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March 2017

ARMENIA

This report was produced in partnership with One World Media.



25TH ANNIVERSARY OF INDEPENDENCE EDITION

Armenia's spirit remained resilient in the face of past atrocities. Adaptability and innovation have struck a powerful chord to remedy challenges, converting it into a modernized state in the process.

The Country's New Shift Towards Transparency



Khor Virap Monastery, one of the country's national treasures.

In the center of Transcaucasia lays Armenia, a fascinating country of contrasts. Located south of the Caucasus mountains that edge Eastern Europe and Western Asia, it is characterized by a great variety of scenery—the small landlocked country borders Iran, Turkey, Georgia, and Azerbaijan. As one of the world's most ancient countries, Armenia's geographical boundaries today only encompasses a portion of what it once was. After centuries of different ruling regimes, Armenians have managed to sustain their culturally rich heritage and identity through steady perseverance. The country now is at a pivotal moment. The society conjures pride through embodying old traditions while simultaneously keeps a progressive outlook towards a modernized future of the state.

Formerly a member of the Soviet Union, Armenia has only been sovereign for a short time but is rapidly attaining high-growth potential for investment opportunities and human capital. Armenia experienced double-digit growth leading up to the global economic crisis in 2008, from then slowed and saw a 3% YoY GDP increase from 2015. It celebrated its 25th year of Independence on September 21st, 2016, just two months after manifestations abruptly calling for political and social reform. President Serzh Sargsyan appointed Karen Karapetyan as the new Prime Minister on September 13, 2016. The President has called Karapetyan, "a symbol of change," set to apply substantial policy changes igniting economic development and building credibility with the public. Mr. Karapetyan has been an aspirational figure in Armenia, his experience spanning both the private and public spheres. He served as the Mayor of Yerevan from 2010-

2011. As a business executive, he achieved tremendous success, channeling that expertise and applying it to the new government. Solidifying the beginning of an overdue transformation, Mr. Karapetyan made quick structural changes. He appointed technocrats, experts from their fields in the private sector to fill his new cabinet --four of the six newly elected ministers had not held any ministerial positions in the past. "When a private sector representative appears in the public sector, it becomes beneficial for the government in two ways." He explains. "First, you have a pragmatic approach to everything. Second, you already know how the government can hinder the private sector, and you can look at the issue at hand from a different angle."

His pragmatic and non-bureaucratic philosophy resulted in a two-stage program to tackle the challenges. The first would last six months, assessing the situation. "This would provide an understanding of the problems and diseases of our economy, short-term goals and quick results." He says. The second stage, "based on the diagnosis, a long-term program aimed at solving all the identified problems will be adopted. The aim of the Government will be to create favorable conditions that are necessary for the growth of business and by no means impede it." Economic growth, healthcare, social issues and eliminating corruption are priority items for the government. Like other post-soviet countries, corruption has been a shadowy characteristic of Armenia that has impeded growth. "First of all, we are going to create same market conditions for all market players, and when we succeed, artificial monopolies will not be



KAREN KARAPETYAN President Serzh Sargsyan appointed Mr. Karapetyan as Prime Minister of the Republic of Armenia on September 13, 2016.

able to survive in these equal conditions. The fight against corruption is one of the key elements of our Program." He asserts. A transparent investment climate to attract FDI is of particular importance also, not only for growth but to create an engine that will influence new management cultures for businesses in Armenia. The country also depends on trade with its neighbors to promote development. The blocked borders along Turkey and Azerbaijan have created difficulties, and the cost of transport to Iran and Georgia have increased. The Program addresses this issue by reforming the tax and customs services to make tax collection less arbitrary. "A business cannot survive when the tax and customs systems become an obstacle for development." The Premier states. "Regarding transportation costs, of course, we have to admit that we have a logistics problem in Armenia. At the same time it's a good opportunity, as the business community must think wisely to overcome all these problems and to find better ways to export, better ways to generate profit." He adds. January concluded Mr. Karapetyan's first 100 days in office. The government produced a thorough analysis, outlining:

per-sector diagnosis of problems, proposed measures to fix such problems, a detailed summary of the 100 days and finally a fourth part relating to the public-private partnership based on the Center for Strategic Initiatives. The Premier is confident that the proposed reforms will deliver positive outcomes. "Active utilization of our intellectual resources will lead us towards more prosperous and stable country." He says. The Premier is passionate for those visiting the country. Delivering a message of hospitality, which is so accustomed to Armenian culture, says, "it does not matter what nationality you are, or what part of the world you come from." He continues, "I would like to invite you to Armenia. Our people will do their best so that you can feel secure here and you can have good perspectives for your business." April will see the first elections after the constitutional referendum in 2015, which approved changes to make Armenia a parliamentary republic. Mr. Karapetyan describes his vision for Armenia in the future as, "independent, just, attractive and intellectual." A step towards a better-quality tomorrow for the population and absorption of the status-quo.

IT DOES NOT MATTER what nationality you are, or what part of the world you come from, I would like to invite you to Armenia.

COUNTRY PROFILE / REPUBLIC OF ARMENIA

Overview

Joined Eurasian Economic Union in 2015



Capital

Yerevan

Official Language

Armenian

Form of Government

Unitary Semi-Presidential Republic

President

Serzh Sargsyan

Prime Minister

Karen Karapetyan



Key Figures

Population of Armenia:

3 million

Armenian diaspora population:

7 million +

Diaspora population in Los Angeles:

1.5-1.8 million

Total Land Area: 29,743 km²

(11,484 sq mi)

Total GDP (2016):

\$10.6 billion

Main trading partners:

Russia, China, Germany



1st Adopters

Armenia's geography rests in the South Caucasus region of Eurasia. Past centuries of invading cultures transformed the area into a battle zone. Still, locals managed to withstand powerful aggressors and maintain the culture. It was the first nation to adopt Christianity as its official religion in 301 AD.



AGRICULTURE SECTOR

Business leaders of the agriculture sector in recent years have been able to revitalize old traditions and exercise them to create new commercial ventures that capture the essence of the country's history.

An Era of Revitalization

In 2013, approximately 20% of Armenia's GDP value was generated from agriculture and employed almost 40% of the entire population. Armenia reigns as the most mountainous country of the Caucasian republics, resulting in a variety of climates across its relatively small distance. The country has a total of nine agricultural zones. More than 90% of Armenia is higher than 1000 meters above sea level, and agricultural land accounts for about 70% of the total land base. (Agricis Trade – Country Report: Armenia, March 2015). Favorable weather like 300 days of sunshine and natural features such as 30 layers of soils with volcanic and clay characteristics, among other aspects, create ideal grapes for fine wines. These grapes, although, for centuries have mainly been utilized for brandy-making despite their abundance.

When thinking of veterans of the wine production category, Armenia is not the first name that comes to mind. Giants like France or Italy have traditionally dominated and led with their expertise. However, this paradigm is now shifting. In 2007, remains discovered by archeologists in the Areni-1 cave found in the Vayots Dzor province, proved Armenia to hold the world's oldest-known wine production facility, dating back as far as 6,100 years. This rebirth of wine-making commenced only about ten years ago, making Armenia an interesting dichotomy as both oldest and youngest wine-producing nation in the world.

A leader consistently showcasing Armenia as a serious contender in the global wine-producing market is Golden Grape ArmAs. Armen Aslanian founded the visionary company in 2007, where his first step was transforming 180 hectares of desolate rock-strewn countryside into a beautiful landscape comprising vineyards, orchards, and a world-class winery and distillery. "As it was then, so it is now – Armenia's greatest natural resource is the idyllic terror of the vine." Says Victoria Aslanian, who became CEO in 2011. "Together we continued the development of our 450-acre estate, surrounded by an 8-mile wall, lo-

cated forty minutes from the city center in the Aragatsotn Province."

Designed by Italian architects, the impressive ArmAs estate houses the walking grounds that create a one-of-a-kind cultural and educational experience for visitors. Its facilities include a boutique hotel, outdoor play areas, horses, traditional underground stoves, and more, along with the ArmAs Tasting room which can accommodate 150 people. "Our approach included the establishment of an amazing tour program which informs and excites all of our guests who enjoy fine wines with fabulous cuisine." She adds.

ArmAs has established a name for itself through its overwhelmingly positive reception and winning of various accolades. After having only begun production in 2012, ArmAs was presented with the "Best Brand Award" in 2014 from then Prime Minister of Armenia, Tigran Sargsyan. Their first vintage wine selections garnered three Decanter World Wine Awards in 2014, and in 2015 won an additional four. To date, ArmAs has earned a total of twenty-eight international wine competition awards.

Subsequently, this contributed to the expansion of new export markets like Lithuania, Germany, Los Angeles, Montreal, Canada, Belgium, and Japan. By 2014, ArmAs sales rose 50% YoY in the local Armenian market and preserve a selection of nine premium wines.

"We are constantly looking for new markets and trying to increase our international presence and brand recognition. Certainly, this requires time, and consistent efforts on many fronts as the rate of our success is integrally tied to the recognition of the country as a wine producing region." Says Ms. Aslanian.

The company participates in several international wine expos, including ProWein and Mundus Vini in Germany, EnoExpo in Po-

land and ProdExpo in Russia. They have also been invited to present Armenian Wines at various conferences, such as the Asian Wine and Spirits Conference and Competition in China, at The Council of Europe in Strasbourg, and at The World Wine Symposium in Italy, where Armenia held the place of honor in 2014. Such events provide a platform to introduce the wines to a broader audience and increase international demand. "Our secret is simple, we strive for the best," says Ms. Aslanian. "The best grapes, the best winery, the best team and the best positive approach."

Another factor that makes ArmAs so renowned is their ownership of the entire wine production process. Their grapes are grown from their vineyards and not imported from any other destination.

"ArmAs is proud to have an A to Z scope of production, from the soil to the bottle, to the glass in our Tasting Room." The fact that our wines are "Estate Bottled," meaning that the grapes are from our vineyards and not purchased, signify their quality as they are under our care and supervision

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As the pioneers of the "Renaissance Era of Armenia Wine," ArmAs has a strong vision

for the future to come. By accomplishing so much in a short time frame, Ms. Aslanian describes her role as "it's not my job, it's my life," with much credence. Expanding export markets and releasing new product lines are only a glimpse of what is in store for wine-lovers.

She summarizes, "our initial priority is the success and sustainable growth our company, focusing first on building our ArmAs brand, expanding the local market and significantly increasing exports, at which point we will grow our production from 1 to 3 million liters. Next year we will also release our first 5-star, 5-year barrel aged brandy, as well as a small selection of dried fruits."

Also, she encourages travelers to visit Armenia for themselves to partake in the country's diverse offerings: visiting the oldest churches, museums, and basking in the nature—indulging in the cuisine and of course the ArmAs estate. "First, enjoy the wines! There is a history, terroir, and joy in every bottle. Come and see for yourself. Armenia is a gem in the ancient world and the historical world of wine."

Karas, a company of Argentine-Armenian roots, is driven to elevate Armenia's name as a brand for quality wine-producing. As a newly established winery in the west of the Armavir Region, it has catapulted itself as an influential player for Armenia. Located in Ararat Valley, between Mount Aragats and Mount Ararat, Armavir is the smallest and the most densely populated region in Armenia. In 2003, about a year after parent company Corporacion America began concession management of the Zvartnots International Airport, the winery idea was created from the ground up. "It has been a wonderful journey; we have made many improvements. We have a thirty-year concession with five-year objectives to where we need it most – job creation, internationally excepted sector-specific training, agricultural development, production, export, and tourism."

"We decided to do an agro-project, which started as Tierras de Armenia,

AGRICULTURE SECTOR



JORGE DEL AGUILA EURNEKIAN
Director of Corporacion America

We bought 2000 hectares of land in the region of Armavir and began producing grapes for cognac and wine." He continues. Karas wanted to bring the experience of Argentine winemaking to Armenia, and ensure exceptional quality and superb taste. Working with Michel Rolland, one of the leading wine consultants in the world, they started the process in 2009 with the idea of experimenting with different local grapes and imported varieties from France, Italy, and Argentina. Focusing on innovation and technology, Karas had their first commercial production in 2010.

Karas Vineyards Estate, Tierras de Armenia, has approximately 2300 hectares, with over 400 devoted to the planting of vineyards. Sales have boomed, and in 2016 they successfully produced 1.5 million bottles. By 2018, they anticipate doubling this production figure to 3 million bottles. "I think it is a great number, we will satisfy the local market plus we will be able to go to the Armenian diaspora around the world." Mr. Del Aguila Eurnekian adds.

The company intends to engage the Armenian diaspora and create permanent job opportunities. Currently, they employ 4,500 people in Armenia, with 500 of those residing outside of Yerevan, activating on-going job growth. "I would say our primary objectives are creating bridges between Armenia and the Armenian diaspora, having quality products and quality services in Armenia, that will be able to be seen outside Armenia." He explains.

"And as what we are trying to do is promote Armenia, the next important step

in the industry is this. That is what we are trying to accomplish with Karas wine." Karas maintains a dominant market share of the local Armenian market and have effectively started increasing its international presence. The majority of exports concentrate in the east and west coasts of the US, France, Russia, and Japan with their target market the Armenian diaspora. He states, "we are confident of the quality product we have developed in these past years, and there are not many Armenian labels being exported at this moment. We have nearly 1 million Armenians in the territory of entire US, with an important community on the West Coast and LA specifically."

"This is the biggest opportunity there is to show Armenia as a brand. We are always open for partnerships to expand the business and recognize that Armenia has potential as a wine making country." He adds. Karas is also devoted supporting the country by using dry goods from bottles, labels, barrels and local designers all from Armenia.

"There are many examples of Armenia success stories that demonstrate here there are the same challenges as in any other place in the world." Mr. Del Aguila Eurnekian comments.

Following this success, the parent company has its eyes set on ambitious projects in the future, seeking to aid in the continued development of Armenia. Providing banking services through Converse Bank and focusing on the retail sector are new efforts, and entering in real estate with the construction of the new Foreign Ministry building.

A Brandy Tradition
Artsakh Brandy Company is one of the first family businesses in Armenia. Following the Nagorno-Karabakh War in 1994, the company was established in 1998, reviving the former Askeran Wine Factory, which had alcohol production traditions since 1922. "It gave many people jobs, money and a possibility to work. After our factory was founded, many other similar companies started emerging in Armenia." Says President of Artsakh Brandy Company, Mr. Gevorg Ohanyan. The company produces exclusive alcoholic beverages from natural fruits, brandy, wine, and vodka. Methodologies for

their signature fruit brandy production have been passed along generation after generation, with the modern technologies working hard to produce their exclusive collection. They maintain a celebrated work culture, starting with only ten people in its first year to now employing 130, all with a dedicated mentality towards quality. "The quality is the best advantage of our products. We have been working for 18 years, and no employee has been changed or fired. The quality is assured by employees who have been with us for years and know all the details of production." He explains.

The company is also exporting to different international markets, including the USA, mainly in California (Artsakh America Export-Import), Italy, Germany, the Baltic States and Russia. Moreover, they are open to new cooperations for further growth. "We are developing very fast. For now, it is a little bit difficult to talk about the future, because our business also depends on other countries fundamental processes." Mr. Ohanyan ensures that "we are targeting

not only Armenians in the USA but also those who immigrated to the USA from the Soviet Union and might be familiar with these kind of beverages or the brand. Anyone who tries our products once gets sort of addicted to it."

The 25th year of Independence for the state also inspired a limited-edition cognac and Artsakh Mulberry, distributing 1000 bottles. Proud and dedicated to Armenia's progress, they focus on empowering smaller communities by investing back. "Our company sponsors the construction in our village, and we will hire contractors to implement the structure." He says. Also, they carry out charity programs and sponsor cultural events such as the Golden Apricot Film Festival, that help enhance the country's image.

The business accomplished success in the least advantageous of circumstances. As one of the first and only investors in Nagorno-Karabakh, Mr. Ohanyan wants to inform investors that although the risk is involved, like with any market, sizable impact and returns are possible in Armenia.



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www.karaswines.com

Armavir Region

AGRICULTURE SECTOR

What initially began as an allergy to artificial smells has led to one of the most unique commercial success stories of Armenia. With an unadulterated scientific approach, coupled with a commitment to sustainability, and quality, Nairian is unlike any other company in the country at this moment. As the first all-natural based cosmetics brand in Armenia, they have created an industry that has not existed here prior.

"I would go find a store with natural cosmetics and spend hours there. When we were coming to Armenia, I used to bring them with me because natural cosmetics was not developed here. So, this idea was somewhere in the air, around a hobby, interest in plants, flowers—I love growing something in my backyard. So, two kinds of interests came together."

says Head of Research & Development and Co-Founder, Anahit Markosian. Founded in 2011 after four years of extensive research and development, Nairian was ready to enter the market—today it now offers sixty different formulas and forty products ranging from skin care, face care, body care and specialized care for acne and aging skin. Because of the country's unique biodiversity, all the ingredients in their products are cultivated solely in different regions of Armenia. This component of the business is the heartbeat of the company, and in doing so, Nairian is making constant efforts to drive long-term benefits, both economically and environmentally.

"We wanted to address the rapidly growing demand for natural cosmetics and high-quality essential oils by tapping into the unique natural resources of Armenia and combining that with the high human potential here." Co-Founder, Ara Markosian explains.



OVER 1200 PLANT SPECIES with potent medicinal properties grow across different regions.

"Few companies make their ingredients— especially starting from seeds, growing the plants, and making the ingredients. We use the principles of aromatherapy, in which we mix these essential oils, not only to have a pleasant smell, but also to create the correct function for the product." He adds. Along with the aromatherapy practices, Nairian does not use any artificial fragrances or preservatives and discloses every ingredient on their product labels. These key pillars, and being transparent, are the ethos of the brand that distinguishes them in the category.

"The goal was to put Armenia on the global map of premium cosmetics and essential oils producers, as Armenia was not producing such things. We wanted to penetrate into the international market by presenting the best secret of these types of products in the world."

"Using scientific research and principles of aromatherapy to develop our cosmetic

product is one of the most important things that we do. Moreover, not many companies use pure, 100% essential oils in the quantities that we do, because we make them ourselves." Mr. Markosian continues. According to Anahit, **"essential oils are unyielding compounds, even though a small amount of 0.2%, 0.3% can influence the skin function. That is why the combination of these things makes us unique."**

Armenia produces over 1200 plant species with potent medicinal properties that make them ideal for producing high quality essential and carrier oils. Both possessing unique skill sets—Anahit, a trained physiotherapist, and Ara, a mathematician turned Silicon-Valley entrepreneur, identified an opportunity within the country's herbalism tradition to tackle this type of endeavor. **"We also want to revive Armenian traditions of herbalism and medicine. We are not just mechanically taking and using ancient formulas, but reviving the spirit, applying modern science to excellent natural resources: high altitude, sun, organic soil,"** says Anahit.

The company understands the importance of increasing the profile of Armenia internationally. The notion being that despite its size, it offers an immense amount of potential—especially when business is conducted in a sustainable manner. Ara emphasizes, **"it is a small country, but very precious in terms of its natural resources and needs to remain as such. We need to develop only sustainable kinds of production, and because we are landlocked and have these difficult**

ties of transporting goods, it is also important that we produce small-volume - high-value things, which we can carry using air."

Now with a complete factory, farm and two showrooms in country's capital of Yerevan, Nairian recently opened their e-commerce destination for residents in the USA & Canada to meet growing demand. Establishing new partnerships is a vital next step to expand their consumer base, having collaborated with different facial laser clinics in the US, such as "Pro-lase" in Glendale, CA. They are currently in talks with various natural cosmetic boutiques, and in the coming year is set to participate in trade shows.

Social responsibility is in the DNA for Nairian, especially as agriculture is at the core of the business. By making all the ingredients locally, this has attributed to job growth in areas which have been economically oppressed. Some farmers are now provided other avenues and points of sale for their crops through the creation of these essential oils.

"Another thing that is also paramount: when you are using a very low percentage - a small amount of 0.2%, 0.3% can influence the skin function. That is why the combination of these things makes us unique." Ara affirms. **"We have created jobs in villages—and are very proud of that. In the villages, we are diversifying the crops that they are growing because so far in Armenia people are mostly growing either food or vegetables."**

Looking towards the future, Nairian wants to stay true to the approach that has made them such an exciting enterprise to follow. **"I think we want to stay focused on what we do, and what we do best. We want to be high-quality, all natural premium cosmetics. We want to remain in that niche, to inform health conscious people to find us and enjoy the high-quality product that we make."**

"Maintaining our basic idea of creating the best quality, making our ingredients and making sure that our customers are 100% satisfied, - our wish is to put Armenia on the map of the highest quality essential oils and natural cosmetics producing countries, so we are also developing internationally, exploring all opportunities to enter new markets." For more information on Nairian's story and their product lines visit www.Nairian.com



INTERVIEWEE TIGRAN KARAPETYAN

"As a local company, we are trying to position ourselves as the innovators"

The concept of investment management is a relative novice idea in Armenia. Established firms and modern policies of recent years are giving it a pathway to flourish. In what was considered a ground-breaking moment in 2012, the government approved its first law on investing—a first since the collapse of the Soviet Union.

Capital Investments and Asset Management, originally founded in 2005, is an investment firm that has directly helped Armenia achieve milestones by being investors in the finance sector. The institution was the first to register a managing asset company following the adoption of the 2012 law, fast forward three years later to 2015 when they partnered with USAID's Finance for Economic Development Program. This initiative, based on Microfinance Securitization was implemented to introduce new financial instruments in the Armenian market. The pioneering program led to USAID recognizing it as "Innovative Deal of the Year 2015". It was the first time it was completed in Armenia.

"As a result, we have completed the first securitization transaction in Armenia, with the assistance of USAID. The idea of this was to securitize microfinance loans and transfer the credit risks into the capital market." General Director of Capital Investments and Asset Management, Tigran Karapetyan states. "Within these 25 years of independence I can indicate a lot of achievements, but also difficulties. The interesting fact is that even in terms of current challenges, the country has a potential to grow."

The volume of the operation was \$2.3 million

USD and served as a pilot project to validate potential. The goal is to conduct larger scale projects in the future. Mr. Karapetyan outlines the appealing incentives for investors, "the Fund provides a return of 15% annually in Armenian drams and 8.5% annually in US dollars." Adding that, "the reason that makes this transaction so attractive for investors, lies in the fact that USAID provided a 50% DCA (Development of Credit Authority) guarantee for senior tranche investors."

Harnessing their strengths of knowledge and expertise, Capital Investments and Asset Management has experienced a noteworthy average growth rate of over 10% from the past five years. The firm specializes in portfolio management, brokerage, asset management, and securities underwriting and according to Mr. Karapetyan, always have their clients best interests in mind. "We hope that we will be able to continue providing long-term double-digit returns for our clients."

They have also addressed Armenia's small capital market; and have introduced new financial instruments to assist these smaller companies list on the NASDAQ OMX publicly. "In 2008, when we entered the market, we started to work with the local businesses to bring them to the NASDAQ OMX trading floor, and we succeeded with the work with a couple of them, especially in real estate sector." Says Mr. Karapetyan. "We have underwritten the first bonds of real estate companies in the construction industry. The company has successfully publicly placed its corporate bonds on the market." He continues, "the basis for this is human capital. From this point of view, as a local company, we are trying to position ourselves as the innovators, the ones who bring something new to the market."

Mr. Karapetyan views the launching of these new instruments in the local market as being very promising for investors evaluating Armenia. "With a large diaspora over the world, and particularly in Los Angeles, we have been granted lots of donations within the last twenty-five years. I would like for Armenians of Diaspora to change their position within the next few years and change from donors to investors. This would be a winning position for both the country and the Armenian Diaspora." Mr. Karapetyan concludes.

INTERVIEWEE ANTONIO PETRUCCI

"We excel at combining Armenian hospitality with our expertise"

As the first hotel that opened in Armenia in 1928, the Royal Tulip Grand Hotel Yerevan, or formerly known as Hotel Yerevan, has become an icon within the country's capital itself. Nestled in the heart of downtown Yerevan, this sophisticated and European style boutique hotel is short walking distance from almost all of the city's charming attractions. Cobblestone sidewalks lead up to its doors by surrounding eateries, cafes, museums, entertainment, and nightlife in every direction you turn.

The state is having a more active role in developing its promotion of the tourism sector. Following their lead, the staff at the Royal Tulip wants to do their part by ensuring guests leave with an enjoyable and memorable experience of Armenia. "The positive impact of the hotel on the country would be our attempt to give the right service to our guests and not let them go back with a wrong impression of the country. We try to support our guests in everything during their stay and make them feel at home." Says Antonio Petrucci, General Manager of Royal Tulip Grand Hotel Yerevan. Royal Tulip's parent company, Renco, emphasizes reinvesting in Armenia through different public backed projects. "We are not businessmen from Italy who constructed just one hotel in Armenia but have been investing here for ten years. It is imperative to build a relationship with the country," He adds.

The hotel recently finished a complete renovation of its accommodations, including 84 standard rooms, nine junior suites, seven suites and two presidential rooms. They

want to enhance guest's stay by merging Italian business acumen with Armenian hospitality—something that the people of Armenia are lauded for authentically sharing. "We excel at combining Armenian hospitality with our expertise and know-hows for staying in this business." He continues. Mr. Petrucci feels that the staff having a one-on-one type of personal rapport with guests is the key make them feel welcome, guaranteeing the most pleasant stay possible. "I like to personally spend time with the guests and give them the right understanding of the country." The hotel assists guests facilitate specialty tours within Yerevan and outside the city as well.

Royal Tulip offers fabulous amenities for those staying with them, such as an open-air swimming pool, fitness center, and specialty spa and concierge services. It is also home to one of the most acclaimed restaurants in the city, Ristorante Rossini, offering authentic Italian cuisine. Adding to this, they been partners with Armenia's Golden Apricot International Film Festival for thirteen years, having received awards from them in 2015 and most recently 2016, and wanting to expand with other co-operations. The hotel has also officially passed the Small Luxury Hotels of the world, SLH. "We are looking for any kinds of partnerships that will let us promote Armenian culture. We are up to any cultural collaboration," He states.

Visitors who are planning a trip to Yerevan and looking for a luxurious yet comfortable stay need to look no further than Royal Tulip Grand Hotel Yerevan.



EDUCATION SECTOR



The statues of Mesrop Mashtots and Sahak Parbezhyan erected in 2002 at the entrance of Yerevan State University's main building.

With its upheld commitment to schooling, Armenia's leading universities are diversifying their curricula to guarantee a competitive edge for their students.

Advanced Destination For Higher Learning



DR. ARMEN DER KIUREGHIAN AND STUDENTS
AUA was founded in 1991 by the AGBU, the University of California, and the Armenian government during Armenia's first year of independence.



AERIAL VIEW OF AUA IN YEREVAN
The only U.S.-accredited institution in the former USSR that offers higher education.

Education has played a substantial role in the nation's values, resulting in highly-talented and competitive human resources. From an anecdotal perspective, Mashtots Mesrop invented the Armenian alphabet in 405 CE, which the country prides itself on being one of the very few that can identify the founder of their mother tongue. **"He (Mesrop) essentially set up a university, brought together all the philosophers and learned men of the time. The first thing they did is translate all of the important works of the time, philosophical, geographical, and so on."** Says President of American University of Armenia (AUA), Dr. Armen Der Kiureghian. **"Learning has been ingrained in Armenian history and culture for centuries."**

Armenia is witness to innovators that are re-imagining the sector,

WE POSSESS
a high level of human capital which is evident through the quality of teaching and level of research at our university.

"I think this is an excellent opportunity not only for the students of Yerevan State University but also for the students of all the universities of the city to work here, including the research they are doing in their universities, in their laboratories." Says Rector of YSU, Dr. Aram Simoyan. The institution views itself as a center of development within Armenia by providing value. Student conducted study is applied directly to the state. **"Now we are giving one-third or more of the research results from here to work for that of the country. These include the articles, books and other results of the research work being published here."** He says.

The university has also inaugurated the Strategic Plan of YSU Development 2016-2020, which focuses on activities rooted in fundamental and applied scientific research and educational programs in various branches of Armenology (Armenian Studies), science, social economics, humanities, and culture. With its commitment to providing quality education in Armenia, YSU wants to be more cost efficient for those attending to maximize student retention. **"Of course we try to help our students the best we can. For example, this year we have waived part of the tuition—roughly \$1 million in total. This is a large sum, has our annual budget is between \$20-22 million."** Dr. Simoyan adds.

A challenge that the university faces, along

with the country, is the educated population that favors migrating abroad. YSU recognizes the value of the Armenian diaspora and its role regarding enrollment and the hiring of personnel from there. Dr. Simoyan states, **"many experts, especially young specialists, try to go elsewhere because of a good salary and economic situation that can be perceived as more attractive."** Enhancing international collaborations are one of the goals of YSU—this includes being more open to other universities, research and educational organizations from abroad, and more students, and lecturers from other universities. Present day, the school has more than 270 signed cooperation agreements with foreign partners—universities and research centers in almost fifty countries around the globe. The partners in the USA include the University of Michigan,

ARMENIA NEEDS
job creation, every country needs it, but Armenia even more. There is a great potential here in IT sciences.

Ann Arbor, the University of Connecticut and Arizona State University, along with other institutions in Germany, Russia, China, and others. **"And we can do more in this field; we want to do research work with those schools and partners, organize conferences, publish not only articles and books but also magazines for instance."** The Rector expresses. YSU seeks to be a partner offering openness and flexibility, readiness to adopt new trends in education and science. **"We possess a high level of human capital which is evident through the quality of teaching and level of research at our university."** Dr. Simoyan concludes. American University of Armenia (AUA) is another institution that has been at the forefront of educational advancement in Armenia. It is a private university, originally founded with the backing of UC Berkeley and AGBU (Armenian General Benevolent Union) in 1991 and also has just celebrated its 25th year Anniversary. **"Our education-**

al system is English-language and American-style, we have American accreditation from Western Association of Schools and Colleges, the accrediting agency that accredits Berkeley, Stanford or UCLA." Says Dr. Der Kiureghian.

The school has experienced tremendous growth from its starting enrollment of 101 students, to now almost 2000. AUA offers eight different graduate majors and three majors for undergrad, looking to add one more graduate and two more undergraduate programs within the next year. They have eight different research centers for students as well—including its newest one, EPIC (Entrepreneurship and Product Innovation Center). EPIC a web incubation center that will bring students, research faculty, and selected outside specialists to work together as teams to develop innovative ideas. **"Armenia needs job creation, every country needs it, but Armenia even more. There is a great potential here in IT sciences and engineering."** He adds. AUA has notable alumni that have gone on to become founders or top players in some of the fastest growing IT companies in the country, such as PicsArt, and so forth. **"More and more the trend among graduates is not to work as employees of large enterprises that do just coding; they tend to grow towards startups"** Dr. Der Kiureghian explains.

The university is interested in diversifying the study body by attracting more international students and programs to broaden interactions with the current students. **"From an educational point of view, the institution, this diversity, interaction with different cultures and experiences is critical. So, we are very much interested in attracting a broad involvement of international students; we are particularly interested in involving study-abroad students."** AUA currently also boasts a roster of different study-abroad programs with top universities in the USA such as Fresno State, UCLA, UC Irvine and others.

The school offers tuition discounts for those in need, which is a very rigorous process, per Dr. Der Kiureghian, **"strictly speaking it is not money we give, but we give a discount on tuition anywhere from 25% to 90% of the tuition could be reduced. So, we have many students**

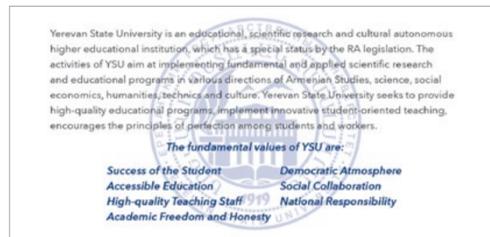
who get 90% of it paid." The University is funded by donations, with most coming from Los Angeles. These are instrumental for AUA's mission to achieve fruition.

On becoming a recognized leading university in Armenia, Dr. Der Kiureghian

says: "well, I would like this university to serve Armenia and the region in producing, and educating a new generation that will transform this country. To make it more prosperous, more democratic, and a state that is very progressive and economically advanced. Moreover, I think the graduates of this university will have a crucial role in future."

"Because of its history, the country has the pedigree to be a country where people come to get educated. I think we as an international university can play that role." Dr. Der Kiureghian states.

AUA and YSU are shining examples of higher learning administrations, working for the benefit of Armenian and international students to ensure they get ahead.



TECHNOLOGY & COMMUNICATION

With its highly-educated population, entrepreneurial spirit, and fast growth information technology sector, Armenia is on its way to garnering recognition as the “Silicon Mountain” of the region.

Leaders Digitizing Tomorrow

Etched in Armenia's history and intellectual legacy is Information Technology. Across a spectrum of technology segments, it was once the central hub of the USSR's scientific and R&D activities. It then transitioned to software development and IT services following the nation's independence. During its peak in 1987, it is estimated that Soviet Armenia produced 100,000 specialists in this sector. These ripple effects have led to the formation of a sophisticated and talented labor force that Armenia has become celebrated for amongst the CIS countries. Possession of this strong technical knowledge base creates the blueprint for a prosperous industry. This competitive advantage enables Armenia to distinguish itself from other emerging countries who have traditionally been the front runners when it comes to delivering cost-effective solutions. The tech pillar is foreseen as the catalyst to lift the Armenian economy long-term—and one of the most exciting to watch.

The State of the Industry ICT Report 2015, stipulates promising figures: total industry revenue, reached \$559.1 million USD in 2015, an increase of 17.7% over 2014's total of \$474.9 million. The IT sector contributed to almost 5% of the GDP in 2015 with approximately 450 IT enterprises operating in the country.

“The government of Armenia promotes the country as a leading innovation and technology hub, offering products and technological solutions to local and international markets.” Says Minister of Transport, Communication and Information Technology, Vahan Martirosyan. “It has empowered Armenia to attract foreign investments and build up an internationally competitive workforce, product, and services.” He emphasizes. The domestic and foreign investment will be a necessary driver to showcase the sector's ability to deliver on returns. Mr. Martirosyan adds, “enabling business plays a critical role.” In regards to IT companies specifically, IT startups enjoy 0% profit tax, and 10% corporate income tax. Armenia's software and services industry is rather young, with most of the companies, i.e., nearly 82%, founded during the period from 2000 to 2015, per the Armenia ICT Sector 2015 report.

“We are always working with the private sector to attract high value-added investments and create business-enabling environment incentives to make them more efficient and effective.” Rankings for doing business in Armenia have continued improving over the past decade. Subsequently, The World Bank ranked the nation 9th in easiness of starting a business.

There are almost 200 start-ups in the country with most becoming pioneers in their respective specialties:

TSD (Technology & Science Dynamics) is producing the first Armenian smartphone and tablets, Triada Studio launched the Shadowmatic app, a 2015 Apple Design Award winner. There is also Joomag, a cutting-edge digital content publishing platform, or leading mobile photo editor app, PicsArt—the list goes on. Aiming to promote startup company formation and new job creation, the National Assembly enacted the Law on State Support to Information Technology Sphere. (ICT Report 2015).

Major U.S. companies like Synopsis and Microsoft also opened offices in Armenia after recognizing this vast potential.

“The paramount challenge, however, is to implement growth and competitiveness-oriented policies, strategies grounded in economic, social and environmental sustainability and enhance our institutional capacity to carry out full-blown reform agenda as identified by the government of Armenia.” Mr. Martirosyan explains.

With IT development having a residual impact across all economic sectors, the government has ambitious bigger-picture views for Armenia's transformation. The Minister describes this as, “I would like to



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VAHAN MARTIROSYAN
Minister of Transport, Telecommunication and Information Technologies

see a fully digitalized country with high technologies embedded in every aspect of our life (e.g. the digitalization of roads, transport systems, development of roads). Hence, the country's digital transformation is our vision of future.” “As we consider creating more value for money and private investment opportunities, negotiations are underway to establish long-term strategic alliances and collaborative relationships with interested and qualified private-sector stakeholders.” Mr. Martirosyan states.

A disruptor in the space has been BetConstruct, the leader of gaming software in Armenia. In 2016 the company was recognized as the Technology Provider/Supplier of the Year by the International Gaming Awards, also known as the gaming Oscars. BetConstruct was opened in 2011 with Vivaro/VBet, a gaming operator, being its precursor. When large international suppliers refused to work with this small

company, the owners decided to develop proprietary technology. Soon they realized that what they created is quite competitive and can stand on its own on the global stage. Vahe Baloulian, CEO of BetConstruct, describes one of the unique points

that the company prides itself on as, “everything that the company has created was done in Armenia. BetConstruct was not founded abroad and then discovered Armenia because of its qualified and affordable workforce.”

They enhance their relationships by treating their clients as partners, offering a portfolio of services outside a standard IT services suite. “BetConstruct is not just a technology company, we are also a provider of services, such as risk management, trading, customer relationship, payments and everything else required by our partners for a successful operation.”

When detailing the type of impact they want to have on their partners business, he says, “it is a partnership because we purposely designed our relationship in a way that we cannot succeed unless they do. If they don't make money – we don't make money.”

Bet Construct wants to give a chance for

innovative companies to work with them, regardless of their size. “In our industry, we stand out for many reasons not least of which is that we don't ignore small companies. When we were just starting, we could not find a company to agree to provide us with technology.” He clarifies. “Our goal is to provide everyone with the same ammunition and let them compete on equal terms.”

The headquarters are in London, reaching that decision once learning that partners did not know the location of Armenia. “When we started offering our products to the international markets, we realized that a lot of our potential partners did not even know where Armenia is and would rather deal with a company registered in a familiar jurisdiction.” Mr. Baloulian states. They currently power over 200 partners globally, with only one exclusive partner in Armenia. “For our growth, we look outside of Armenia. BetConstruct is always working with innovative companies willing to profit from our technology and services, from our accumulated expertise.”

He continues, “BetConstruct probably brings more people to Armenia than your average travel agency.” The company has most recently expanded their footprint by opening offices in Austria and France as of February 2017.

Los Angeles is home to the offices in the USA. The savvy business decision has allowed them to capitalize on LA's proximity to other key cities in gaming. “Los Angeles is not far from Nevada, where our technology is now being licensed to supply land-based casinos. If this process is successful, our product will probably be

the first by an Armenian company to be licensed in Nevada.” Almost 1500 people are employed with the majority of them in Armenia. With the company's growth, this figure has increased nearly 30% every year. In one of its next moves, Bet-

Construct will be creating an educational facility, with courses focusing on software engineering and marketing. “By employing them, we don't simply provide them with jobs and an anchor to stay in Armenia. We create a learning environment where new specialists with important skills are born. We compete internationally, and that requires a different mindset.” He adds, “our employees are hard-working people, and each one of them is wonderful in his or her way. We would be nowhere without their drive and desire to amaze the world.”

This sophisticated work output is a model of what is being accomplished to increase Armenia's name recognition globally. “Everyone in our industry is aware of BetConstruct and where we come from. We made sure that a company from Armenia has its impact on the gaming industry and has basically initiated that industry in Armenia.” He also wants foreign investors to take notice of these character attributes when hiring and establishing their operations in Armenia: “We are a country on the eastern edge of Europe with a stable outlook towards what's good. We are a very individualistic nation. You get very ambitious employees who want to learn and do business bet-

ter than you.” Mr. Baloulian concludes. Synergy International Systems, also known as “Synergy” is a global software company that empowers organizations to become more data-driven in achieving their impact. Originally founded in 1997, CEO Ashot Hovanesian opened operations in Armenia in 1999. When discussions of expanding outside of the USA transpired, he knew that Armenia was capable of greatness. “We have been doing a very particular type of development, high-value, and high-volume, software.” We realized that such a talent exists in Armenia and would be exactly what we are looking for.” Says, Mr. Hovanesian. Services range from software development and systems integrations to consulting, support and training. These services appeal to their variety of clients including country governments, international development agencies, NGOs, and private companies. They employ 200 people worldwide—and in Armenia has offices in Yerevan, Artsakh, Stepanakert, and most recently in Gyumri, the second largest city in the country.

As trailblazers in Armenia, Synergy considers themselves at the crossroads of technology and international development. “We are not just IT; we are working in the economy, the social spheres, in many areas that need much expertise.” He explains. To date, the company has completed projects successfully with 65 countries across Asia, the Far East, Africa, Middle East, Europe, and Latin America.

“We have been working with governments for many years; then realized that governments are spending large sums of money, from their budget, or spending other states money, donors' money or international assistance.” He examines. By realizing this, Synergy identified an opportunity to provide clients solutions by helping them make evidence-based decisions. Synergy Indicata, an industry leading MRE (Monitoring and Evaluation) software was created, and what Mr. Hovanesian describes as their masterpiece. It is used to determine whether or not clients had achieved their strategic objectives on an initiative, in correspondence with budgets that were exhausted. “By measuring the results, you can verify if the funding was adequate for that purpose.” He summarizes the process as “we start top-down—pinpoint what the goals are; strategic goals of the government or one project and then what are the subgoals, objectives—factors used to measure and quantify your goals. What the progress is to reach a baseline.”

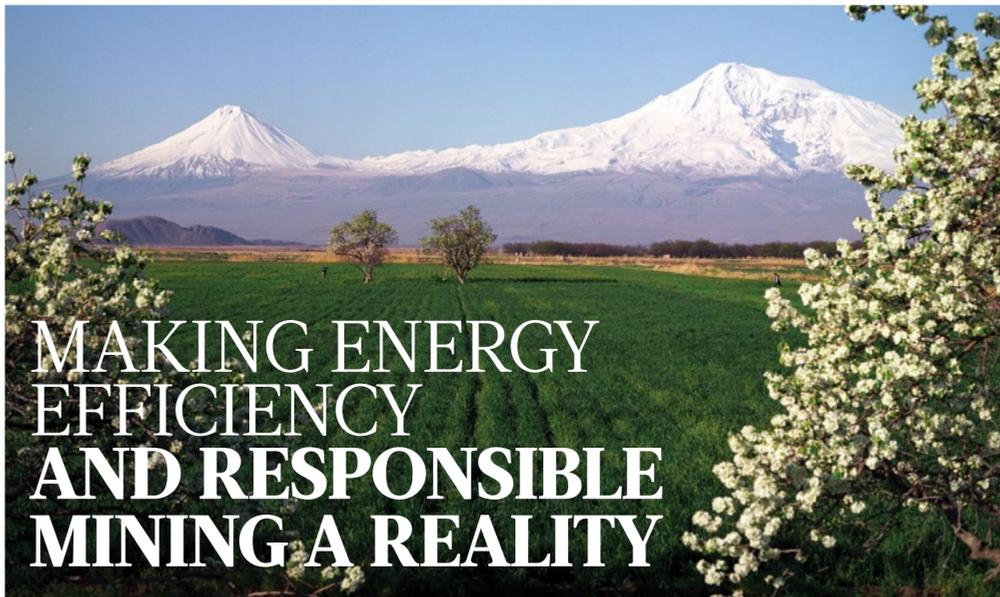
With these types of innovations, Synergy sees Armenia's workforce realizing new occupational heights. Mr. Hovanesian envisions the market not only as software mavens as history has indicated, but one that can become a source of consulting services internationally. He explains this as, “creating a new type of IT professional, outside of what was known in Armenia as only a programmer. A role in servicing international clients in a more comprehensive way.”

He adds, “we have project managers, system analysts; we have people who will be able to travel to foreign countries, understand needs, transform everything into the language that developers understand, and keep an ongoing relationship with clients.”

As the only other region with presence outside of the USA, employee development in Armenia is a crucial mission for the company. “If these types of professionals can work here, then this country can produce this level of expertise here.” He clarifies, “one of the most important things we do is provide training in Armenia.” Synergy has set up highly competitive annual summer school training programs, offering two months of free training to those selected. This year, they had 480 applicants for twenty-five positions, with the prospect of securing a job afterward. “When they come here, they have to see that Synergy is a professional company, a highly international company that can exist in Armenia, and that makes you trust more in the country.”

Mr. Hovanesian asserts, “I believe that in addition to traditional outsourcing that many investors are looking for, I would encourage them to invest into the consulting part of the potential of Armenia.”

NATURAL RESOURCES & ENERGY SECTOR



MAKING ENERGY EFFICIENCY AND RESPONSIBLE MINING A REALITY

A growing set of modern reforms coupled with an enticing low-barrier to entry are making Armenia the new hotbed for alternative energy investment.

The energy sector in Armenia has made remarkable progress over the last two decades. The industry has transitioned from extreme crisis' in the early 1990s into demonstrating thought leadership on innovative energy reforms and investment opportunities.

Given its prime geographic location, Armenia boasts an abundance of natural resources providing many competitive advantages for the sector. Utilizing vast solar, wind, geothermal and hydro resources through different strategic measures are creating sustainable renewable energy solutions. These are establishing new principles for economic growth, positioning the country to be energy independent and efficient in the future.

Armenia possesses limited raw materials with no proven oil reserves or natural gas, relying almost entirely on imported gas that is responsible for generating approximately 30% of the country's power (Armenia SREP Investment Plan, 2014).

“Energy independence is a key to any country's economic and sustainable growth, and in Armenia, we have all the potential to have that.” Says Deputy Prime Minister of Energy Infrastructures and Natural Resources, Hayk Harutyunyan. “For the next decade, the nuclear power plant in Armenia will play a significant part in energy independence, but with all the other technologies rapidly developing, we do not exclude the fact that it is possible to have an entirely independent renewable energy sector.”

Based on the Armenia Development Strategy 2025, the government's long-term vision is intently focused on maximum usage of domestic renewable energy resources, updating obsolete technologies, diversification of energy supply sources and enhancing energy security to mitigate volatile pricing. (CPS Sector Assessment 2014-2018 – adb.org.)

One endemic challenge with this type of shift is rooted in old technologies that decelerate progress. “For example, right now for the heating sector, we do not have any technology which can be universally applied in Armenia to substitute for natural gas in the heating area. We need a technological breakthrough here. With electrical energy, it is easier to reach independence, but when it comes to the heating sector - petroleum, diesel, that is the challenge.” Mr. Harutyunyan explains.

“We work with our strategic partners and have two gas pipelines: one from the north (Georgia), one from the south (Iran), using both. This provides us with some diversity in the supply of energy, but we need new technology breakthroughs.” Mr. Harutyunyan adds. Thus, alternative energy programs and policies have been implemented to mitigate any deterrence in creating an enticing investment climate. “There are multiple ongoing projects: energy efficiency program for housing renewal, individuals, and businesses - a lot of targeted programs.” He continues.

In June 2016, the Green Climate Fund granted a milestone investment of \$20 million USD to UNDP in Armenia, a first of its kind in the region. The aim of FP010 is to reduce energy use for heating, reduction of CO2 emission and achieve cost savings.

“Energy efficiency is the central pillar of our energy policy. Energy efficiency is important not only for the energy sector but also for the economy overall and the environment.” Mr. Harutyunyan explains, who has been at the forefront pushing the progressive reform for Armenia. There have been different laws devised, including the Energy Efficiency and Renewable Energy Law, adopted in 2004. The National Energy Efficiency Action Plan 2010 also

came into effect, is updated every three years and has proven to be very positive for accomplishing the task of energy conservation. “As a result of our activities, three years later we saved 6.6%—doubling our initial goal.” They are now in the process of adopting the second 3-year plan, which is expected to reach roughly 38% of savings from primary energy consumption. Due to the results, his committed resolve rests in advising on the possibilities these efficiency prospects can bring. “We proved that energy efficiency works. We proved that it can be done on commercial principles, and now banks are encouraged to start lending to public buildings for the energy efficiency projects.”

Recently the National Assembly passed a bill, which abolished taxes for solar power market. Since then, the use of photovoltaic (PV) panels has grown exponentially, according to the Deputy Minister. “There is a very progressive reform package in the parliament to promote renewable energy in Armenia that has been introduced.”

New streams of financing and awareness campaigns have been implemented to increase public knowledge. “If before people were asking why they should have solar panels, they are now asking why they shouldn't have solar panels. This is because we created the right environment.” For now, residents can receive a lease from their bank for the equipment. The agreement is structured in a way that only requires payment derived from energy savings after a certain number of years, with no additional costs. Mr. Harutyunyan sees these promising conditions leading those to adopt a new mindset. “The environment has been set up in a way where basically it's not logical, not to have solar PV and solar water. We are trying to convey this message every day.” The long-term idea, he says, is developing larger scale PV projects that will open up the bidding process in Armenia.

An important partner for investors to become familiar with is the R2E2 (Renewable Resources and Energy Efficiency Fund), an independent NGO established by the Government. The fund provides comprehensive assistance to renewable energy/energy efficiency project developers and investors evaluating the sector. This way, they can feel confident they have an ally with expertise, guiding them through the process.

There has also been considerable private sector involvement monetizing on the untapped opportunities from different energy segments, such as hydropower. In July 2015, Contour Global, a U.S. based company made history by acquiring the Votran Complex of Hydroelectric Power Stations, for \$180 million USD. It represented the largest single U.S. private investment in the country's history and the first U.S. investment in the energy sector.

“We have policies to do everything to attract investors to Armenia. We understand their needs and are ready to stand by them in every possible step. There is a well-established investment environment, and I think we can guarantee investors that investment in the energy sector is one with least risks in Armenia.” Mr. Harutyunyan stresses.

Improvements in Mining

The mining industry in Armenia keeps a pulse on the economy—in 2015, copper ore and gold were the country's #1 and #3 top exported goods. In 2015, the mineral industry made up 16.7% of total industrial production and grew by huge proportions of 50.4% from the previous year. The mining exports have amounted to \$500 million USD annually. (World Bank Assessment of Armenian Mining Sector Indicates Opportunities for Growth, 2016). The sector is an

engine of employment, particularly in rural areas of the country.

“Our policy is dedicated to attracting more quality investors to this sector and to expose the rich mining potential. They give us good ground for having responsible mining in Armenia.” Says the Deputy Minister.

Mr. Harutyunyan explains that “the presence of projects like Lydian International is great to showcase that mining does not always have to be bad, it can have a positive impact. It is good for job creation, exports, and it can have minimum impact on the environment if it is done correctly with are environmental assessment reports.”

“Now we are trying to promote responsible mining in Armenia, and trying to attract investors who are in line with that

policy. We are seeking to become a member of EITI (Extractive Industries Transparency Initiative).” He continues. The process of attaining membership is to increase transparency and dialogue between the government, private and civil society. Leading by example is Lydian International, an emerging gold developer. Armenia captured Lydian's attention initially in 2005 and 2016 discovered the Amulsar gold deposit. Lydian Armenia has 100% ownership of the Amulsar Gold Project, which has become the most prominent gold project in the country.

“Amulsar is the largest success story for the mining industry in Armenia. We had our ground-breaking ceremony earlier this year, and construction will continue for the next one and a half years,” says Hayk Aloyan, Managing Director of Lydian



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February 2017

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Special Acknowledgements
Edith Khachatourian, ILC
State Tourism Committee

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Armenia, who was also a member of the original group that discovered the project. Gold production is set to begin in 2018, expecting to deliver tangible economic gains. Total contribution to GDP is projected to reach \$185 million USD, with gold exports on average reaching \$286 million USD, annually. (Social-Economic-Contribution-Report, Lydian International 2015). Amulsar is set to provide 1100 jobs in the first two years and retain 770 positions for the remaining 11 years of the mine as well. Lydian echoes the sentiments of the government in the areas of transparency and responsible mining. "Transparency is important, and we are always looking for new opportunities to cooperate with international and local partners. We have great investors, all of whom have made significant investments in Amulsar and the country," Mr. Aloyan says. "We are committed to being different by bringing new technologies and cooperating with communities in a responsible way. Also, we are working according to international standards—we want to be an example, and will develop Amulsar in this manner from the start." He adds.



HAYK HARUTYUNYAN
Deputy Minister of Energy Infrastructures and Natural Resources

This project is also the first in Armenia to have produced an Environmental and Social Impact Assessment (ESIA) study compliant with IFC and EBRD Performance Standards and Requirements. "We sought broad public consultation during preparation of this document, and it reflects a wide range of commitments Lydian will implement during construction and operation," Mr. Aloyan states.

During the past 11 years, Lydian has spent almost \$2.5 million USD for different social projects, dedicated to education, infrastructure, agriculture development, and health development. "Regarding agriculture, we are supporting communities, bringing new experience from our international partners, and also developing greenhouses and teaching them how to do different projects, including food drying, etc., creating small and medium enterprises for the communities" Mr. Aloyan describes.

He also emphasizes the importance of modernizing the mining practices in Armenia, to help draw foreign investment. "One of the important steps that we have done for foreign investors is opening up the exploration data. With the grant of USAID, the government is committed to digitizing all the exploration data that can be available for the potential investors."

The improvements in the mining legislation in Armenia are appealing to investors as well. "It allows any investor to come and put the application in the area, where they want to do exploration. Also, the World Bank participated in forming the Armenian mining law, making the law very modern and promising for new investors." He explains.



ARMENIA'S LEADING OPEN AND ATTRACTIVE sustainable energy investment policy is becoming enviable in the region.

Another leader to highlight is Zangezur Copper Molybdenum Combine (ZCMC), a major player in the industry and largest mining entity in Armenia. As one of the primary employers in Armenia, ZCMC plays a seismic role in generating economic growth. A key producer of molybdenum and copper, the company origins dating back to the 1950s are at the center of this. Mger Poloskov, General Director of ZCMC, describes the history as, "Cronimet (parent company of ZCMC) established some partnerships with local entrepreneurs and stepped in on a project of building up a molybdenum concentrate treatment facility here, in Yerevan, which was not the case before. In the Soviet period, all the molybdenum concentrate was delivered out of the country, without creating additional value for the Republic of Armenia." Since 2005, Cronimet group of companies is a significant (but not the only) shareholder of ZCMC, situated in Kajaran, Armenia. The privatized entity was operated several years after the collapse of Soviet Union, with almost no investment due to different reasons.

"Today we are looking at an enterprise which is modernly equipped, modernly operating, safety forward, environmentally driven, and well understanding of the social responsibility of such a big operation." Says Mr. Poloskov.

The company employs close to 3,500 people a year, with a strong stance on hiring locally and participating long-term. "ZCMC is focused on infrastructure in the region, helping towns and smaller communities. We are working very close with fourteen communities—we want to ensure that not only state and local government, but for us, as a prominent company in the region, are responsible for ensuring the proper quality of life for the citizens." He continues.

"Our relation to the neighboring communities is much more important to us, and the focus on what has to be done is not really the same." Mr. Poloskov explains. "It's a day to day operation, looking at all the necessary things that should be com-

pleted such as ensuring that electricity is available, new schools and roads are built, and necessary repairs are made, etc."

As with some other leaders in the mining sector, minimizing its environmental footprint and advancing its workforce is a top objective.

"We are also looking at decreasing our impact on the environment, developing our local staff, which is 99.99% local. Developing the potential of our workforce, especially the young engineers is a priority. We want to involve the local educational capacities, as well as those from abroad, and believe that this is the most important thing we have to do. We have two assets: geology and people, this is what we would like to try to develop." Mr. Polosov states.

ZCMC has ambitious intentions to maintain their dominant position in the market.

Currently, they are sitting on a geological treasure-trove of 1.9 billion tons of ore.

However, they are aware that a competitive sector is necessary for them to push standards and keep excelling. He asserts, "We believe that this momentum is something that we should bear in the future as well, to make sure this mining enterprise is number one in Armenia because our colleagues are starting to get better as well. They want to be bigger, quicker, and become better leaders." In regards to the trade side of the business to help them stay competitive, ZCMC is all for it.

"When referring to the trading side, we are very open, each year we are changing the sales structure, looking for more efficient ways of selling our products. Mining is very particular. You are not looking to enter in some markets because the commodity is a commodity, and you are driven by the price." He elaborates.

Based on his experience, Mr. Poloskov has a clear message for investors looking at Armenia, "the investment and trade policies are well understandable, reliable, and they are promoting investment." He ascertains, "everything is available in Armenia."



ENERGY INDEPENDENCE is a key to any country's economic and sustainable growth, and in Armenia, we have all the potential to have that.

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