastructures of the town in line with the vision envisaged by subclause 1) of clause 12 of the present Annex with the involvement of all stakeholders (state and private),
- 2) To prepare illustrated materials (visualization) through involvement of experts and organization of competitions to ensure the effectiveness of the process of defining standards
- 3) To allocate land areas to private investors for refurbishment activities in selected areas in conformity with the Development Program, as well as with the defined standards and conditions through provision of land entitlement and applying the "one contact/stop" principle.
- 4) To acquire the land areas or other real estate that are under the ownership of legal and physical entities upon necessity within the framework of the development program of the town in the manner defined by the law through compensation as per their market value or through ensuring the participation of their owners in implemented programs at their discretion in cooperation with investors.
- 5) To develop a concept of protective zones for Jermuk's cultural and historical monuments in order to protect and regulate the building of cultural and historical monuments and urban environment.
- 6) To design pilot, model infrastructures with state funds in compliance with the defined standards
- 7) To design the infrastructures of the town and undertake all kind of refurbishment activities only in line with the town development program and the standards set.
- 8) To ensure the active and effective cooperation of Jermuk's spas with the European Spa Association (including their qualification in line with the standards of the latter)
- 9) To establish a specialized spa and winter tourism educational institution in partnership with the most prominent international universities (in particular through the introduction of the Swiss experience) with the perspective of making the town a regional educational center
- 10) To establish infrastructures required for the organization of world chess championships, an attractive prize fund, the profile of the town as a distinguished international chess championship center, preserve and develop the traditions of holding this kind of championships.
- 11) To establish infrastructures for youth camps, develop programs to organize cultural events and the leisure time of the young people, to ensure their communication and friendship, develop a marketing program for the town as a site for a pan-Armenian and international youth camp.
- 12) To ensure the construction of the tunnel between Yerevan and the south of the country, which will significantly reduce the road and will not only be important for tourism but will also become a serious trade and economic factor.
- 13) To ensure availability of an airport for helicopters and small planes, organize the corresponding routes
- 14) To improve banking services to make the delivery of tourism services easier and more affordable
- 15) To establish a Jermuk branch of RA Nature Museum

- 16) To assure the construction of cultural and leisure attractions in the city
- 17) To complete the Alley of Champions
- 18) To design a plan for the procedures and amount of funding and investment (both public and private) required for the development and implementation of the Jermuk development plan.

Annex 2 – Bibliography of Armenian Legislation and Reports Reviewed & Consulted

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- 4) Law on Urban Development (HO-217, adopted 09-06-1998)
- 5) Law on Preservation and Exploitation of Historical and Cultural Monuments and Historical Places (HO-261, adopted 01-01-1999)
- 6) Civil Code (HO-239, adopted 01-01-1999)
- 7) Land Code (HO-185, adopted 15-06-2001)
- 8) Law on the Infringement of Urban Design Regulations (No 96, adopted 02-02-2002)
- 9) Law on Local Self-Government (HO 337, adopted 21-06-2002)
- 10) Law on Tourism and Tourism Activities (HO-11-N, adopted 17-12-2003)
- 11) Forest Code of the Republic of Armenia (HO-211-N, adopted 17-12-2005)

Government Decrees

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- 2) Decree on regulation of processing, testing, adjustment, approval, and alteration standards of the residential, public, and industrial construction projects (No 812, adopted 21-12-1998)
- 3) Decree on regulation of processing, testing, adjustment, approval, and alteration standards of the master plans of the areas (No 150, adopted 13-03-1999)
- 4) Decree on orders to present the information concerning land owners, as well as the land users, constituting the interim or permanent owners of the government property to revenue bodies (No 629, adopted 10-10-2000)
- 5) Decree regulating the conditions for permission for construction and demolition processes (No 91, adopted 02-02-2002)
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- 7) Decree on the norms and standards concerning the change of the primary purpose of residential buildings, other constructions or parts of them (No 88, adopted 02-02-2002)
- 8) Decree on approval orders to give architectural drafts (floor plans) (No 1473-N, adopted 29-08-2002)
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- 10) Decree on processing and approval of the land zoning and utilization schemes (No 625-N, adopted 02-05-2003)
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- 12) Decree on standardization of licensing and types of licenses of guides (No 945-N, adopted 10-07-2004)
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- 7) *National Youth Report of Armenia*, 2007, Ministry of Sport and Youth Affairs, Center for Organizing Youth Activities
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Annex 3 – National & Regional Stakeholders Consulted

- 1) Ara Petrossyan , Deputy Minister, Ministry of Economy
- 2) Felix Bashoyan, Deputy, State Committee of the Real Estate Cadastre
- 3) Narek Sargsyan, Chief Architect, Ministry of Urban Development
- 4) Artyom Movsesyan, Director General of Civil Aviation & Serob Karapetyan, Director of Flight Safety Inspection Department, General Department of Civil Aviation
- 5) Hakob Matilyan, Deputy Minister, Ministry of Environment
- 6) Sergey Khachatryan, Director, Health Project Implementation Unit State Agency, Ministry of Health
- 7) Gagik Grigoryan, Head of Foreign Relations Department, Ministry of Transport & Communications
- 8) Arayik Petrossyan, Deputy Minister & Anahit Martirosyan, Head of International Relations Division, Ministry of Labor & Social Issues
- 9) Artashes Shaboyan, Member of State Council on Statistics (Financial & Banking Statistics) & Alexander Petrossyan, National Statistical Service
- 10) Samvel Avetisyan, First Deputy Minister, Ministry of Agriculture
- 11) Samvel Khachatryan, Deputy Minister of Sport, Ministry of Sport & Youth Affairs
- 12) Arsen Soghomonyan, Head of Department for Youth Policy, Ministry of Sport & Youth Affairs
- 13) Alfred Nersisyan, Head, Water Resources Management Agency
- 14) Levon Ghalumyan, Architon Company
- 15) Samuel Coxson & Allen Stansbury, USAID-funded LGP3 Project
- 16) Gagik Gyurjyan, Deputy Minister, Ministry of Culture
- 17) Levon Shahverdyan, Deputy Minister, Ministry of Energy & Natural Resources
- 18) Vartan Hovhannisyan, Mayor, Jermuk Municipality
- 19) S. Margaryan, Vice Mayor, Jermuk Municipality
- 20) Vanik Zorabyan, Representative for Sport, Culture, Education & Tourism, Jermuk Municipality
- 21) Arsen Garnikyan, Chief Architect, Jermuk Municipality
- 22) Zempira Sargsyan, Head of Staff, Jermuk Municipality
- 23) Armen Tadevosyan, Ski Lift Manager, Jermuk Municipality
- 24) Vartan Sargsyan, Chief Doctor, Jermuk
- 25) Armen Grigoryan, Employment Center, Jermuk
- 26) Yerianik Tadevosyan, Chess School, Jermuk
- 27) Samvel Tadevosyan, Sports School, Jermuk
- 28) Suren Margaryan, Real Estate Cadastre, Jermuk
- 29) Artur Soghomonyan, Deputy Director, Pan Armenian Youth Foundation & Artur Poghosyan, Deputy Minister, Ministry of Sport & Youth Affairs
- 30) Smbat Lputian, General Manager, Chess Academy of Armenia

Annex 4 – Evidence Basis Report

Annex 5 – Jermuk Master Plan 2004