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## **INVESTMENT ATTRACTIVENESS ASSESSMENTS IN THE REGIONS OF ARMENIA**

*The level of investment attractiveness of countries or individual territorial units, as well as the dynamics of changes in this level, is essential information for policymakers. Due to this circumstance, various authors periodically attempt to develop new methods that are applicable and effective in measuring the investment attractiveness of countries or individual territorial units. The studied experience shows that the most common methods for assessing investment attractiveness are measurements using indices, but in the regions of Armenia, a summary index has not yet been developed that would allow expressing the level of regional investment attractiveness. However, it can be stated that the effective assessment of the regional investment potential of the Republic of Armenia*

is based on the current state of the socio-economic indicators of the regions. An in-depth analysis of the latter and the development of a summary index (model) based on them can allow for a more objective assessment of the opportunities for attracting investments in the regions and the existing problems.

The purpose of this article is to develop a multi-purpose index that will express the real potential of investment attractiveness of the regions of the Republic of Armenia, based on indicators characterizing the socio-economic level of territorial units. The tasks arising from the goal are:

- To study and briefly consider the socio-economic indicators characterizing the investment attractiveness of the regions of the Republic of Armenia.
- To develop a model through which it will be possible to obtain estimates of the investment attractiveness of the regions of the Republic of Armenia.
- To apply the developed model to assess the investment attractiveness of the regions of the Republic of Armenia.
- To briefly present the investment attractiveness potential of each region, based on the results of the model formed by separate socio-economic indicators.

According to the results of the estimated model, it is difficult to ensure a high level of investment attractiveness in any region of Armenia. In particular, the regions with the highest investment attractiveness are Syunik, followed by Armavir and Kotayk. Meanwhile, the regions with the lowest investment attractiveness are Vayots Dzor and Aragatsotn.

**Keywords:** investment attractiveness index, regions of Armenia, territorial disparity

JEL:E22, P25, R11, R12

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**INTRODUCTION.** The discovery of ways of improving the investment attractiveness starts with the assessment of the investment environment and, hence, also of the investment attractiveness itself. The assessment of the investment attractiveness of territorial units is of high importance for thoroughly understanding the investment attractiveness of countries and whole economies, and identifying the policy gaps in the context of choosing a favorable strategy. For that reason, state and local authorities put efforts into improving the investment attractiveness in separate territorial units, ensuring their stable and consistent development.

The Republic of Armenia is also affected by territorial asymmetry, seen in almost every aspect of socio-economic indicators, and consequently, the main objective of the state governors and local authorities is to create such an investment environment, where large volumes of investment can be generated, which will later serve as soil for improvement in socio-economic indicators in particular regions. According to the dynamics of the socio-economic indicators, the regions of Armenia have different levels of development, and hence the analysis of the investment environment and the investment attractiveness estimates in different regions are essential for choosing the correct economic policies and developing those regions.

The primary objective of this study is to estimate the investment attractiveness level in the regions of the Republic of Armenia, taking into account the dynamics of 7 socio-economic indicators chosen in advance. The object of the study is the regions of the Republic of Armenia, while the subject is the investment attractiveness in each region.

**LITERATURE REVIEW.** Correctly and sensibly identifying the exact factors that make up the perception of a territorial unit's investment attractiveness in the eyes of investors, the extent to which each of them is significant as part of a whole, assigning numerical values to and conducting quantitative analysis on what might seemingly be more suitable for qualitative analysis is a complex task that has seen various attempts and different approaches across international academic literature and state or regional policy.

In a recently published article E. Sayyorabonu from the Tashkent State University of Economics has proposed a way of analyzing the investment attractiveness of states through ranking systems and econometric modeling, focusing on analyzing the investment attractiveness of developing countries currently being in transition, like Belarus, Russia, Ukraine, Kazakhstan, Georgia, France, Singapore, South Korea and Uzbekistan, finding that the countries with the higher level of investment attractiveness are those with a growing private sector and reforms in the area of innovation development. The overall statistics-based approach of the author is fairly similar to that presented in this work, however, differing in the choice of the indicators comprising the composite indicator. Some main differences include the incorporation of demographic, financial, and institutional indicators like population growth rate, financial availability for startups, government efficiency, and corruption index (Sayyorabonu, E., 2025).

In 2023, Sorcaru E., Nuta F., Topliceanu S., and Ambrozie A. presented another approach to calculating an Investment Attractiveness Index (IAI), based on OECD's composite index methodology. The index constructed by the authors is of interest first of all from the point of view of its structure: it is comprised of three main pillars- (I) Regulatory Quality and Economic Freedom, (II) Rights and Democracy and (III) Political Stability, together including a total of 40 different indicators, making it a much more comprehensive and hence more challenging to calculate and apply to a given territorial unit, taking into account the problem of data availability. The main focus of the work falls on the countries of the EaP (Georgia, Armenia, Moldova, Azerbaijan, Ukraine and Belarus), the 3 pillars and the IAI are calculated for each country individually, concluding that Georgia and Armenia are countries of high investment attractiveness, with Moldova being on the medium level and Azerbaijan, Ukraine and Belarus struggling with low indicators. Emphasizing the role of institutional quality, this work helps detect and bring out country-specific nuances for the states of the EaP, working on

which could significantly increase the investment attractiveness levels in each of the countries (Sorcaru et al., 2023).

Drifting away from the country-level approach presented in the above-mentioned works, the European Commission's Regional Competitiveness Index is a notable example of an index designed especially for region-level use through its comprehensive approach to measuring the competitiveness of a territorial unit in terms of attracting investments. The overall approach here revolves around measuring the competitiveness of a region through 11 main pillars integrated into 3 dimensions: Basic, Efficiency, and Innovation. These encompass most of the essential factors affecting the investment attractiveness of a region, such as the quality of institutions, infrastructure, higher education, market size, technological readiness, and innovation. Through such a balanced and comprehensive approach, this index is one of the most prominent composite indices used in the field of regional policy and development, especially in the EU, where it is directly applicable (European Commission, 2022).

Another tool widely used in regional investment policy for assessing the FDI attractiveness of a state is the FDI Regulatory Restrictiveness Index (FDIRRI), designed by the OECD in 2003, which views the ability of a state to attract foreign investment through the presence of statutory restrictions targeting FDI in a given country over time. Being a completely policy-based indicator capturing 22 different economic sectors, the FDIRRI can be used to assess the effect of different policy reforms within the framework of FDI policy (OECD, 2024). The FDIRRI is also used by the Ministry of Economy as an indicator of the FDI attractiveness of the state. According to the FDIRRI ranking, Armenia has one of the most open FDI regimes whatsoever, ranking 9<sup>th</sup> in the overall ranking (Investment Policy Statement on Foreign Direct Investment in Armenia, 2024).

**METHODOLOGY.** In order to estimate the investment attractiveness of the regions of Armenia, we have used a weighted sum coefficient model. The idea lying at the basis of the method is that there are several indicators that affect and explain the investment attractiveness in a region, and being included in the model, they have to be assigned weights based on their level of significance.

The general mathematical form of the investment attractiveness index for region  $i$  goes as follows:

$$INV_i = \sum_{j=1}^n w_j X_{ij}$$

Where:

$INV_i$  - investment attractiveness index in the region  $I$ ,

$w_j$  - the weight of the chosen indicator  $j$ ,

$X_{ij}$  - the normalized value of the indicator  $j$  for the region  $i$ ,

$n$  - number of chosen indicators.

The 7 indicators included in the model are per capita GDP, Employment level, CPI, the share of FDI in the GDP, the share of household consumption in the GDP, the share of educational service expenditure in the GDP, and the share of capitally renovated roads in the whole.

In the following paragraphs, the specifications of applying the model to the regions of Armenia are presented.

1. Taking into account the fact that the GDP indicator for the regions of Armenia is only available for the years 2015-2022, for the years 2014 and 2023 the indicator was filled in with a substitute indicator comprising of the sum of industry, agriculture, construction, commerce and service volumes (since in all the cases the indicator was normalized according to the RA mean, this calculated indicator allowed us to maintain the proportionality).

2. In the process of normalizing the per capita GDP, we have used the mean value of the RA (this approach was applied in other cases, too).

3. Employment level was calculated as the ratio of the number of employed people to the number of labor resources.

4. The share of final consumption in the GDP was calculated based on the mean per capita monthly nominal consumption expenditure of the households.

5. Since the FDI indicator for the regions of Armenia for the years 2014-2016 is not available, the values in those years have been filled in with the normalized values of 2017.

6. In the case of the share of FDI in the GDP the normalization was performed according to the RA mean value: if the indicator was higher than the RA mean, it was assigned the value of 1, if it was lower than 0 it was assigned the value of 0, in all other cases it was assigned the ratio of the regional indicator and the republican mean. Taking into account the fact that the FDI indicator has been negative in the years 2019 and 2020, for those years, the regions with positive FDI were assigned the value of 1, and the rest were assigned zero.

7. In the case of CPI, the normalization was performed according to the target inflation rate set by the Central Bank of the RA in those years,  $4\% \pm 1.5\%$ . If the indicator is out of this range, the normalized value is 0; in other cases, it is assigned its deviation from the target rate.

8. The government education expenditure was replaced with the volume of educational services.

9. The indicators of the length of total and the capitally renovated roads are not calculated for the regions of Armenia for the years 2014-2018, therefore it has been filled in based on the 2019 indicators.

The estimations have been performed both for the investment attractiveness index and the verifying index. The verifying index was obtained using the SPSS statistical package, performing factor analysis. Factor analysis was performed using the PCA method. The component matrix was rotated using the Varimax with Kaiser Normalization method. In this case, too, the weighted average

formula was applied, where, after being multiplied by their respective weights, the indicators make up an index varying in the range of 0-100.

**ANALYSIS.** The experience of different countries around the world shows that investment attractiveness assessment models in regions become quite good indicators for predicting the direction of development of a territorial unit. They are also very good indicators for conducting comparisons with other territorial units, as well as for analyzing the "trajectory" of territorial development of a given region.

The indicators presented in the methodology section for the regions of Armenia have received certain estimates as a result of the application of the weighted sum coefficient model, which allows us to briefly understand the socio-economic situation of the region.

The formula was applied and calculated separately for each region. The results of the calculation are presented below.

**Table 1**

*The Investment Attractiveness Index of the Regions of the RA in 2023<sup>1</sup>*

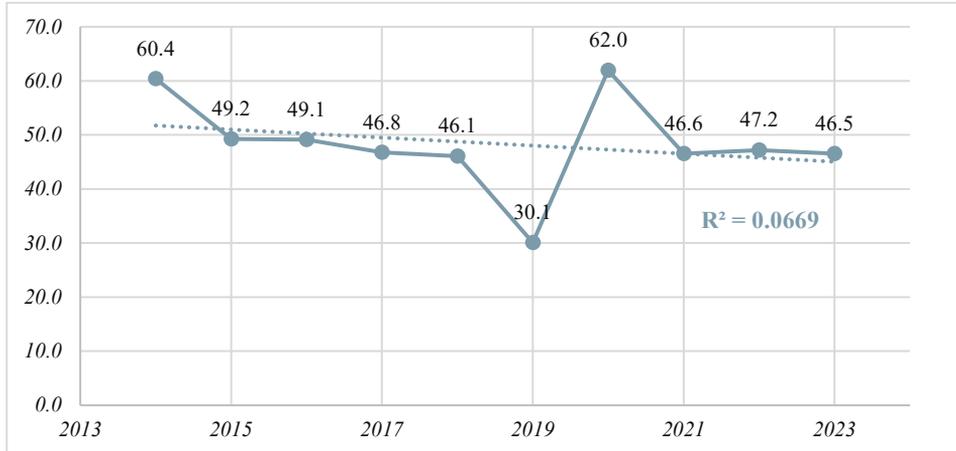
<i>Region</i>	<i>Position</i>	<i>Investment Attractiveness Index</i>
<b>Syunik</b>	1	46.530
<b>Armavir</b>	2	45.003
<b>Kotayk</b>	3	39.170
<b>Lori</b>	4	35.578
<b>Shirak</b>	5	33.898
<b>Ararat</b>	6	32.782
<b>Tavush</b>	7	30.822
<b>Gegharkunik</b>	8	28.652
<b>Vayots Dzor</b>	9	23.095
<b>Aragatsotn</b>	10	20.395

**Syunik:** The absolute leader in the 2023 assessment of the investment attractiveness of the regions of the RA is the Syunik region, with an IAI of 46.530, not even crossing the midpoint of the range of possible values. Despite leading the ranking in 8 out of the 10 years under observation, a rising trend has *not* been observed, with the index mostly just slightly deviating around the current value, except from 2019 to 2020, where negative shocks of FDI and positive shocks of CPI, respectively, were recorded, significantly increasing the variance in the mentioned period.

Among the regions of Armenia, Syunik is the leader in FDI, almost constantly scoring higher FDI volumes than 9 of the other regions combined, mostly thanks to high mining industry activity. Thanks to the large mining sector, Syunik is also the leader in per capita GDP and has relatively high employment

<sup>1</sup> The calculations were made by the authors, data source: publications of the Statistical Committee of the Republic of Armenia, the regions of the Republic of Armenia and the city of Yerevan in numbers, 2015-2024.

levels, 3<sup>rd</sup> among the regions. Despite high economic activity, low consumer activity is recorded in Syunik, which could imply that the product created in the region mostly leaves the region or even the country, this way or another, not affecting the standard of living, income levels, and savings among the population. It is also a signal of unequal pay and concentration of wealth in the major sectors. So far, the largest factor bringing the IAI number down in Syunik is the quality of the roads: just 21% capitally renovated in the whole, 2<sup>nd</sup> to last result overall.



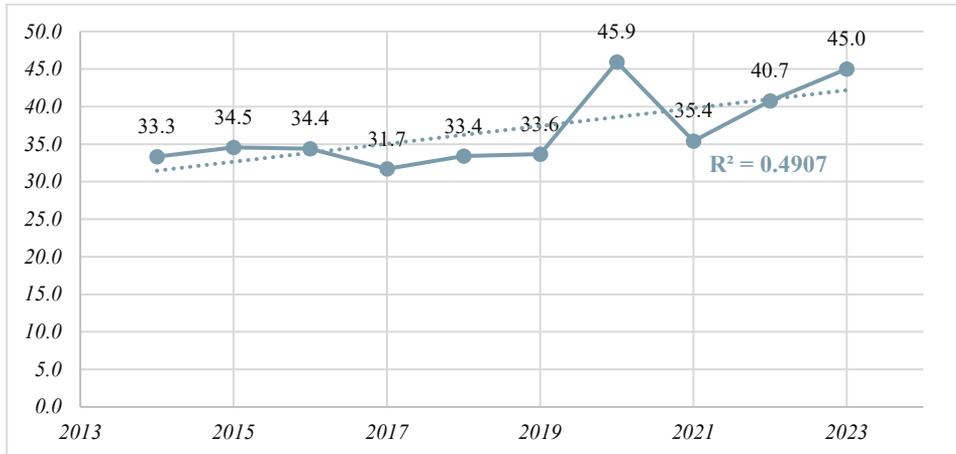
**Figure 1.** Investment Attractiveness Index in Syunik in the Years 2014-2023<sup>2</sup>

**Armavir:** In 2023, Armavir’s IAI amounted to 45.003, second to highest result among the regions of Armenia. Looking at Figure 2, an obvious rising trend can be seen, with as much as 35% growth in the IAI in the period under observation. The upward nature of the trend is then backed by an R-squared value of 0.4907, which falls within the range of acceptable values and proves the validity of the trendline.

The higher levels of investment attractiveness in Armavir are justified with the following factors: First of all, a relatively high employment level, with which Armavir is the leader among the regions of Armenia, followed by high consumer activity, with the 3<sup>rd</sup> highest consumer expenditure/GDP ratio among the regions. Armavir attracts relatively high volumes of FDI, attracting a total of 5.46 billion AMD of FDI in 2023, which is the second-highest result among the regions after Syunik. The major contributor to the high level of investment attractiveness is the quality of the road network in the region: 75% of the roads in the region are capitally renovated, with which Armavir tops the ranking. Finally, Armavir is a strong agricultural region, with also developed trade, services sectors, and industrial production, which are all reflected in a relatively high per capita GDP. The biggest damage to the investment profile of the region is the human capital

<sup>2</sup> The calculations were made by the authors, data source: publications of the Statistical Committee of the Republic of Armenia, the regions of the Republic of Armenia and the city of Yerevan in numbers, 2015-2024.

investment: the region recorded just 223 million AMD education service expenditure in 2023, one of the worst results among all of the regions.



**Figure 2.** *Investment Attractiveness Index in Armavir in the Years 2014-2023*<sup>3</sup>

**Kotayk:** Kotayk's investment attractiveness index in 2023 was 39.170, the 3<sup>rd</sup> best result among the regions of Armenia. Throughout the years, the index has exhibited seasonal behavior, having its highs and lows, and as a result, it was impossible to outline a specific and trustworthy trendline to make further assumptions about the nature of the trend. However, over the past 3 years, Kotayk has constantly been in the highest positions in terms of investment attractiveness among the regions of Armenia, performing significantly better than before.

The relatively high levels of investment attractiveness in Kotayk are first of all due to its strong economic performance: the region is topping the region rankings in construction, services, and trade, also performing relatively well in industrial production. Apart from economic activity, high consumer activity can be seen in the region too, with consumer expenditure amounting to 89% of the GDP- the highest result among all of the regions: this is a positive signal for investors, signaling an active consumer base. In 2023, the region attracted 2.67 billion AMD FDI, a significant sum compared to many other regions, which majorly contributes to the investment attractiveness levels in the region. On the other hand, among the factors bringing the index down are education expenditure as part of GDP (8<sup>th</sup> position out of the 10 regions), low employment level (7<sup>th</sup> out of the 10 regions), and the quality of the road network (just 38% of capitally renovated roads in the whole).

<sup>3</sup> The calculations were made by the authors, data source: publications of the Statistical Committee of the Republic of Armenia, the regions of the Republic of Armenia and the city of Yerevan in numbers, 2015-2024.

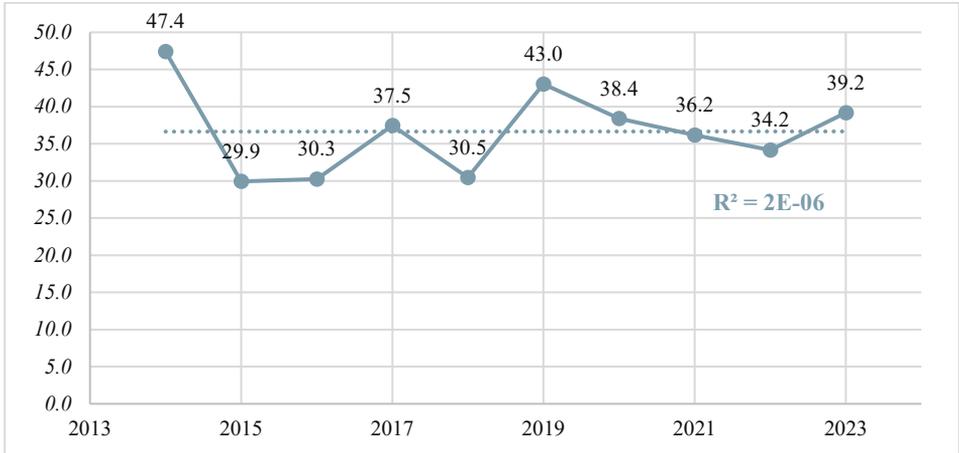


Figure 3. The Investment Attractiveness Index in Kotayk in the Years 2014-2023<sup>4</sup>

**Lori:** With an IAI of 35.578 in 2023, Lori is placed 4<sup>th</sup> among the regions of Armenia in our ranking based on the model. Over the course of the past 4 years, Lori has constantly occupied the positions 4<sup>th</sup> -6<sup>th</sup>, creating for itself a profile of a region with medium-level investment attractiveness. The designed index has exhibited a cyclical trend dynamic, with each year of growth being followed by 2 years of decline, and even though growth has been recorded in 2023, the peaks of growth periods have a declining pattern.

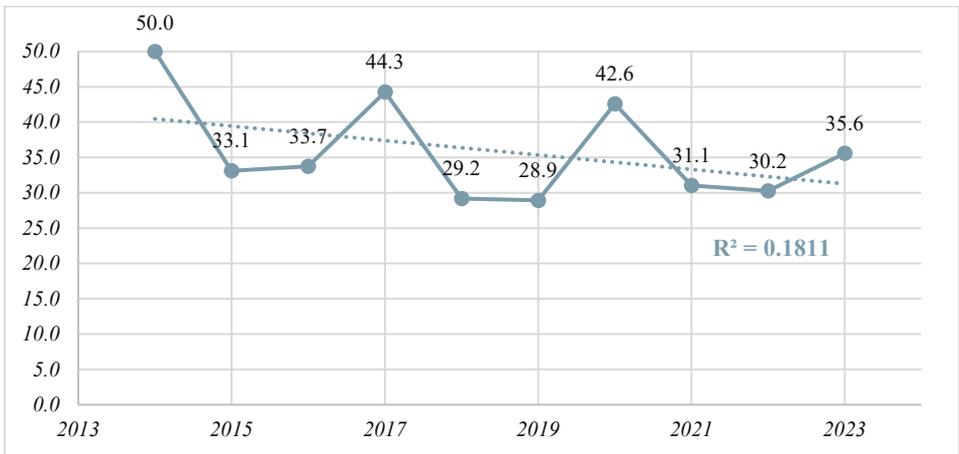


Figure 4. Investment Attractiveness Index in Lori in the Years 2014-2023<sup>5</sup>

The major reasons contributing to the final IAI for Lori are education expenditure and road network: Lori is the second best in terms of education expenditure as part of GDP and 4<sup>th</sup> in road network quality, with capially

<sup>4</sup> The calculations were made by the authors, data source: publications of the Statistical Committee of the Republic of Armenia, the regions of the Republic of Armenia and the city of Yerevan in numbers, 2015-2024.

<sup>5</sup> The calculations were made by the authors, data source: publications of the Statistical Committee of the Republic of Armenia, the regions of the Republic of Armenia and the city of Yerevan in numbers, 2015-2024.

renovated roads making up 46.4% of the whole road network. The main factor bringing the index down is production and, as a result, low employment: Lori is the 9<sup>th</sup> both in terms of jobs and in terms of per capita GDP. For each sector of industrial production, Lori ranks in the bottom half among the regions of the RA.

**Shirak:** According to the data available for 2023, Shirak's Investment Attractiveness Index was 33.898, placing it 5<sup>th</sup> among the regions of Armenia. Overall, in the period under observation, Shirak has neither been in the leading positions nor among the outsiders, constantly having medium-level investment attractiveness. The recent years have seen a decline in the index caused by the passing of the positive FDI shock in 2019-2020, with the portion of FDI in the GDP of the region significantly declining.

The explanation behind Shirak's medium-level investment attractiveness level lies in several key factors. Over the years, Shirak has always had an active consumer base, being the second-best among regions in terms of consumer spending as part of GDP in 2023, which is a strong positive signal for investors in the field of commerce and services. The region also has relatively high educational services volumes, with a total of 1.5 billion AMD spent in educational services in 2023, the second-best result in the country after Tavush. Shirak stands 5<sup>th</sup> both in per capita GDP and in road network quality. Unfortunately, in recent years, the region has seen a decline in the FDI indicator, and it has the most severe unemployment out of all of the regions. The current low FDI levels show that even with the strong factors mentioned above, the region is struggling to position itself as an appealing investment destination in the eyes of international investors.

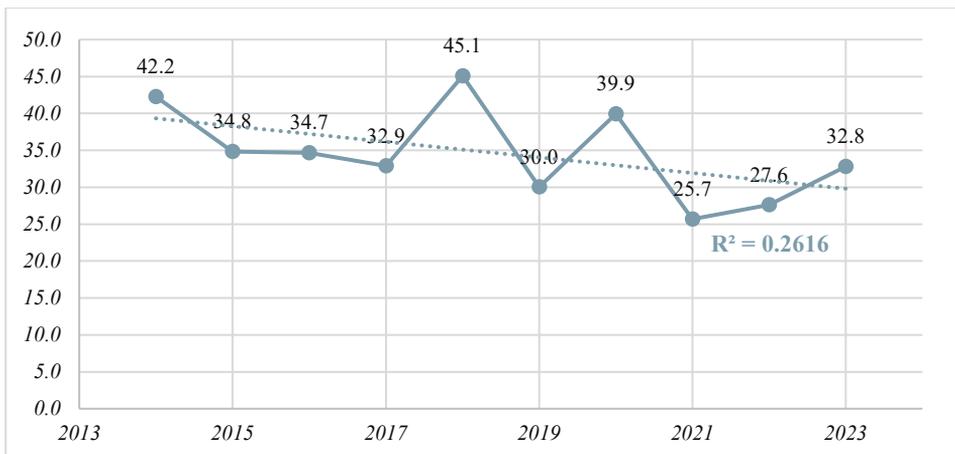


**Figure 5. Investment Attractiveness Index in Shirak in the Years 2014-2023<sup>6</sup>**

<sup>6</sup> The calculations were made by the authors, data source: publications of the Statistical Committee of the Republic of Armenia, the regions of the Republic of Armenia and the city of Yerevan in numbers, 2015-2024.

**Ararat:** In 2023, the Investment Attractiveness Index in Ararat amounted to 32.782, placing the region at 6<sup>th</sup> position overall. Throughout the 10 years under observation, Ararat has constantly been placed in the bottom half of the regional ranking of IAI. Over the past two years, the region has seen two consecutive IAI increases - 7.5% and 18.8%, respectively; however, the years before that have been a period of decline, which makes the recent rise not appropriate to be generalized.

Ararat has higher-than-average economic activity and employment, having the third-highest per capita GDP among regions of Armenia, being 2<sup>nd</sup> in agricultural produce, 3<sup>rd</sup> in the industrial sector, and 2<sup>nd</sup> in construction. The region attracts a significant amount of FDI and is among the regions with a relatively higher quality of the road network- 61.6% capitally renovated roads. In contrast, consumer activity and education expenditure are major factors bringing the investment attractiveness of the region down: the region is 9<sup>th</sup> in terms of consumption expenditure as part of GDP and 7<sup>th</sup> in educational service expenditure.



**Figure 6. Investment Attractiveness Index in Ararat in the Years 2014-2023<sup>7</sup>**

**Tavush:** Being 7<sup>th</sup> in the regional ranking of IAI with 30.822 points in 2023, over the period under observation, Tavush has found itself in every part of the table, going down from leading positions over the course of the past 3 years, down to the bottom half of the ranking. Up to 2020, a rising investment attractiveness trend could be seen in the region, peaking in the years 2019-2020, thanks to positive shocks in FDI and consumption expenditure. However, in the following years, the region couldn't attract as much foreign investment and saw a decline in consumer base activity, which gradually led to a major decline in investment attractiveness, causing a noticeable structural change in the trendline, making the assumption about the direction of the trend impossible.

<sup>7</sup> The calculations were made by the authors, data source: publications of the Statistical Committee of the Republic of Armenia, the regions of the Republic of Armenia and the city of Yerevan in numbers, 2015-2024.

Tavush is the absolute leader in education service expenditure, a total of 2.65 billion AMD, mostly thanks to the operation of the UWC international school in Dilijan. On the other hand, the region is struggling with economic activity, followed by low employment. The road network is among the worst in the country, with just 22.3% of the roads being capitally renovated as of 2023.



**Figure 7. Investment Attractiveness Index in Tavush in the Years 2014-2023<sup>8</sup>**

**Gegharkunik:** The investment attractiveness index in Tavush was 28.652 in 2023. In the years under observation, Gegharkunik has predominantly been placed at the bottom 3 of the regional investment attractiveness ranking. In the 10 years studied, a 41.9% decline in IAI was recorded, with the trendline of the index sloping downward and the R-squared value describing the quality of the constructed trend falling within the acceptable range.

Despite low investment attractiveness levels and a declining trend, Tavush has the second-best road network among the regions, and stands 4<sup>th</sup> in educational service expenditure, bypassing the already discussed region of Armavir, which stands out with rising investment attractiveness. Gegharkunik has medium-level consumer activity and employment level, but is majorly struggling with economic activity being among the outsiders in terms of per capita GDP, with little to no sectors of the industry producing significant volumes of product. With developed infrastructure and significant investment into human capital, this signals big unrealized potential in the region.

<sup>8</sup> The calculations were made by the authors, data source: publications of the Statistical Committee of the Republic of Armenia, the regions of the Republic of Armenia and the city of Yerevan in numbers, 2015-2024.

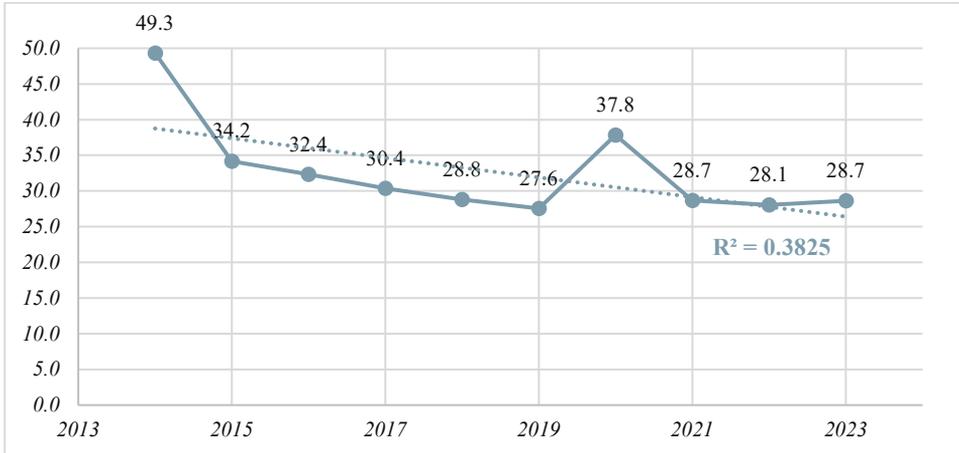


Figure 8. Investment Attractiveness Index in Gegharkunik in the Years 2014-2023<sup>9</sup>

**Vayots Dzor:** Vayots Dzor’s IAI amounted to 23.095 in 2023. In 6 out of the 10 years under observation, the region was the outsider of the regional ranking of investment attractiveness. Periods of both rise and decline have been recorded in this timespan, overall making it impossible to make any certain assumptions about the direction of the trend of investment attractiveness in the region.

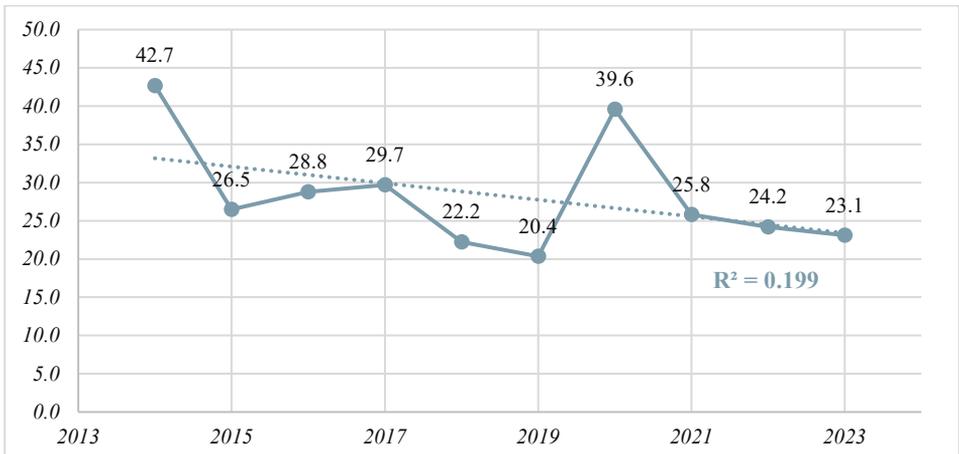


Figure 9. Investment Attractiveness Index in Vayots Dzor in the Years 2014-2023<sup>10</sup>

Vayots Dzor is 4<sup>th</sup> in per capita GDP with a medium level of consumer base activity. Employment levels are aligned with the economic activity, with the region being 6<sup>th</sup> in employment. In terms of investment attractiveness, the biggest challenges for the region are infrastructure and human capital: only 22.2% of the road network of the region has undergone capital renovation, and the educational service expenditure is second-to-worst in the country. These factors, despite

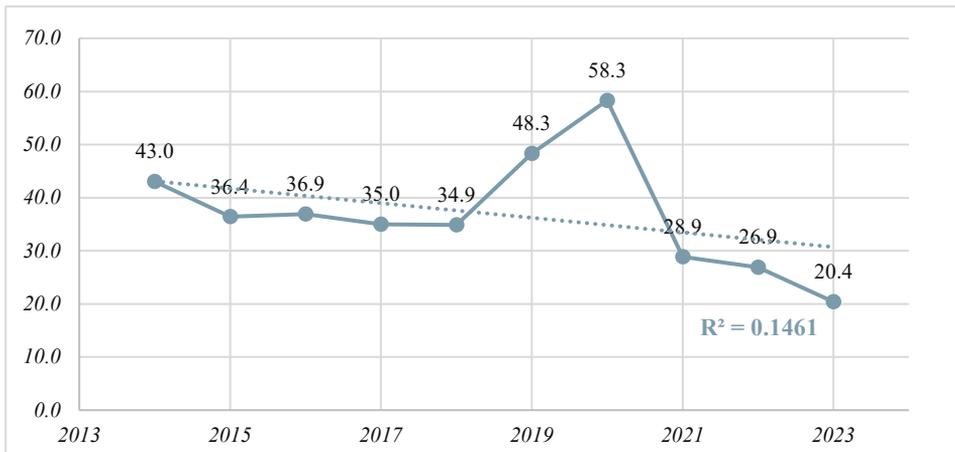
<sup>9</sup> The calculations were made by the authors, data source: publications of the Statistical Committee of the Republic of Armenia, the regions of the Republic of Armenia and the city of Yerevan in numbers, 2015-2024.

<sup>10</sup> Ibid.

acceptable levels of employment and consumption, affect the amount of FDI inflow.

**Aragatsotn:** In the last position of the ranking of the regions of Armenia in terms of investment attractiveness in 2023 is Aragatsotn, with 20.395 points of the IAI. This is the second-worst result in the 10 years under observation, after Vayots Dzor's 20.351 result in 2019. Analyzing the dynamics of the index, 2020 has served as a breaking point after which the index has seen a 65% decline in 4 years. No strict trend was recorded.

Despite low investment attractiveness, the region stands out with a high employment level-64.5%, or the second-best result among regions. In 2023, the region attracted a total of 437.6 million AMD of FDI. In contrast to medium-level employment, the region is struggling with economic power, being at the bottom of the per capita GDP and consumption expenditure ranking of the regions. The main reasons behind the low investment attractiveness level of the region are the low quality of the road network and the volumes of educational service expenditure: the region is an outsider in both categories.



**Figure 10.** Investment Attractiveness Index in Aragatsotn in the Years 2014-2023<sup>11</sup>

To sum things up, it is fairly hard to identify any regions with high investment attractiveness in Armenia. Investment attractiveness varies from region to region, and the direction of the trend of the developed index is usually uncertain, which leaves room for further analysis and forecasting of the investment attractiveness in the regions of Armenia, holding other things equal.

**CONCLUSIONS.** Thus, as a result of the analysis, a model for assessing the investment potential of regions was developed, which allowed for a comprehensive understanding of the current investment situation of each region of the Republic of Armenia.

<sup>11</sup> The calculations were made by the authors, data source: publications of the Statistical Committee of the Republic of Armenia, the regions of the Republic of Armenia and the city of Yerevan in numbers, 2015-2024.

The proposed model can also be an applicable toolkit for policymakers and implementers in the sector. It will make the obstacles to the development of the investment environment of regions more visible. The development of the model allows for comparisons between the assessment of the investment potential of different regions. It will also allow for a comprehensive understanding of the trends in the disproportion of the socio-economic indicators of the region relative to each other.

An index measuring the investment attractiveness of the regions of Armenia has been designed and estimated in this work, comprising 7 socio-economic indicators chosen beforehand. In order to assess investment attractiveness, we have used the weighted sum coefficient model, as well as conducted principal component analysis using a statistical package, which allowed us to obtain the values for a verifying index. The calculations have been conducted both with the investment attractiveness index and the verifying index. It's worth noting that according to the 2023 estimations, the positions in the investment attractiveness index ranking based on the investment attractiveness index and the verifying index have coincided in 4 regions, and for the other 6, the deviation hasn't surpassed one position, which proves the reciprocal confirmation of the models. According to the results of the estimated model, it is difficult to identify a high level of investment attractiveness in any of the regions of Armenia. Particularly, some of the regions with higher investment attractiveness are Syunik, with a 46.5 point estimate of investment attractiveness, followed by Armavir and Kotayk, with 45 and 39.2 estimated points of investment attractiveness. According to the index, the regions with the lowest investment attractiveness are Vayots Dzor- 23 points, and Aragatsotn, with 20.4 points.

The distribution of the investment attractiveness index of the regions of Armenia in 2023 shows that in no region does the indicator exceed the threshold of 50 points, which indicates a weak development of the investment environment.

The leading positions are the Syunik region, Armavir and Kotayk regions, which have high production and economic potential, significant inflow of foreign direct investments, but are weak in the quality of infrastructure and the volume of educational services. Syunik stands out for the volume of industrial production and mining, which also provides the main employment of the local population, Armavir, for agriculture, high employment, and consumer spending levels. The Kotayk region is especially notable for the progressive pace of the construction sector and the high specific weight of consumer spending in the share of gross domestic product.

The regions of Lori, Shirak, and Ararat are in the middle positions. Lori is the leader in educational services and road quality, Shirak in consumer activity, and Ararat in industry, with a large inflow of foreign investment. However, in all three regions, there is a significant imbalance between economic activity and consumption. Gegharkunik, Tavush, Aragatsotn, and Vayots Dzor are the laggards. Gegharkunik has a low level of economic activity, but there is an

unrealized employment potential. Tavush is the leader in the volume of educational services, thanks to the Dilijan International School and other Armenian and international educational institutions located here, but it lags in underdeveloped infrastructure and low consumer activity. In Aragatsotn, high employment is contradicted by the weak level of the educational system and the road network. As for Vayots Dzor, although the region stands out for its high level of consumer spending and GDP per capita, this does not provide the expected investment attractiveness due to structural problems - low quality of the road network, low share of educational services in GDP.

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