



American University of Armenia

Հայաստանի Ամերիկյան Համալսարան

A US-accredited institution affiliated with the University of California.

Suren Kazhoyan
Gayane Melkonyan
Svetlana Avetisyan
Emma Makaryan
Anush Varzhapetyan

IDeA: At a Crossroads

Ruben Vardanyan, co-founder of the Initiatives for Development of Armenia (IDeA) Foundation, was sitting in his Moscow office, looking out the window and pensively admiring the rapid development of the city in recent years. It made him contemplate about all the completed and ongoing projects that he and his team had implemented back in his home country of Armenia.

The grandiose plans of the Armenia 2020 project, an ambitious plan to transform the development of Armenia from charity to self-sustaining investment model, had fallen through despite much effort and dedication. Nevertheless, it made him realize the shortcomings of that initiative and look for new ways to overcome them; this time, through the IDeA Foundation and its potential role as a Private Socio-Economic Development Agency (PSEDA). With significant funds and landmark projects, the foundation clearly has some prerequisites of a Development Agency. Still, many aspects remain to be reexamined.

Country Background

Since its independence, the Armenian economy has undergone a significant transformation. The ambitious first-generation reforms, as well as inflows of remittances and capital, have made the Armenian economy a market-oriented one. Situated on the Europe-Asia divide, the Republic of Armenia (RA) covers an area of 29,743 square kilometers, most of which is mountainous. The landlocked country is located in the South Caucasus, bordering Georgia and Azerbaijan in the North and East as well as Iran and Turkey in the South and West. The absence of diplomatic relations with two of its four neighbors - Turkey and Azerbaijan, makes the country's access to the outside world limited. Also, unfavorable geographical location and high transportation costs narrow down the country's export base. Only 3 million Armenians live in the country, and about 7 million make the Armenian Diaspora.

In 1991, Armenia gained independence after nearly 70 years under Soviet rule. Since then, RA has steadily increased its political and economic ties to the European Union.

According to its constitution, RA is a unitary semi-presidential republic. In reality, informal practices of authoritarian rule undermine the country's formal democratic institutions. High level of corruption and weak judicial and law enforcement institutions have a negative impact on attracting FDI and the development of a competitive and healthy private sector. The existence of a small group of oligarchs in the Armenian economy - with close links to the government -

IDeA: At a Crossroads

create a favorable environment for the extraction of monopolistic profits in several sectors, including, petrol, sugar, cooking oils, and others.

Small and medium-sized enterprises (SMEs) make a considerable contribution to Armenia's development, estimated at 42.5% of GDP and 42.2% of employment in 2012. Armenia is among the countries with the highest literacy rates in the world, and there is a natural aptitude for sciences in the population. This, in combination with relatively low wages, make Armenia's value proposition quite attractive. Armenia has very limited natural resources. However, in the long run, this may turn out to be an advantage as the country seeks to develop higher value-added and knowledge-based industries.

The GDP level of 11.64 billion USD (in 2014) and low income (GDP per capita of \$2382.31 USD in 2014), creates high levels of emigration and dependence on remittances which have made the country particularly vulnerable to the fluctuations in the global economy (see **Exhibit 1**).

From the economic perspective, the period from 1991 to 2008 can be typically divided into three periods of development: the "survival struggle" in the first several years of independence was followed by a "period of recovery" when the nation managed to rebuild some of its capacities lost during the years of severe crises. The most recent period from 2000 to 2008 has been a period of "sustainable economic growth". Experts, however, argue that this increase has been largely dependent on external changes.

The country's growth is currently dependent on such factors, as private remittances of migrant workers or citizens of foreign states, assistance from international financial and donor organizations, investments by foreigners, mostly of Armenian origin. Hence, those who wish to invest in social capital and have a positive, long-term impact in Armenia will see the model of business and philanthropy, applied by development agencies, not only as effective, but necessary for the future development.

Industry Analysis

As a developing country, Armenia heavily depends on international and domestic development organizations. Due to this fact, a number of institutions are involved in a wide range of activities aimed at improving the Armenian economy and social welfare.

The European Bank for Reconstruction and Development (EBRD) is an international financial institution that supports projects in over 30 countries. Their initiatives in Armenia mainly focus on the development of the financial sector; the improvement of the municipal and urban transport infrastructure; the development of agribusiness and export-oriented industrial companies; the improvement of the regulatory and institutional framework for sustainable energy; and the improvement of value-added in the mining sector.

With regards to education, there are two main organizations in this focus area. First being the Tumo Center for Creative Technologies the purpose of which is to expand young individuals' mindsets by giving them the resources necessary to achieve their full creative potential. The second organization is the AYB Educational Foundation, a private educational complex with the goal of raising the competitiveness of Armenian education.

Founded in 2000, the Children of Armenia Fund (COAF) through its initiatives creates and sustains opportunities for growth and progress. These programs are aimed towards securing a

prosperous future for children from various underdeveloped rural villages in Armenia by making improvements in their education, healthcare, economic conditions and community life.

A broad range of development programs are provided by the United States Agency for International Development (USAID) which has been operating in Armenia since 1992. Initially, it focused on programs providing humanitarian assistance; however, it has since then shifted towards the promotion of long-term economic, political and social transition.

The Austrian Development Cooperation in Armenia mainly focuses on the agricultural sector, where 46 per cent of Armenia's labor force works. By modernizing, raising production and improving the general conditions of the agricultural sector, they aim to promote economic activity in Armenia.

The Armenian Development Agency (ADA), which facilitates foreign direct investments and promotes exports, is yet another institution working towards economic development. It supports investors in starting their businesses in Armenia, helps in project implementation, provides information on investment opportunities in the country, as well as investment-related regulations and laws, acting as a link between investors and the Government.

Types of Economic Development Agencies

Public Agencies

Types of public economic development organizations include regional planning organizations, state economic development organizations, and local governments. The majority of them are organized into divisions that follow a hierarchical structure and are based on geographical, service or subject areas. This, in turn, facilitates their operations, helps streamline processes and contributes to departmental specialization. With regard to funding, public agencies can receive funds from a number of sources such as General Funds, Capital Projects Funds, Enterprise Funds and others.

A major leverage for public development organizations is their municipal powers which include taxing authority, zoning and regulatory powers, eminent domain, ownership of land, etc. The aforementioned municipal powers along with their planning capabilities regarding local strategies and policies can contribute greatly to economic development projects.

Public economic development organizations must be wary of duplicated work between departments due to the often poor coordination and communication between them. Due to the long-term nature of development projects often times the turnover of officials holding office, who usually have differing commitments, can result in inconsistencies in economic development policies.

Private Agencies

The focal point of private agencies is business attraction, retention, and expansion. Their activities also include but are not limited to financing startups, developing small businesses and improving infrastructure. Exemption from public accountability allows private agencies to streamline processes by skipping tedious public reviews, red tape, various hiring requirements

IDeA: At a Crossroads

and other restrictions. However, the inability to influence local politicians may result in various hindrances in development projects.

A common type of private agencies is the Certified Development Corporation (CDC) which is a community-based economic development agency. CDCs may be organized as nonprofit umbrella corporations in which community members have the opportunity to purchase shares, which in turn helps both finance the company and speed up the overall local development process. They may also be organized as for-profit corporations with nonprofit subsidiaries with the ability to accept private contributions and federal grants.

Private agencies, in comparison to their counterparts, set their own company objectives and choose which projects to implement. In turn, they are free to reinvest the retained earnings from their projects to pay bonuses, further develop their existing projects or start implementing new ones. Moreover, private firms have many sources of financing in the form of grants, donations, and investments, while public agencies are often constrained to the municipal budget.

Private-Public Partnership

Provided that both private and public sectors have similar development objectives (e.g. education, health, employment creation, eco-initiatives), private-public partnerships which later develop into long-term strategic alliances are becoming more prevalent in development cooperation. They are usually organized as nonprofit corporations, and their board of director should include representatives from both the public and private sectors.

In terms of funding, a private-public partnership ensures more productivity than a purely public agency. Given that for the most part purely public agencies are not subject to competition and are financed from the state budget, their productivity suffers as a result. In contrast, private agencies are driven by the need for customer satisfaction and the aim of cost reduction, hence resulting in incentives to improve their productivity. In such private-public symbiotic relationships, the private sector contributes with its business-oriented approach, while the public one helps facilitate government contracts, increasing the efficiency of the public institutions involved. Moreover, both project risks and financial contributions are shared between the two parties.

There are also some risks and additional costs associated with the private-public alliance. There can be a conflict of interests which can be caused by the non-alignment of the goals and objectives of the two parties involved.

The Role of the Government

The active role of the government is one of the key success factors for development agencies worldwide. In some countries, where support for entrepreneurs is not a direct function of the local government, Development Agencies can serve as a link between SMEs and local government in such a way that they assume the role of the local government. In fact, in many cases, the local government acts as an investor, in collaboration with the private sector, for major projects by using the municipal budget.

One issue that arises in the collaboration between the local government and Development Agencies is the need to keep the Development Agencies accountable for their actions while at the same time giving them enough operational freedom. This can often result in tensions between the two, stalling the momentum of the development tasks.

On the other hand, Development Agencies can be delegated some local or regional government functions in the cases when there are unclear responsibilities and jurisdictions in the public sector. The advantage is the Development Agency's business-like nature and its ability to face investors and negotiate directly with them. Thus, the Development Agency acts as a facilitator between the civic and public sectors.

Strategy

The strategies adopted by Development Agencies are varied, in the sense that they are tailored to the specific regions that they are targeting. Successful Development Agencies, however, do share some common ground. One of their commonalities is their multi-faceted range of activities. Realizing that one area alone (e.g. infrastructure, education or tourism) is not enough to rejuvenate their areas of operation, they instead opt for a wide-ranging strategy that combines activities across the key areas.

The second trend common to Development Agencies is straying away from the dominant industries in the local economy with the aim of diversifying and developing human capital and entrepreneurship, as well as achieving balanced economic structures through sustainable development. In developing human capital, the aim is to involve local residents of the area of operation not solely as consumers, but as contributors throughout the entire development process. This, in turn, will be successful only in the case when Development Agencies ensure that the local workforce involved receives proper training.

Even though Development Agencies and the local governments of their targeted areas often times differ in their approach, the local governments view the agencies as a good way to manage economic development and as a helpful tool in helping revitalize the area. Sharing a common vision drives the public and private sectors to work together in order to be more productive, resulting in a satisfactory outcome for both parties. In other words, by working together they can prove that "the whole is greater than the sum of parts." Moreover, delegating developmental activities to local Development Agencies helps enhance the region's responsiveness to economic drivers and bypass the limitations of the institutional framework.

Funding

An indicative feature for the best Development Agencies is the diversification of income streams and support of cross-funded activities. This way, more stakeholders are content in investing into the projects. Forming partnerships with relevant agencies and cooperating with the private sector enables them to make their projects more appealing to potential investors, hence facilitating the funding process itself. By keeping the investors regularly updated about the project status they can ensure the investors' continued confidence.

IDeA: At a Crossroads

Usually, funding is divided into three types, which ideally should be followed in a particular order with the aim of maximizing sustainability. The first stage is mobilizing its own resources and utilizing the willingness and aptitude of the inhabitants of the project area; the next stage calls for using all the ordinary sources of public funding, by utilizing the budget of the local government, the regional government or the central government. The last stage is directed towards finding extraordinary funding and support from outside sources, based on the scale of the problems that the development initiative is aiming to solve.

There are five basic approaches to financing Development Agencies; however, they may exist in hybrid forms mixing two or more approaches.

- Completely funded or owned by the public sector. In this case, the balance sheets of the agency are publicly controlled and subject to annual public audit.
- Publicly funded and owned by the public sector. However, it is free to alter the use of capital receipts, trading income, fees which help provide a complementary commercial strategy with the aim of achieving public policy goals, controlled by the public sector accounting rules.
- Funded from a number of public and private sources, with clear rules and processes for setting financial strategy and for redistributing the income and expenditure to different sponsors.
- Largely, or completely, funded by the private sector. Operating as a not for profit business which substantially controls its internal financial strategy.
- A “subsidiary” or “intermediary” created by the Development Agency for engaging in more complex financial transactions or arrangements, which is separately governed and accounted for within approved rules.

Roles and Responsibilities

DAs may be grouped into five main groups, based on the roles they play in the local development system.

- *Development and revitalization agencies* are responsible for enhancing the competitiveness of a location primarily by facilitating and managing investment in “hard” or physical factors such as transport infrastructure, real estate, and urban realm.
- *Productivity and economic growth agencies* are primarily responsible for the development of “softer” factors. They tend to focus on branding, skills development, entrepreneurship, business growth and inward business investment and retention.
- *Integrated economic agencies* approach the development agenda in a holistic manner. These agencies tend to focus on both “hard” and “soft” factors. They attempt to link together all aspects of local development in an integrated model and work closely with the full range of partners required to realize the vision they strive for.
- *Internationalization agencies* have the aim of establishing an increased presence on the global stage for their areas of operation. These types of DAs focus primarily on international promotion and branding. By building on the unique assets of their project locations, they tend to develop and deliver internationalization strategies.

- *Visioning and partnership agencies* tend to create partnerships, research and publish materials, as well as lobby key stakeholders, which set and shape the development agendas of their cities.

Leadership

Economic development provides multiple avenues for innovation; thus, it is important that the leadership of the development agency builds the context for progress. Leaders should be able to make change happen and to help improve the performance of the organization and the projects being implemented. Today, one of the main dilemmas many leaders of economic agencies face is where to draw the line between being a profit-driven business and a humanitarian agency. This important decision will help them understand the direction in which they want to head the organization.

In the majority of successful development agencies, a number of similarities can be noticed between its leaders, these include but are not limited to their visions for a future, customer orientation, coordination skill necessary to synergize the organizations they partner with and promotional skills that help position a local economy within contested markets.

IDeA

Background

IDeA was founded in 2012 by the Ruben Vardanyan and his wife Veronika Zonabend. The objective is to achieve socioeconomic development in Armenia and assist it in its transition from the survival model to the prosperity model. Through its long-term, non-profit projects, IDeA promotes social entrepreneurship in Armenia (see **Exhibit 2**). Their main focus areas are tourism, infrastructure, and education.

They currently employ over 220 people of which 40% are women. As a result of their projects nearly 1,600 people have been indirectly employed. Throughout the years they have received funds from 480 donors for the various projects they have implemented and have formed partnerships with over 30 Non-Governmental Organizations (NGOs) and International Financial Institutions.

The Man behind the IDeA

Born in 1968 in Yerevan, Armenia, Ruben Vardanyan graduated with honors from the Moscow State University Faculty of Economics. As a person keen on investing in his skills and knowledge, throughout his life he has attended courses at Harvard, Yale and Stanford among others. His business and entrepreneurial achievements have been recognized by the likes of Fortune magazine and Ernst & Young.

He is chairman of the board at Sberbank of Russia and has been with the company since its early years when it was known as Troika Dialog brokerage as executive director and subsequently CEO. As an entrepreneur and philanthropist, Ruben Vardanyan chooses to concentrate on educational initiatives, serving as a board member at a number of academic institutions throughout the world. He is deputy chairman and founding partner of Moscow School of Management SKOLKOVO and United World College (UWC) Dilijan.

IDeA: At a Crossroads

IDeA's Guiding Principles

In selecting and implementing all their projects, the IDeA Foundation applies its 9 guiding principles which are

- *Magnitude and emblematic character.* The Magnitude of IDeA projects is the aggregate of quantitative and qualitative indicators such as the number of investors and improvements made to the living standards around the project locations.
- *Long-term sustainability.* Recognizing that the development of Armenia cannot be realized with short-term projects of 2-3 years, the principal IDeA projects are chosen based on their longevity, long-term impact for the next 10-20 years and self-sustainability. Donors find self-sustainable projects more attractive as they do not require future investments.
- *Global scope and collaboration.* IDeA prides itself on maintaining a global perspective in their projects by involving a multitude of people and organizations both from the private and the public sector, as well as the church.
- *Multiplier effect.* IDeA's projects are meant to act as a catalyst for positive changes such as new employment opportunities, the creation of Small and Medium Enterprises (SMEs) and improved infrastructure.
- *Engagement of local communities.* It is IDeA's belief that the involvement and emotional investment of local communities ensure the success of their projects.
- *Global best practices.* The involvement of foreign stakeholders with extensive international expertise and knowledge ensures the compliance of IDeA projects with the best international standards.
- *Replicability.* The management style and approaches to the projects should be scalable and possible to replicate in other locations.
- *A-Z approach.* IDeA projects are to be managed thoroughly and methodically from concept and design to development and delivery.
- *Multifaceted impact.* A project implemented by IDeA has to have the potential to reinforce other projects and have an impact on multiple sectors.

The Impact of IDeA's Development Projects

Since its creation, the IDeA Foundation has invested over \$500 million in its development models, of which \$220 million was invested from over 480 international donors and partners. Their investments can be broken down into 8 development focus areas (see **Exhibit 3**).

Education

The bulk of the costs associated with the educational initiatives is mainly due to United World College (UWC) Dilijan. The UWC Dilijan Project started in 2008 and as of today over \$135 million have been invested into it. One of the fifteen UWC colleges around the world, it is the first international boarding school in Armenia. They currently host over 188 students of which 21 are from Armenia while the rest come from 63 countries. The social impact of this project has been the creation of over 70 jobs in the local community of Dilijan. At the same time, this project along with other educational initiatives implemented by IDeA such as Teach for Armenia, AUA Summer Camps, Dilijan Women's Resource Center and various scholarships to Armenian students have indirectly contributed to the employment of over 1,480 people.

Urban Development

The opening of UWC Dilijan paved the way for a new initiative by the IDeA Foundation - the Dilijan Development Project. This project began in 2014 with the goal of transforming the city of Dilijan into an educational, cultural and resort hub in Armenia. As of now, only \$30 million has been invested into this project of the planned \$250 million, however, they have already created over 70 jobs for the local community. The main goal is to enhance the urban infrastructure and services by both ensuring that architectural and construction standards are maintained and by creating favorable conditions for new investments. Additionally, other goals of this project include improving the educational, cultural and social aspects of the city; the establishment of educational, scientific and cultural infrastructures; the preservation of Dilijan's cultural and historical heritage; and the participation in the local community life.

In order to achieve all these goals, IDeA plans to implement long-term programs promoting the region's development as well as its potential as a tourism destination. The urban development projects have numerous impacts in that they not only help relatively underdeveloped cities prosper by creating new jobs and new infrastructure but they also advocate them as tourist destinations by preserving Armenia's cultural heritage and placing these cities on the world map. A similar project is currently under discussion for the city of Gyumri as well.

Cultural Heritage Preservation

The preservation of the Armenian cultural heritage is a very important aspect for the IDeA Foundation; this is noticeable in the majority of their projects in all focus areas. They have implemented a number of initiatives solely aimed at this; their most noticeable project is the reconstruction of St. Gevorg Church in Tbilisi, Georgia. By repairing the damages done to the church due to time and earthquakes, they not only boosted the Cathedral's appeal to churchgoers but they also advocated its appeal as a part of Armenia's culture to foreign tourists.

As the IDeA Foundation doesn't limit itself to the borders of Armenia when promoting its culture, they plan to further upgrade the surrounding area of the church by establishing cultural and educational centers with the goal of uniting the Armenian community of Tbilisi. Besides initiatives in Georgia, their other cultural heritage preservation programs include Armenian Religion and Cultural Center in Moscow, various music and film festivals in Armenia, and the Dilijan Art Initiative which is part of the Dilijan Development Project with the aim of serving as a cultural center through the diverse medium of art, research and debates.

Tourism

Part of the Tatev Revival Program, arguably the most famous project implemented by the IDeA Foundation, is the creation and development of the reversible aerial tramway "Wings of Tatev" which opened in October of 2010. Additionally, through their initiatives they have helped revitalize the tourist infrastructure around the tramway. The ropeway, which connects the village of Halidzor to the historical Tatev Monastery, located in the Syunik region, currently holds the Guinness World Record for longest non-stop double track cable car with a line length of 5.7 kilometers. Restoring the Monastery is another component of the region's revival project that IDeA is implementing. As of 2015, over \$22 million have been invested into this project (see **Exhibit 4**).

IDeA: At a Crossroads

More than 340,000 tourists and locals have used the cableway since it opened in 2010. As seen below, the annual number of visitors is steadily increasing, with the bulk of the passengers being in the third quarter which is the peak of the tourist season (see **Exhibit 5**). In 2014, of the estimated 150,000 visitors to the Tatev Monastery, 100,000 used the ropeway to get there. Hence, the cableway itself helps increase the number of visitors to the Monastery thus helping promote parts of the Armenian heritage that previously were largely unknown to visiting tourists. Additionally, as a result of this project 11 new hotels opened in the Syunik region and the hotel capacity of the region has increased 5-fold. Consequently, the impact of this IDeA project, which constitutes 20% of Armenian tourism, is as noticeable as it is significant.

The final component of the Tatev Revival Program is using innovative approaches aimed at the region's comprehensive development. Some of their achievements as of this day include the establishment of engineering labs in schools of 4 communities in the region; the launching of programs aimed towards the manufacturing of handmade, eco-friendly toys; and the construction of agricultural markets for locally-manufactured products.

As part of their tourism initiatives, the foundation's other goals include increasing the number of flights to and from Armenia through their Open Sky Project, increasing the brand recognition of Armenia by promoting it in international markets as a unique travel destination. Other initiatives related to tourist activities include a partnership with National Geographic and a program aimed towards supporting the tour guide industry in Armenia.

Identity Engagement

The Identity Engagement initiatives implemented by the IDeA Foundation are headlined by the 100 Lives Initiative and the Aurora Prize. The purpose of the 100 Lives Initiative is to both celebrate those who helped Armenians one hundred years ago in the aftermath of the genocide and to keep their legacy alive by supporting other people and organizations. As for the legacy component, the Aurora Prize for Awakening Humanity was launched, which is an annual award given to people who have risked their health, freedom, reputation or livelihood by voluntarily carrying out acts that enable others to survive and thrive. Both of these projects helped publicize Armenia and the Armenian Genocide Commemoration in international media.

Financial Infrastructure

All of their investments in this focus area are attributed to the Ameria Group. Ruben Vardanyan acquired Ameria bank in 2007 with a capital of \$10 million and within a few years transformed it into the #1 bank in Armenia by assets, with a capital of \$100 million. The IDeA Foundation, through their sizable investment into the Ameria Group, have managed to attract over \$470 million from International Financial Institutions (IFIs), they have issued over \$2 billion in loans, they have channeled \$2 million to charity, they have organized training events for over 18,000 participants and lastly, they have employed 648 people, 550 interns and 80 "Generation A" employees which are Ameria Bank's next generation of young leaders.

Other Focus Areas

Focus areas such as Health Infrastructure and Agro-Ecology are still in their preliminary stages and their impact is immeasurable as of now. Currently, the most ambitious plan is the Artsakh Development Program as part of their Agro-Ecology Initiatives. With \$2,4 million dollars of the estimated \$35 million already invested, IDeA together with the Government of Nagorno-Karabakh is developing an eco-village with the aim of creating work and business opportunities for the local population, encourage tourism in the region and embrace its historical heritage.

Partners

In order to achieve lasting solutions to challenges faced by Armenia and Armenians, the IDeA Foundation recognizes the need for collaborating with and maintaining sustainable partnerships with various countries, organizations, and citizens. To date, they have formed a strategic partnership with the Armenian Church and the Government of the Republic of Armenia which systematically provide them with assistance on various projects. Other partnerships include United States Agency for International Development (USAID), World Wildlife Fund (WWF) – Armenia and others (see **Exhibit 6**).

Partnership with AGBU

The Armenian General Benevolent Union (AGBU) is the world's largest non-profit Armenian organization, established in 1906. Headquartered in New York City and with an annual budget of over \$45 million, AGBU's mission is to preserve and uphold the Armenian heritage, through educational, humanitarian and cultural programs. With an overarching goal of creating a foundation for the prosperity of all Armenians, AGBU's programs include schools, support for the arts, young professional networks, internships, etc.

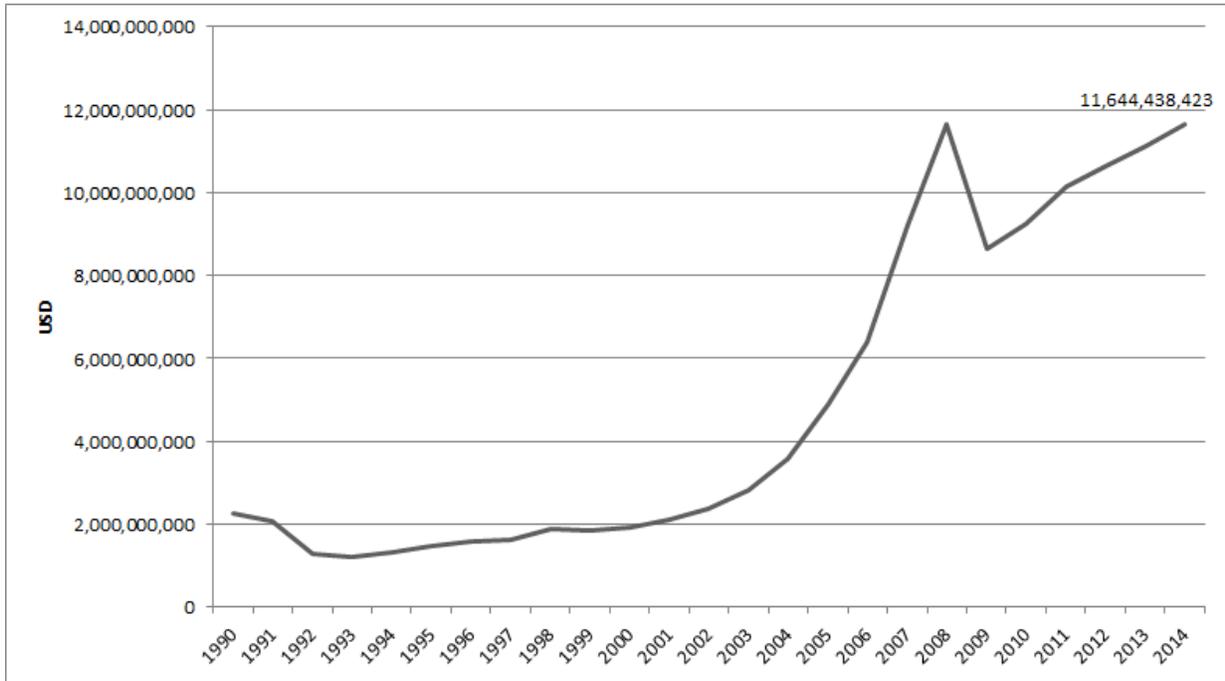
In February 2016, a new partnership between the IDeA Foundation and AGBU was announced with the aim of developing Armenia and preserving Armenian identity across the world. Having collaborated with AGBU during the UWC Dilijan College project, Ruben Vardanyan was quoted as saying that AGBU would open up new opportunities to influence the future prosperity of Armenia and redefine the meaning of what it means to be an Armenian in the 21st century.

Looking ahead

With its wide spectrum of activities and a newfound partnership, Ruben Vardanyan and the IDeA Foundation, which currently operates as a project implementation unit, have to consider the possibility of transforming the company into a PSEDA and what it entails.

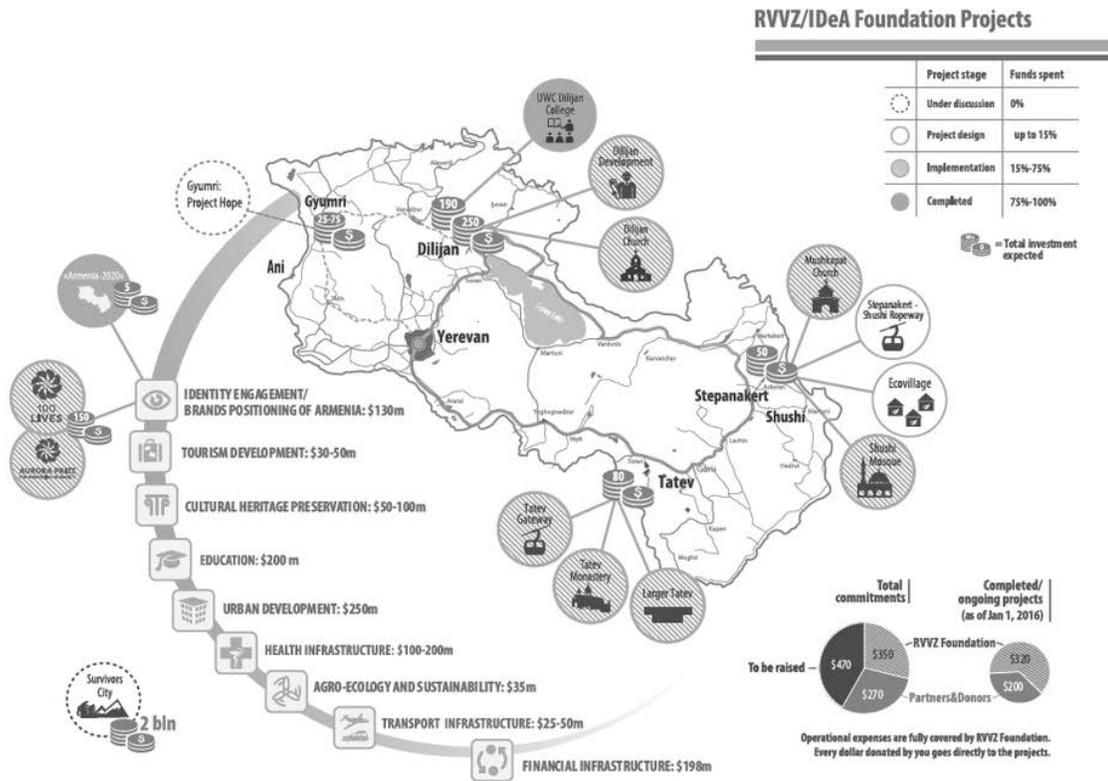
IDEA: At a Crossroads

Exhibit 1 Gross Domestic Product (GDP) of Armenia



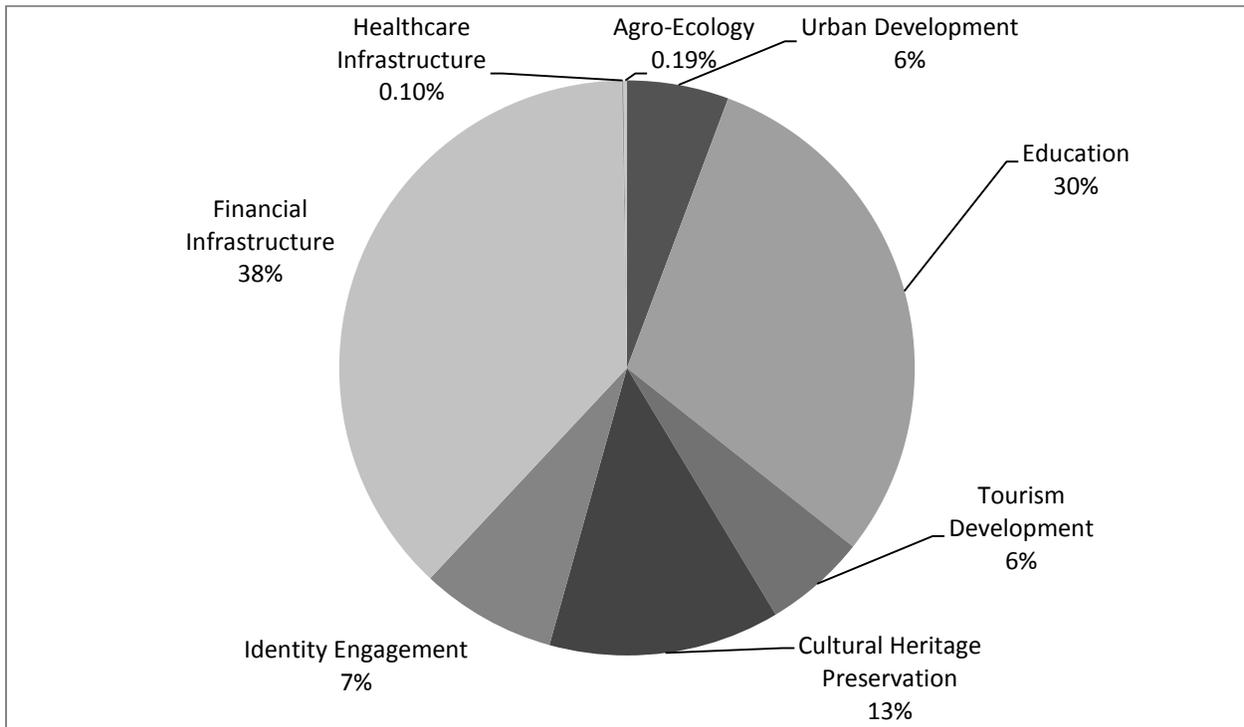
Source: World Bank Group

Exhibit 2 IDEa Foundation Project's map



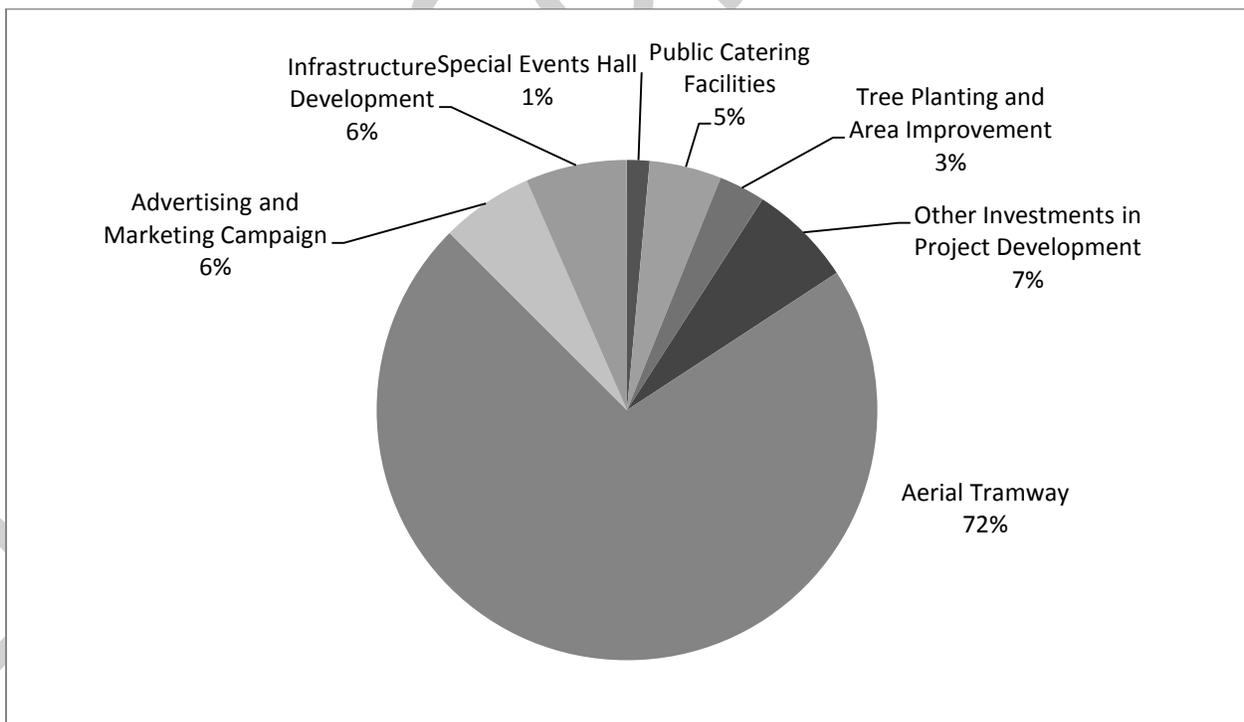
Source: Company records

Exhibit 3 Percentage breakdown of investment areas of IDeA



Source: Company records

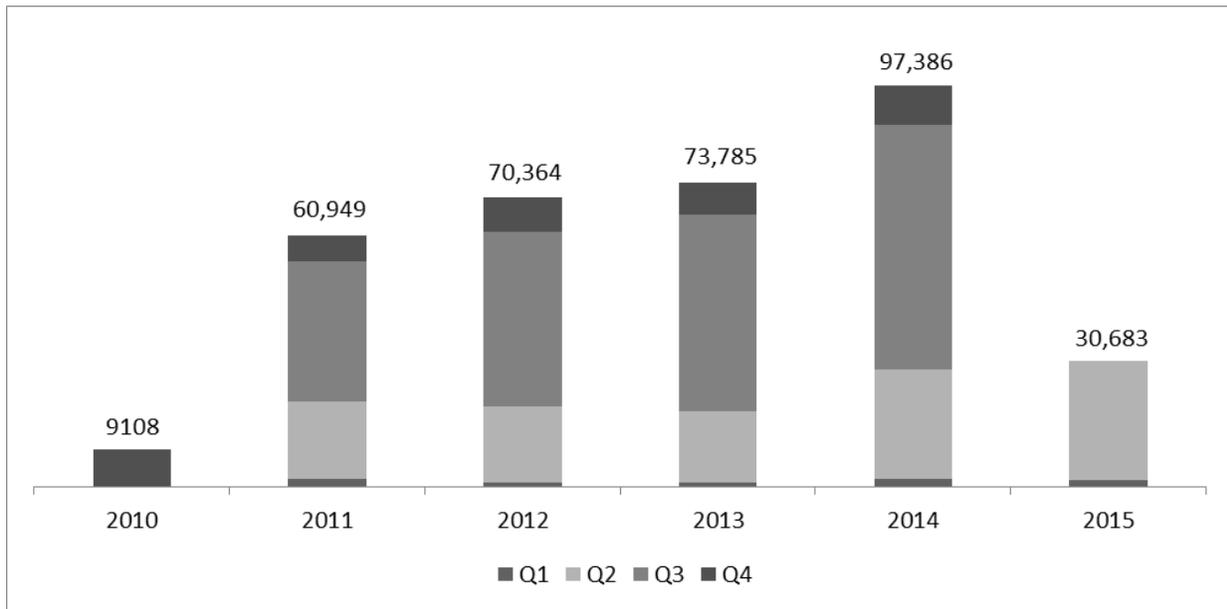
Exhibit 4 Investment Structure of “Wings of Tatev”



Source: Company records

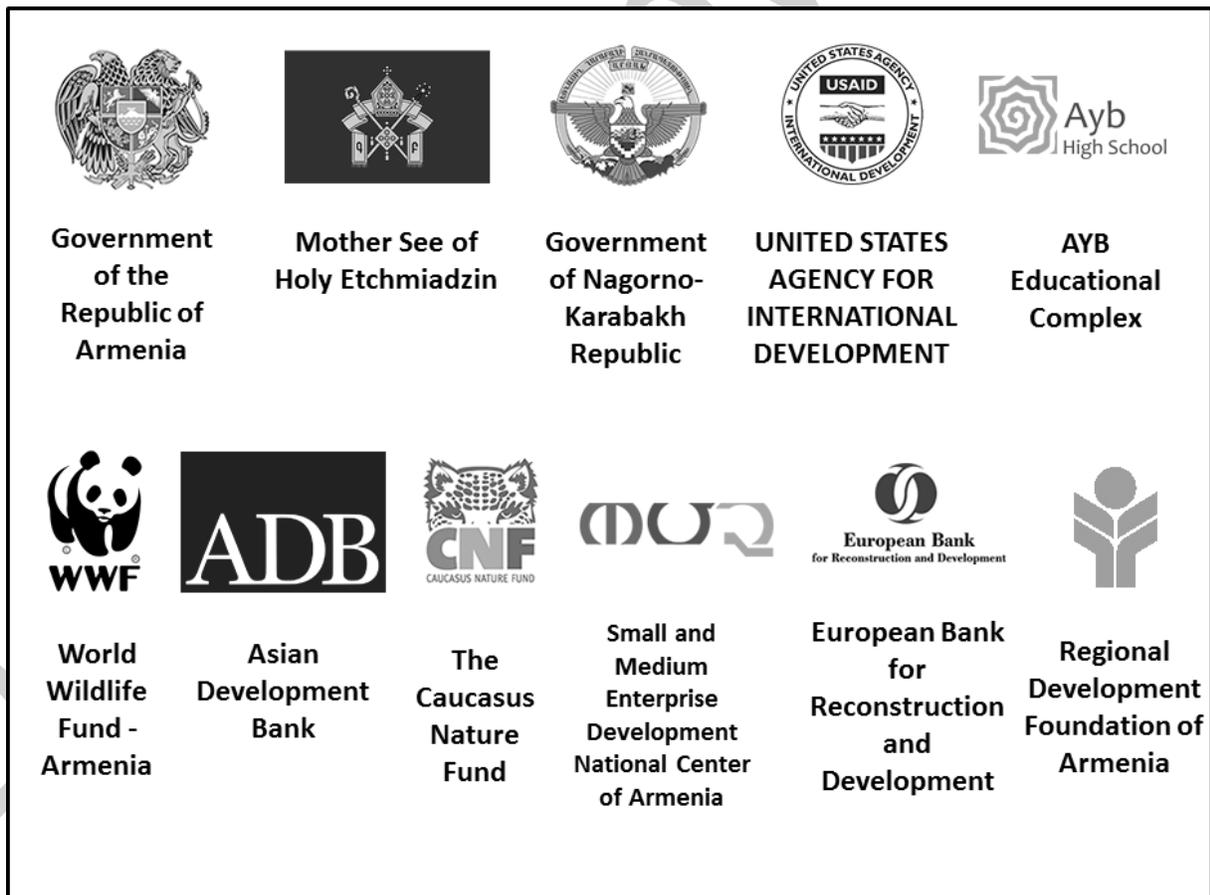
IDeA: At a Crossroads

Exhibit 5 Yearly cableway passengers per quarter



Source: Company records

Exhibit 6 IDeA Foundation Partners



Source: Company website

References/Sources

1. Initiatives for the Development of Armenia. (2016). Idea.am. Retrieved from <http://www.idea.am>
2. Company Records - Initiatives for the Development of Armenia. (2016).
3. Armenia | Freedom House. (2016). Freedomhouse.org. Retrieved from <https://freedomhouse.org/country/armenia>
4. Armenia GDP Annual Growth Rate. (2016). Tradingeconomics.com. Retrieved from <http://www.tradingeconomics.com/armenia/gdp-growth-annual>
5. Musayelyan, S. (2009). Armenia: Building a Competitive Economy. Reuters Institute Fellowship Paper, University of Oxford.
6. World Bank Group. (2016). World Bank Group. Retrieved from <http://www.worldbank.org/>
7. Children of Armenia Fund. (2016). Coafkids.org. Retrieved from <https://www.coafkids.org/about-us>
8. Armenian Development Agency. (2016). Ada.am. Retrieved from <http://www.ada.am/>
9. Austrian Development Cooperation - Armenia. (2016). Entwicklung.at. Retrieved from <http://www.entwicklung.at/en/countries-and-regions/black-sea-regionsouth-caucasus/armenia/>
10. The EBRD in Armenia. (2016). Ebrd.com. Retrieved from <http://www.ebrd.com/armenia.html>
11. TUMO Center for Creative Technologies. (2016). Tumo.org. Retrieved from <https://www.tumo.org/>

IDeA: At a Crossroads

12. United States Agency for International Development - Armenia. (2016). Usaid.gov. Retrieved from <https://www.usaid.gov/armenia>
13. Ayb High School. (2016). Aybschool.am. Retrieved from <http://www.aybschool.am/>
14. Managing Economic Development Organizations. (2011) (p. Chapter 9: Types of Economic Development Organizations).
15. The Local Economic and Employment Development Programme (LEED) for OECD,. Best Practices in Local Development.
16. Beer, A., Haughton, G., & Maude, A. (2003). Developing locally. Bristol: Policy.
17. Clark, G., Huxley, J., & Mountford, D. (2010). Organising local economic development. Paris: OECD.
18. Organisation for Economic Co-operation and Development. (2009). Summary Report: Organising for local development: the role of local development agencies. Retrieved from <http://www.oecd.org/cfe/leed>
19. Center for Creative Leadership. (2010). Leadership & Talent Development in International Humanitarian and Development Organizations. Retrieved from <http://www.ccl.org/>
20. Projects - Initiatives for the Development of Armenia. (2016). Idea.am. Retrieved from <http://www.idea.am/en/projects/>
21. Partners - Initiatives for the Development of Armenia. (2016). Idea.am. Retrieved from <http://www.idea.am/en/partners-and-friends/>
22. Armenian General Benevolent Union, (2016). Armenian General Benevolent Union Announces Initial Steps towards Ambitious Transformation. Retrieved from <http://agbu.org/news-item/armenian-general-benevolent-union-announces-initial-steps-towards-ambitious-transformation/>