

**Caucasus Region  
Data Collection Survey  
on  
Tourism Development  
in  
the South Caucasus**

**Final Report**

February 2017

**Japan International Cooperation Agency (JICA)**

Joint Venture

JTB Corporate Sales

INGÉROSEC Corporation

KRI International Corp.

3R
JR
17-007

Caucasus Region  
Data Collection Survey on Tourism Development  
In the South Caucasus

Final Report

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## Abbreviations

<b>Abbreviations</b>	<b>Official names</b>
ADB	Asian Development Bank
ADS	Armenia Development Strategy
ASS	Armenian Statistic Service
ATDA	Armenian Tourism Development Agency
AZPROMO	Azerbaijan Export & Investment Promotion Foundation
AzCB	Azerbaijan Convention Bureau
AZTA	Azerbaijan Tourism Association
BTVS	Baku Tourism Vocational School
CBT	Community Based Tourism
CIS	Commonwealth of Independent States
GDP	Gross Domestic Product
DFA	Development Foundation of Armenia
DMO	Destination Management Organization
EEU	Eurasian Economic Union
EIB	European Investment Bank
EU	European Union
FDI	Foreign Direct Investment
FIT	Foreign Independent Tour
GCCI	Georgian Chamber of Commerce and Industry
Geostat	National Statistics Office of Georgia
GIZ	Deutschen Gesellschaft fur Internationale Zusammenarbeit
GNTA	Georgian National Tourism Administration
GTA	Georgian Tourism Association
ICC	International Chamber of Commerce
IFCD	International Fund for Cultural Diversity
IMF	International Monetary Fund
IUCN	International Union for Conservation of Nature and Natural Resources
JATA	Japan Association of Travel Agents
JICA	Japan International Cooperation Agency
LCC	Law-Cost Carrier
MICE	Meeting, Incentive, Convention/Conference and Exhibition
OJT	On-the-Job Training
SAGA	Georgia Association of Guides
SIT	Special Interest Tour
SME	Small and Medium Sized Enterprises
SWOT	Strength, Weakness, Opportunities and Threaten
TIC	Tourism Information Centers
TSA	Tourism Satellite Account

UNDP	United Nations Development Program
UNESCO	United Nations Educational Scientific and Cultural Organization
UNWTO	United Nations World Tourism Organization
USAID	U.S. Agency International Development
WEF	World Economic Forum
WFTGA	World Federation of Tourist Guide Associations
WTO	World Trade Organization
WTTC	World Travel & Tourism Council
WWF	World Wide Fund for Nature



## Map

Survey Area	Caucasus region				
Basic information of the target countries		<b>Azerbaijan</b>			
		Political system	Republic	Surface	86,600 km <sup>2</sup>
		Capital	Baku	Population	9.6 Million
		Main Religion	Islam	GDP (M USD)	53,050
		<b>Georgia</b>			
		Political system	Republic	Surface	69,700 km <sup>2</sup>
		Capital	Tbilisi	Population	3.6 Million
		Main Religion	Christian	GDP (M USD)	13,970
		<b>Armenia</b>			
		Political system	Republic	Surface	29,743 km <sup>2</sup>
		Capital	Yerevan	Population	3.0 Million
		Main Religion	Christian	GDP (M USD)	10,560

【Map】



Source: Congressional Research Service

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# 1. Outline of the Survey

## (1) Background of the Survey

### 1) Current State of Tourism Development in the South Caucasus

The countries in the South Caucasus that were part of the former Soviet Union, Georgia, Armenia, and Azerbaijan (hereinafter referred to as the “three Caucasus countries”), are located on the ancient Silk Road which connected Europe and Asia. These countries possess abundant tourism resources, combining a wide variety of cultural and natural attractions including: majestic natural scenery overlooking Mount Ararat and the Greater Caucasus Mountains, several Christian holy sites that are listed as UNESCO World Heritage Sites, and resorts on the Black Sea in the west and in the northern highlands. Ever since the three Caucasus countries became independent in 1991, they have shown steady economic growth, and recently the tourism sector’s contribution to the GDP of each country has been increasing year by year.

Unfortunately, most of the tourists that visit the three Caucasus countries are travelers from neighboring countries such as Russia, Turkey, and CIS countries who spend relatively little per person and stay a short period of time. Therefore, attracting tourists from the US, Europe, Asia and the Middle East has become a key issue. In Japan, people have a deep-rooted image of three Caucasus countries as a war-torn region, and the countries are very little known due to reasons such as the lack of Japanese guidebooks focusing on region.

Furthermore, public transportation in rural areas is limited and sometimes lacking in quality, and transport infrastructure such as roads, and tourism infrastructure such as hotels that can accommodate tour groups lag behind, meaning rural areas have not reaped the benefits from tourism development.

			
Azerbaijan Contrast between the new and old: modern architecture and the Old City of Baku	Georgia Traditional settlements of the Upper Svaneti UNESCO World Heritage Site	Georgia Historical Monuments of Mtskheta UNESCO World Heritage Site	Armenia Khor Virap Monastery overlooking Mount Ararat where Noah’s Ark is said to have stopped

Photos: Major Tourism Resources in the three Caucasus countries

Japanese government continues to provide assistance to the three Caucasus countries such as ODA loans, grant aid, and technical cooperation. According to the ODA Evaluation report called “Evaluation of Assistance for the South Caucasus” that carried out in the year 2015, the countries’ basic policies of “Sustainable Economic Growth” and “Stability of Society” were evaluated highly in terms of feasibility, but tourism development was mentioned as an issue common to all three Caucasus countries.



## 2) Objective of the Survey

Considering the above background, the Objective of this Data Collection Survey is as follows: to verify the policies, systems, and organizations of the tourism sectors of the three Caucasus countries, in order to further regional development and sustainable growth by promoting the tourism sector of each country; to propose certain actions for enhancing tourism promotion and marketing to attract tourists to the three Caucasus countries; and consider the direction for cooperative efforts, keeping in mind the possibility of building inter-regional partnerships to solve issues common to all three countries.

## 3) Targeted Regions

- All of Azerbaijan (excluding Nagorno-Karabakh and vicinity)
- All of Georgia (excluding the Tskhinvali region/South Ossetia and Abkhazia)
- All of Armenia (excluding Nagorno-Karabakh and vicinity)

## 4) Counterparts

- Azerbaijan: Ministry of Culture and Tourism
- Georgia: National Tourism Administration
- Armenia: Ministry of Economic Development and Investments

## (2) Survey Schedule

### 1) Work Plan

Title	Name	Year 2016		Year 2017						
		November	December	January	February					
Team Leader/ Tourism Policy Expert 1	Ms. Kana MATSUZAKI									
Deputy Team Leader/ Tourism Marketing Expert 1	Ms. Shoko USUI									
Tourism Policy Expert 2	Mr. Go KIMURA									
Tourism Policy Expert 3	Mr. Akira OHARA									
Tourism Marketing Expert 2	Mr. Hiroyoshi WATANABE									
Tourism Promotion Expert	Mr. Ken SUDO									
Reports			Inception Report			Interim Report		Draft Final Report		Final Report

Mission in Azerbaijan     
 Mission in Georgia     
 Mission in Armenia

Figure 1-1: Work Plan

2) Mission Schedule

(a) 1<sup>st</sup> Mission

① Mission in Azerbaijan

Table 1-1: Mission in Azerbaijan

	Date	Time	Ms MATSUZAKI Tourism Policy	Mr KIMURA Tourism Policy	Mr Watanabe Tourism Marketing	
1	18-Nov	Fri	NRT/DOH(22:20/04:30)			
2	19-Nov	Sat	DOH/GYD(13:00/16:50)			
3	20-Nov	Sun	<b>Site Visit Baku and surrounding Areas</b> <ul style="list-style-type: none"> <li>• Old City (Shirvanshakh Palace, Maiden's Tower etc.)</li> <li>• Heydar Aliyev Center</li> <li>• Bazaar</li> <li>• Ateshgah Tempe (Fire Temple) / Yanar Dag</li> </ul>			
4	21-Nov	Mon	<b>Nigar-san JICA</b>		<b>Meeting with relevant private sectors</b>  • Azerbaijan Convention Bureau • Azerbaijan Tourism Association • Tour Operators (ecotours, GRANITAS etc) • <b>Azerbaijan Airline</b>	
			10:00	ADB with Mr. Faraj Huseynbeyov		
			15:00	Ministry of Culture and Tourism		
5	22-Nov	Tue	9:30	Embassy of Japan (Mr. USUI)		
			11:00	World Bank with Mr. Haji Huesynov		
			14:30	Tourism and Mngement University (Mr. Eldar Aslanov)		
			15:30	Ministry of Culture Head of Dep of Cultural Institutions and folk art		
6	23-Nov	Wed	10:30	Azerbaijan Tourism Association		
			12:00	State Statistical Committee Tourism Department		
			14:00	UNDP with Mr. Elnur Khalilov, UNDP Programme Adviser Ms. Sabina Babayeva, UNDP Tourism Project Manager		
			16:00	Ministry of Economy International Relations Dpt Economic Policy Dpt Ms. Tukazban Mammad-zade		
7	24-Nov	Thu	10:00	AZOROMO		
			12:00	Azerbaijan Convention Bureau		
				Site visit inside Baku city		
8	25-Nov	Fri	AM Move from Baku to Naftalan (4.5h) and Ganja <<Gobustan>> <<Naftalan>> • Site Visit Albanian Church, Nidi Village etc.) • Inspection Hotels <<Ganja>> • Nizami Ganjevi Mausoleu, Sheikh Bahauddin Complex etc. Naftalan to Ganja			
9	26-Nov	Sat	Ganja-Sheki (2h)		Same as Ms. MATSUZAKI	
			<ul style="list-style-type: none"> <li>• Meeting with Sheki Tourism Information Center/Local government</li> <li>• Site Visit (Sheki Khan's Palace, Caravan Serai etc.)</li> <li>• Meeting with local operators</li> <li>• Inspections of hotels</li> </ul>			
			Sheki to Signagi Kakheti /Georgia	Sheki to Ismaili drop by Niji/Gabala		
On the way pass by Zagtala/Balakan		<<Niji/Gabala>> • Visit town • Inspection of hotels/ Amusement park etc. Gabala to Ismaili				
10	27-Nov	Sun	Site visit Signagi/Telavi		Same as Ms MATSUZAKI	
			<<Signagi>> • <b>Georgia part</b> rch, St. George Church, Signagi Museum etc. <<Telavi>> • Batonis Tsikhe, Museum, Winery etc. Telavi to Tbilis			
			Ismaili to Baku drop by Lahic/Shemakha <<Lahic>> visit City <<Shemakha>> • the Juma mosque, the mausoleum Shahihandan, the tomb of Shivan Khans etc. • Visit wine making/weaver etc.			
11	28-Nov	Mon	Baku-Doha (03:50/05:40)			
			Doha-HND(06:50/22:30)			

② Mission in Georgia

Table 1-2: Mission in Georgia

	Date		Time	Ms MATSUZAKI Tourism Policy	Mr Ohara Tourism Policy	Ms Usui Tourism Marketing	Mr Watanabe Tourism Marketing	
1	26-Nov	Sat		Sheki to Signagi	Tokyo-Doha(22:20/04:30)	Tokyo-Doha	Sheki to Signagi	
2	27-Nov	Sun		Site visit Signagi/Telavi «Signagi» • Wall of Fortress, St. Stephen Church, St. George Church, Signagi Museum etc.	Doha-Tbilisi(13:00/19:05)	Doha-Tbilisi	Site visit Signagi/Telavi	
				«Telavi» • Batonis Tsikhe, Museum, Winery			same as Ms Matsuzaki	
			13:00	Signagi Tourist Information Center Telavi to Tbilis			Telavi to Tbilis	
3	28-Nov	Mon	9:30	<b>Kick-off meeting with relevant ministries</b> (Ministry of Culture and monument protection) (Ministry of Environment and Natural Resources Protection) (Ministry of Environment and Natural Resources Protection) (Ministry of Regional Development and Infrastructure).				
			11:00	GTA(Ms. Nata Kvachantiradze)				
			14:00	Ministry of Culture/Heritages and culture promotion& regional Development(Ms Vardzelashvili and Mr Dolidze)	12:00 Vanilla Sky			
			15:00	Ministry of Economy and Sustainable Development/Transportation and logistics Dep.(Mr Gogita Gvenetadze)	15:00 Georgian Guide Association (SAGA)			
			16:00	UNDP	16:00 Fly ge			
4	29-Nov	Tue	10:00	Civil Aviaion and Civil Aviation Agency with Nino Kvashvadze		Georgian National Wine Agency and Wine Tourist Association		
			11:00	Ministry of Economy and Sustainable Development/Entrepreneurship Development Agency with Ms Ana Kvaratskhelia	Visit Georgia (Mr. Mamulashvili Alexandre and Ms Tamuna Khubua)			
			12:00	Swiss Corp (Mr Beka Tagauri)				
			14:00	<b>GNTA (Ms Khatia Vashakmadze 574 03 96 36)</b>				
			15:00	Dep. Infrastructure Development(Min of Regional Dev & Infrastructure (Mr Vasil Kapanadze)	Caucasus Travel (Ms Gvantsa Razmadze and Ms Kristina Papunashvili)			
			17:00	GEOSTAT (Mr Giorgi Kologashvili and Ms Tamta Bakhtadze)				
5	30-Nov	Wed	10:00	Caucasus University /School of Tourism(TBA)		Site visite around the Tbilisi		
			PM	<b>Move to Tbilisi-Gori-Kutaisi</b> • Gori Fortress				Tbilisi-Doha(20:00/00:10)
6	1-Dec	Thu		<b>Site visit @ Kutaisi-Batumi-Kutaisi</b> • Bagrati Cathedral • Gelati Monastery and Academy • Motsameta Monastery • Sataplia Cave National Park • Kutaisi Historical Museum etc				Doha-Tokyo(03:20/19:00)
				<b>Back to Tbilisi</b>	<b>Visit Batumi (daytrip)</b> Batumi Information Center			
7	2-Dec	Fri	10:00	Tbilisi History Museum	Site Visit/ Kutaisi- Akhaltsikhe - Varzia - Tbilisi			
			14:00	Land Resources Protection and Agency of Protected Areas/Ministry of Environment and Natural Resources Protection(Nino Chikovani and Natia Andguladze)	• Ivane Javakhishvili-Samthkhe-Javakheti History Museum • Zazma Monastery • Sapara Monastery • Rabati Fortress • Varzia			
			15:00	courtesy visit to EoJ				
			17:00	UNDP(Mr Giorgi)	<b>Back to Tbilisi after visiting the sites</b>			
8	3-Dec	Sat		<b>Site Visit/ Tbilisi - Mtskheta - Anauri - Miritary Road - Tbilisi</b> • Mtskheta Jvari Monastery • Metekhi Church • Military Road • Tsminda Sameba Church (If weather permits)				
				Tbilisi to Yereven Drop by Hagpat Monestery, Sanahin Monastery etc on the way to Yereven				

③ Mission in Armenia

Table 1-3: Mission in Armenia

	Date		Time	Ms MATSUZAKI	Mr Ohara	Ms Usui
				Tourism Policy	Tourism Policy	Tourism Marketing
1	4-Dec	Sun		Tbilisi-Yerevan On the way to Yerevan, drop by <ul style="list-style-type: none"> <li>• Hagphat Monastery*</li> <li>• Sanahin Monastery*</li> <li>• Sevanavank Monastery</li> <li>• Cemetery of Khatchkar</li> </ul>		
2	5-Dec	Mon	9:30	ADB Armenia		
			11:30	Greek-Armenian college of tourism, service and food industry, Mr. Artur Vardanyan		
			14:00	Ministry of Nature Protection		
			15:00	Mr. Robert Minasyan, Director of Armenian Institute of Tourism,	14:45	Armenian Marriott Hotel Interview&inspec
			16:00	Ministry of Culture	16:30	Inspection of local Handicrafts
			16:30	<b>World Bank (Ms. Nora Mirzoyan)</b>	17:15	Armintour Interview
3	6-Dec	Tue	11:00	<b>Kick-off MTG</b>		
			12:30	Ministry of Economy, head of Tourism Development Policy (Mr Apresyan)	14:00	Union of in-coming Tour Operators of Armenia
			14:00	USAID		
			15:00	National Statistic Service of RA (Ms Lilit Petrosyan)	16:30	The Armenian Guides Guild
			17:30	IDeA Foundation		
4	7-Dec	Wed		<b>Visit Site Echmiadzi &amp; Kotayk Area</b> <<Echmiadzi>> <ul style="list-style-type: none"> <li>• Echmidzin Cathedral*</li> <li>• Ruins of Zvartnots*</li> <li>• St.Hripsime Church*</li> <li>• St.Gayane Church*</li> </ul> <<Kotayk>> <ul style="list-style-type: none"> <li>• Garni Temple</li> <li>• Geghard Monastery</li> </ul>		
5	8-Dec	Thu	Yerevan-Doha(03:25/05:25) Doha-HND(07:10/22:30)	11:00 GIZ 14:00 EoJ Site inspection (Museum)	Yerevan-Doha Doha-HND	
6	9-Dec	Fri		Site visit/ Yerevan - Ararat - Tatev <ul style="list-style-type: none"> <li>• Norvank Monastery</li> <li>• Spitakavor Monastery</li> <li>• Khor Virap Monastery</li> <li>• Zorats Karer</li> </ul>		
7	10-Dec	Sat		Site visit/ Tatev - Yerevan <ul style="list-style-type: none"> <li>• Tatev Monastery</li> <li>• Goris</li> </ul> Back to Yerevan		
8	11-Dec	Sun		Inspection of public transport in Yerevan		
9	12-Dec	Mon		Yerevan-Doha(03:25/05:25) Doha-HND(07:10/22:30)		

(b) 2nd Mission

Table 1-4: 2<sup>nd</sup> Mission

Date		Time	Ms. Kana MATSUZAKI/Ms. Shoko Usui
			13
28-Jan	Sat		Tokyo-Doha(22:20/04:30)
29-Jan	Sun		Doha-Baku(13:00/16:50)
30-Jan	Mon		Additional Survey & Preparation for workshop in Azerbaijan
31-Jan	Tue		Workshop (9:00-17:00)
1-Feb	Wed	AM	Additional Survey
			Baku-Tbilisi (17:50/19:05)
2-Feb	Thu		Additional Survey & Preparation for workshop in Georgia
3-Feb	Fri		Workshop (9:00-17:00)
4-Feb	Sat	AM	Additional Survey in Georgia (if necessary)
		PM	Tbilisi-Yerevan
5-Feb	Sun		Preparation for WS
6-Feb	Mon		Workshop (9:00-17:00)
7-Feb	Tue		Additional Survey
8-Feb	Wed		Additional Survey & preparation for Final Report
9-Feb	Thu		Yerevan(03:25/05:25)-Doha-Tokyo(07:10/22:30)

### 3) Meetings during the mission in each country

#### ① Azerbaijan

Table 1-5: Meetings in Azerbaijan

No	Date/Time	Place	Attendants
1	21.November (Mon) 0900 – 1000	ADB Azerbaijan Office	Ms. Nigar Ismaylova (Program coordination for Azerbaijan, JICA) Mr. Faraj Huseynbeyov, Senior Project Officer • JICASTudy Team: Ms. Matsuzaki, Mr.Kimura, Mr.Watanabe
2	21.Nvember (Mon) 15:00 – 16:00	Ministry of Culture and Tourism Division of Planning and Development	Mr. Mahir Gahramanov, Head of division of Planning and Development • JICASTudy Team: Ms. Matsuzaki, Mr.Kimura, Mr.Watanabe
3	22.November (Tue) 09:30 – 10:30	Embassy of Japan Azerbaijan	Mr. Takaaki Usui, First Secretary, Head of the Economic Affairs and Development Cooperation Section • JICASTudy Team: Ms. Matsuzaki, Mr.Kimura, Mr.Watanabe
4	22. November (Tue) 11:30 – 12:30	World Bank	Mr. Madji Huseynov, Senior Infrastructure Specialist, Water Global Practice • JICASTudy Team: Ms. Matsuzaki, Mr.Kimura, Mr.Watanabe
5	22. November (Tue) 14:30 – 15:30	Azerbaijan Tourism and Management University (ATMU)	Dr. Eldar Aslanov, Vice-Rector,ATMU Mr. Orkhan Musa, Head of International Relation Department, ATMU • JICASTudy Team: Ms. Matsuzaki, Mr.Kimura, Mr.Watanabe
6	22. November (Tue) 16:00-17:00	Ministry of Culture, Department of Culture	Mr. Fikret Babayev, Head of department • JICASTudy Team: Ms. Matsuzaki, Mr.Kimura, Mr.Watanabe
7	23. November (Wed) 10:30-11:30	Azerbaijan Tourism Association (AZTA)	Mr. Muzaffar Agakerimov, Advisor to the Chairman • JICASTudy Team: Ms. Matsuzaki, Mr.Kimura, Mr.Watanabe
8	23. November (Wed) 12:00-13:00	State Statistical Committee, Tourism Statistic Section	Mr. Gulbala Guliyer, Director of Tourism Statistics Section, Mr. Rauf Aliyer, Assistant • JICASTudy Team: Ms. Matsuzaki, Mr.Kimura, Mr.Watanabe
9	23. November (Wed) 14:20-15:30	UNDP	Mr. Elnur Khaliliov, Development Advisor,Ms. Sabina Babayeva, Tourism Project Manager Ms. Kamala Sharabchiyeva, Tourism Project Assistant • JICASTudy Team: Ms. Matsuzaki, Mr.Kimura, Mr.Watanabe
10	23. November (Wed) 16:00-17:00	Ministry of Economy, Dept. of Cooperation with International Organizations	Mr. Toghrul E. Guliyer, Deputy Director, Dept. of Cooperation with International Organizations Mr. Huseyn A. Huseynov, Deputy Director, Dept. of Economic Policy, Analysis and Forecasting, Mr. Sanan Guluyev, Advisor, Dept. of Cooperation with International Organizations • JICASTudy Team: Ms. Matsuzaki, Mr.Kimura

No	Date/Time	Place	Attendants
11	23. November (We) 16 : 00-17 : 00	Entour	Mr. Emil Nasibov(Managing Director) Mr. Rasim Farzaliyev(Operating Manager) • JICA Study Team: Mr.Watanabe
12	24. November (Thu) 10:00-11:00	AZPROMO (Azerbaijan Export & Investment Promotion Foundation)	Mr. Rufat Mammadov, President Mr. Raul Kharbanda, Project Manager, Investment Promotion Department • JICAStudy Team: Ms. Matsuzaki, Mr.Kimura, Mr.Watanabe
13	24. November (Thu) 12:00-13:00	Azerbaijan Convention Bureau	Mr. Anar Narimanov, Executive Director • JICAStudy Team: Ms. Matsuzaki, Mr.Kimura, Mr.Watanabe
14	26.November(Sat) 13:50-14:20	Shaki Tourism Information Center	Mr. Imamaliyev Nasib, Director • JICAStudy Team: Ms. Matsuzaki, Mr.Kimura, Mr.Watanabe

② Georgia

Table 1-6: Meetings in Georgia

No.	Date/time	Place	Attendants
1	27.November (Sun) 13:00-14:00	Sighnaghi tourism information center	Ms. Tea Tamashvili (Georgian National Tourism Administration) Ms. Nana Korashvili (Municipality of Sighnaghi) Ms. Nana Begiashvili (Municipality of Sighnaghi) Ms. Maia Cherqezishvili (Municipality of Sighnaghi) • JICA Study Team: Ms.Matsuzaki, Mr. Watanabe
2	28.November (Mon) 9:40-10:10	Kick Of Meeting Old Mtekhi	Ms. Natina Anelyhudaze (Agency of Protected Area) Ms. Khatia Vahakmadze (Georgian National Tourism Administration) Mr. Pack Dolidze (National Agency for Cultural Heritage) Ms. Manana Vardzelashvili (National Agency for Cultural Heritage) Mr. George Tcheishvili (National Agency for Cultural Heritage) JICA Study Team: Ms.Matsuzaki, Ms Usui, Mr.Ohara, Mr.Watanabe
3	28. November (Mon) 11:00-12:00	Georgian Tourism Association(GTA)	Ms. Natalie Kvachantiradze (GTA,Chairperson) • JICA Study Team : Ms. Matsuzaki, Ms. Usui, Mr.Ohara, Mr. Watanabe
4	28. November (Mon) 12:00-13:00	Vanilla Sky	Mr. MAKO TSKHOMELIDZE JICA Study Team:Ms. Usui, Mr.Watanabe
5	28. November (Mon) 14:00-14:45	Fly.ge	Ms. Inga Kurtskhoeiainga • JICA Study Team: Ms. Usui, Mr. Watanabe

No.	Date/time	Place	Attendants
6	28.November (Mon) 14:15-15:30	Ministry of Culture and Monument Protection/ National Agency for Cultural Heritage	Ms. Ana Riboshenko (Director, Direction of Culture Popularization and Regional Programs Department) Ms. Manana Vardzelashvili (Head, UNESCO and International Relations Unit) Mr. George Tcheisvhili (National Agency for Cultural Heritage) · JICA Study Team: Ms. Matsuzaki, Mr. Ohara
7	28. November (Mon) 15:00-17:00	Georgian Association of Guides (SAGA )	Ms. Kety Meladze,President · JICA Study Team : Ms. Usui, Mr. Watanabe
8	28. November (Mon) 16:00-16:45	Ministry of Economy and Sustainable Development	Mr David Javakhadze (Deputy Head of Transport and Logistic Development Policy Department) · JICA Study Team : Ms. Matsuzaki, Mr. Ohara
9	28. November (Mon) 17:20-17:50	USAID Georgia	Mr. David Tsiklaur (Project Manager, Office of Economic Growth) · JICA Study Team : Ms. Matsuzaki, Mr. Ohara
10	29. November (Tue) 9:00-10:00	National Wine Agency/ Wine Tourism Association	Mr. Nikoloz Kerkazdze (Natinl Wine Agency) Mr. Elene Bukhaidza (Wine Tourism Association, Executive Director) Ms. Levan Chubinidze (Wine Tourism Association, Managing Director) JICA Study Team : Ms. Matsuzaki, Ms. Usui
11	29. November (Tue) 10:00-11:00	Ministry of economy and sustainable development of Georgia and Georgian civil Aviation Agency (GCAA)	Mr. Aleksandre Gachechiladze (Georgian civil aviation agency, Head of Air transportation) Ms. Nino Kcanskvadze (Ministry of economy and sustainable development of Georgia, Head of Civil Aviation Division) JICA Study Team : Mr. Ohara, Mr. Watanabe
12	29. November (Tue) 10:00-11:00	LEPL Entrepreneurship development agency (Enterprise Georgia)	Mr. David Shiolashvili, (Head of Research, Analysis and Monitoring Department) · JICA Study Team : Mr. Ohara, Mr. Watanabe
13	29. November (Tue) 12:00-13:00	Swiss Agency for Development and Cooperation	Ms. La Tsagareinshvili, (National Programme Officer) · JICA Study Team : Mr. Ohara, Mr. Watanabe
14	29. November (Tue) 12:00-13:00	Visit Georgia	Mr. Alexander Mamulashvili (Managing Director) Ms. Tamuna Khubua (Product Manager) · JICA Study Team : Ms. Matsuzaki, Ms. Usui
15	29.November (Tue) 14:00-15:00	Georgian National Tourism Administration (GNTA)	Department of Tourism Product and Infrastructure Development Ms. Tamar Jakonia, Chief Specialist Research and Planning Department Ms. Khatia Vashakmadze, Chief Specialist Brand development department Ms. Nina Nizharadze, Chief specialist Quality Development Department Ms. Nino Chaganava, Specialist · JICA Study Team: Ms. Matsuzaki, Ms. Usui, Mr. Ohara, Mr. Watanabe
16	29. November (Tue) 16:00-17:00	Caucasus Travel	Kristina Papunahvili, Product & Saes Manager · JICA Study Team : Ms. Usui, Mr. Watanabe



No.	Date/time	Place	Attendants
17	29. November (Tue) 16:00-16:30	Ministry of Regional Development and Infrastructure (MRDI)	Mr. Vasil Kapanadze • JICA Study Team: Ms. Matsuzaki, Mr. Ohara
18	30. November (Web) 10:00-11:00	Caucasus University, Tourism School	Ms. Nana Tabidze (Professor, CBS,CTS) Mr. Shalva Koghuaslvili (Research Center, CS) Ms. Ana Imedashvili (Executive Director) Ms. Vando Kopaleisvili (Director of Acad. Program, CST) • JICA Study Team;: Ms. Matsuzaki, Mr. Ohara
19	30. November (Wed) 11:00-12:00	Caucasus University School of Tourism	Ms. Nino Kalandadze (Dean) Ms. Vardo Kopaleishvili Ms. Ana Imedashvili, and others • JICA Study Team;: Ms. Matsuzaki, Mr. Ohara
20	1. December (Thu) 16:30-17:30	Batumi, Tourism Product Development Agency	Ms. Maia Kashbadze (Head of Tourist Information Centers Management Division) • JICA Study Team : Ms. Usui, Mr. Ohara
21	2. December (Fri) 11:30-12:00	Ravati	Staff personnel at ticket office • JICA Study Team : Mr. Usui, Mr. Ohara
22	2. December (Fri) 14:00-15:00	Agency of Protected Areas	Ms. Nita Tkavadze (Head of International Relations and Project Management Division) Ms. Tamar Kvantaliani (Deputy Chairperson) • JICA Study Team: Ms. Matsuzaki
23	2. December (Fri) 15:10-16:00	Embassy of Japan in Georgia	Mr. Tomonori Hasegawa, Counselor • JICA Study Team: Ms Matsuzaki
24	2. December (Fri) 18:00-19:00	GIZ	Mr. Jochem Theis (Country Component Manager) Mr. Rati Anjaparidze (Programme Expert SME development and DCFTA in Georgia) • JICA Study Team : Ms. Matsuzaki)

### ③ Armenia

Table 1-7: Meetings in Armenia

No.	Data/Time	Place	Attendants
1	5. December (Mon) 9:30-10:30	ADB Armenia Office	Ms. Gohar Mousaelyan (Senior Project Officer) JICA Study Team: Ms. Matsuzaki, Ms. Usui, Mr. Ohara
2	5 December (Mon) 11:00-12:30	Armenian-Greek College	Mr. Arthur Vardanyan (Director) • JICA Study Team: Ms. Matsuzaki, Ms. Usui, Mr. Ohara
3	5. December (Mon) 14:00-15:00	Ministry of Nature Protection	Mr. Khachik Hakobyan (Deputy Minister), Dr. Vahagn Sargsyan, Mr. Aymen Vardanyan Mr. Ashot Hovhannisjor, Mr. Artur Danielyan, • JICA Study Team : Mr. Ohara

No.	Data/Time	Place	Attendants
4	5. December (Mon) 15:00-16:30	Armenian Institute of Tourism	Dr Robert Minasyan (Rector, Professor) • JICA Mision Team: Ms. Matsuzaki
5	5. December (Mon) 14:45-15:15	Armenia Marriott Hotel Yerevan	Ms. Iren Grigoryan (Sales Account Executive) • JICA Study Team: Ms. Usui
6	5. December (Mon) 16:00-17:00	Ministry of Culture	Mr. Nerses Ter-Vardanyan (Deputy Minister) Mr. Arakelyan Artashes (Deputy Head of Foreign Relations Dep.) Ms. Arakelyan Luisa • JICA Study Team :Mr. Ohara
7	5. December (Mon) 16:50-17:15	Wrld Bank Armenia Office	Ms. NoraMirzoyan (Research Analyst) • JICA Study Team : Ms. Matsuzaki
8	5. December (Mon) 17:15-18:15	ARMINTOUR	Ms. Jusine Khachatryan (Head of Tourism Management and Marketing Department) • JICA Study Team : Ms. Usui
9	6. December (Tue) 11:00-12:00	Ministry of Economic Development and Investment/Kick Off Meeting	Mr. Mekhak Apresyan (Min. Economic Dev, Head of Tourism Dep.) Ms. Zarmine Zeitountsian (Chairperson, State Committee for Tourism) Ms. Cristine Poghosyan (National Statistic Service) Mr. Arakelyan Artashes (Min. Culture) Dr. Vahagn Sargsyan (Min. Nature Protection) • JICA Study Team : Ms. Matsuzaki, Ms.Usui, Mr. Ohara
10	6. December (Tue) 12:30-14:00	Tourism Committee	Mr. Mekhak Apresyan (Min. Economic Dev, Head of Tourism Dep.) Ms. Zarmine Zeitountsian (Chairperson, State Committee for Tourism) • JICA Study Team : Ms. Matsuzaki, Ms.Usui, Mr. Ohara
11	6 December (Tue) 14:00-15:30	Union of incoming Tour Operators of Armenia	Ms. Karine Davoyan (Director) • JICA Study Team: Ms. Usui
12	6. December (Tue) 14:30-16:00	USAID Armenia Office	Ms. Haikanush Bagratunyan (Program Manager) • JICA Study Team : Ms. Matsuzaki,Mr.Ohara
13	6. December (Tue) 16:30-17:00	RA National Statistic Service: NSS	Ms. Kristine Poghosyan • JICA Study Team : Ms. Matsuzaki,Mr.Ohara
14	6. December (Tue) 16:30-18:15	Armenian Guide Guild	Ms. Lia Bakhshinyan (President) • JICA Study Team: Ms. Usui
15	6. December (Tue) 17:30-18:00	IDeA Foundation	Ms. Armine Melik-Israyelyan (Head of Tourism Program) Ms. Lena Muradyan (Director, Gyumri Project Hope) • JICA Study Team: Ms. Matsuzaki, Mr. Ohara
16	7. December (Wed) 16:45-17:45	SIMA Tours	Ms. Susanna Gevorgyan (Executive Manager) • JICA Study Team: Ms. Usui

No.	Data/Time	Place	Attendants
17	8. December (Thu) 11:00-12:30	GIZ Armenia office	Mr. Wilhelm Hugo (Team Leader Armenia) Mr. Aram Babayan (Program Expert) • JICA Study Team: Mr. Ohara
18	8. December (Thu) 13:30-14:30	AVARAYR Tour Company	Mr. Arkadi Sahakyan /JICA Study Team: Mr. Ohara
19	8. December (Thu) 15:00-15:30	Embassy of Japan Armenia	Ms Megumi Maekawa, Second Secretary • JICA Study Team: Mr. Ohara
20	11. December (Sun) 10:30-11:00	Armenia Railway	Staff personnel at the station • JICA Study Team: Mr. Ohara

#### 4) Outline of the results of Workshops

Table 1-8: Agenda of the Workshop

Time	Contents/Activities	Presented by
08:30 – 09:00	Entry of Participants	
09:00 – 09:10	Opening Address	JICA
09:10 – 09:20	Address from the Government	C/P
09:20 – 09:30	Purpose/Objective of the Workshop	JICA Study Team
09:30 – 10:00	Tourism Strategy/Tourism Development Plan as well as implementing projects by States	C/P
10:00 – 10:15	Coffee	
<b>Part 1. Identifying Issues related tourism industry</b>		
10:15 – 10:45	Presentation of results/findings through field survey	JICA Study Team
10:45 – 11:30	Workshop : SWOT analysis	
11:30 – 12:10	Presentation of results of SWOT analysis	Each group leader
12:10 – 12:30	Discussion	
12:30 – 13:30	Lunch	
<b>Part 2. Knowledge Sharing</b>		
13:30 – 14:00	Case 1:Introduction of Cases of Development of Tourism Destination in Japan	JICA Study Team
14:00 – 14:30	Case 2: Introduction of Japanese Promotional Activities	JICA Study Team
14:30 – 14:45	Q&A	
14:45 – 15:00	Coffee break	
<b>Part 3:Recommendations</b>		
15:00 – 15:30	Recommendations for Promoting Tourism	JICA Study Team
15:30 – 15:45	Q&A	
15:45 – 16:00	Wrap-up of WS and Closing	JICA

② Number of Participants at the Workshop by country

Table 1-9: Participants of the Workshop

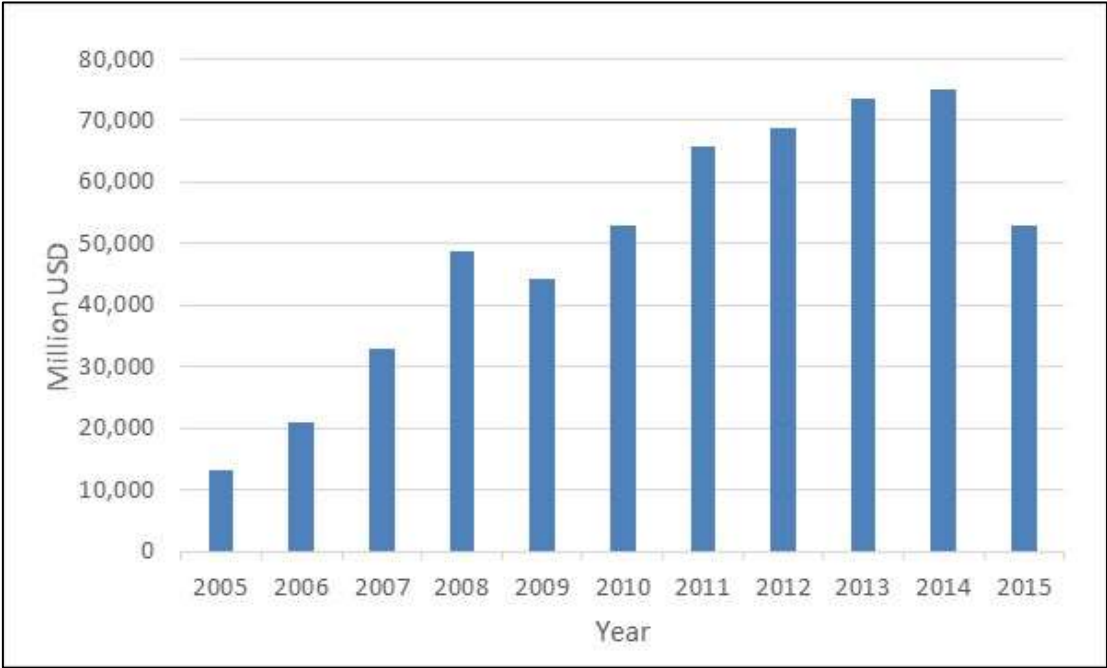
Country	Date/Time	Place	No. of Participants
Azerbaijan	31 January 2017 09:00-17:45	Hotel Park Inn by Radisson	38
Georgia	03 February 2017 09:00-17:30	Tbilisi Marriott Hotel	32
Armenia	07 February 2017 09:00-17:30	Marriott Hotel Yerevan	25

## 2. Azerbaijan

### (1) Economic Situation in Azerbaijan

Azerbaijan has an industrial economy which is largely dependent on oil and natural gas. Since the late 1990s, Azerbaijan has made steady economic development by the oil investment boom in the Caspian Sea; however, the global financial crisis in 2008 affected to the economy of this country. After that, with the expansion of crude oil production in the Caspian Sea, the Azerbaijan economy began to recover. Trends in gross domestic product (GDP) of Azerbaijan from 2005 to 2015 are as shown in Figure 2-1. Even after 2005, the GDP rose sharply and reached 75.1 billion USD in 2014, but in 2015 it was dropped to 53 billion USD, decreased by 30% compared to the previous year due to the impact of worldwide decline in price of crude oil and decline of crude oil production in Azerbaijan.

Looking at the breakdown of the GDP<sup>1</sup> in FY 2014 by sector, mining sector accounts for 26.4%, followed by the construction industry, which accounts for 12.1%. The tourism sector such as accommodation and restaurant, on the other hand, accounts for only 2.7%. The petroleum sector is the Azerbaijan’s key industry, but it only employs less than 3% of the country’s total workforce, which has increased the economic gap between urban and rural areas. This coupled with the global drop in crude oil prices has made diversifying the industry by moving away from an oil-dependent economy an urgent issue for Azerbaijan.

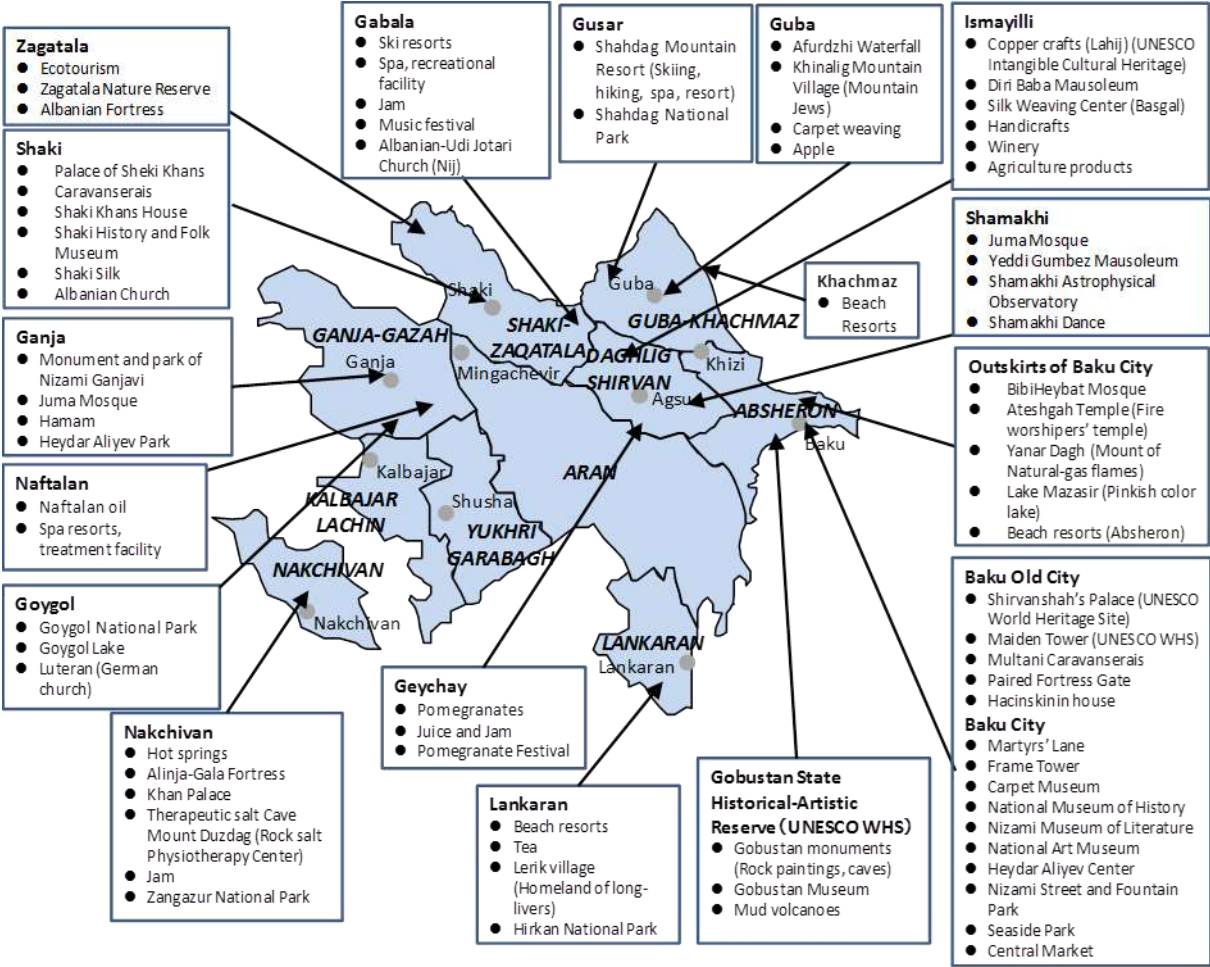


Source: World Bank

Figure 2-1: Trends of GDP (2005 – 2015) in Azerbaijan

<sup>1</sup> Share of GDP by types of economic activity, State Statistical Committee of the Republic of Azerbaijan

**(2) Current Status of the Tourism Resources in Azerbaijan**



Source: JICA Study Team

Figure 2-2: Tourism Resources in Azerbaijan

**1) Tourism Resources**

Azerbaijan, as the only Muslim country of the South Caucasus, was a strategically important stop on the ancient Silk Road which connects Europe and Russia. The major tourism resources, such as the UNESCO World Heritage Sites of the “Walled City of Baku with Shirvanshah’s Palace and Maiden Tower” and “Gobustan Rock Art Cultural Landscape”, major cultural facilities such as Historical Museum, Carpet Museum and Heydar Aliyev Center, other popular tourist sites such as Seaside Park facing the Caspian Sea, Yanar Dagh (Mount of Natural-gas flames) and Lake Mazasir (Pinkish color lake), are located in and around Baku, the country’s capital, which has an international airport. Therefore, such convenient location allow tourist, especially those who has time constraints, to visit major tourist spots efficiently.

There are various tourist destinations by regions in Azerbaijan. In the northern region, Shaki (the capital of Shaki Khans country from the 18<sup>th</sup> to 19<sup>th</sup> centuries, a trading point for many caravans in the route of Silk Road, there are Caravanserais and the Palace of Shaki Khans, Shaki silk is very famous.), Guba (the town of the border with Russia, a famous place for production of Azerbaijan carpet), Gabala (ancient

monuments of the Albanian state); in the western region, Ganja (the second largest city in Azerbaijan with a rich natural, cultural and historical heritage, a birth place of the great poet in Azerbaijan, Nizami Ganjavi), Naftalan (Production of Naftalan oil with therapeutic effect); in the south region, Lankaran (Production of tea, resort areas along the Caspian Sea) can be sited. In addition, the country has 9 climatic zones out of 11 climatic zones in the world climate type, so that tourists can enjoy its unique natural environment. For example, in Shahdag National Park located in the northeastern region, a summer and winter tourism resort facility developed for attracting nature-lover tourists. Therefore, there is great potential for the country to develop eco-tourism and community-based tourism that make use of diverse natural environments, abundant natural resources, such as animals, flora and fauna.

Azerbaijan is also located an important point of the Silk Road and a crossroads of oriental and western culture geographically, so even in the food culture, various dishes are influenced by Central Asia, Russia, Turkey, and Iran. In addition to enjoying local cuisine, there are many elements that entertain tourists in traditional culture such as Mughal music registered in UNESCO World Intangible Cultural Heritage in 2003 and various dancing different in each ethnic group.

As seen above, such diversity of tourism resources including climates, history, culture, traditional lifestyle and cuisine are attraction of tourism in Azerbaijan.

			
<p>Within Baku Maiden Tower and Shirvanshah's Palace UNESCO World Heritage Sites</p>	<p>Modern architecture by world-class architects Heydar Aliyev Center</p>	<p>Near Baku Gobustan Rock Art Cultural Landscape UNESCO World Heritage Site</p>	<p>Shaki Venetian stained glass in the Palace of Shaki Khans</p>

① Tourism Resources by Region

A) Baku and Surrounding Areas

The city of Baku is formed of the city of Sylvain dynasty (Old city) called Icheri Sheher (Inner castle) surrounded by the fortress walls in the center with surrounded by the city developed during the era of Russian Empire, and the city enclosing by buildings of the Soviet era. The city of Baku has the park street along the Caspian Sea, the commercial development area, cultural, historical and religious buildings, modern buildings, various museums, and many other tourism resources and facilities. The cityscape of Baku is also one of the attractions for tourism in Baku.

Old City of Baka

In the inside of the Old city of Baku surrounded by fortress walls, there are buildings made of adobe bricks, intricate stone pavement streets and preserved traditional cityscapes. There are Shirvanshahs Palace, Maiden Tower which are registered as UNESCO World Heritage Site in 2000, Hammam (Bath house), and



mosques, Caravanserais (Caravan inn), etc. in the Old city. In addition, there are restaurants in the refurbished Caravanserais and souvenir shops.

Table 2-1: Tourism Resources in the Old City of Baku

Name of Tourism Resource	Outline and Current Condition
Shirvanshahs Palace	The palace of Shirvanshah dynasty who ruled the capital of the state until the 16 <sup>th</sup> century. The palace was built in the 15 <sup>th</sup> century and it is the most attractive tourist sites in the Old city of Baku. The palace complex consists of the main building of palace, the Shah Mosque, tombs of Shivanshah Farrukh Yasarm and his family, the remnants of a bath house and the Key Gubad Mosque, museum, etc. Information and tour route signboards are installed in the palace. Individual tourists can visit inside of the palace without a tour guide using rental audio guide equipment.
Maiden Tower	Maiden Tower is located along the street facing the coast of Caspian Sea in the Old city of Baku with the height of 30 m. It is said that the tower was built as a temple of fire worshipper in the 5 <sup>th</sup> to 6 <sup>th</sup> centuries. BC when a tower was first built as a worship temple in this place. The current tower was reconstructed in the 12 <sup>th</sup> century to use as observatory, lighthouse as well as fortification of Baku. The inside of the tower was refurbished as a museum with 8 floors. The top of the tower is an observatory to overlook the Caspian Sea, the Old city and the Baku city.
Multani Caravanserai	Caravanserai is a shelter for merchants coming to Baku for trade; it is currently used for tourist facilities such as restaurants and souvenir shops.
Qosha Qala Gate (Shamakhy Gate)	A stone gate where caravans passed and it was built around the 12 <sup>th</sup> - 14 <sup>th</sup> century. The gate is part of the fortress wall in the Old town of Baku. It is part of the castle wall of the Old city, now it is an entrance and exit for vehicles, people and visitors in the Old city.
House of Hacinskinin	Gothic apartment built in 1912, located near Maiden Tower.

Source: JICA Study Team

			
Guide plate in the Shirvanshahs Palace	Guidance point for user of audio guide equipment	Maiden Tower (UNESCO World Heritage Site)	Multani Caravanserai is utilized as restaurants and souvenir shops

### Baku City

In the Baku city, there are a park on the hill that overlooks the entire city of Baku and the Caspian Sea, a cemetery of conflict victims and memorial monument in the park (Martyrs' Lane), Frame Tower (a landmark of Baku city), and museums and cultural facilities such as Carpet Museum, National Museum of History, Nizami Museum of Literature, National Art Museum, Heydar Aliyev Center, etc. In the central part of the new urban and commercial area in the city, there are luxury shops, restaurants, cafés, souvenir shops, street stalls, and restaurants where local people and visitors can enjoy shopping, eating and drinking, at Seaside Park facing the Caspian Sea, and the central market where various local products can be purchased.

Table 2-2: Tourism Resources in the Baku City

Name of Tourism Resource	Outline and Current Condition
Martyrs' Lane	There are memorial monument and cemetery of the victims of the invasion of the Soviet army on January 20, 1990 and victims of the Nagorno-Karabakh War from 1991 to 1994.
Frame Tower	Three buildings that shaped like fire (frame), which is considered a symbol of the country. It was built in 2012. In the buildings, there are hotels, condominiums and offices. 10,000 LED panels were attached on the surface of the glass of each building, and are lighted up at night. The image of the flame and the flag of Azerbaijan is displayed by the LED panels.
Azerbaijan Carpet Museum	The carpet museum opened in 2014. The exterior of the building is like a carpet rounded design. In the museum, the history of the carpet in Azerbaijan, the explanation of the process of carpet making, the exhibition of carpets by region, and ethnic costumes and silver products are displayed. In addition, carpet weaving is demonstrated.
National Museum of History	The museum was the old house of Haji Zeynalabdin Taghiyev, an oil baron and philanthropist at the end of the 19th century. The house was constructed in 1902. About 250,000 of materials, monuments, documents related to history of Azerbaijan are collected and displayed in the museum.
Nizami Museum of Literature	The museum was a former hotel Metropole, constructed in 1860.
National Art Museum	It opened in 1937. Over 12,000 art works and paintings are exhibited. The museum is a former house of an oil baron, built at the end of the 19th century.
Heydar Aliyev Center	The center was completed in 2012. It is mainly used for cultural activities such as exhibitions and concerts. Design and structure of the center is very unique and innovative, designed by Iraqi architect Zaha Hadid. In the exhibition space of the center, there are various exhibition corners such as former president Haydar Aliyev, Azerbaijan culture, history, ethnic costume and so on.
Nizami Street and Fountain Park	Nizami Street and Fountain Park are the busiest area in Baku. There are luxury brand shops, cafés, restaurants, souvenir shops selling handicrafts, and various shops.
Seaside Park	A large park developed along the Caspian Sea, with wide walking paths and green space, and there are cafes, amusement parks and shopping centers in the park.
Central Market	In the market, fresh vegetables, fruits, meat, dairy products, nuts, dried fruits and tea leaves are sold in the narrow spaces. Caspian caviar is also purchased with tasting here.

Source: JICA Study Team

			
Frame Tower as a symbol of Baku	Azerbaijan Carpet Museum	Exhibition space of former President Heydar Aliyev inside of the Heydar Aliyev Center	Various fruits, vegetables and other ingredients are sold at Central Market in Baku

### Suburbs of Baku City

In the suburbs of Baku city, there are tourist resources such as Bibi Heybat Mosque, Ateshgan Temple (Fire worshipers' temple), Yanar Dagh (Mount of natural-gas flames), Lake Mazasir (Pinkish Color Lake), Gobstan, and Mud Volcanos. These tourist resources are included in day trip tour from Baku city.

Table 2-3: Tourism Resources in the Suburbs Baku City

Name of Tourism Resource	Outline and Current Condition
Bibi Heybat Mosque	Shiah Islam mosque built in 13 <sup>th</sup> century, which is one of the most significant monuments of Islamic architecture in Azerbaijan. The mosque was destroyed many times in the past, and the current mosque was renovated in 1994 with the order of former President Haydar Aliyev. It is possible to overlook the Caspian Sea and Baku City from the courtyard of the mosque.
Ateshgah Temple (Temple of fire worshipers)	Zoroastrian temple is located in Surakhani village on the outskirts of Baku city. It was built in the 17th century. Even in this area natural gas blows out from the surface of the ground and will ignite spontaneously, this place was regarded as a sacred place of worshipping fire for Hindu and Zoroastrian. This temple was prospered as a transit point of the route connecting northern India, Turkey and Syria region, and it is known that monks and believers were coming to visit this temple. Hindus and Zoroastrians living in India and Iran regard this temple as a sacred place and are coming to worship. At the pentagonal altar in the center of the temple, flames are constantly burning up. Stone made cells for monks, caravanserais, and guests are surrounded alter. Since 1975, the temple was open to public as a museum with installation of photographs and displays.
Yanar Dagh (Mount of Natural-gas flames)	Yanar Dagh means “burning mountain”, located in Mehemmedi village, 25 km north of Baku. It is said that natural gas blew out from the cracks of surface of the ground on a small hill near the oil mining site, and continues to burn from 2000 years ago. Although it is an attractive tourist resource, in order to improve and increase added value as a tourist facility, it is necessary to develop the visitor center or installation of information board.
Gobustan State Historical-Artistic Reserve	The reserve is a vast rocky mountain of stone age, located 60 km southwest of Baku. About 6,000 petroglyphs from 10 to 8 century BC are found on the rock mountain. Various pictures were depicted on the rocks such as various animals, hunting scenes, rituals, dancing people, people riding the boat, etc. In 2007, a unique monument in Gobustan (Gobustan Rock Art Culture Landscape) was registered as UNESCO World Cultural Heritage. Visitor routes and rope fences are properly in place and managed. There is a museum on the way to the monument site. It was opened in 2012 and has been operated by the Ministry of Culture and Tourism. Details information of Gobustan's history, natural environment and petroglyphs are presented in Azerbaijani, Russian and English in the museum. The museum is a modern interactive museum with the latest exhibition system introducing screen touch panel, video projector, etc.
Mud Volcanos	Mud volcanoes are located 10 km south of Gobustan. Mud volcanos have muddy bubbles due to natural gas erupting from the basement, and it seems that magma is boiling.
Lake Mazasir (Pinkish color lake)	A lake is located in the northwest of Baku. It is famous for its lake surface appearing to be pinkish due to the iodine component abundantly contained in the water of the lake. Depending on the time of day, it may look purple. The salt that can be taken at this lake is fine and there are many salt mountains around the lake.

Source: JICA Study Team

			
Ateshgah Temple known as the sacred site of Hindu and Zoroastria	Yanar Dagh keeps on burning for more than 2000 years	Visitor routes and guide signs properly placed at Gobustan State Historical-Artistic Reserve (UNESCO WHS)	Gobustan Museum built in 2012

B) Shaki

Shaki belongs to the Shaki Zaqatala region, located in the southern part of the Greater Caucasus Mountains, about 300 kilometers northeast of Baku, and it is the second popular tourist destination next to Baku. Shaki, the capital of the independent Shaki Khanate between 1743 and 1819, is famous for a silk production. Many caravans passed Shaki as a trading point in the route of Silk Road. Shaki has tourism resources such as Shaki Khan Palace, Caravanserais, Shaki Khan's House, Shaki History and Folk Museum, crafts workshop, souvenir shops, and other tourist resources and facilities. Local products in Shaki are silk weaving products, carpet weaving, stained glass crafts, wood carving, pottery and embroidery. Shaki has local foods such as Piti (Soup prepared with mutton and chickpeas and add the soup on bread) and Shaki Halva (syrup-saturated pastry). There is Albanian church located in Kish village in the outside of Shaki. Shaki has state natural reserves under the management of the Ministry of Ecology and Natural Resources, and farmland with abundant in nature. It offers places for hiking, ecotourism, village tours, agro tours and fishing in surrounding rivers.

Table 2-4: Tourism Resources in Shaki

Name of Tourism Resource	Outline and Current Condition
Shaki Khan Palace	A summer palace of Shaki Khan who was a ruler of Shaki and was built in 1762. Wooden windows in the palace attached stained glasses using Venetian glasses, which are divided into small parts and made precisely. Flowers, birds and hunting are painted on the inner wall and the ceiling of the palace. The inside of the palace is prohibited to take photo. There is a park in front of the palace and a souvenir shop on the back side of the palace.
Caravanserais	Caravanserais were built in the 18 <sup>th</sup> and 19 <sup>th</sup> centuries (2-story stone structure). It is renovated and used as the hotel. Rooms are simple, but guest can experience the atmosphere of Caravanserais.
Shaki Khan's House	Shaki Khan's dwelling house built in the 18th century. It was restored by Khan's descendants. The house is decorated with stained glass and mural paintings.
Shaki History and Folk Museum	The building was originally built as a barracks in 1895. It was renovated in 1980 and used as a museum. The museum exhibits Shaki's nature, history and culture.
Crafts workshop, souvenir shops	Souvenir shops that sell various local crafts and a workshop for crafts are located in the first floor of the building. Shaki Tourist Information Center is in the same building.
Albanian church	Albanian church built around the 1st century in Kish village (5 km from Shaki) near Shaki. The church including a hole with dome was built for the first time. Currently it is used as a museum of history and architecture.

Source: JICA Study Team

			
Beautiful outer wall colored with geometric patterns of tiles (Shaki Khan Palace)	Various local crafts sold at craft shop in Shaki	Most Tourist information boards written only in Russian and Azerbaijani (Shaki)	Caravanserais being renovated and used as a hotel (Shaki)



### C) Gabala

Gabala is located 90 kilometers east of Shaki, belongs to Shaki Zaqatala region. It is said that 600 years ago Gabala was the capital of Caucasian Albania. Gabala has abundance of nature such as vast forests, rivers, waterfalls and lakes, and there is Nij village where the Udi people, one of the Caucasian Albanian people still live. In Nij village, people still speak Udi language, which is different from Azerbaijan. They live by traditional agriculture and are Christian. Albanian-Udi Jotani Church (Original church was built in 1723 in wooded structure.) in Nij village was reconstructed in stone structure, which is one of tourism resources in Gabala. Gabala has excavation sites of the city of ancient Albania (1st - 11th centuries). The remains of the fortress, wells and water supply at excavated sites are open for tourists to visit.

Gabala has recreation facilities, luxury hotel resorts, and ski resort opened from 2014. In addition, events such as international music festival and jam festival are held every year. Gabala has been developed as a tourist destination that can be enjoyed throughout the year.



### D) Ganja and Naftalan

Ganja is the second largest city in Azerbaijan, located in the western part of Azerbaijan, 375 kilometers from Baku, and belongs to Ganga-Gazah region. Ganja is famous for the birth place of the great poet of Persian literature in the 12th century, Nizami Ganjavi. In Ganja there are tourism resources such as Heydar Aliyev Park, Juma Mosque, hammam, Tomb of Nizami Ganjavi and a park with sculptures of five great poetries, etc.

Naftalan is located 48 kilometers southeast of Ganja and is famous for the oil spa utilizing the oil produced in Naftalan. Naftalan oil is effective for treating skin, arthritis and rheumatism. In Naftalan there are hotels with sanatorium and treatment facilities using Naftalan oil. Many patients come to Naftalan from all over Azerbaijan, Russia and Central Asia for the purpose of medical treatment.



E) Ismayilli

Ismayilli is located about 180 kilometers west northwest of Baku, southeast of the Caucasus mountains, and belongs to Daghlig Shirvan region with rich in nature. In Ismayilli, there is Lahij village known as a tourism spot of handicraft production from ancient times in the mountains area with the altitude of 1,200 meters. Especially Lahij village is famous for a village making copper products by traditional methods. There are 10 copper craftsmen in the village and tourists can see the process of making copper products at workshops of craftsman. "Copper craftsmanship of Lahij" was designated as UNESCO Intangible Cultural Heritage List in 2015. In addition to copper crafts, leatherwork and hand-knit products, various vegetables, bottled fruits, and spices are major local products and sold in the village. Traditional stone houses and cobblestone streets passing through the center of the village are very attractive landscapes. There are tourist information center and small hotels and guesthouses in the village. The access road connecting from the main road to Lahij village is still unpaved so that road improvement is urgent in terms of shortening traveling time and safety.

Furthermore, Ismayili is famous for winery and wine production area in Azerbaijan. Wine tour is also one of tourist attractions for tourists.



② Beach Resorts

Following three areas along on the Caspian Sea coast, Khachmaz, Baku-Absheron, Lankaran are famous beach resort areas in Azerbaijan. In each beach resort area, various types of hotels and resort recreation facilities are developed. While the Caspian Sea coastal area has limited period for swim in terms of climate of the area, according to the new development strategy of the Ministry of Culture and Tourism (MoCT), the government plans to promote the development of beach resorts in the Absheron peninsula and the southern Caspian Sea coastal area.

③ Ecotourism

Azerbaijan has nine climatic zones with diverse topography and natural environment so that diverse flora and fauna, and wild animals inhabit. Currently, there are 9 national parks, 11 state nature reserves and 12 state wildlife sanctuaries under jurisdiction by Ministry of Ecology and Natural Resources (MoENR). In the national parks, visitors can conduct various ecotourism activities such as trekking, bird watching and

nature observation. In Azerbaijan, although ecotourism is not so popular and promoted, the potential of ecotourism as tourism activity is high and MOCT is working on promoting ecotourism in collaboration with MoENR. Tour companies in Azerbaijan are also developing and selling ecotours in addition to historical and cultural tour programs.

#### ④ Winter Tourism

In Gusar, Guba-Khachmaz region in the northern part of Azerbaijan, there is the highest mountain (4,243 m) in Azerbaijan called Shahdag, which is famous for a ski resort. The Shahdag Mountain Resort opened in December 2012 and it is a large ski resort consisting of 14 slopes, 11 lifts and several hotels with the total area of 128 hectares. In addition to skiing, visitor can enjoy snow mountain trekking. Many tourists from Russia and Europe countries are visiting the resort. From Baku to the resort, it takes about 3 hours by car via Guba. In Azerbaijan, another ski resort was developed in Gabala, Shaki-Zaqatala region. Luxury hotels with spa are located in the surrounding area.

#### ⑤ Traditional culture and entertainment

##### A) Ethnic Music

An ethnic music representing Azerbaijan is Mugham music, accompanied by singers and traditional musical instruments. Mugham music does not have fixed notation, in order to protect the virtuosity and diversity of artistic expression, the master trains' disciples refined improvisation techniques themselves, so that many variations of performance technique are transferred to disciples. "Azerbaijan Mugham music" was registered as



Performance of Mughal music for tourists at restaurant in Old Town of Baku

Traditional musical instrument of Azerbaijan, Tar (registered as UNESCO intangible cultural heritage in 2012)

UNESCO World Intangible Cultural Heritage in 2003. Also, In Mugham music, instruments called tar is used for performance. The Tar is a long-necked lute genre instrument, which means strings in Persian. "Craftsmanship and performance art of the Tar, a long-necked string musical instrument was registered as UNESCO World Intangible Cultural Heritage in 2012. Mughal music using tar instruments for tourists is performed at Old Town, hotels and restaurants in Baku city. Mugham music performance using tar instruments for tourist are able to see at Old Town, hotels and restaurants in Baku.

##### B) Folk Dance

In Azerbaijan, there are many folk dances that make women beautiful using handkerchiefs, scarves, veils etc. Among folk dances, the Asmakas meaning "hanging and cutting" is said to be the oldest dance transmitted to Azerbaijan, and it is performed dance when sending a bride to the bridegroom's house. Other folk dances are dancing for the elderly called "Anzari", created in Baku in the latter half of the 19th century, and dance with characteristic of



Exhibit space of folk costume in Heydar Aliyev Center

exaggerated humorous movement and slow tempo called "Abhy", performed in the Shaki-Zaqatala region. In addition to those dances, "Aval" dance, which is a dance for Avars, starts with slow music and ends with the fast rhythms of Reschinka. Male dance called "Azerbaijan", which is fast rhythm with required technique. In Azerbaijan, there are also many ethnic minorities. Traditional dances exist for every ethnic minority, and the traditional dance of ethnic minorities can be seen at festivals and events organized by region.

### C) Traditional Costume

Characteristic of traditional costume in Azerbaijan is a unique and beautiful silhouette. Especially the female costumes are elegant with shiny and colorful long skirts in layer. Blouses are plain and patterned design in layers, tightened with a beautiful gold belt, and wraps a long cloth like a veil from the head. For men, a cylindrical hat called "Papaq" is impressive.

The Azerbaijan national costumes can be seen in National Museum of History, Carpet Museum, the national costume exhibition space in the Heydar Aliyev Center, history and folk museums and galleries in each region, and so on.

### ⑥ Traditional Crafts

#### A) Carpet

Carpets are the most famous crafts of Azerbaijan. Carpets woven with sheep's hair and silk from time to time are divided into piled and non-piled ones. Non-piled carpets are related to the earliest period of carpet making, and are divided into seven types; Palas, Chechim, Kilim, Shedde, Verni, Zili, Sumakh, depending on the area to be made, weaving style, weave structure, ornament richness and coloring. Azerbaijan carpets that draw fine geometric patterns and portraits are highly regarded all over the world. At present, there are 7 major carpet weaving schools in Guba, Baku (Absheron), Shirvan, Ganja, Gazakh, Karabakh, and Tabriz. Each school has different patterns, composition, color and techniques for carpet making. "Traditional art of Azerbaijani carpet weaving in Azerbaijan" was registered as UNESCO World Intangible Cultural Heritage in 2010.

#### B) Silk Textile and Embroidery Products

In Azerbaijan, silk has been produced for a long time. Silk textile products such as scarfs, veils and rugs are famous. There are various patterns of embroidery products. Pattern and design are different by region.

#### C) Copper Crafts

Copper crafts are one of the important traditional crafts in Azerbaijan. The copper crafts in Lahij described in the previous section, tourism resources of Ismayilli is well-known. In Lahij, blacksmiths and copper craftsmen took over the traditional methods from previous master craftsmen, and they are making copper products at their workshops from melting copper, shaping copper ware by hitting hammer, polishing, engraving design, to finishing the product. The



Copper products displayed and sold at souvenir shops in Lahij village



copper products are kitchen appliance such as pitcher, vessels, dishes, cups, and small products such as key rings, which are sold as souvenirs.

## ⑦ Festivals and Events

### A) Novruz

Novruz is a festival originated from the Zoroastrian festival. The day of Novruz that is considered to be the beginning of a year in Azerbaijan. On this day people will decorate the table with green that symbolizes "regeneration", plus a red ribbon, take a bath and eat traditional sweets. In the rural areas, young people surrounded the bonfire on the evening of the previous day and ceremony of "fire transit", jumping over the fire is held. Entertainment such as singing and dancing will be held at special venue in outside on that day. Novruz takes place on March 21 every year and was registered as UNESCO World Intangible Cultural Heritage in 2009.

### B) Pomegranate Festival

Goychay is located in Shirvan region, in the central area of Azerbaijan, belongs to the dry subtropical climate, and famous as a place for producing pomegranate. The pomegranate festival is held every November. At the pomegranate festival, not only eating foods such as pomegranate dishes jams and juice, but also exhibitions of artworks such as paintings depicting pomegranates, street performance and concerts are held.



### C) Wine Festival

There are five wine producing areas in Azerbaijan, Shamakhi, Ismayilli, Gabala, Ganja and Tobuz. Every year in October a wine festival will be held at Old town in Baku and these wine producing areas. A wine festival in Ganja is most famous.

### D) International Baku Jazz Festival

In Baku city, the Baku International Jazz Festival will be held in October every year. Jazz is loved and respected to many people in Azerbaijan since Old Russian times. Baku Jazz Center was built in Baku city in 2002. A jazz festival was held for the first time in Baku in 1969. After that the festival was not held for a long time. Since 2005 the jazz festival is held every year. During the jazz festival in one week, In the Jas Festival, domestic and overseas famous jazz musicians participate and jazz music performances, various festivals and events are held for the purpose of celebrating jazz music.

## 2) Infrastructure

### ① Transport

#### A) Airports and Airlines

The gateway to Azerbaijan by air is the Heydar Aliyev International Airport in Baku. There are 10 international airports in Azerbaijan including six international airports (Baku, Ganja, Lankaran,

Nakhichevan, Gabala, and Zaqatala) and four domestic airports (Aghstafa, Baku, Balakan, Yevlakh).

The Heydar Aliyev International Airport is located 25 kilometers northeast of Baku. It has two terminals (international and domestic flights) and two cargo terminals with two runways (2,700 m, 3,200 m). In the international airport, the state-owned airline company, Azerbaijan Airlines operates regular flights with Kiev (Ukraine), Aktau (Kazakhstan), Moscow, Mineralnye Vody, Novosibirsk (Russia) in CIS countries, Tbilisi (Georgia), and Dubai, Ankara, London, Kabul, Paris, Milan, Istanbul, Rome, Tel Aviv, Tehran, Urumqi, Beijing in Gulf countries, the Middle East, European countries, and Asian countries. Other airlines operated in the airport are more than 30 airlines companies including Aeroflot, Qatar Airlines, Turkish Airlines, Austrian Airlines, Uzbekistan Airlines, Astana Airlines (Kazakhstan), etc. connecting with 64 air routes (airports). The number of flights and passengers at the Heydar Aliyev International Airport in 2014 are 2,966,725 and 34,794, respectively<sup>2</sup>. The number of flights and passengers at the airport are increasing year by year due to increase of airlines and air service routes. Regarding trends of airlines, please refer to the section (8) Trend in Tourism Industry in Azerbaijan, 3) Tourism related Industries, ④ Airline.

On domestic flights, state-owned Azerbaijani Airlines uses the Heydar Aliyev International Airport as a hub and flies to Ganja (4 flights per week) and Nakhichevan (5 flights daily). Currently, Nakhichevan is an enclave and is normally accessed by air for foreign tourists.

## **B) Roads, Buses and Taxi**

Main roads and highways connecting between the capital city of Baku and major cities in Azerbaijan are maintained and paved, and relatively good condition. Highways in Baku city are 8-lane road (4 lanes on one side), and highways outside of Baku city, connecting between cities are 6 lanes (3 lanes on one side). There are two highways, the one is the east-west route from Baku, Arat, Ganja, and Qazakh to Georgia border with a total length of 503 km has been developed as a part of road development project under the Transport Corridor Europe Caucasus Asia Program (TRACECA)<sup>3</sup>. The other is the north-south route from the Russian border along the Caspian Sea coast, Arat, Astra, Lankaran to the Iranian border with a total length of 521 km has been under rehabilitation.

In the suburbs of Baku city and regional areas in Azerbaijan, road sections from arterial (main) roads to tourist sites are still unpaved and damaged so that improvement and maintenance is necessary. In rural areas, there are very few resting and service facilities for tourists along the main road.

There is the Baku International Bus Terminal about 10 km north in the center of Baku city and near the entrance of highway to Sumqayit. At the bus terminal, long distance buses connecting to major cities in Azerbaijan and neighboring countries in Georgia, Turkey, Russia and Iran are arriving and leaving more

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<sup>2</sup> 2014 World Airport Traffic Report, Airport Council International

<sup>3</sup> Transport Corridor Europe-Caucasus-Asia (TRACECA) is an EU programme, launched in 1993, to develop a transport corridor from Europe to China, via the Black Sea, the Caucasus, the Caspian Sea, and Central Asia, it contributes to the revive of "Great Silk Road", one of the most famous historical route of the silk way. The Basic Multilateral Agreement for the development of the TRACECA corridor was signed by Armenia, Azerbaijan, Georgia, Moldova, Iran, Ukraine, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, Romania, Bulgaria and Turkey.

than 1,000 buses a day. According to the online reservation of the Baku International Bus Terminal ([www.bbak.az](http://www.bbak.az)), long distance buses now connect to 74 cities in Azerbaijan, including major domestic tourist destinations such as Shaki, Ganja, Lankaran, Quba, Goychay, and 31 cities in neighboring countries. Bus tickets can be booked from the online reservation on the website. But the website is only Azerbaijani and used mainly Azerbaijanis. Foreign travelers usually purchase bus tickets from tour companies. Currently, foreign travelers rarely use the bus. Regarding access to Nakhichevan, it is impossible to get there directly by land because the border of Armenia is currently closed. Long distance buses to major cities in Russia leave at the Bus Terminal; however, foreigners cannot get on the bus to Russia because they are not allowed to cross the land border between Azerbaijan and Russia. Since August 2015 airport bus service has been operated between the Heydar Aliyev International Airport and Baku city (Arrives at 28 May Subway Station).

Taxis are available either a metered taxi or a taxi without a meter. Metered taxi is "London Taxi TX 4" type, and this taxi started operating from 2011. Taxi fare depends on distance.

### C) Railways and Subway

Railway in Azerbaijan has been operated by the state-owned Azerbaijan State Railways (established in 1880) since the latter half of the nineteenth century during the era of Russian empire. The railway network in Azerbaijan is being developed between Baku city and major cities. The total length of the railway network is 2,918 km. International railway routes connecting between Baku city and major cities in neighboring countries are 4 routes in Russia (Baku-Moscow, Baku- Saint-Petersburg, Baku-Rostov, Baku-Tumen, Baku- Makhachkala), 2 routes in Ukraine (Baku-Kiev, Baku-Kharkov), and one route in Georgia (Baku-Tbilisi). Domestic railways routes connecting between Baku city and other cities are Baku-Kocherli-Balakan (via Shaki), Baku-Astara, Baku-Agstafa, Baku-Gandja, and Baku-Mingechevir.

There are cargo and passenger cars on existing railways. The railway is not much used for passenger transportation. Current railroad cars were developed and operated in the former Soviet era, which are still using. The railway is not fully utilized for sightseeing purpose, due to the following factors, such as the deterioration of railroad cars and tracks, slow traveling speed, uncomfortable to ride, more travel time compared with road transportation, high fare compared with long distance buses, and limited the number of operation. In addition to regular railroad cars, sleeping car is operated. From the number of travelers by mode of transport in Table 2-1, travelers using railways in Azerbaijan domestic transport are extremely fewer than other transport modes. Some foreign travelers use sleeping cars because the fare of sleeping car is cheaper than accommodation cost<sup>4</sup>.

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<sup>4</sup> "Kasupikai no Shiho Azerubaijan" Great treasure of the Caspian Sea, Azerbaijan, Kyouhan Book, 2016

Table 2-5 : Trends of the Number of Travelers by Mode of Transportation in Azerbaijan

Unit: Person

Mode of Transportation	2010	2011	2012	2013	2014	2015
Bus	10,665	22,073	30,240	14,868	13,529	12,248
Railway	102	184	244	340	57	-
Air transport	49,594	48,669	61,991	68,046	70,272	41,495
Water transport	16	16	-	-	58	20
Car transport	4,357	5,934	4,956	8,707	7,782	8,202
Other modes	5,189	6,744	4,000	-	607	-
Total	69,923	83,620	101,431	91,961	92,305	61,965

Remark: Travelers are both Azerbaijani and foreign visitors.

Source: Tourism in Azerbaijan Statistical Year Book 2016, State Statistical Committee of the Republic of Azerbaijan

The Baku - Tbilisi - Kars railway (total length 826 km) is a regional railway link connecting from Baku via the capital city of Georgia, Tbilisi to Kars in Turkey is under construction and is scheduled to be completed in 2017. The high-speed railway is called "Silk Road railway" along the BTC pipeline (Baku - Tbilisi - Ceyhan Pipeline) linking with three countries, Azerbaijan, Georgia and Turkey. By the opening of the high-speed railway, the railway route connects from Kars to Astrakhan, the border of Iran. The rehabilitation and development of the railway network will be expected to increase the number of tourists using the railways by reducing the traveling time and will be able to plan to Silk Road tour program by train from China to Turkey including Azerbaijan.

In Baku, there is subway, called Baku Metro. It started operating from 1967 in the former Soviet Union era. Currently, 2 routes (southeast line, northeast line) including 23 stations with a total length of 34km are in service. Baku Metro is operated from 6:00 AM until 1:00 AM on the next day. Passenger of the Metro has to purchase IC type card as a ticket called "BAKI KART" for 2 manat (AZN) by a ticket vending machine at the entrance to the Metro and needs to charge money in the card with the ticket vending machine. Regardless of the distance, the fare of Metro is 0.2 AZN per ride. Signboards for guiding and destination in Metro stations are written in three languages, Azerbaijani, Russian and English. There are few signs indicating the entrance of the Metro. It seems that searching for the entrance to the metro is somewhat inconvenient for foreign tourists. Regarding to the expansion of the Metro, there are plans for the third route development and connection to the Heydar Aliyev International Airport; however, these plans have not been implemented yet.

#### D) Maritime Transport

Baku has a sea port facing the Caspian Sea. There are ferry services operating between Turkmenbashi in Turkmenistan and Aqtau in Kazakhstan. At the jetty of the seaside park in Baku, there is a landing place for sightseeing cruise boats, which tourists can enjoy seeing the Caspian Sea.

## ② Sanitation, Electricity and Telecommunications

### A) Sanitation

In Baku, hotels and restaurants used by foreign tourists have no particular problem in hygiene. Garbage bins are placed in public spaces such as sidewalks, parks, public facilities, etc. Baku city is entrusted to a cleaning company for collection and cleaning of garbage so that the beautification of city has been maintained. On the other hand, in local cities and villages, improvement of hygiene at restaurants and sanitation in toilets will be necessary.

### B) Electricity

Azerbaijan's main sources of power are oil, natural gas and hydropower. In 2014, the ratio of the domestic power generation capacity (6,860 MW) is 86% for the thermal power plant and 14% for the hydro power plant. According to the Final Report of Preparatory Survey on Yashma Gas Combined Cycle Power Plant Project Construction Project Preparation Survey<sup>5</sup>, as of 2014, the generation capacity of existing power generation facilities meets domestic power demand. However, due to deterioration of power generation facilities and loss of power transmission, the total power generation capacity is limited to 5,000 MW. According to the demand forecast for electricity, it is estimated that the electricity demand in 2020 is will be 5,450 MW in 2020, and the amount of electricity supply by existing power generation facilities will be insufficient. Therefore, the construction plan of new electric power generation facilities is being studied in the outskirts of Baku city. On the other hand, the abundant oil and natural gas produced in Azerbaijan is exported to Georgia, Turkey and Russia by pipeline.

Regarding to the current situation of electricity in Azerbaijan, there are no blackouts in Baku City, but in local cities and villages there are problems such as blackouts due to deterioration and failure of transmission facilities. Hotels, restaurants and gas stations have generators in case of power outage. For public services such as hospitals, firefighting, police, it is possible to supply power for 24 hours a day.

For public services such as hospitals, firefighting, police, it is possible to supply power for 24 hours a day.

There is no power cut at Baku city, on the other hand, power cut is a problem in local cities and villages. Hotels, restaurants and gas stations have own generators in case of power outage. In order to avoid power shortage in local cities and rural areas and to supply electricity in response to demand for electricity, the government is considering the construction of new power plants and the introduction of renewable energy such as wind power, hydropower, and geothermal power generation.

### C) Information and Communication Infrastructure

Telecommunication system such as internet is relatively developed even in local cities in Azerbaijan. Recently, many hotels, restaurants and cafés provide free Wi-Fi.

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<sup>5</sup> Final Report, Preparatory Survey on Yashma Gas Combined Cycle Power Plant Project Construction Project Preparation Survey, August 2014, JICA

In Azerbaijan there are three telecommunications companies, Azercell, Bakcell, Nar, even foreign tourists can purchase a SIM card of these telecommunication companies, and make a call connection by cell phone and data communication. Copying of passport is necessary to purchase SIM for foreigner.

### ③ Public Services

#### A) Hospital

In Baku city, there are medical facilities that can accommodate foreigners such as International SOS Clinic Baku in Baku City. In regional cities there are also medical facilities such as hospitals and clinics and the quality of medical facilities and equipment is not so low, however, the quality of medical services is low, and few medical doctors and professionals can speak and understand English. Either Azerbaijani interpreter or in Russian interpreter is required for attending medical facility in regional cities. Emergency medical service is available for 24 hours a day<sup>6</sup>.

#### B) Police

In Azerbaijan, the police are under the control of Ministry of Interior. In Baku city and regional cities, the police are frequently patrolling by their vehicles in and around city. The police are responsible for controlling on safety management, illegal parking, traffic rules violations, etc. at major tourist sites and public areas.

#### C) Security

The security at tourist sites in Baku city and regional cities is relatively good. According to the Travel advise and Warning on potential risks on the safety and security for Japanese nationals by the overseas safety information by Ministry of Foreign Affairs of Japan (December 2016), it is issued "Level 1: Exercise caution." for Azerbaijan.

### **(3) Tourism Development Policies and Strategies in Azerbaijan**

To address the widening economic gap between Baku and rural areas, in 2014 the government of Azerbaijan formulated “the State Program on Socio Economic Development of Regions of the Republic of Azerbaijan (2014-2018)”, in which region-specific projects by sector including tourism sector were planned and implemented as action plans (and measures) in order to achieve the goals of the Program such as moving away from dependency on oil, diversifying regional economy, and improving infrastructure. The government also adopted the Development Concept, “Azerbaijan 2020: Looking on to the Future”, which covers its goals of national development policy for 2020, positioning of tourism as one of the important industries in the development of non-oil sector, key issues related tourism such improving transport infrastructure, preserving cultural heritage, and environmental conservation.

“National Strategy for Tourism Development for Azerbaijan (2010-2014)” and action plans was formulated by Ministry of Culture and Tourism (MoCT) in 2010. MoCT officially declared Year 2011 as

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<sup>6</sup> Medical Situation in Azerbaijan, Website of Ministry of Foreign Affairs, (<http://www.mofa.go.jp/mofaj/toko/medi/europe/azerbaijan.html>)

“Tourism Year” in Azerbaijan and implemented various types of events and activities. Improvement of tourism related laws and regulations, implementation of tourism promotion activities, strengthening of marketing, introduction of international standards, development of tourism infrastructure, etc. were carried out through implementing action plans (measures) proposed under the strategy. The new tourism strategy, “National Strategy for Tourism Development for Azerbaijan (2016-2025)”, which is also called “Tourism Strategic Roadmap”, was formulated by MoCT base of the results and performance of the previous strategy and approved by the President on 6<sup>th</sup> December 2016. The Tourism Strategic Roadmap consists of 10 years of long-term tourism development, tourism promotion strategy, vision after 2025, measures for each strategy, and action plans for short term (2016-2020). A time frame of the roadmap is divided into three: short term (2016-2020), middle term (2021-2025), and long term vision (2026-). In the Tourism Strategic Roadmap, MICE, medical tourism, cultural tourism, festivals etc. are defined as the priority tourism activities to be promoted.

Table 2-6: Outline of Government Plans concerning Tourism Development

Name of Plan	Positioning of tourism development, related plans, measures
State Program on Socio Economic Development of Regions of the Republic of Azerbaijan (2014-2018)	<p><b>【Positioning of tourism development】</b></p> <ul style="list-style-type: none"> <li>• Tourism development is a priority development sector of regional development in the non-oil sector.</li> </ul> <p><b>【Strategy】</b></p> <ul style="list-style-type: none"> <li>• Implementation of regional tourism infrastructure development to meet international standards</li> <li>• Stimulation of tourism activities in all regions utilizing the latest information and technology to attract investment in the tourism sector, expand tourism promotion activities</li> <li>• Development of tourism infrastructure in tourism and recreation zones, development of various tourism in each region, development of new tourist routes</li> <li>• Implementation of appropriate activities to improve the quality of tourism services in regions by upgrading the level of professional standards of tourism human resources</li> <li>• Support for development of various types of accommodation and tourism service facilities</li> <li>• Enhancement of activities related to conservation and restoration of intangible and tangible historical and cultural heritage</li> </ul> <p><b>【Action plan】</b></p> <ul style="list-style-type: none"> <li>• Target area: 9 economic regions (region, district, city)</li> <li>• The number of projects (measures) in charge of the Ministry of Culture and Tourism and local governments is 58.</li> </ul>
Development Concept, “Azerbaijan2020: Looking into the Future”	<p><b>【Positioning of tourism development】</b></p> <ul style="list-style-type: none"> <li>• Tourism is one of the important industries within the non-petroleum sector</li> </ul> <p><b>【Direction for tourism development in the framework of the concept】</b></p> <ul style="list-style-type: none"> <li>• Development of tourism infrastructure, improvement of tourism services to meet international standards, improvement of competitiveness in tourism sector, increase the role of tourism sector in GDP</li> </ul> <p><b>【Measures for tourism development】</b></p> <ul style="list-style-type: none"> <li>• Improvement of legal system and standards, implementation of measures to make full use of tourism potential of the Caspian Sea, stimulation of tourism activities at the regional level, enhancement of information dissemination, strengthening of promotion and advertising activities, development and promotion of diversified tourism products and tourism routes utilizing of features of nature, history, culture and social economy.</li> </ul>

Name of Plan	Positioning of tourism development, related plans, measures
	such as social economy in Azerbaijan
National Strategy for Tourism Development for Azerbaijan (2010-2014)	<p><b>【Goal】</b></p> <ul style="list-style-type: none"> <li>• Structural reform of tourism administration system and organization</li> <li>• Contribution to the development of the national economy through implementation of measures for tourism development</li> </ul> <p><b>【Strategy】</b></p> <ul style="list-style-type: none"> <li>• Improvement of tourism infrastructure meeting international standards</li> <li>• Improvement of investment promotion and business environment for attracting domestic and foreign investment in tourism sector, business environment</li> <li>• Creation of efficient regulation and operational mechanisms utilizing international experience in tourism sector, formulation of management system</li> <li>• Improvement of the quality of tourism services meeting international standards and competitiveness of Azerbaijan’s tourism in the international tourism market</li> </ul> <p><b>【Action plan】</b></p> <ul style="list-style-type: none"> <li>• Improvement of tourism related laws and regulations (4)</li> <li>• Conservation of cultural and historical heritage and development of tourism facilities in tourism and recreation zones (3)</li> <li>• Development of various tourism products and tourism facilities (8)</li> <li>• Attraction and promotion of domestic and foreign investment in the tourism sector (4)</li> <li>• International tourism marketing (2)</li> <li>• Human resource development and capacity building for tourism sector (7)</li> <li>• Improvement of tourism statistics data collection and management system, improvement of statistical system (3)</li> <li>• Tourism marketing and promotion (2)</li> </ul> <p>Remark: ( ) is the number of project/program</p>
National Strategy for Tourism Development for Azerbaijan (2016-2025) (Tourism Strategic Roadmap)	<p><b>【Strategic View till 2020】</b></p> <ul style="list-style-type: none"> <li>• Obtain fully transformation of Baku into main tourism center</li> <li>• Realization of tourism potential in the country</li> <li>• Development of favorable environment and infrastructure in the country</li> <li>• Increase the level of tourists satisfaction</li> </ul> <p><b>【Target Indicators by 2020】</b></p> <ul style="list-style-type: none"> <li>• Real GDP of Azerbaijan: Increase to 315 million AZN in 2020</li> <li>• Increase in employment in tourism industry: 12,600 people by 2020</li> <li>• Number of tourist night spent: 1.2 million in 2015 → 3.2 million in 2020</li> <li>• Average length of stay of tourist: 2days in 2015 → 3 days in 2020</li> <li>• Number of foreign tourists: 0.4 million in 2015 → 0.6 million in 2020</li> <li>• Number of foreign visitors: 1 million in 2015 → 1.2 million in 2020</li> <li>• Number of low budget foreign tourists: 225 thousand in 2020</li> <li>• Usage of health care facilities: 40% → 60% (e.g. Naftalan health care facilities)</li> <li>• Number of tourists to participate tours of “Great Silk Road” and other cultural routes: more than 180 thousand</li> </ul> <p><b>【Strategic Objectives by 2020】</b></p> <ul style="list-style-type: none"> <li>• To achieve gradually attraction more international tourists in long term by developing efficient management system of tourism potential of Baku city, strengthening efforts on marketing and branding, increasing awareness on tourist destinations and improvement of tourism infrastructure</li> <li>• To achieve long-term growth by applying supportive mechanisms such as, simplification of entry and exit procedures in order to create favorable environment in the</li> </ul>



Name of Plan	Positioning of tourism development, related plans, measures
	<p>country, improving the means of communication, establishment of coordination among different participants of tourism sector and establishment of tourism and recreation zones</p> <ul style="list-style-type: none"> <li>• To diversify offers on tourism sector of Azerbaijan and obtain attraction of more tourists in long - term period by further development of regional tourism on the basis of tourism types such as medical, winter, cultural, business, eco, rural tourism</li> <li>• To achieve increasing the level of satisfaction of tourists by establishing tourism quality system in order to improve services in tourism sector by quality and quantity</li> </ul> <p><b>【Long Term View for 2025】</b></p> <ul style="list-style-type: none"> <li>• Achieve transformation of Azerbaijan into one of attractive tourism destinations both among region and world countries</li> </ul> <p><b>【Target Vision after 2025】</b></p> <ul style="list-style-type: none"> <li>• Transformation of Azerbaijan into one of 20 most preferred tourism destinations and achievement of maximization of existing tourism indicators by efficient use of tourism resources</li> </ul> <p><b>【Strategic Targets (by 2020)】</b></p> <ul style="list-style-type: none"> <li>• Strategic target 1: Realization of full tourism potential of Baku city by attracting more international tourists</li> <li>• Strategic target 2: Formation of suitable environment for development of the tourism sector</li> <li>• Strategic target 3: Development of regional tourism types for local and regional tourists</li> <li>• Strategic target 4: Creation of national quality system in order to increase tourists satisfaction</li> </ul> <p><b>【Action plan】</b></p> <p>The total number of actions (projects and programs): 87 (Strategic target 1: 32, Strategic target 2: 24, Strategic target 3: 22, Strategic target 4: 9)</p>

Source: JICA Study Team

#### (4) Relevant Organizations in Tourism Sector in Azerbaijan

The key organizations involved with tourism development in Azerbaijan are as follows:

Table 2-7: Key Organizations in the Tourism Sector

Relevant Organization		Main role
Government organizations	Ministry of Culture and Tourism	Operates a website to promote tourism and handles matters such as formulation and implementation of tourism policy and management of cultural heritage sites ( <a href="http://azerbaijan.travel/">http://azerbaijan.travel/</a> )
	Ministry of Economy	Handles the formulation and implementation of policies to promote business including tourism
	Ministry of Ecology and Natural Resources	Environment, conservation of the environment, use of natural resources, national parks, conservation areas, policy making on regulation, implementation and management of activities
	State Statistical Committee	Collection, analysis and management of various statistical data and information such as population, economy and industry including tourism sector, and preparation of statistic report
	AZPROMO (Azerbaijan Export & Investment Promotion Foundation)	An organization under the control of the Ministry of Economy that handles investment promotion of foreign direct investment for the non-oil sector and tourism promotion for Azerbaijan.
Private sector organizations	Azerbaijan Convention Bureau	An organization to attract and manage MICE events.

Relevant Organization		Main role
	Azerbaijan Tourism Association	Association of tourism businesses operators such as travel agencies and hotels and handles information sharing among members, problem solving, tourism development, service improvement, domestic and international tourism events, support for FAM tours

Source: JICA Study Team

## 1) Governmental Organizations

### ① Ministry of Culture and Tourism (MoCT)

For the purpose of developing tourism industry in Azerbaijan, Ministry of Youth, Sport and Tourism was established in 2001. In 2006, Ministry of Culture and Ministry of Tourism were integrated and became Ministry of Culture and Tourism (MoCT). The main task of MoCT is to create guideline and regulation on tourism sector, formulate policies, strategies, projects and programs on tourism development and tourism promotion, implement and manage measures and projects and programs.

The organization structure of MoCT consists of Ministerial Board (Minister and four Deputy Ministers), 16 departments, and divisions within each department. Department of Tourism in MoCT is divided into four Division (Tourism in Region, Work with Tourism Industry, Planning and Development, Marketing) and the total number of staff is 17 including Division Heads. MoCT established 11 tourist information centers (TIC) in order to carry out various activities such as provision of tourist information to tourists, tourism promotion, and events.

By the presidential order on September 1, 2016, the “Tourism Council” aiming to promoting collaboration and coordination between relevant ministries, tourism-related government and private agencies was decided to be established under the Ministry of Tourism. The Tourism Council is chaired by the Minister of MoCT and consists of 18 members, Deputy Ministers of relevant ministries and agencies, and heads of tourism related organizations. The first meeting was already held.

### ② Ministry of Economy (MoE)

Ministry of Economy (MoE) is a government agency responsible for Azerbaijan's economic development, state investment, economic relations, foreign investment, sustainable development and business promotion activities. MoE has 22 departments, Regional Division Offices in 9 economic regions except Baku city. Azerbaijan Export and Investment Promotion Foundation (AZPROMO) is a joint public-private-initiative under the jurisdiction of MoE, which will be described later.

MoE formulated "Strategic Plan for 2014-2016 of the Ministry of Economy" and the aforementioned "State Program on Socio Economic Development of Regions of the Republic of Azerbaijan (2014-2018)", and has implemented and managed various plans in action plan, projects and programs in accordance with strategies of those plans in cooperation and collaboration with related departments in MoE, relevant governmental organizations and, related departments in local governments. Department of Development of Regions and State Programs in MoE is responsible for “State Program on Socio Economic Development of Regions of the Republic of Azerbaijan (2014-2018)”.

Department of Cooperation with International Organizations in MoE is responsible for discusses and coordinates with international organizations and donors, and participates in the inter-donor coordination meeting held twice a year.

### ③ Ministry of Ecology and Natural Resources (MoENR)

Ministry of Ecology and Natural Resources (MoENR) is a government agency in charge of regulation and management of the activities related to natural environment, environmental conservation, national parks, natural conservation areas, and use of natural resources, and formulation and implementation of strategies and measures, projects and programs. MoENR has research facilities and conducts surveys, monitoring and analysis of environmental conditions such as the Caspian Sea, urban areas, forest areas, etc. MoENR also disseminates information on various environmental matters such as environmental impacts and problems.

MoENR is also in charge of management, operation and provision of information about 9 national parks, 11 state nature reserves and 24 state nature sanctuaries conservation areas. Each national park has a visitor center, trekking and mature walk routes and information signboard for visitors. MoENR is responsible for operation and promotion of ecotourism activities such as bird watching, nature observation, trekking, camping in cooperation and coordination with Ministry of Culture and Tourism.

### ④ State Statistical Committee

The National Statistical Committee collects, compiles, analyzes demographic, economic, social, industrial and environmental statistical data, prepares of statistic report, and puts statistical data on the website. The committee is composed of the Board members including chairperson, 21 departments, Baku city and regional statistics offices. According to the Committee, the number of staff working at regional statistics offices is approximately 1,800. The Committee has a section dealing with statistical data on tourism sector, and it carries out responsible duties in only four staff members.

Statistical aggregation and analytical methods applied at Tourism Statistic Section is based on statistical methods in Europe and on the international standards. The tourism statistic section has also introduced the methodology of the Tourism Satellite Account (TSA). Immigration data from Azerbaijan border points including airports is obtained from the State Border Service. Classification of region in the statistic is divided by Economic Zone and administrative division such as region and city. Besides receiving visitor data through travel agencies, trends of domestic tourists are grasped from the census. A method of obtaining domestic hotel accommodation data is that receiving the accommodation data from registered hotels as business operators at Ministry of Taxes by monthly. The aggregated statistical data is analyzed, and the analyzed statistical data is compiled on a quarterly, semi-annual, and yearly basis, and tourism statistic report is prepared once a year. The National Statistical Committee sends the tourism statistic report to the MoCT and other related ministries and organizations.

### ⑤ Azerbaijan Export & Investment Promotion Foundation (AZPROMO)

AZPROMO is a public-private partnership organization under the jurisdiction of the MoE established in

2003, and the number of staff in the office is 30. AZPROMO promotes foreign direct investment (FDI) to the non-oil sector, and selects and analyzes investment areas and opportunities of foreign companies for the sustainable economic development of Azerbaijan. The tourism sector is included in FDI<sup>7</sup>. In particular, tourism development such as tourism infrastructure and tourism facilities is very important for Azerbaijan so that AZPROMO focuses on attracting investment for tourism sector from the overseas. AZPROMO also provides necessary assistance to domestic tourism business companies so that tourism business companies are able to contact and do business with foreign companies. In addition, AZPROMO provides “one-stop services” that can provide necessary information on investment to foreign companies interested in Azerbaijan and support various procedures on investment.

In addition, AZPROMO has overseas offices in six countries, Georgia, the United Kingdom, China, Australia, Germany and the United States. Besides Baku there is no domestic office. In terms of domestic correspondence, AZPROMO uses regional offices of the Ministry of Economy.

## 2) Private Sector Organizations

### ① Azerbaijan Convention Bureau (AzCB)

Azerbaijan Convention Bureau (AzCB) was established as an external organization of the MoCT in 2013 with aiming to attract MICE (Meeting, Incentives, Convention/Conference and Exhibition) and to manage MICE activities. AzCB is operated by Public-Private-Partnership system. Member companies of AzCB are private companies such as hotels, Destination Management Organizations (DMOs)<sup>8</sup>, Professional conference organizer (PCOs), Azerbaijan Airlines and others. The number of total staff member is 4 at AzCB. The financial sources for operation and management of AzCB are membership fee from member companies and contributions from the government. The share of financial sources for AzCB is 60% - 70% for government and 30 - 40% for membership. Membership fees are divided into three categories: hotel, DMO, and others, and the annual fees are 8,000 AZN, 4,000 AZN, 1,000 AZN, respectively.

Marketing and promotion activities attracting MICE by AzCB are information dissemination through the website, SNS, preparation of meeting planner guide, participation in major exhibitions related to MICE (IMAX<sup>9</sup> etc), holding workshops on MICE at major foreign markets, conducting FAM trips, etc.

R&D activities for attracting targeted meetings are analysis of meetings than can be attracted, approach to target organizations, and build a system to attract meetings through creation of Bid Manual in collaborates with ministries and the private sector. As other works, AzCB coordinates with hotels, banquet halls and exhibition halls, DMO and PCO for effective facilitation of the awarded reward trips and conferences, and lectures on MICE at Azerbaijan Tourism and Management University.

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<sup>7</sup> In FDI to the tourism sector, AZPROMO created a destination promotion video for tourism in Azerbaijan in cooperation with the Ministry of Culture and Tourism and the video was broadcasted at BBC.

<sup>8</sup> DMO is a corporation that is familiar with tourism resources in the area, such as tourist properties, nature, food, arts, entertainment, local customs and culture, and creates tourist destinations in cooperates with the community.

<sup>9</sup> IMAX is one of the largest MICE exhibition held in Frankfurt, USA etc. Approximately 3,500 companies, institutions are participated in to this exhibition.

## ② Azerbaijan Tourism Association (AZTA)

Azerbaijan Tourist Association (AZTA) is an association of private tourism enterprises such as hotel and travel agent and was established in 2009 in order to develop tourism industry in Azerbaijan, to improve services, to enhance the appeal of Azerbaijan for the acceptance of foreign tourists, and to promote tourism.

Currently, 150 travel agencies and 100 hotels are registered as members of AZTA. AZTA has made close cooperation with Ministry of Culture and Tourism. The representative of AZTA is in charge of chairman of the European branch of United Nations World Tourism Organization (UNWTO), and AZTA has been actively participating in various activities of the UNWTO. The number of AZTA's staff is seven.

AZTA holds a monthly meeting with members in order to discuss issues and shares information, and to arrange acceptance of various media. In addition, AZTA provides training for various courses of hotels and restaurants (front office, housekeeping, etc.) and certificates for those who completed the training. Furthermore, for the purpose of increasing the number of repeaters to the country, AZTA conducts analyses of necessary information by collecting tourist information from member travel agencies and hotels as well as of the trend of tourists by country based on the official tourism statistics. Other than that, AZTA supports to improve and solve various problems and issues on tourism sector and tourism business in Azerbaijan. AZTA also provides assistance for preparation of domestic and international tourism events (Eurovision 2015, F1 Gran Prix, International Tourism Fair, etc.), for preparation and organization of FAM tour, and for revision of Law on Tourism in cooperation with MoCT.

In AZTA, payment of membership fee is not obligatory for all members so that an operational cost for AZTA is obtained through various support activities. For examples, in case of participation of a travel fair in abroad, the Association members which would like to participate in the faire will pay booth fee to AZTA and AZTA will provide booths secured by them to the members. By doing this, the members won't have any troubles for participating in the fair (for example, registration for the fair, payment to the booth etc.); on the other hand, the Association could get some operational cost from this support.

## **(5) Legal and Institutional System in Tourism Sector in Azerbaijan**

### 1) VISA

#### ① Introduction of E-Visa System

As a means to increase the number of foreign visitors to Azerbaijani, The Azerbaijan government introduced a website online e-Visa system from March 2013 in order to simplify a visa application procedure for obtaining a general visa (Valid for 30 days). As of 1 December 2016, the government has further revised the visa application system, and introduced new e-Visa system named "ASAN Visa System" from January 2017. Through the new system, e-Visa is issued within 3 working days after applying the visa and it will be valid for 30 days. The fee for e-Visa is 23 USD, including a service fee (3 USD) and its payment can be made only using Visa or MasterCard.

The total number of countries in which the government applies the system is 81 countries including Middle East countries (UAE, Bahrain, Kuwait, Qatar, etc.), EU countries (France, Germany, Greece,

England, Italy, Spain, etc.), Southeast Asian countries (Vietnam, Thailand, Malaysia, Indonesia, etc.), Western countries, and African countries and Japan.

## ② On Arrival Visa

As of December 1, 2016, the current status of On Arrival Visa is as follows.

Regarding the entry to Azerbaijan, the Azerbaijan government introduced a system of "On Arrival Visa" from February 1, 2016 by simplifying the procedure for obtaining a visa. Japanese passport holder is allowed to obtain the general visas valid for 30 days on arrival at the Heydar Aliyev International Airport and Ganja Airport. Photographs and application fee for visa are unnecessary. In case of entering from other borders to Azerbaijan or other types of visa, it is necessary to apply and obtain visas in advance at the Embassy of Azerbaijan in Japan or consulate in neighboring countries. For those who have Japanese nationality, the visa fee is free. The visa acquisition period is from the same day to one week.

In the case of foreign visitor staying at Azerbaijan for more than 10 days, it is necessary to apply foreign residency registration at either accommodation facilities or Immigration Office residence registration at the Migration Office after entering Azerbaijan. Depending on the type of stay, the required documents for submission are different so that it is recommended to confirm the Immigration Office or the Embassy of Azerbaijan in Japan in advance. Failure to apply the foreign residency registration will be fined by the Immigration Office.

With regard to entrants of other nationalities other than Japan, "On Arrival Visa" is applied to 13 countries in Bahrain, Oman, Qatar, Saudi Arabia, Kuwait, UAE, Turkey, Israel, United States, Malaysia, Singapore, China and Korea.<sup>10</sup>

## ③ Visa Exemption Country

As of December 1, 2016, Following 9 countries, Russia, Belarus, Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan, Georgia, Moldova and Ukraine are exempt visas in case of staying for 90 days.

## 2) Law related to National Parks

The existing law concerning national parks is the "Law on Nature and Protected Areas" enacted in March 2000. According to the law, in addition to the national parks, the target areas to which the law applies includes state natural reserves, natural parks, ecological parks, state nature sanctuaries, natural heritage sites, zoological parks, forest and botanical gardens, and health treatment places and resorts.

The law consists of 15 chapters and 48 articles, including classification of the target areas (special protected natural areas), the operation and management rules by the whole target areas and each target area, the budget and financial management of the target areas, and the protection and regulation of the target areas, violation of laws and regulations, responsibility for violations, and international cooperation.

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<sup>10</sup> Obtaining visa on arrival valid for 30 days applies only for 12 countries except for Israel and United States. Israel nationality can obtain a 60 days visa on arrival. United States nationality can obtain a 30 days visa on arrival only if arriving on a direct flight of Azerbaijan Airlines from New York City.

In addition, the MoENR has set rules on any prohibited activities by national park.

### 3) Law related to Protection of Cultural Properties

The existing law concerning the protection of cultural properties is "Law on Protection of Historical and Cultural Monuments" enacted in 1998. The law has been revised three times in 2005, 2007 and 2010.

The law consists of 7 chapters and 32 articles, including classification of historical and cultural heritage, ownership, and regulation for registration of monuments, regulation for protection of monuments, use of monuments, survey and study of heritage, heritage restoration work, and responsibility for violation of legislation on protection concerning heritage protection.

Regarding to the law concerning protection of historical and cultural heritage, "Law on Legal Protection of Azerbaijani Folklore Expressions" was enacted in May 2003. The law applies for traditional folk music, dance, crafts, and paintings in Azerbaijan. The law includes registration, protection, inheritance, use, intellectual property rights, responsibility for legal violations related to traditional folklore, etc. The law has been revised twice in 2009 and 2013.

### 4) Law related to Tourism

The existing "Law on Tourism" was enacted in 1991. The revision work of the law with a view to the next 10 years and formulation of a draft new "Law on Tourism" was conducted by MoCT with support of UNWTO and international experts. The drafted new "Law on Tourism" has been currently under the discussion at the Congress. According to the MoCT, it spent two years to review of the law and one year to draft the new law. Contents of the new Law on Tourism will be included in the Tourism Strategic Roadmap mentioned in the previous section.

## **(6) Human Resource Development in Tourism Sector in Azerbaijan**

### 1) Ministry of Culture and Tourism (MoCT)

The Ministry of Culture and Tourism (MoCT) joined the UNWTO in 2001 and was participating in various activities and projects sponsored by UNWTO under the framework of technical mission between MoCT and UNWTO. Expertise and practical skills of staff in MoCT were improved as a government office for tourism sector through these activities. MoCT is able to hold international events and seminars in Baku, various domestic events in cooperating with private tourism sector smoothly. Except for UNWTO's assistance, MoCT received technical assistance from UNDP for capacity development of MoCT. UNDP provided various support programs such as analysis of statistical data, holding public-private partnership seminar, training of branding and marketing, creation of promotional materials, and cultural and village tourism development in cooperation with the community. Through those support programs by UNDP, the expertise and capacity of staff in the marketing and promotion departments have been strengthened.

There are eleven tourism information centers (TIC) in Azerbaijan. One director, head of TIC is dispatched at each TIC from MoCT; however, expertise and capacity of the director is not sufficient. Regarding human resources at TIC, it is necessary to dispatch those who is a tourism expert, has sufficient

experienced in tourism sector or to strengthen capacity of staff.

From now on, the needs and expectations for the development of tourism sector are increasing more and more, with a view to enhance tourism promotion and tourism development through public-private partnership, further strengthening of capacity building and reinforcement of human resources are indispensable for MoCT.

## 2) Educational Institutions in the Tourism Sector (Universities, Vocational Schools, etc.)

### ① Azerbaijan Tourism and Management University

Azerbaijan Tourism Institute (ATI) was established in 2006 as an educational institution under the jurisdiction of MoCT. ATI was changed to Azerbaijan Tourism and Management University (ATMU) in 2014. ATMU has undergraduate, master and doctoral courses, and there are 12 programs in total including tourism business, tourism services and marketing. Educational method and degree recognition system are in accordance with Bologna process<sup>11</sup>. The lecture is taught in Azerbaijani, Russian and English. In the management course, all lectures are conducted in English. ATI and ATMU have provided education in the tourism sector for over 5,000 people in the past 10 years.

ATMU have partnership agreement with tourism business companies such as travel agencies and hotels. Students enrolled in ATMU have opportunities to participate on-the-job training at travel agencies and hotels. ATMU also invites tourism business persons and experts from hotels and travel agencies as guest speakers and lecturers. In the future, cooperation and collaboration with tourism business operators are important in terms of human resource development required for the tourism sector. Therefore, ATMU is necessary to improve and manage educational programs in response to the actual needs of the training for tourism sector. ATMU has contracts with a total of 200 companies concerning acceptance of trainees, cooperation of lecturer dispatching, etc. Normally the number of participant for the training program conducted by ATMU at hotel is about 5 to 10 per group. There are 21 temporary lecturers in the hotel and restaurant program at ATMU.

According to the ATMU, in Azerbaijan, the number of human resources directly engaged in the tourism industry in Azerbaijan will be about 50,000, and the needs of the tourism industry are high. Hospitality and service training in Azerbaijan has not reached the business level because it tends to emphasize traditional methods.

From 2010 to 2012 for two years, ATMU received assistance from UNDP for improvement of program contents and operation of programs. A research and development center was established within ATMU as part of the capacity enhancement support program of MoCT. From 2015 to 2018, ATMU also received assistance from UNDP to develop human resources of staff in ATMU, strengthen capacity of leadership, strengthen tourism vocational education, and formulate new university strategic plan for ATMU (2016-2024).

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<sup>11</sup> The Bologna Process is a series of ministerial meetings and agreements between European countries designed to ensure comparability in the standards and quality of higher education qualifications, and it is named after the place it was proposed, the University of Bologna in Italy.



Lecturers and professors at universities including ATMU have limited and lack of practical experience so that securing human resources with abundant practical experience is indispensable.

## ② Vocational Schools

Vocational school in Azerbaijan is under jurisdiction by the Ministry of Education. Currently, there are 20 vocational schools in Azerbaijan.

As vocational training schools in the tourism field, Baku Tourism Vocational School (BTVS) was one of such kind of schools established in 2011 and has 9 programs, 1-year course (2 semesters) with enrolled 500 students. In addition to BTVS in Baku city, there are tourism vocational schools in Ismayilli, Shaki, Masally, etc.

From 2013 to 2015, BTVS received assistance from UNDP including programs of strengthening of infrastructure and ICT, curriculum improvement, and development of new courses. According to UNDP, some training was not implemented in the program due to low expertise and ability of staff that were involved the BTVS staff training program. Based on these facts, there are few excellent experts in the tourism field because the capacity of staff in tourism vocational schools and the level of professional education for tourism sector are low.

Regarding human resources for tourism industry in Azerbaijan, it is necessary to continue to support for improvement of vocational education and capacity development in the tourism field and support capacity building. With these assistance, improvement of the working environment and employment opportunities for young people and women in the tourism industry can be expected.

## 3) Private Tourism Sector

Regarding tour guides, MoCT conducts tour guide training with dispatching lecturers from Baku State University, ATMU, etc. through AZTA. MoCT issues the certificate of guide license after passing the exam. The tour guide training fee is 600 AZN and the training period is 6 months. The initial license is valid only for one year. After renewing the guide license, the next license will be valid for 5 years.

The registration system for tourist guide is still under consideration within the government. Tour guide association will be established with support of MoCT and ATMU in 2017. Currently, the number of licensed tourist guides is not sufficiently confirmed. There are many cases unlicensed tour guides are conducting tour guiding for foreign tourists. These became a problem for tourism sector. Tour guide is an important role in tourism sector and it is essential to train tour guides in order to meet increasing number of foreign tourists every year, and to strengthen the capacity of tour guide.

In Azerbaijan, the number of hotels and restaurants has increased every year, and employment needs in hotels and restaurants have been increasing. However, in actual situation, person graduated from tourism vocational training schools and universities in the tourism field are very limited, so few people possess the knowledge and ability to provide proper service to the client when they start working in the industry. As a result, to develop and enhance the skills of employees are highly on the hotel and restaurants that employed those people. High-grade hotels and fine dining restaurants luxury can provide own training to employees

and can even encourage them to participate training programs organized by external training institutions etc., while middle class hotels and restaurants have few opportunities for training of staff so that level of service and hospitality providing to the guests is not sufficient. In fact, especially in middle or lower class hotels and restaurants, human resource development by OJT is common way to foster skills of employees. The AZTA supports to conduct trainings of hotels and restaurants according to different working section (e.g. front, housekeeping, servers/waiters etc.). It is also recommended to conduct continuous trainings that meet the needs of hotels and restaurants sector (hotels by region, by type of duty, by level).

**(7) Current Status of Donor Assistance on Tourism Sector in Azerbaijan**

Donor organizations’ assistance to Azerbaijan consists mainly of developing private sector SMEs to move the country away from an oil-dependent economy and close the economic gap between regions, and improving transport and road infrastructure. Current status of assistance from donor organizations is show in the table below.

Table 2-8: Assistance from Donor Organizations

Donor organizations	Main efforts
USA (USAID)	Provides assistance such as developing the non-oil sector, facilitating export of high value-added agricultural products, assisting agribusiness, and assisting commercial banks to develop SMEs under “Country Development Cooperation Strategy (2011–2016)”
Germany (GIZ)	Provides assistance to SMEs such as improvement of business environment and capacity development of vocational schools (South Caucasus region private sector development including Azerbaijan)
World Bank	Provides assistance such as developing a business environment to help the country move away from an oil-dependent economy, carrying out projects to increase competitiveness of farms, improving infrastructure and North-Western Corridor Tourism Development Project.
EU	Provides assistance such as regional and rural development, improvement of educational and technical capacity under "Eastern Partnership Initiative" Provides assistance such as renewable energy, legislation, agriculture, regional development etc. under "European Neighborhood Policy Instrument" Provides assistance for tourism sector are “Support to rural tourism” and "Support to the Ministry of Culture and Tourism for the modernization of its policy management system in the cultural sector" Provide assistance for surveys on sustainable tourism and recreational development in forest areas, creation of concepts, etc. in the "European Neighborhood and Partnership Instrument East Countries Forest Law Enforcement and Government II Program"
UNDP	Provides assistance for 4 areas, Democratic governance, Sustainable development, Crisis prevention and recovery, Women’s empowerment. Provides assistance for tourism sector are "Institutional Support to MoCT", "Support to BTVS" and "Capacity Building of ATMU"
UNESCO	Provided assistance for World Heritage registration, conservation and restoration of tangible and intangible cultural heritage, restoration, holding seminars and events, strengthening capacity development for cultural education facilities such as museums, support for improvement of facilities
Asian Development Bank	Provides assistance through efforts such as the road network improvement, and urban and public infrastructure and service, maintenance projects under “Country Partnership Strategy (2014-2018)”

Source: JICA Study Team

Main donors supporting for tourism development sector in Azerbaijan are the World Bank, EU, UNDP and UNESCO with providing various technical and financial supports and cooperation.

## (1) World Bank

The World Bank's "Country Partnership Framework (CPF) (2015-2020)" comprises two priority areas of assistance: 1) Public sector management and service delivery, and 2) Economic competitiveness. Support programs for the first area are infrastructure improvement, strengthening of public resource management capacity, improvement of water, sanitation, commercial services, conservation of natural resources, and environmental improvement. Support programs for the second area are improvement of major road networks, financial resources to small and medium enterprises, improvement of agriculture and agricultural products and rural development.

In addition, the World Bank carried out study and proposed the tourism development project, "North-Western Corridor Tourism Development Project" in cooperation with MoCT in 2015. The project target area is the regions from the north to western regions connecting the tourist destinations. Following works were conducted in the project, tourism sector survey, tourism resource assessment, formulation of tourism development strategy, proposal of cultural heritage restoration, tourist facilities, and tourism infrastructure development, and financial plan. Currently the project was approved by the MoCT and the MoE; however, it was rejected by the Ministry of Finance and is pending.

## (2) EU

EU provided two projects for tourism sector. The first project which just completed in February 2016 is "Support to rural tourism" including activities such as entrepreneurship for entrepreneurs and SMEs, training for improving business management skills, development of vocational training schools, career development advisory services for young people, establishment of community tourism council, and strategy formulation and financial resources support to entrepreneurs, etc. The target area for the project was 6 villages. The second project is "Support to MoCT for the modernization of its policy management system in the cultural sector", which is underway for two years from August 2016.

As part of the program of the "European Neighborhood and Partnership Instrument East Countries Forest Law Enforcement and Governance II Program"<sup>12</sup>, the EU supported to conduct the study on "Development of sustainable tourism and recreation in forest areas of Azerbaijan" and formulated the concept of the project in 2015. The purpose of the study is to evaluate potential recreational activities for ecotourism development in the forest areas of Azerbaijan, to investigate the negative impact of recreational activities, formulate a tourism management plan in the pilot project area (Gusar, Massaly) and action plan. The study and development of the concept was implemented by the Ministry of Ecology and Natural Resources as the executing agency of the government side in cooperation with the MoCT, local governments and local community.

## (3) UNDP

UNDP supports following four areas, 1) Democratic governance, 2) Sustainable development, 3) Crisis

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<sup>12</sup> The program is funded by the EU and implemented by World Bank through partnership with World Wide Fund for Nature (WWF) and the International Union for Conservation of Nature and Natural Resources (IUCN).

prevention and recovery, 4) Women's empowerment under framework of the "UNDP Country Program (2016-2020) for Azerbaijan". Following three projects are tourism support projects. The executing agency of the projects is MoCT.

"Institutional Support to the MoCT" project was implemented from 2010 to 2012. The purpose of the project is to strengthen the functions and capacity of the MoCT. Components of the project are i) strengthening capacity on marketing in collaboration with the private sector of MoCT staff, ii) strengthening expertise and skills to promote employment of tourism industry of ATMU staff at Azerbaijan Tourism and Management University, and iii) Improvement services and tourist information provided by tourist information office (TIC), and strengthening capacity of staff at TIC. The total project budget is 440,000 USD (MoCT: 400,000 USD, UNDP: 40,000 USD).

"Support to the Baku Tourism Vocational School (BTVS)" project was implemented from 2013 to 2015. The project aims to improve functions of BTVS and to strengthen the staff's human resources capacity through following project components, i) strengthening infrastructure and ICT, ii) curriculum improvement and development of new courses, and iii) exposure to international experience. The total project budget is 483,000 USD (MoCT: 383,000 USD, UNDP: 100,000 USD).

"Capacity Building of the Azerbaijan Tourism and Management University (ATMU)" project is currently underway in the project from 2015 to 2018. The project aims to improve functions of ATMU and strengthen capacity of human resources in ATMU. Components of the project are i) support for organization of ATMU, ii) support for formulation of ATMU Strategic Plan (2016 - 2024), iii) support for introduction of UNWTO TedQual certification system<sup>13</sup> at Tourism and Hospitality Faculty of the ATMU, vi) exposure to international experience, and v) strengthening tourism vocational education. The total project budget is 420,000 USD (MoCT: 300,000 USD, ATMU: 80,000 USD, UNDP: 40,000 USD).

According to the results of above mentioned projects by UNDP, it is necessary to further improve vocational education in the tourism field and support for strengthening capacity of human resources development at BTVS and other vocational schools. Also, to meet the increasing the needs of tourism industry, it is also necessary to support for training of human resources in the tourism sector in order to improve services, hospitality, skills and expertise of human resources in the tourism sector.

## **(8) Trends in Tourism Industry in Azerbaijan**

### **1) Foreign Direct Investment**

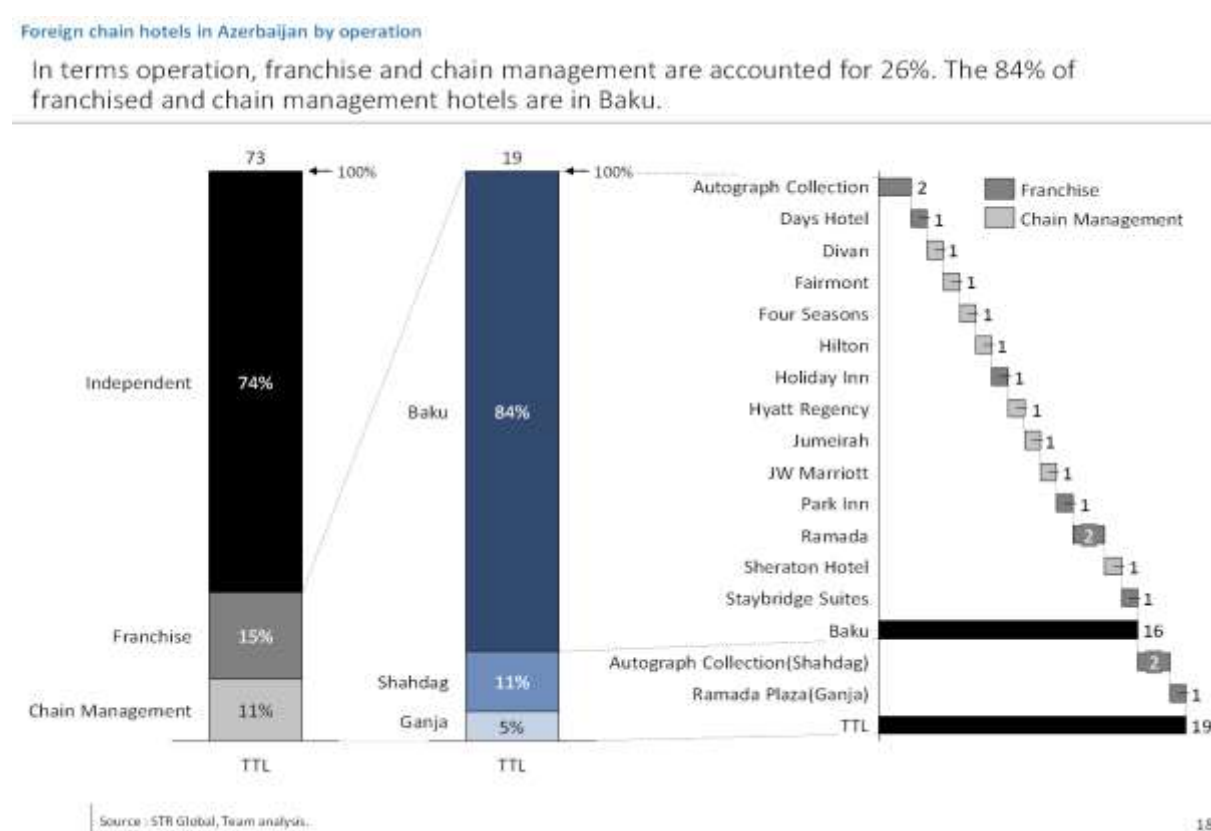
In Baku, urban development projects have been rapidly implemented, owing to private investment from overseas. Currently there are major foreign-owned hotels, businesses, and multiple commercial facilities. The government of Azerbaijan has also promoted Baku as a MICA destination. International events wise, the first European Olympic Games (June 2015) and the Formula One (F1) Grand Prix (June 2016) were held in Baku as part of MICE tourism promotion.

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<sup>13</sup> UNWTO TedQual Certification System was created to encourage at worldwide level, the improvement of the quality of tourism education, and training and research programs. TedQual certification system is carried out by the UNWTO.TedQual Themis Foundation. (<http://themis.unwto.org/content/unwtotedqual-certification-system>)

According to STR data, global chain hotels have been operating their brands in Azerbaijan with franchise or chain management contracts. 84% of those hotels are concentrated in Baku, while Ganja has just the Ramada Plaza, a globally known brand chain hotel.

According to the Travel and Tourism Economic Impact 2015 report for Azerbaijan prepared by the World Travel and Tourism Council (WTTC), the total contribution of travel and tourism to GDP was AZN 5,081 million (6,470 USD) in 2014. It is estimated to increase by 6.3% to AZN 9,658 million (1,231 USD) in annual growth rate<sup>14</sup>.

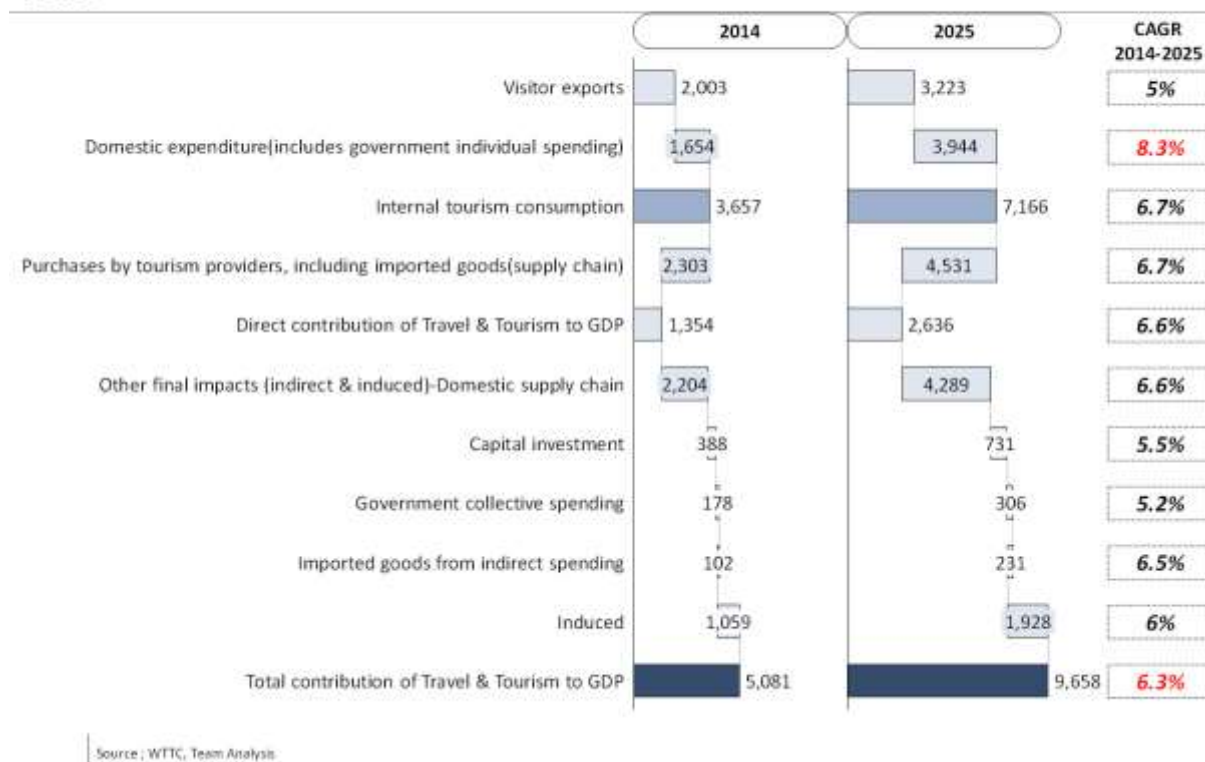


Source: STR Global, JICA Study Team analysis

Figure 2-3: Foreign hotels in Azerbaijan by operation

<sup>14</sup> WTTC, "Travel & Tourism Economic Impact Azerbaijan 2015", 2015

Total contribution of travel & tourism to GDP will be increased by CAGR 6.3% between 2014 and 2025.



Source: WTTC, JICA Study Team analysis

Figure 2-4: Economic contribution of travel and tourism to Azerbaijan's GDP

## 2) Current status of tourists

### ① Current status of foreign tourists to Azerbaijan

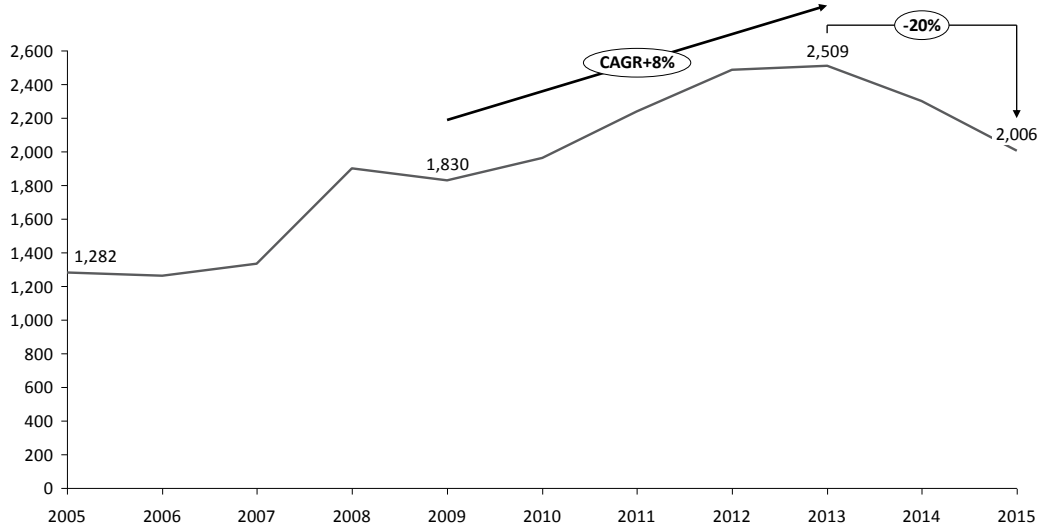
Foreign tourists to Azerbaijan had shown a rapid increase (CAGR 8%) from 2009 to 2013. However, since 2013 the number decreased. This decrease was assumed to be because of the annexation of Crimea by Russia in 2012 and Azerbaijan manat devaluation in 2015. Although the amount for 2016 has not yet been officially announced, the number will have increased compared to 2015's figure. According to interviews with tour operators, tourism related associations, and the mass media, tourist flows from the U.A.E saw a dramatic rise this year. For instance, the amount in May 2016 was 3,000, compared to 99 in 2015<sup>15</sup>. Also, those unprecedented increases brought with them a lack of hotel room capacities, especially in Baku in high season.

<sup>15</sup> Source: interviews

Incoming tourists to Azerbaijan

Azerbaijan shows a sharp increase from 2009 to 2013.

Number of Foreign citizens arrived to Azerbaijan (Unit : thsd.)



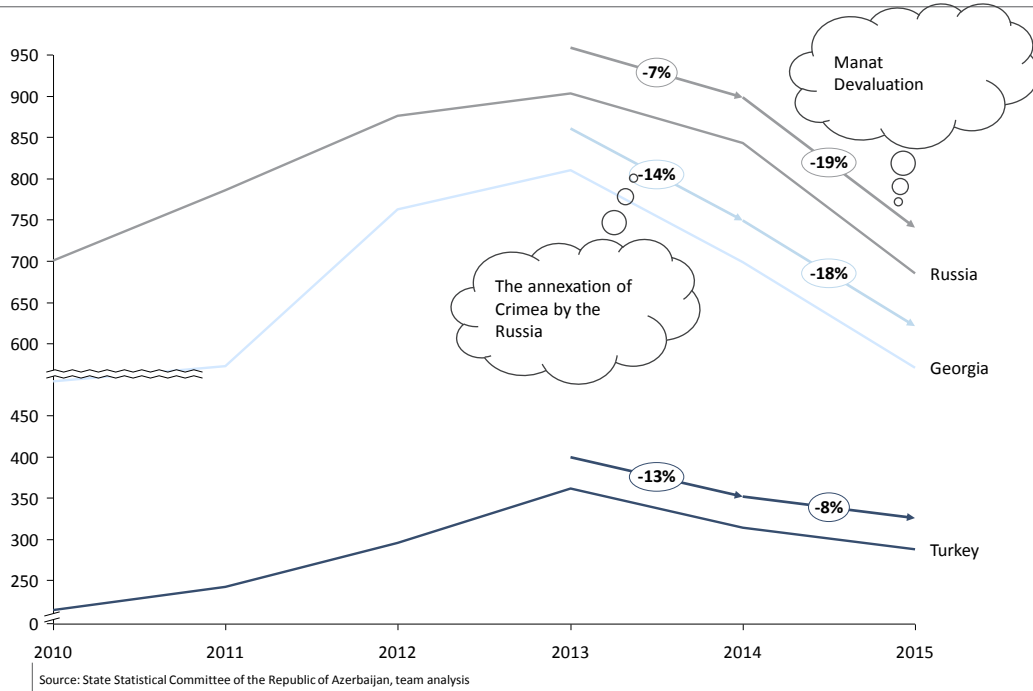
Source: State Statistical Committee of the Republic of Azerbaijan, Team analysis

Source: The State Statistical Committee of the Republic of Azerbaijan, JICA Study Team analysis

Figure 2-5: Foreign tourist flows to Azerbaijan

Number of incoming tourists from Russia, Georgia, and Turkey (unit : thsd)

Russia, Georgia and Turkey showed dramatic decreases from 2013 to 2015. It maybe because of the annexation of Crmiea by the Russia and Manat Devaluation.



Source: State Statistical Committee of the Republic of Azerbaijan, team analysis

Source: The State Statistical Committee of the Republic of Azerbaijan, JICA Study Team analysis

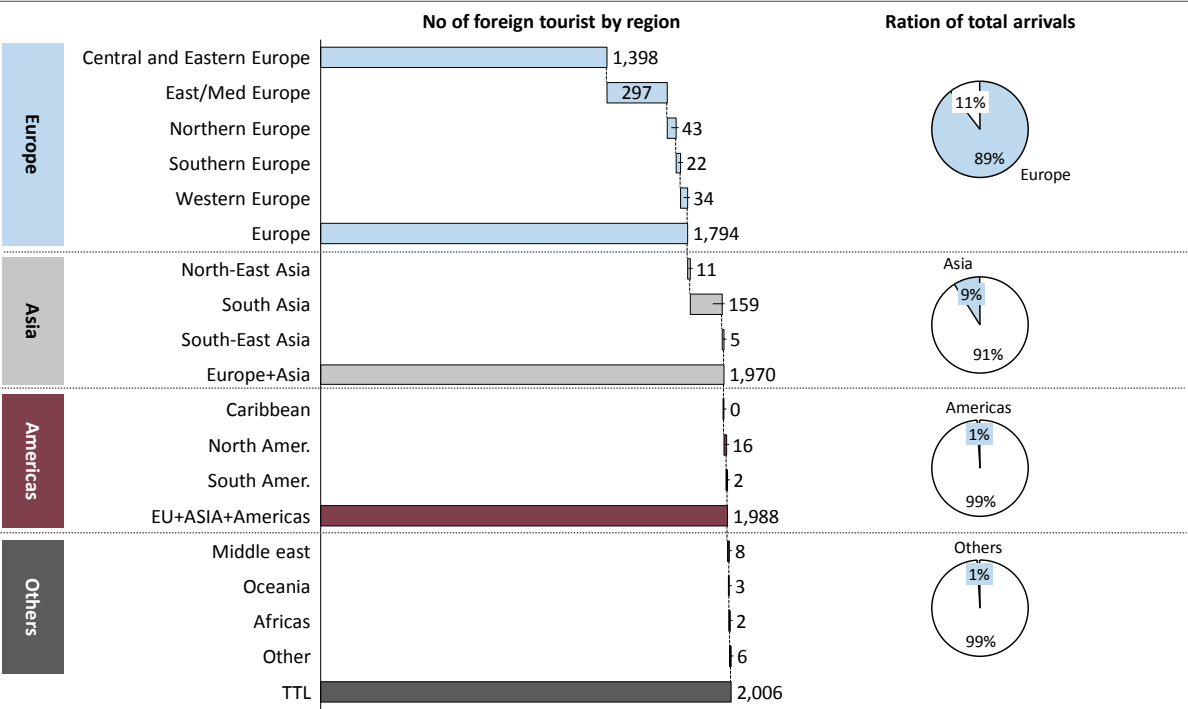
Figure 2-6: Number of incoming tourists from Russia, Georgia, and Turkey

In respect of the composition of foreign tourists, the share of Europe accounts for around 90%. In Europe, Central and Eastern Europe consist of 80% approximately, which indicates that most of the flows are from neighboring countries.

Looking at the number of foreign tourists to Azerbaijan by country, as mentioned before, the number of Central and Eastern Europe from 2013 to 2015 and the flow from Asia decreased. The Asian decrease was because of tourists from Iran, caused by U.S. sanctions. Flows from Middle East from 2014 to 2015 showed a drastic increase because of tourists from UAE. According to interviews, it is thought that Azerbaijan attracts tourists from UAE, since close distance; reasonable priced 5 star hotels, religious back ground, places where they can enjoy hunting and etc. In addition, the amount of Japanese tourists reached 3,300 in 2015, compared to 1,800 in 2010.

Number of Foreign citizens arrived to Azerbaijan by countries in 2015 (Unit : thsd.)

Europe accounted for around 90% of total arrivals.



Source: State Statistical Committee of the Republic of Azerbaijan, team analysis

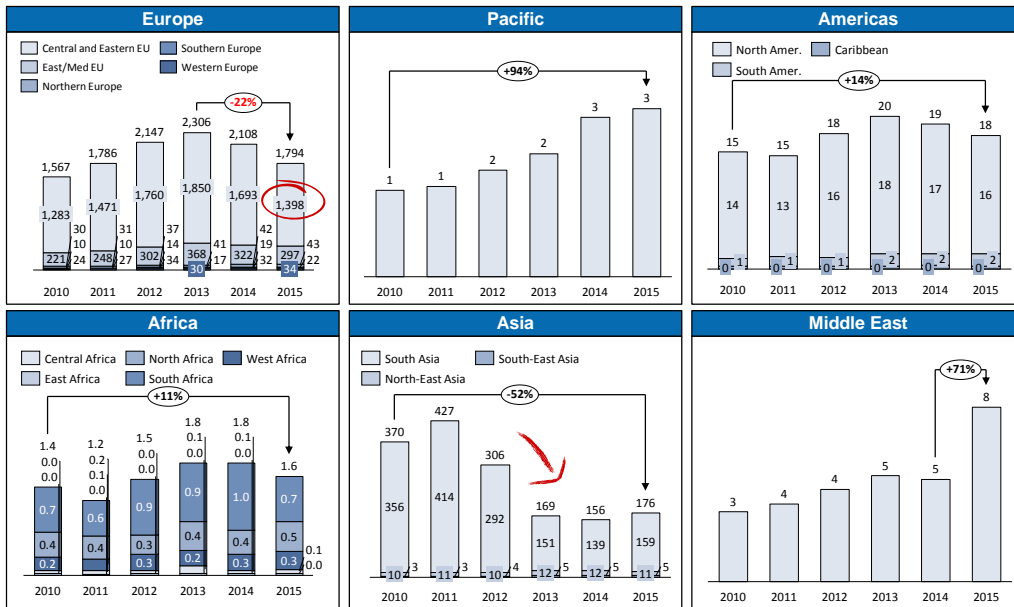
Source: The State Statistical Committee of the Republic of Azerbaijan, JICA Study Team analysis

Figure 2-7: Composition of foreign tourists to Azerbaijan in 2015



Number of incoming tourists to Azerbaijan by region (unit : thsd)

Number of incoming tourists from Central and Eastern Europe to Azerbaijan considerably decreased.



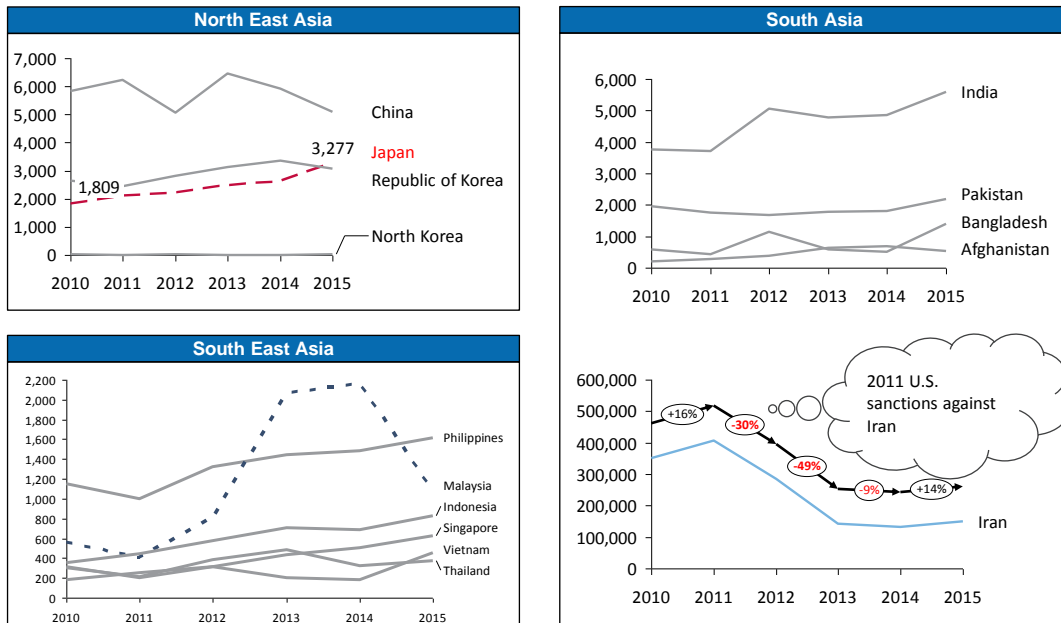
Source: State Statistical Committee of the Republic of Azerbaijan, team analysis

Source: The State Statistical Committee of the Republic of Azerbaijan, JICA Study Team analysis

Figure 2-8: Number of tourists to Azerbaijan by region

Number of incoming tourists from Asia by countries (unit : person)

Iran showed a considerable drop from 2011 to 2014.



Source: State Statistical Committee of the Republic of Azerbaijan, team analysis

Source: The State Statistical Committee of the Republic of Azerbaijan, JICA Study Team analysis

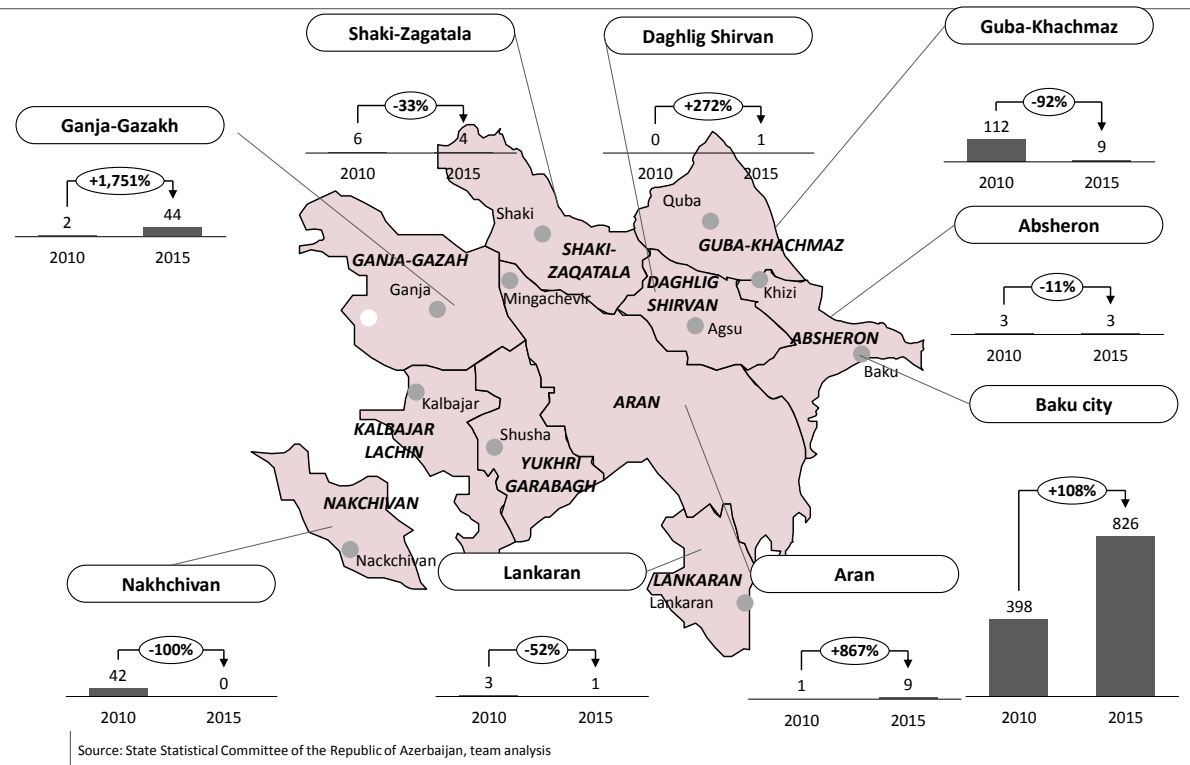
Figure 2-9: Number of incoming tourists from Asia by countries

## ② Current status of tourist flows by economic regions

As for the number of overnights of foreign citizens in hotels and similar establishments by economic regions, the number of Baku is much higher than other regions.

Number of overnights of foreign citizens in hotels and similar establishments by economic regions (Unit: thsd nights)

Baku city and Ganja showed considerable increases in terms of overnights of citizens.



Source: State Statistical Committee of the Republic of Azerbaijan, JICA Study Team analysis

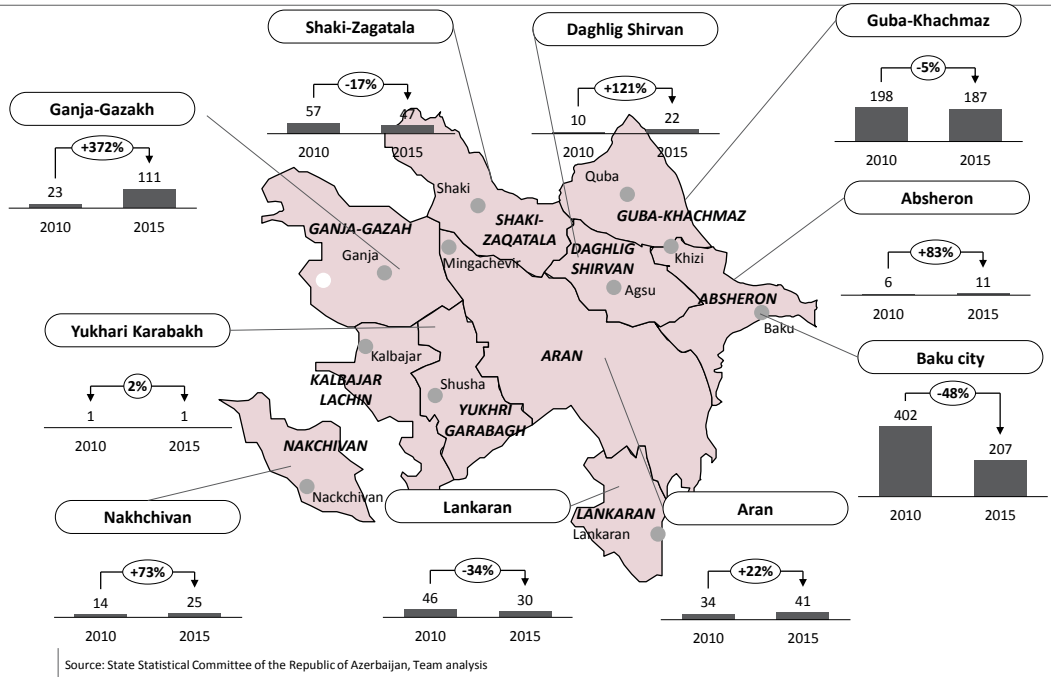
Figure 2-10: Number of overnights of foreign citizens in hotels and similar establishments by regions

As for the number of Azerbaijan citizen overnights, the total number of Baku decreased by 50% from 2010 to 2015, while Ganja showed an increase by 372%.

On the other hand, there is a fact the number of accommodated citizens in Baku increased. This shows that the quality of tourists changed; while the composition of tourists with tourism purposes decreased, the composition of other purposes increased in Baku. In addition, the ratio of tourism purpose of domestic tourists in other regions apart from Baku dropped by 9 pts, which indicated tourists divested to regions.

Number of Azerbaijan citizen overnights in hotels and similar establishments by economic regions (Unit: thsd nights)

Domestic tourists a showed sharp decrease in Baku city.

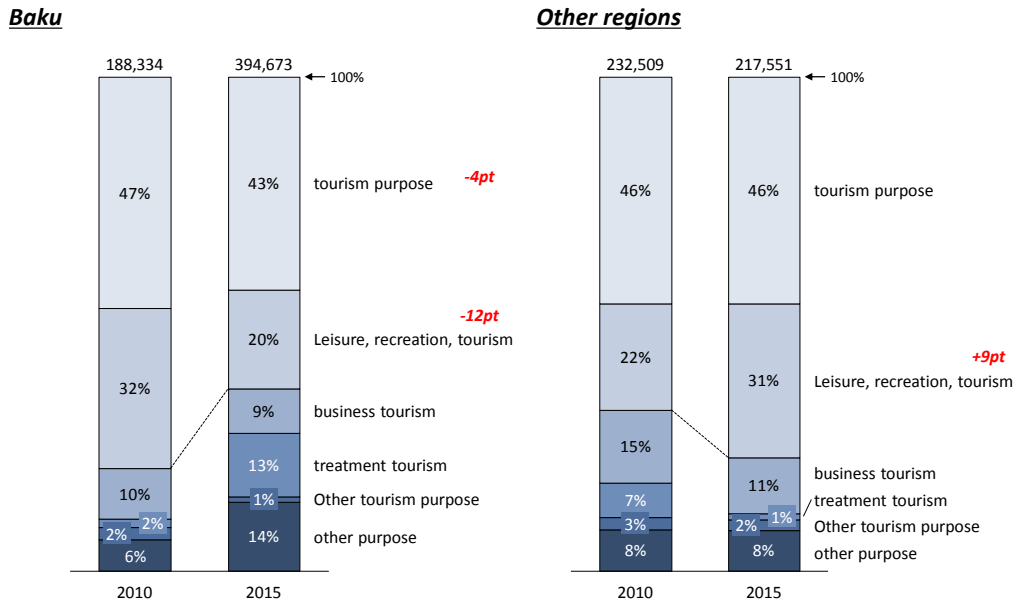


Source: State Statistical Committee of the Republic of Azerbaijan, JICA Study Team analysis

Figure 2-11: Number of Azerbaijan citizen overnights in hotels and similar establishments by regions

Composition of accommodated country citizens in hotels and similar establishments in Baku and other regions by purpose of travel

On the one hand, composition of tourism and leisure/recreation showed -16pt drops, while other regions showed +9pt ups.

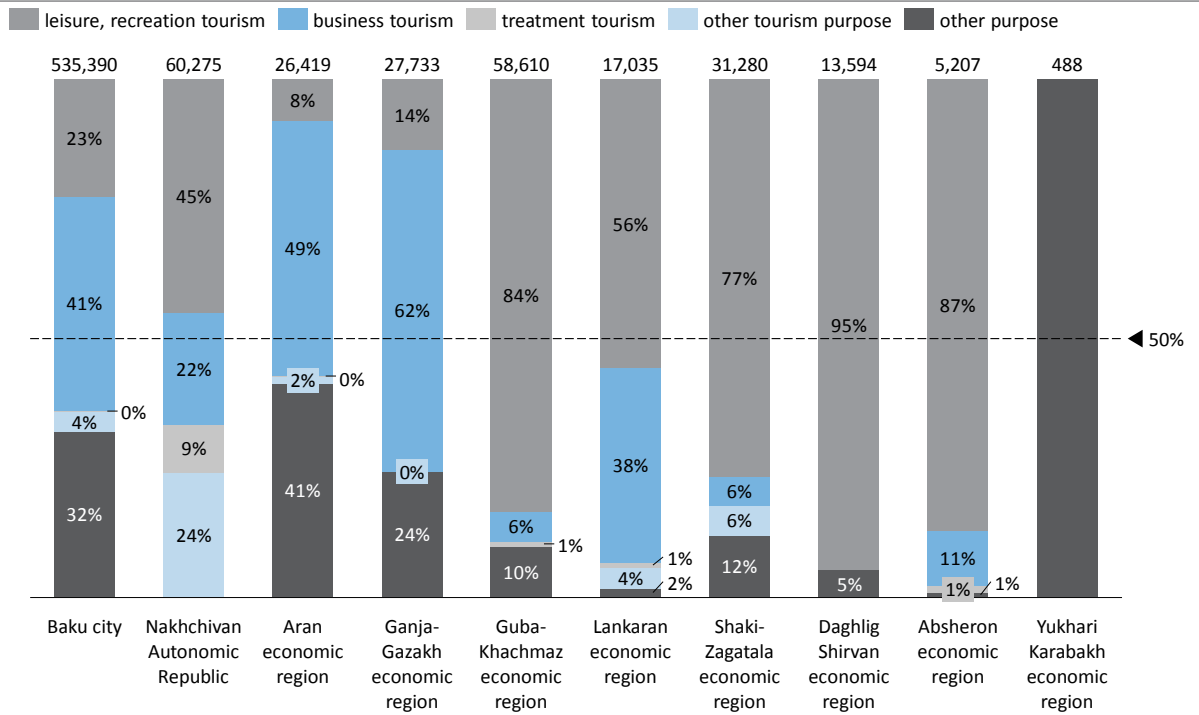


Source: State Statistical Committee of the Republic of Azerbaijan, JICA Study Team analysis

Figure 2-12: Composition of accommodated country citizens in hotel and similar establishments in Baku and other regions by purpose of travel

In respect of the ratio of accommodated persons by purpose of travel and economic regions, the business purposes exceed 40% in Baku and Ganja.

Ratio of accommodated persons by purpose of travel by economic regions in 2015



Source: State Statistical Committee of the Republic of Azerbaijan, Team analysis

Source: The State Statistical Committee of the Republic of Azerbaijan, JICA Study Team analysis

Figure 2-13: Ratio of accommodated persons by purpose of travel and economic regions in 2015

③ MICE<sup>16</sup>

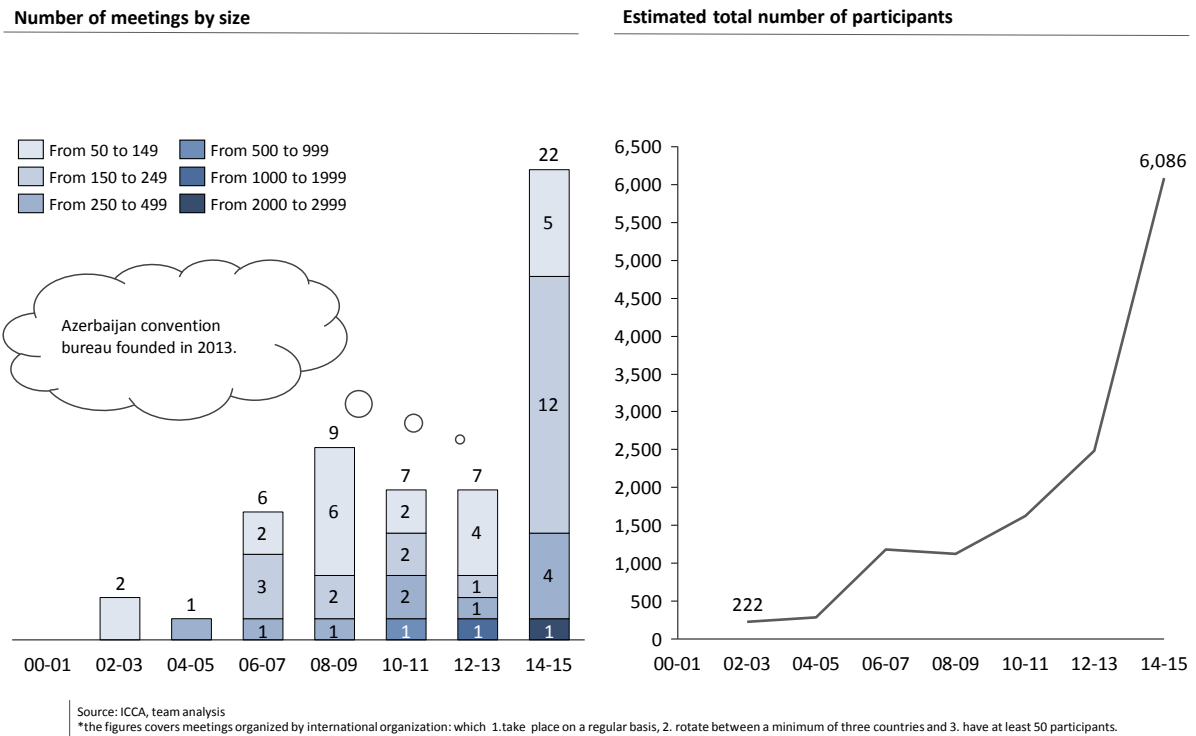
Prioritization of MICE brought rapid increases to the number of meetings and participants, which Azerbaijan attracted. The prioritizations are as follows:

- Infrastructures were built, such as the convention center
- The Azerbaijan Convention Bureau was founded in 2013 as a public private partnership organization.

<sup>16</sup> Figures are based on the ICCA Association Database, which means the figures cover meetings organized by international associations which:  
 1. take place on a regular basis  
 2. rotate between a minimum of three countries  
 3. have at least 50 participants

Meetings which Azerbaijan attracted (Unit: number of meetings and participants)

Azerbaijan showed the sharp increase of meetings and its participants.



Source: ICCA, JICA Study Team analysis

Figure 2-14: Number of meetings and its participants which Azerbaijan attracted

3) Tourism Related Industries

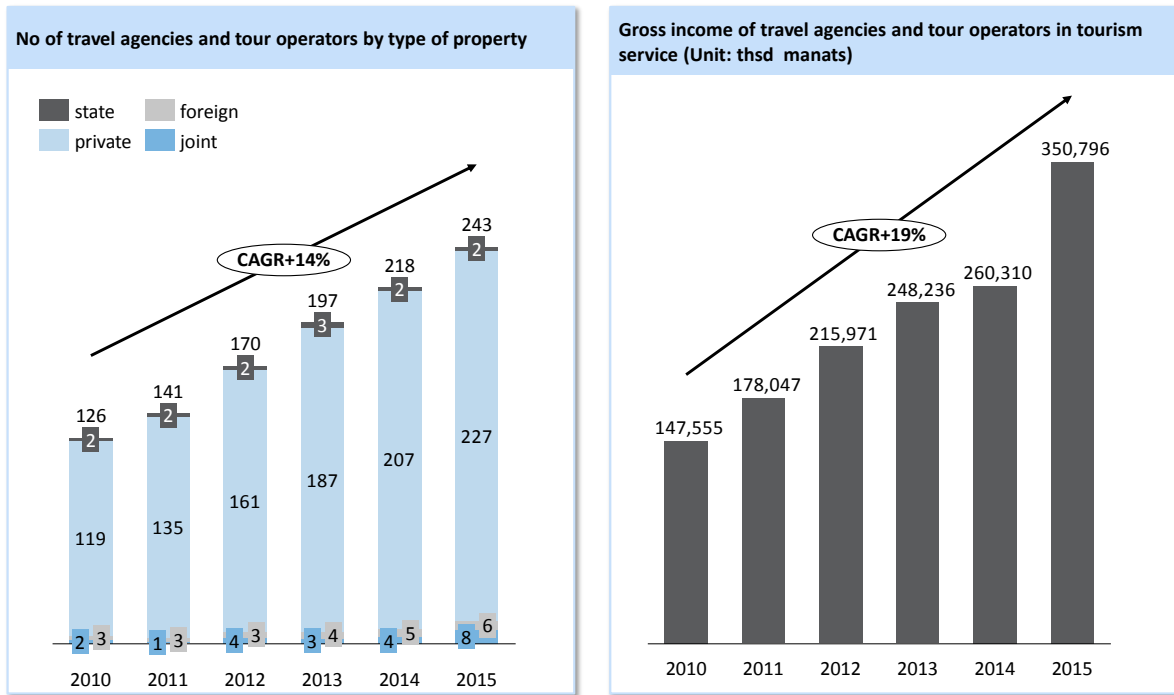
① Tour operators

A) Current status of tour operators and travel agents

According to the state statistical committee, the number of tour operators and travel agents reached 243 in 2015, with a growth at CAGR of 14% from 2010-2015. However, due to the government abolishing the tour operator and travel agents' regulation systems, the actual amount cannot be fully grasped.

Travel agencies and tour operators in Azerbaijan

Both number and gross income of travel agencies and tour operators increased since 2010.



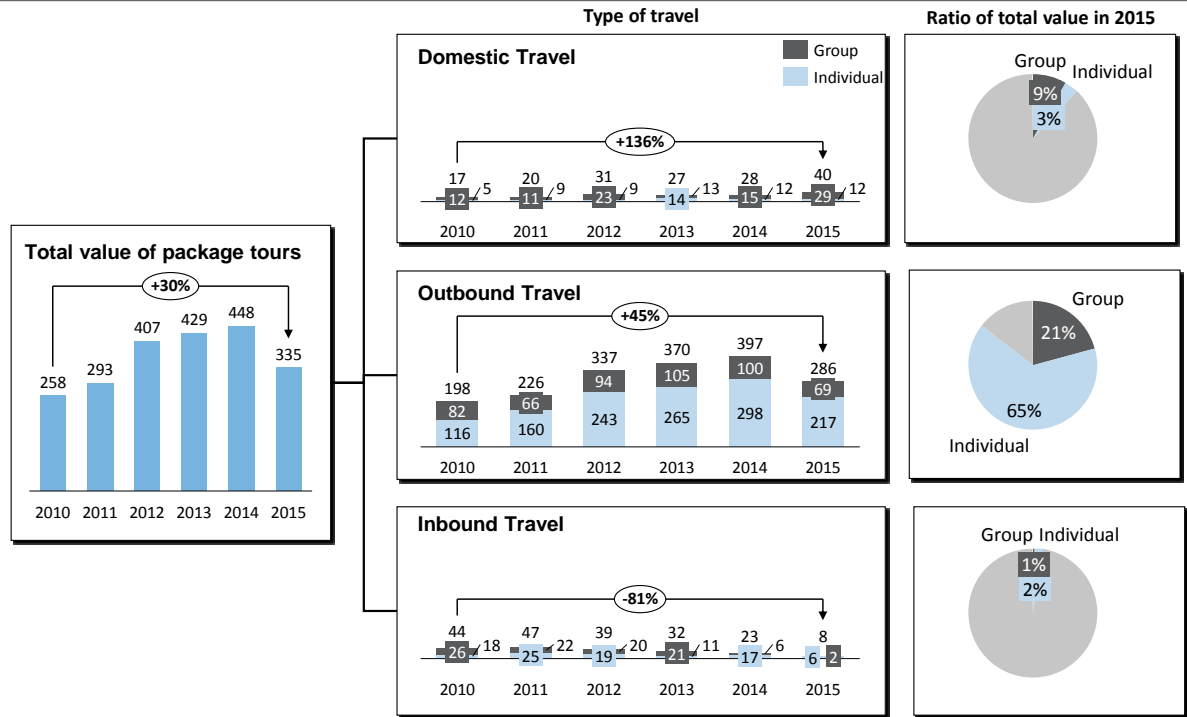
Source: State Statistical Committee of the Republic of Azerbaijan, team analysis

Source: The State Statistical Committee of the Republic of Azerbaijan, JICA Study Team analysis

Figure 2-15: Number of tour operators and travel agents in Azerbaijan

In terms of the value of package tours sold, 86% of the total value accounted for domestic and outbound travel sold to Azerbaijanis. 3% of them are foreign tourists, and the figure has decreased since 2010. As mentioned before, the decrease of inbound value might be because of abolishment of the tour operator and travel agents' regulation systems.

In terms of value of package sold by travel agencies and tour operators, outbound travel are accounted for around 86%.



Source: State Statistical Committee of the Republic of Azerbaijan, team analysis

Source: The State Statistical Committee of the Republic of Azerbaijan, JICA Study Team analysis

Figure 2-16: Number and value of package tours sold to the population by travel agencies and tour operators

### B) Product creation and distribution by tour operators in Azerbaijan

Most tours tailored to the European and Asian market include Baku city sightseeing and tours to Shaki, that spend 2-3 nights on average in Azerbaijan before moving to Georgia. As for the product creation by tour operators in Azerbaijan, Azerbaijani tour operators are not able to create a round-trip tours that are popular among Asian markets, because of the relationship with Armenia.

In terms of product creation, new tourism products such as trekking and ski resort, aiming at attracting tourists from new market, has been developing but still there is need to create more products which would attract nice market.

Azerbaijani tour operators have built relationship with the European and Russian markets.

As for the Japanese market, most of the distribution is via wholesalers located in Europe so that the profits are smaller than by direct distribution. Adding to that, when conducting round tour in the South Caucasus region, generally Georgian operators are serving as a gateway with providing one-stop service to travel agencies in Japan and Azerbaijan tour operators tend to remain as subcontractors to Georgian tour operators.

Tour operators in Georgia are only players those who creates “Caucasus regions” tour.

	Tour operators in Azerbaijan	Tour operators in Georgia	Tour operators in Armenia
Product creation in Azerbaijan	○	○	✗
Product creation in Georgia	○	○	○
Product creation in Armenia	✗	○	○

Source : Interview, team analysis

Source: Interview, JICA Study team analysis

Figure 2-17: Scope of product creation in the Caucasus region tours by country

### C) Promotional Activities and services provided by tour operators in Azerbaijan

As promotional activities for target markets, most tour operators tend to participate in travel fairs in Europe, Russia, and Japan to build B to B connections. In respect of tour products, they are organizing sightseeing tours of Baku and its suburbs, and also tours around Georgia and Iran. In addition, they are arranging tours not only general sightseeing mentioned above, but also tourist for special interest (SIT) that are interested in spa experiences and wedding dinners. Besides, they are preparing incentive tours and handling small-scale exhibitions.

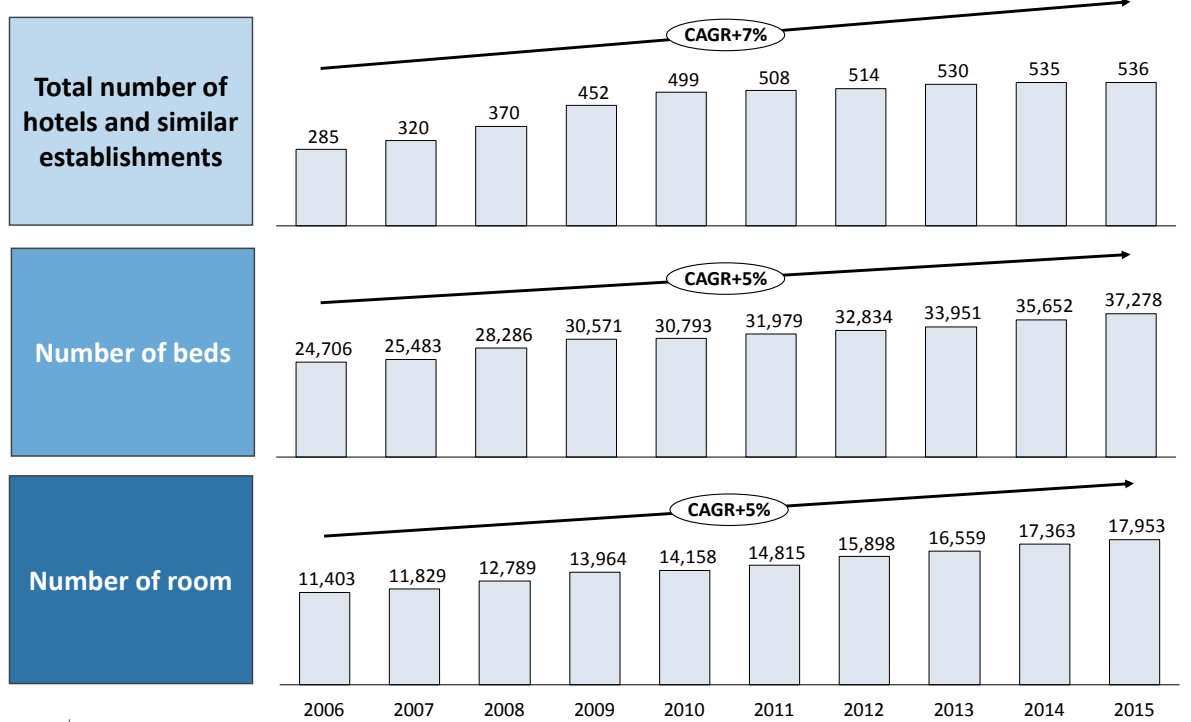
#### ② Hotel & Restaurant

According to government statistics, the total number of hotels and similar establishments, beds, and rooms has been growing respectively. As of 2015, the number of hotels and similar establishments reached 536 and the amount of beds; 32,738.



Number of hotels and similar establishments, beds and rooms in Azerbaijan

The number of hotels, beds and rooms have increased since 2006.



Source: State Statistical Committee of the Republic of Azerbaijan, team analysis

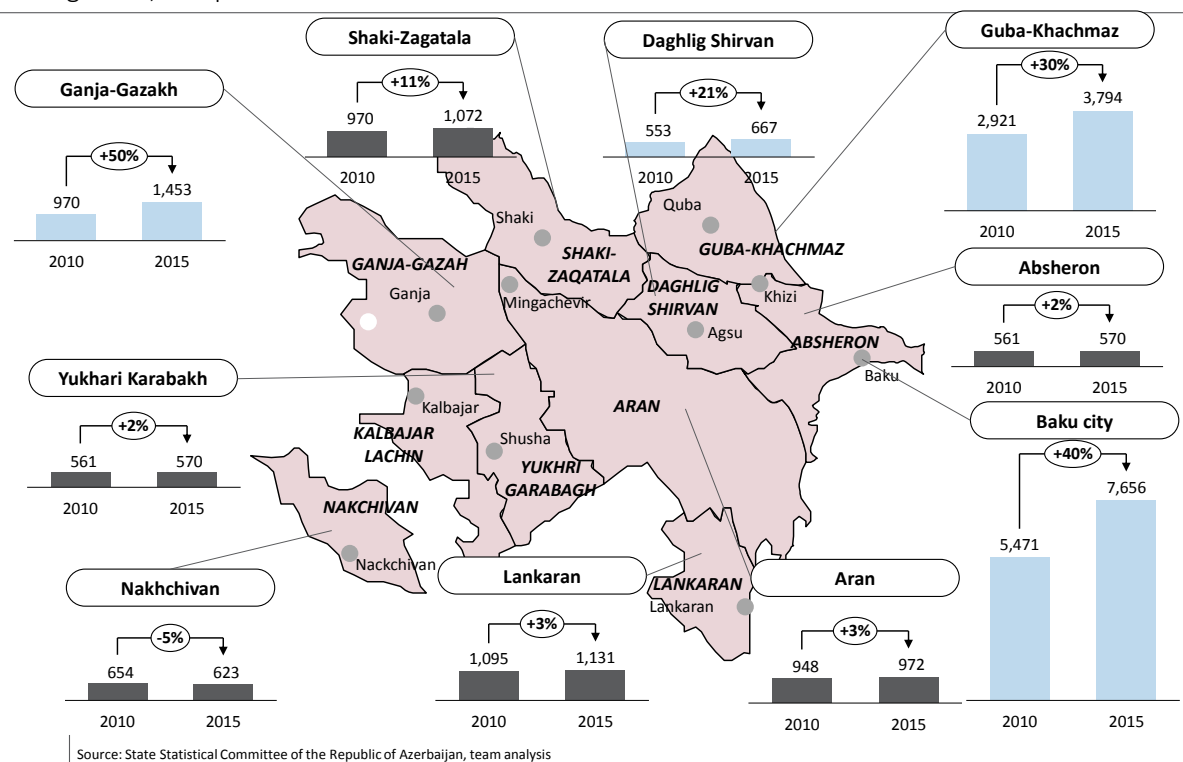
Source: The State Statistical Committee of the Republic of Azerbaijan, JICA Study Team analysis

Figure 2-18: Number of hotels and similar establishments, beds and rooms in Azerbaijan

As for the number of rooms in hotels and similar establishments by economic regions in Azerbaijan, the rooms in Baku, Ganja and Guba grew from 2010 to 2015 at 40%, 50% and 30% respectively. In 2015, Baku reached 7,656 rooms, which is equivalent to almost half the capacities in Azerbaijan.

Number of rooms in hotels and similar establishments by economic regions in Azerbaijan

Apart from Baku city, Ganja-Gazakh, Guba-Khachmaz and Daghlig Shirvan demonstrate more than 20% growth, compared to 2010.



Source: State Statistical Committee of the Republic of Azerbaijan, JICA Study Team analysis

Figure 2-19: Number of rooms in hotels and similar establishments by economic regions in Azerbaijan in 2010 and 2015

Using chain scale segment data published by STR Global, hotels are limited to luxury, upper upscale, upscale, upper midscale and midscale chains, which mean there are no reasonable priced brand hotels in Azerbaijan<sup>17</sup>.

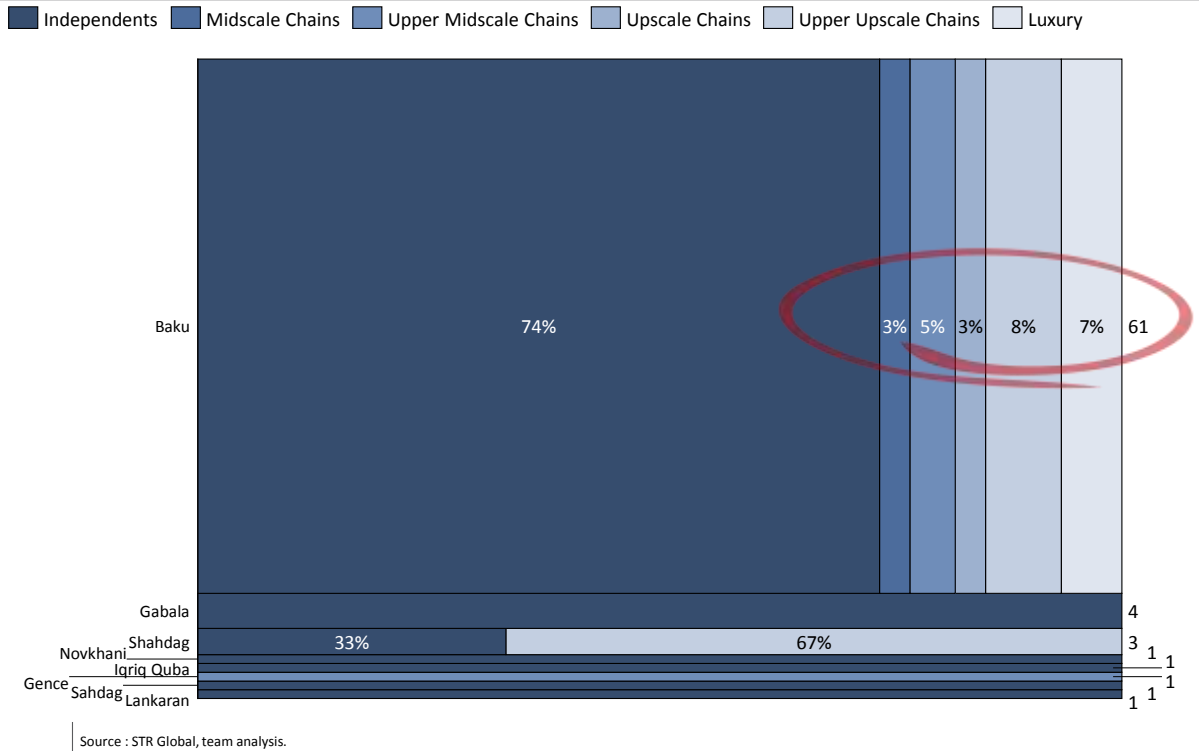
<sup>17</sup> Brands/Chains are slotted by Chain Scale based on the previous year's annual system wide (global) Average Daily Rate. Rate ranges defining each Chain Scale are determined by STR. Hospitality industry often uses the scale for IR. Independent hotels are defined not by Average Daily Rate. Other Brands/Chains are as follows;

Hotel Class	ADR : USA	Examples
Luxury	324	Four Seasons, Ritz Carlton
Upper Upscale	180	Marriott, Hilton, Hyatt, Sheraton
Upscale	139	Hilton Garden Inn, Courtyard, Cambria Suites
Upper Midscale	112	Comfort Inn, Holiday Inn, Hampton Inn
Midscale	86	Quality, Best Western, Ramada
Economy	61	Econo Lodge, Days Inn, Super 8, Red Roof Inn

Source : PWC, JICA Study Team analysis

Composition ratio of hotel in Azerbaijan by city and chain scale

According to STR global data, there is no budget category hotels in Baku...

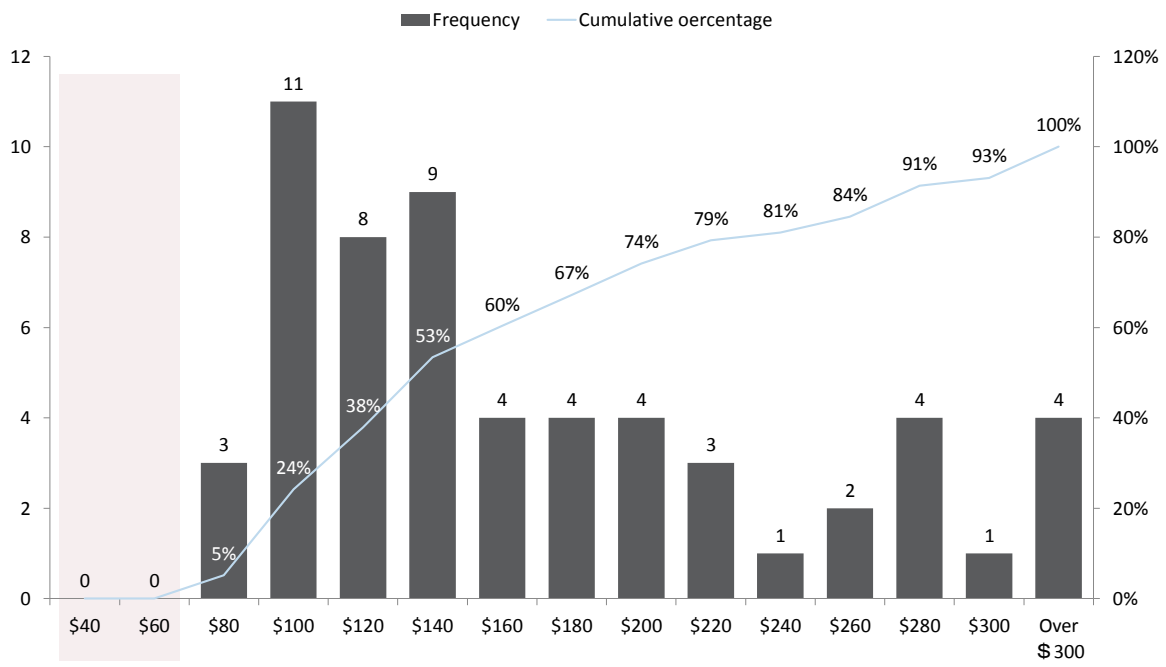


Source: STR Global, JICA Study Team analysis

Figure 2-20: Distribution of hotels by chain scale segments in Azerbaijan

As for the distribution of hotels by price, there is no hotel under 60 USD in an averagely priced twin rooms, this figure includes independent hotels in Baku.

According to the STR global data, there are no hotels priced under 60 USD.



Source : STR Global, team analysis.

Source: STR Global, JICA Study Team analysis

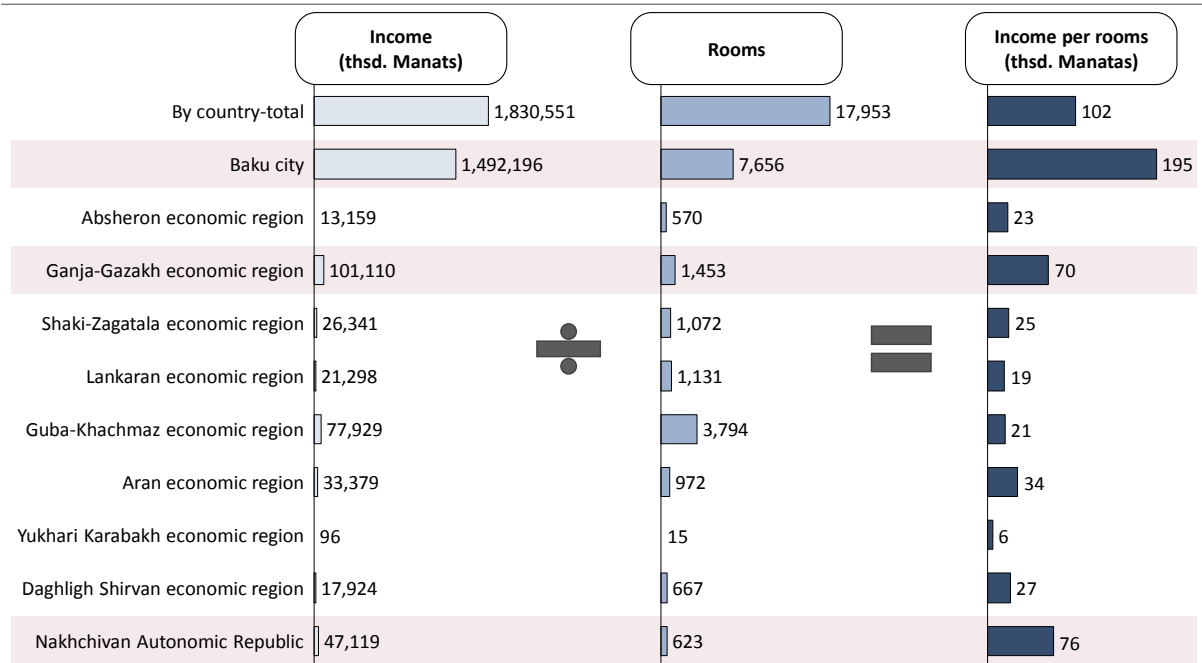
Figure 2-21: Frequency and cumulative percentage of hotels by average price ranges in Baku

In terms of hotels there are two issues to be addressed.

- Seasonality Gap. High season occupancy ratio in Baku in 2016 is around 70-80% but some months recorded 0%. So yearly average occupancy ratio was 26% in Baku and 12% in other regions.
- Regional Gaps: Between Baku and other regions, Baku exceeds not only the number of rooms and sales income, but also profitability per rooms.

Income of the hotels and similar establishments per room by region

Baku city shows not only the largest capacity but also business efficiency.



Source: State Statistical Committee of the Republic of Azerbaijan, team analysis

Source: State Statistical Committee of the Republic of Azerbaijan, JICA Study Team analysis

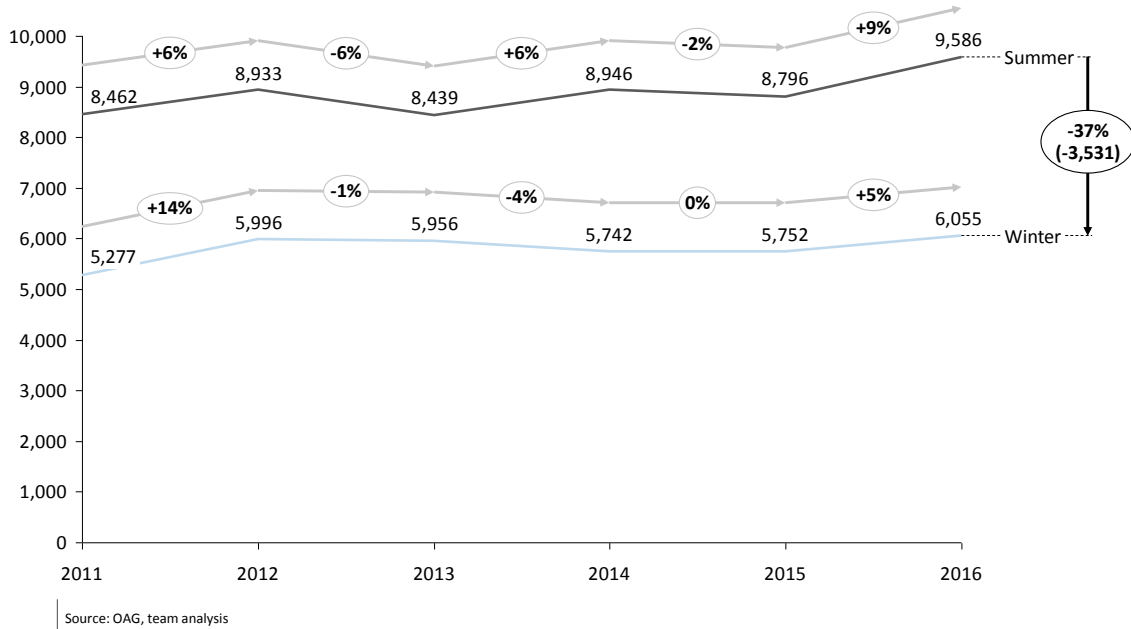
Figure 2-22: Income of hotels and similar establishments per room by region

③ Airline

The total number of international scheduled flights per week showed increases and decreases repeatedly between 2011 and 2016. The flights in 2016 grew by 9% in the summer and 5% in the winter respectively. Also, there is a big seasonal gap between summer and winter.

**Total number of international scheduled flights per week from/to Azerbaijan (unit: flights)**

The number of flights in summer and winter increases compared to 2015. However a seasonal gap between summer and winter is around 40%.



Source: OAG, JICA Study Team analysis

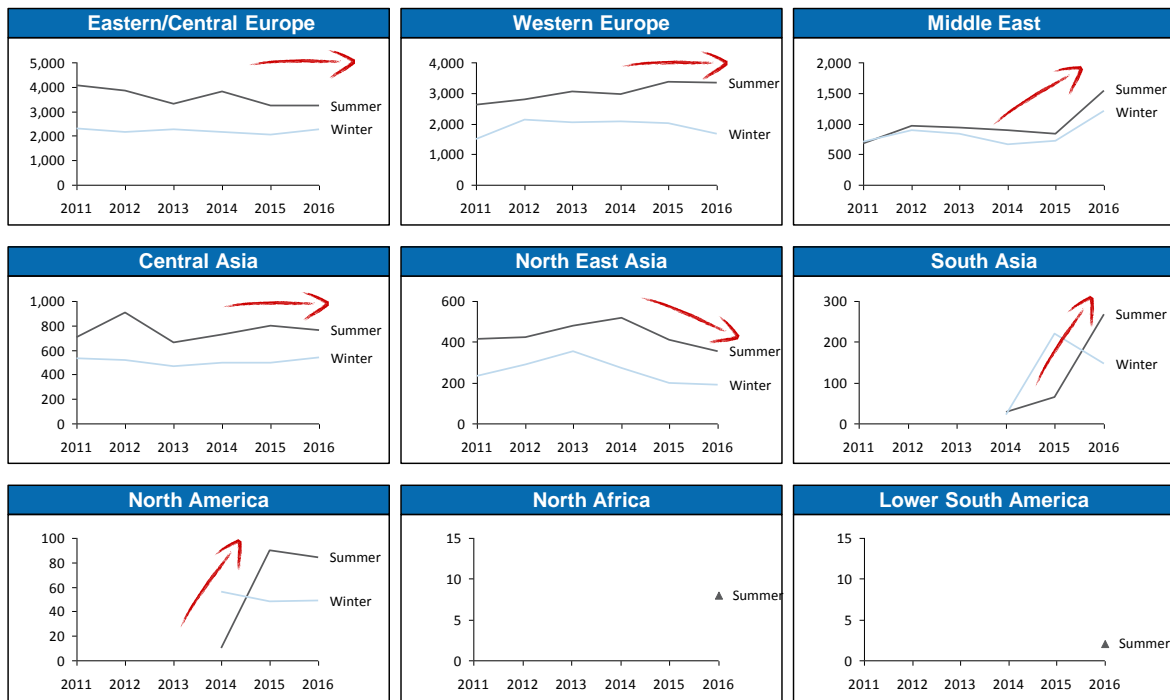
Figure 2-23: Total number of international scheduled flights per week from/to Azerbaijan (weekly)

Regionally, the Middle East, especially the number of flights from/to UAE and Qatar increased, because tourist demands plus, as mentioned before. In addition, the number of flights from/to South Asia rose by reason of reasonable prices for 5 star hotels and same religion in order for tourists from Pakistan choose Azerbaijan as incentive destinations<sup>18</sup>

<sup>18</sup> Source: Interviews

Total number of international flights from to Azerbaijan by regions (unit : flights)

Middle East and South Asia showed dramatic increases.



Source: OAG, team analysis

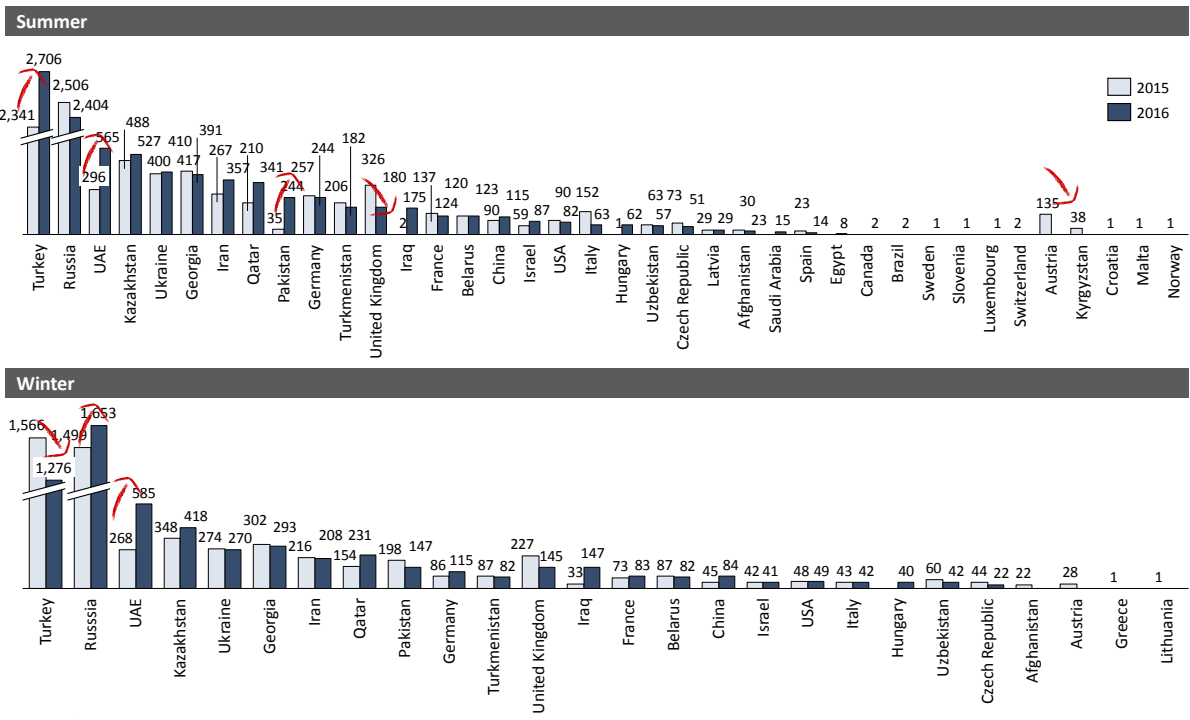
Source: OAG, JICA Study Team analysis

Figure 2-24: Total number of international flights from/to Azerbaijan from regions (Unit: weekly flights)

Taking a look at countries, Turkey, UAE and Pakistan increased their capacities in summer 2016 compared to 2015. The terrorist attack in Istanbul of Turkey caused a decrease compared to the previous year.

Total number of international scheduled flights to Azerbaijan by departure countries (unit : flight)

Compared to 2015, Turkey, UAE, Pakistan showed considerable increases in summer. However, the number of flights from Turkey in Winter decreased because of Terrorism attack happened in Turkey.



Source: OAG, team analysis

Source: OAG, JICA Study Team analysis

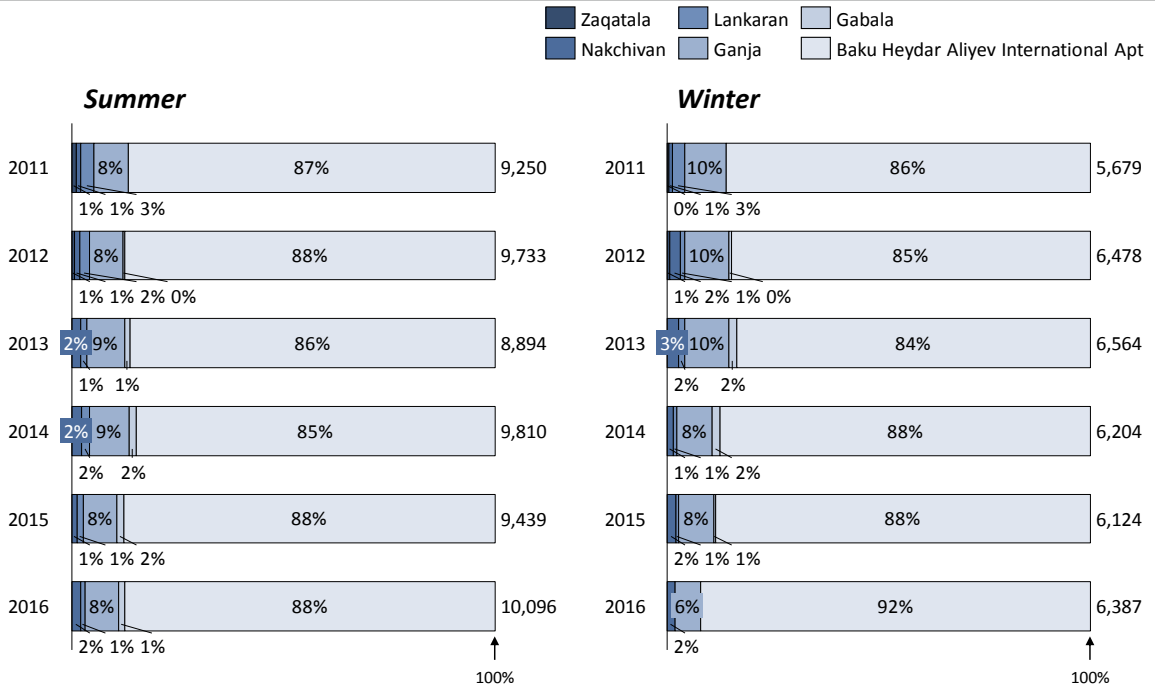
Figure 2-25: Total number of international flights from/to Azerbaijan from countries (unit: weekly flights)

Composition of international scheduled flights from/to Azerbaijan by airports, almost 90% of flights from/to Azerbaijan were in and out of Baku Heydar Aliyev international airport.



Composition ratio of international scheduled flights from/to Azerbaijan by airports (unit : flights)

Baku had consisted around 90% of total flights from/to Azerbaijan.



Source : OAG, team analysis

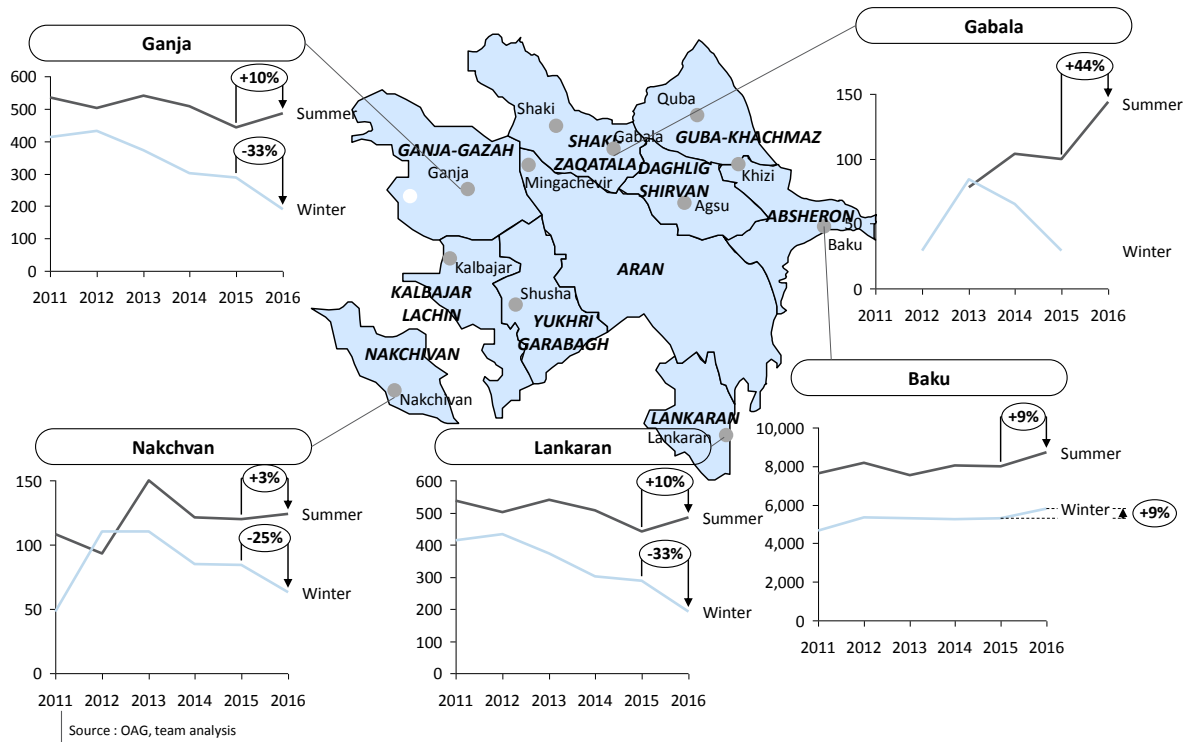
Source: OAG, JICA Study Team analysis

Figure 2-26: Composition ratio of international scheduled flights from/to Azerbaijan by airports (weekly)

As for the number of international scheduled flights from/to Azerbaijan by airport, all airports increased their flights from 2015 to 2016 in the summer. There are seasonal gaps in the number of flights between the summer and winter in all airports.

**Total number of international scheduled flights from/to Azerbaijan by airports (unit : flights)**

All airports showed increases, compared to 2015 in summer. In winter, only the number of flights from/to Baku was raised.



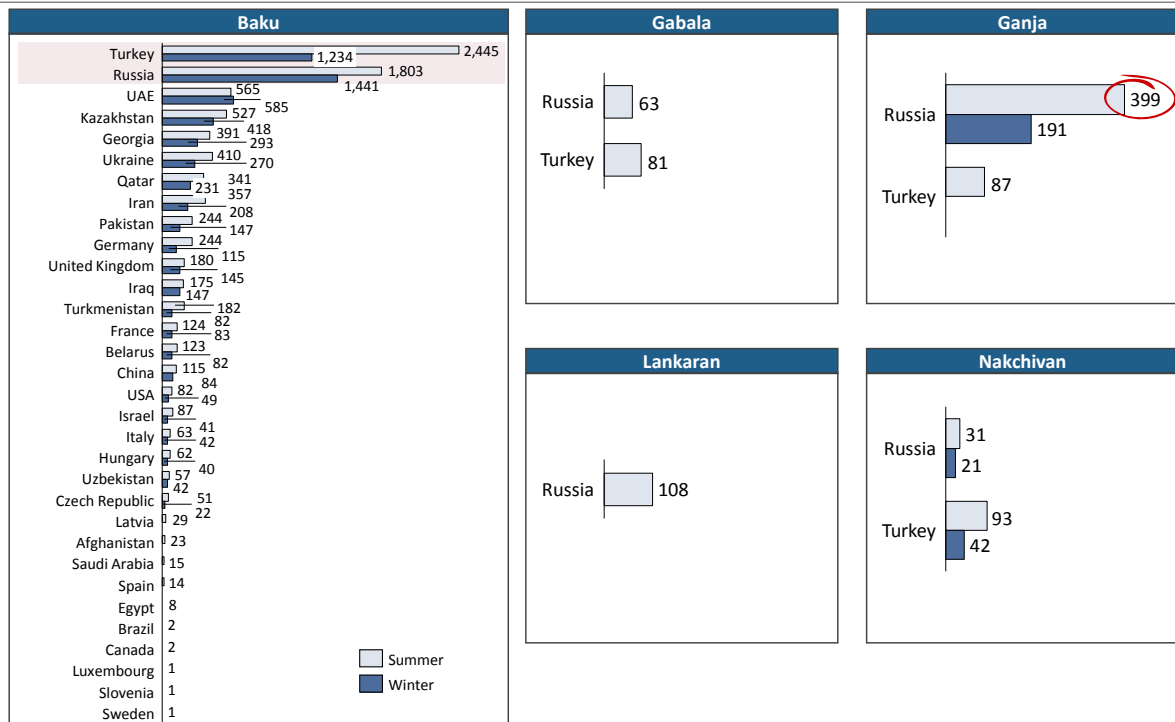
Source: OAG, JICA Study Team analysis

Figure 2-27: Total number of international scheduled flights from/to Azerbaijan by airports

With regards to the number of international scheduled flights from/to Azerbaijan by airports and destination countries, Turkey and Russia accounted for the majority in Baku, followed by UAE and Kazakhstan. In terms of regional airports, the only international flights were from/to Russia and Turkey. In addition, there is no direct flight from/to Japan.

Total number of international scheduled flights from/to Azerbaijan by airports in 2016 (unit : flights)

The number of international flights from/to Baku was mainly accounted for Turkey and Russia.



Source : OAG, team analysis

Source: OAG, JICA Study Team analysis

Figure 2-28: Total number of international scheduled flights from/to Azerbaijan by airports in 2016

#### ④ Handicraft

In Azerbaijan, there are variety of handicrafts including carpets, embroidery, silk, wool, and copperware. The country’s carpet was registered as UNESCO Intangible Cultural Heritage in 2010. Silk products are actively produced in the vicinity of Shaki.

There are also numerous processed goods, such as wine, brandy, teas, jams, and honey that can be marketed as souvenirs. Azerbaijan has a deeply rooted tea culture, and many jams eaten with tea are made from ingredients that are unusual to the Japanese, including jams made from roses and pomegranates.



Source: JICA Study Team

#### 4) Current Status of the Tourism Marketing and Promotion

In terms of the current status of tourism marketing and promotion in Azerbaijan, marketing 4 Ps frameworks (in this case, price omits) are adopted to clarify the situation.

##### ① Product

Azerbaijan is creating new products, which represent the characteristics of the regions and seasonality, such as beach and ski resorts as well as city breaks in Baku. The typical products Azerbaijan offers are as follows;

Table 2-9: Tourism products in Azerbaijan

	Contents
City Break	Baku offers a lot of city break resources, restaurants, city walks, gourmet, offerings, museums, and heritage. Safety for tourists is high. Hop-on-hop-off buses and tourist information centers are facilitated, however the level of facilities toward foreign individual travelers needs improvement, such as English signs and etc.
Sun Beach	There are beach resorts in Lankaran, Astara, and Abseron regions. Those destinations mainly target CIS countries, but are not recognized internationally. The Azerbaijan government plans to install entertainment facilities in order to attract more tourists.
Nature/Eco	There are variety of fauna and flora in Azerbaijan. Product developments which use natural resources, such as hiking and trekking proceed.
Culture	There are abundant cultural resources and heritage, such as modern architecture, world heritage and folklore. As mentioned, some of the resources need facilitating.
Health and Wellness	There are traditional and modern spas for tourists in Azerbaijan. Especially Naftalan, which has unique treatment methods attracting foreign tourists.
Winter/Ski	There are ski resorts in Shahdag and Tufandağ which install spa and entertainment facilities. Those resorts attract foreign tourists from CIS countries and Europe.
Gastronomy and wines	Azerbaijan has traditional cuisine for tourists and there are a variety of international restaurants in Baku. Azerbaijan produces wine and brandy, which offers winery tours but tourist awareness is quite low in regards to these.
Meeting and Incentive	There are international standard convention facilities especially in Baku, not only in order to attract congress but also meetings and incentives. However, the management of those venues for tourism purposes needs improvement

Source: JICA Study Team

##### ② Place

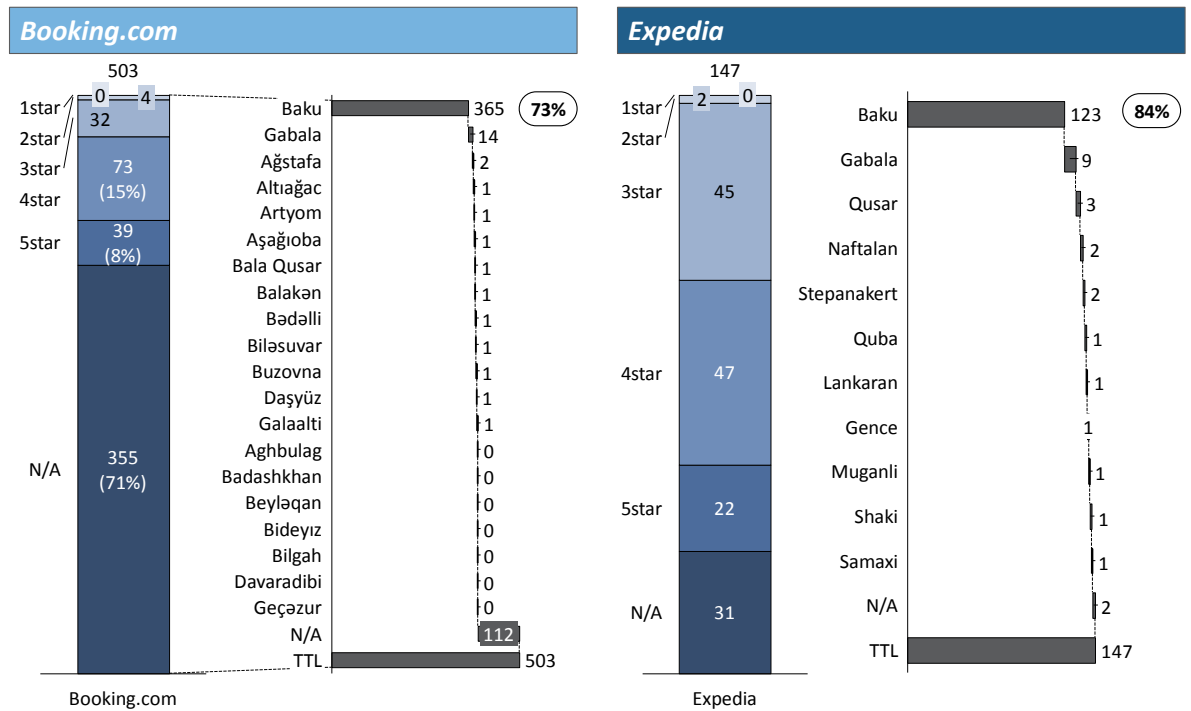
###### A) Europe markets

In European markets, travel agents dealing with Azerbaijan are quite niche wholesalers.

In terms of online distribution, many accommodations have already been listed on the biggest online travel sites (Booking.com and Expedia), but the number of accommodations in Azerbaijan is much less than those in Georgia.

Number of listed Azerbaijan accommodations in Booking.com and Expedia (as of 17<sup>th</sup> December, 2016)

Accommodations listed in Booking.com and Expedia are 503 and 123 respectively. The ratio which Baku consisted of, are above 70%.



Source: Booking.com and Expedia, team analysis

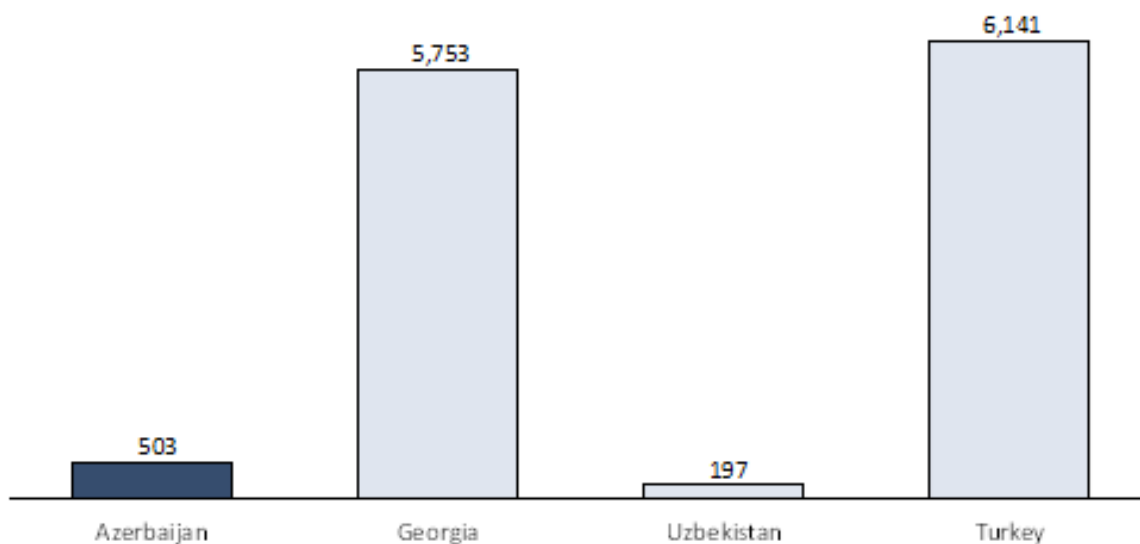
Source: Booking.com and Expedia, JICA Study Team analysis

Figure 2-29: Number of accommodations in Azerbaijan listed in Booking.com and Expedia

Number of listed accommodations in Booking.com(as of 17<sup>th</sup> December, 2016)

Compared to neighboring countries, the amount of accommodation in Azerbaijan is much less than in Georgia....

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Source: Booking.com, team analysis

Source: Booking.com, JICA Study Team analysis

Figure 2-30: Number of listed accommodations in Booking.com

## B) Japanese Market

As mentioned before, travel products which Japanese travel agents create are mainly round tour which makes tourists possible to travel around in the South Caucasus region. Those tours are dealt with by Georgian tour operators because Azerbaijani tour operators cannot handle tours operating in Armenia.

### ③ Promotion

The government takes part in the main travel fairs in Europe, USA and Asian countries, and they support trade and media familiarization trips in order to enable Azerbaijani tour operators to make business relationships between source market travel trades.

Also, the government commissions promotional activities to local travel agents as “representative offices” in Germany, Dubai, Russia, and Turkey.

Many travel agents’ business targets are domestic and outbound travel to Azerbaijanis. As for outbound travel, travel agents in Azerbaijan deal with airline tickets, accommodations, and packaged tours at travel retail outlets or online.

Table 2-10: Tourism promotional activities

	Overall	To Japan Market
<b>Consumer adverting programs and campaigns</b>		
Print media; newspapers, magazines, trade and professional press, TV, Radio, Cinema	· Advertise on international media on CNN and etc.	· Tourism promotional material (book) was published through the support of MoCT
<b>Personal selling</b>		
Consumer exhibitions	· Takes part in world major travel fairs such as the World Travel Mart in London and ITB Berlin in Berlin.	· Takes part in Tourism expo.
Trade fairs		
Trade sales visits	· Local tour operators visit travel agents in source markets.	· Local tour operators visit travel agents in source markets.
Workshops	· Workshops are held in some markets during travel fairs and etc.	· N/A
Trade familiarization trips and trade academies	· Invite major travel agents from source markets	· Invites major travel agents collaborating with JATA.
Media familiarization programs	· Invite major medias from source markets	· Invites travel media collaborating with JATA.
<b>Digital marketing and promotions</b>	· Dispatching movies and etc. on social networking services.	· No Japanese language available.

Source: JICA Study Team

#### A) European markets

The government takes part in travel fairs in main source markets, in order to increase consumer awareness and facilitate Azerbaijan travel trades to make/keep relationships with travel trades in source markets. The government made some promotional videos, and broadcasted them through international media outlets such as the BBC.

#### B) CIS markets

Public and private companies targets CIS markets and put a high priority on them. Both of them took part in travel fairs and held workshops in Moscow.

#### C) Japan markets

The Azerbaijan government took part in travel fair, named Tourism Expo, hold in September and organized trade familiarization trips. Also, leaflets in Japanese have been created. There are no representative offices to promote Azerbaijan tourism in Japan.

#### D) Domestic markets

Many of Azerbaijan's local travel agencies' business has been targeting outbound tourism for Azerbaijanis as well as foreign citizens who live in Azerbaijan and promotional activities on the domestic market have done very little such as creation leaflets. On the other hand, considering that domestic/local tourism was listed as one of the main tourism market in the "Tourism Strategic Roadmap", promotional activities for domestic markets would be more likely to be activated.

**(8) Issues and Bottlenecks in Tourism Development in Azerbaijan**

**1) SWOT Analysis**

Azerbaijan has been received benefit from oil-dependent economy. In the capital Baku, high-class hotels, convention centers and public infrastructure were developed by government, domestic and foreign private investment. MICE tourism including holding events such as city tour programs that visit cultural and historical facilities and monuments in Baku and its suburbs has been promoted rapidly. However, tourism resources in rural cities (e.g. the Palace of Shaki Khans in the north, copper craftsmanship of Lahij the east which is designated as a UNESCO Intangible Cultural Heritage of Humanity and ski resorts in the south) are not sufficiently developed due to public transportation and infrastructure problems. Therefore, these areas have not reaped the benefits from tourism development. Furthermore, since Nagorno-Karabakh is a disputed region between Armenia and Azerbaijan, the borders between the two countries are closed, and Azerbaijan has closer relations with other Muslim countries such as Turkey and CIS countries such as Kazakhstan and Uzbekistan than with the other Caucasus countries. The results of the SWOT analysis of Azerbaijan’s tourism sector are as follows:

Table 2-11: SWOT Analysis on the Tourism Sector in Azerbaijan

	Positive factors	Negative factors
Internal factors	Strengths	Weaknesses
	<ul style="list-style-type: none"> <li>• It has abundant natural scenery: from the Caspian Sea and volcanic landforms to the East, to the Caucasus Mountains to the West.</li> <li>• Located on a strategically important point on the Silk Road, it has a culture that merges Islamic, Christian, Zoroastrian and other cultures, and offers a wide range of tourism resources from historical buildings to modern architecture.</li> <li>• It has modernized facilities such as hotels and convention centers thanks to huge amounts of oil money, and successfully attracts events such as MICE and the European Games.</li> <li>• Existence of the Tourism Council whose responsible is to coordinate the public and private sectors related to the tourism sector and to strengthens the collaborative relationship among stakeholders.</li> <li>• The business licensing system of hotels, travel agencies etc. has been abolished (few barriers to entering the tourism industry).</li> </ul>	<ul style="list-style-type: none"> <li>• Its tourism resources are concentrated around its capital Baku, and tourism development in rural areas lag behind.</li> <li>• Public transportation and transport infrastructure to rural areas are weak.</li> <li>• It lacks organizations and facilities to provide local information to tourists, such as tourist information centers (TIC), and materials such as tourist attraction maps.</li> <li>• Training of tourism industry personnel lags behind, and there are no specialized local travel agencies and tour guides.</li> <li>• Public transportation such as domestic airline routes, railways, and buses is poor quality and underdeveloped.</li> <li>• There are few middle-class hotels and business hotels such as 3 to 4 stars.</li> </ul>
External factors	Opportunities	Threats
	<ul style="list-style-type: none"> <li>• It is located in the center of Eurasia, making it a potential hub to Europe, Asia, Russia, and the Near Middle East.</li> <li>• As it is the only Muslim country in the Caucasus region, it has different culture and food, so a wide variety of tourism products can be developed by differentiating from and partnering with other countries.</li> </ul>	<ul style="list-style-type: none"> <li>• It has a disputed region with its neighbor, landlocked Armenia (Nagorno-Karabakh).</li> <li>• Terrorism have resulted in increasing negative stereotypes of Muslim countries.</li> <li>• Its craft arts and processed agricultural products are less well known than neighboring Turkey and Iran, and the tourism-related sector overall lacks appeal and competitiveness.</li> </ul>

Source: JICA Study Team



## 2) Institutional Issues

- Ecotourism is one of tourism segments that the MoCT will prioritize to promote in Azerbaijan in the future. The main target areas of ecotourism are national parks and other nature preservation areas, etc. These areas are under the control of MoENR and MoENR has a priority on nature conservation; therefore, MoCT should work closely with MoENR for developing and promoting such types of tourism.
- The MoCT established TICs in eleven areas in Azerbaijan and dispatched Director in each center; although, the expertise and abilities of Directors are not sufficient. In the future, for promoting tourism development and creating tourism networking in regional areas, the TIC is responsible not only to disseminate tourist information on destinations where each TIC covers, but also to cooperate with local governments, communities, etc. and to promote various tourism resources and attractions. In the TIC, it is necessary to dispatch director and staff with sufficient expertise and experience in the tourism field and expertise in the tourism field and human resources with experience.
- In the major tourist destinations in Azerbaijan such as Shaki, Gabara, Ismayilli, Guba, etc., in order to development of diversified tourism products and promote various tourism activities at the regional level, it is recommended to establish "Destination Management Organization (DMO)" which is a core organization for formulate a regional tourism plan and implement tourism promotion in cooperation and collaboration with local governments, local community organizations and tourism business operators. As an organizational structure of DMO, it is desirable that the TIC or Tourism department in the local governments play a main role in DMC.

## 3) Legal Issues

- The current tourism law was enacted in 1991. The revision and formulation of the “new tourism law” was carried out with the support of UNWTO and international experts, and is currently under review and discussion at the Congress. It can be said that the recognition of the legal issues by MoCT is low because the current tourism law was applied for the quarter century (25 years) until recent years without revision of the current tourism law. Although the new tourism law is scheduled to be approved by the Congress in 2017, this new tourism law is a substantial revision of the content. After the approval of the new tourism law, it is necessary to share and understand the content and operation of the new tourism law for MoCT, related organizations and private tourism sector.
- Since 2015 tourism business licensing system such as hotel, travel agency, etc. has been abolished. As a result of the abolition of the business licensing system, it became easy to establish hotels, travel agencies and enter the tourism industry, but all hotels and travel agencies are obliged to register to the Ministry of Taxes as a tourism business company. The disadvantage due to the abolition of the system is that monitoring, checking, and management and regulation of appropriate tourism business conduct are becoming difficult as well as illegal tourism business operation will

be rampant. At present, MoCT is responsible for providing necessary advice and countermeasures concerning issues related to tourism business and operation, and any complaints. In order to maintain the proper tourism business environment of Azerbaijan, system of delivery of tourism business licenses, any legal system to manage, monitor and regulate tourism business activities, and authorized organization for licensing will be necessary.

#### 4) Issues on Infrastructure Development

- The number of luxury hotels such as major foreign chain hotels were increased due to development of Baku and other major tourist destination, and needs of MICE. On the other hand, middle class hotels are short. Considering the needs of domestic tourists and the balance of supply and demand of hotels, it is necessary to develop middle class hotels and hostels.
- Tourism information boards including tourist site plate, information board, and direction sign plate are still not sufficiently installed at major areas including Baku city, which is inconvenient for free individual tourist (FIT) to travel and access to tourist sites without tour guide. According to the MoCT, tourism information boards were written in three languages (Azerbaijani, Russian, and English) in the past, but there is a history that unification of all tourism information boards in Azerbaijani was instructed by the government. In every year, foreign tourists to Azerbaijan tend to increase so that it is urgent to install various tourism information boards and direction plates with unified designs written in English in addition to Azerbaijani and Russian especially in major tourist destinations including Baku city.
- Regarding road condition in Azerbaijan, many secondary roads on the outskirts of Baku city and access roads leading to tourist sites in rural areas are unpaved, and also many areas where road rehabilitation and maintenance are not sufficiently carried out. From the viewpoint of reducing the traveling time of tourists, smooth access to tourist sites, safety aspects, etc., it is urgent to improve roads such as road paving and road repair of damaged road according to the priority road improvement plan and infrastructure improvement plan for tourist destinations with support of Ministry of Transport and local governments.
- The railway network in Azerbaijan was developed since the former Russian era and it is managed by the state-own Azerbaijan State Railways, but due to the railway tracks and carriages becoming obsolete, the railway speed is slow and railway is not much used for tourists. Currently, a high-speed railway (Baku-Tbilisi-Kars railway) continuing from Baku via Tbilisi of Georgia to Kars of Turkey is under construction. Since Ministry of Culture and Tourism has been promoted sightseeing tours visiting tourist sites along the Silk Road Route, in future it is necessary to plan and implement new sightseeing tour programs using railway such as a high speed railway in cooperation with Azerbaijan State Railways and tour companies as a diversification of sightseeing tour programs.

## 5) Issues on Tourism Marketing and Promotion

### ① Product

- Educational activities towards Japanese travel agencies such as familiarization trips are needed.
  - Tour products which Japanese travel agencies create include “touring around the Caucasus regions”. On those tours, the travel duration in Azerbaijan is relatively short compared to other countries. Some of those itineraries include a stay only at Baku/Shaki and move to Georgia. The short travel duration in Azerbaijan is thought to be due to low awareness on other destinations in Azerbaijan among Japanese travel agencies.
- Tour programs/activities at destination need developing
  - There are a limited variety of local programs such as experiencing traditional culture which are thought to attract Japanese tourists.
  - In order to appeal and attract Japanese tourists, finding unique experiences, creating products, and proposals to Japanese travel agencies are required. Also, those programs at the destination should be handled by tourism information centers.

### ② Place

- Activities/support to facilitate local accommodation to online distribution is required.
  - B to B relationships between travel agencies in Europe are adequate however online distribution, especially local accommodations is not enough.
  - In order to appeal to and attract European markets, online distribution via Booking.com etc. is needed.
- Collaborating with the travel trade in Georgia and creating new products with them are required.
  - As for the Japanese market, tour operators in Georgia deal with tour arrangements for Caucasus regional tours, because tour operators in Azerbaijan cannot arrange land operations in Armenia. In this regard, Georgian tour operators take the initiative for proposing tours in Caucasus regions.

### ③ Promotion

- Strengthen/ build relationship with the media in order to convey attractiveness of the destination toward consumers is required
  - For the Japanese market, there is no representative office to promote Azerbaijan. So it is quite difficult to make/keep a good relationship with the Japanese media compared to other countries, which have representative offices in Japan. Also, activities such as making media kits with photos that the media/travel trade can use in their program/leaflets are needed.
  - The volume of Azerbaijan tourism in popular guidebooks in Europe and Japan is less than other competitive destinations such as Georgia.

## 6) Other Issues

### ① Issues facing to tourism operators

- Due to the rapid increase in flow from Arab countries, there is a lack of vehicles such as hotels and

buses in the high season. In addition, tourists from Arab for a long period of 1-2 months during the high season and so that it is difficult to get accommodation facilities for Asian markets such as Japan, Korea etc. those of whom stay for 1 or 2 nights at Baku then travel around other cities and Georgia.

- Sufficient number of English and Russian guides, but lack of Japanese guide.

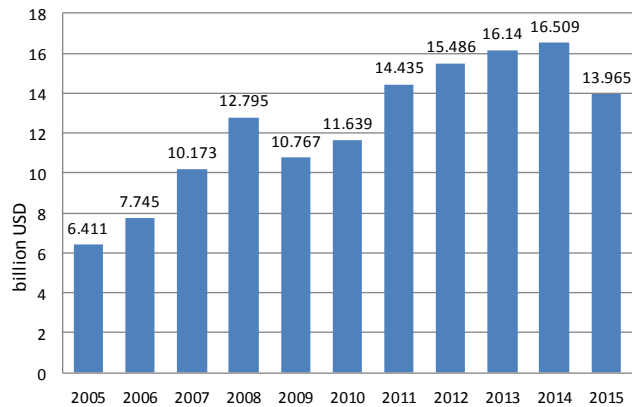
## ② Issues on Handicraft

- Various handicrafts in Azerbaijan can potentially be marketed as souvenirs. However, from the viewpoint of sales to tourists in the Japanese market, although individually selling teas and jams is fine, there is a need to give a story to the specific culture of enjoying tea and jam together, and attract tourists' interest by commoditizing that story. Many souvenirs also need creative display and packaging that would encourage tourists to reach for them. In particular, many of the Azerbaijani specialty products of silk, wool, and embroidery are for home use and often starkly exhibited, but have the potential to become high-quality souvenirs if deliberate consideration of elements such as size and packaging is given. Also, dividing and packaging nuts, dry fruits, and spices such as sumac into small amounts could make them easier for tourists to buy.

### 3. Georgia

#### (1) The Economic Situation in Georgia

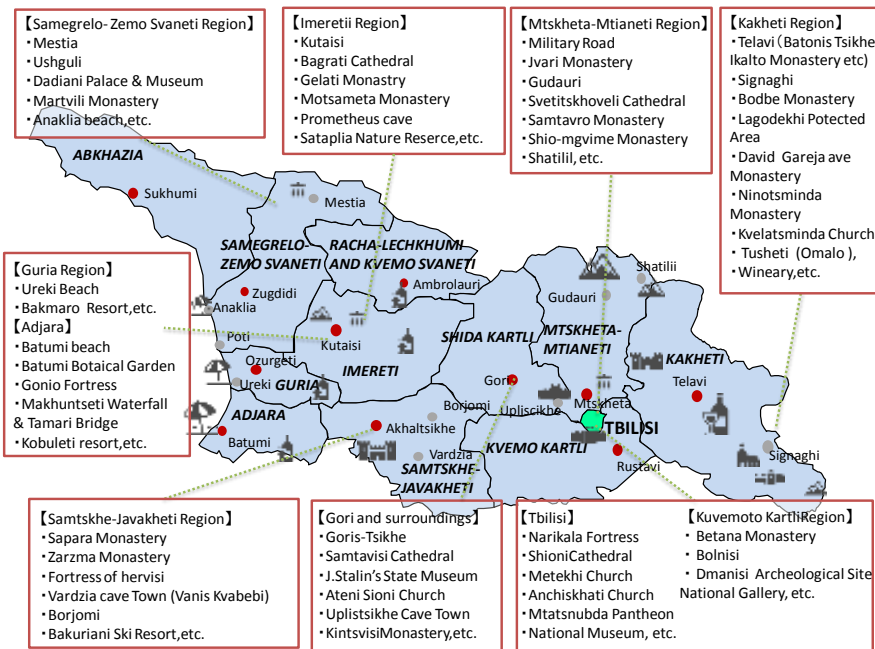
The sector composition ratio of the FY2015 of Georgia GDP by industries shows the mineral industry at 16.8%, trade at 16.7%, transportation and communications at 10.5% and agriculture at 9.1%<sup>19</sup>. The tourism sector makes up 5.9%<sup>20</sup>. Taking into consideration the fact that, on a world average, the tourism sector accounts for 4.1% of the GDP, it is clear that the tourism industry is providing a significant influence on Georgia's economy. In addition, within the manufacturing industry, roughly half of the output comes from agricultural processing industries that utilize the country's rich agricultural products such as tea and wine.



Source: World Bank

Figure 3-1: Georgia's GDP Transition (2005–2015)

#### (2) Current Status of the Tourism Resources in Georgia



Source: JICA Study Team





Figure 3-2: Distribution of Georgia's main tourism resources

<sup>19</sup> Gross Domestic Product of Georgia 2015, Geostat, 15.11.2016

<sup>20</sup> 2015 Georgian Tourism in Figure structure & Industry data, Georgian National Tourism Administration, 2016

## 1) Tourism Resources

Georgia, with the Greater Caucasus to the North, the Lesser Caucasus to the South and the Black Sea spreading to the West, is rich in natural resources. In addition, it is one of the oldest Christian countries in the world, has a history of prosperity as part of the Silk Road route, and has nurtured its culture over the course of invasions from neighboring countries as well as expansions of land. As such, the country possesses a variety of tourism resources from nature, culture, tradition and history. Additionally, summer vacations can be enjoyed at beach resorts such as those in Batumi and Anaklia along the Black Sea, while winter vacations can be enjoyed at ski resorts along the Caucasus mountain ranges, which are increasingly receiving capital investments. Furthermore, Georgia is also said to be the "birthplace of wine." An ancient wine production process using traditional Qvevri (an egg-shaped earthenware vessel) has continued since around 7,000–5,000 BC and was registered in UNESCO Intangible Cultural Heritage in December 2013. Regions famous for Georgian wine such as the Kakheti and Imereti regions are promoting wine tourism. In September 2016, for example, the UNWTO and the Georgian National Tourism Administration (GNTA) collaborated to organize the first UNWTO Global Conference on Wine Tourism in the Kakheti region, demonstrating the country's efforts to encourage wine tourism. In addition to these tourism resources, there are also movements to develop medical tourism, spa/wellness tourism, and casino (gambling) tourism in resort areas.

			
Kutaisi UNESCO World Heritage "Bagrati Cathedral"	The Church of Ananuri One of the popular tourism sites near Tbilisi among Japanese tourists	Facing the Greater Caucasus The Tsminda Sameba Church in the sky, near the border of the Russian Military Road	Georgian Wine "Kindzmarauli" representing the Kakheti region

### ① Tourism Resources in each Destination

#### A) Tbilisi and its vicinity

The capital of Tbilisi prospered as a city on the Silk Road. Not only did various peoples from east, west, north, and south come and go, but there were also invasions by numerous other ethnic groups, resulting in a cityscape with a mix of diverse cultures. Also, the city is a very unique city because many different religions have coexisted in Tbilisi, that is, there are Georgian Orthodox churches, Armenian Apostolic churches, Jewish synagogues, Islamic mosques, and Catholic churches, among others. Currently, the old city area in Tbilisi has become an historic preservation zone, and the 19<sup>th</sup>-century streetscape remains even today. On the other hand, modern architecture is scattered about the city, such as the Bridge of Peace, the Tbilisi Public Service Hall building with a mushroom-shaped roof, and a boutique hotel renovated from an old printing company. Visitors can enjoy scenery that blends old city streets with modern constructions.

Furthermore, Kvemo Kartli, a province in the Tbilisi vicinity, has sites such as the Betania Monastery and the Dmanisi Archeological Site where the oldest human fossils outside of Africa that were the first humans in Europe were discovered. In addition to several marshrutka (minibuses) running every hour from the capital city of Tbilisi to Rustavi, the provincial capital of Kvemo Kartli (requires approximately 20 minutes; 3 GEL/adult), there are other modes of transportation such as taxis.

Table 3-1: Tourism Resources in Tbilisi and its vicinity

Major tourism resources	Description
Narikala Fortress	Located on a hill overlooking the old city area, this fortress was used around the 4 <sup>th</sup> –5 <sup>th</sup> centuries. In the early 19 <sup>th</sup> century, an explosives storehouse blew up and several buildings were lost. However, the church still exists and is visited by many worshippers.
Sioni Cathedral	This cathedral built in the 6 <sup>th</sup> century has met with wars and been reconstructed numerous times. The cathedral standing today was rebuilt around the 13 <sup>th</sup> century. Inside is a cross that belonged to Saint Nino who preached Christianity in Georgia. There are also many other icons.
Anchiskhati Church	Built in the 6 <sup>th</sup> century, this is said to be the oldest church in Tbilisi. Although it has been rebuilt many times, the original form primarily remains. It was used as a gallery during the Soviet era.
Metekhi Church	The church sits atop a hill over the Mtkvari River. It was constructed around the 5 <sup>th</sup> century and also served as a stronghold that protected caravans traveling the Silk Road. It was used as a prison in the age of the Russian Empire, and the writer, Gorky was held here. It was also utilized as a playhouse in the latter part of the Soviet era. After independence in 1991, it once again became a church. The Avlabari District near the church still retains the long-ago streetscape.
Abanotubani Bath	This is a Georgian public bathhouse. While “abam” means steam bath in Georgian, in Tbilisi people bathe by soaking in a bathtub. There are private baths and communal baths. It is 40 GEL to use a private bath for 1 hour, and 3 GEL per hour for a communal bath. Bathers can get an exfoliating massage for 10 GEL.
Kartlis Deda	The statue stands on Sololaki Hill and can be called the symbol of the city. In her right hand is a sword, and in her left a bowl of wine. The sword is to meet enemies and the wine to welcome friends. It expresses Georgians’ patriotic spirit.
Mtatsminda pantheon	The name means, “sacred mountain.” It became holy ground because Saint David practiced in the mountain in the 6 <sup>th</sup> century. There is a Saint David Church on the mountainside.
Simon Janashia Museum of Georgia	Visitors to this museum can learn about the history of Georgia. Many gold and copper items unearthed in Georgia from ancient times to the Iberian age in the 3 <sup>rd</sup> century BC are on exhibit. Other items on display include the oldest human bones in Eurasia (Dmanisi Man) and native dress from various regions. Admission is 5 GEL, and a guide is 25 GEL.
National Gallery	This art museum was rebuilt in 2011. Its exhibits include fresco paintings from the 11 <sup>th</sup> –12 <sup>th</sup> centuries, sacred objects, and artwork from the talented Georgian painter, Pirosmeni. This building was originally used as a theological school. Admission is 5 GEL.
Betania Monastery	The monastery, built in the 12 <sup>th</sup> century, is located approximately 16 km outside of Tbilisi. Inside are fresco paintings of King George III, King Tamar, and King George IV.
Bolnisi Sioni Cathedral	Constructed in the 5 <sup>th</sup> century, this is an example of the earliest stages of Georgian ecclesiastical architecture. The oldest inscriptions of Georgian writing existing today in Georgia remain on the outside walls of the cathedral, but the original is kept in the Simon Janashia Museum of Georgia.
Old German House	In the early 19 <sup>th</sup> century, 95 families emigrated from Schwaben, Germany to Bolnisi. This is one of the houses dating from that time.

Major tourism resources	Description
Dmanisi Archeological Site	Dmanisi Man, thought to be the first human in Europe, and relics from millions of years ago have been found here.

Source: JICA Study Team

			
Narikara Fortress	Abanotumani Bath	Synagogue in the Old city of Tbilisi	Signboard in both Georgian and English

## B) Mtskheta-Mtianeti region

Mtskheta is approximately 25 km northwest of Tbilisi, or around 30 minutes by car, in the center of this region. It is the ancient capital of Georgia, named after Mtsekhtos, the son of the legendary founding father of the Georgians, Kartli. The city is located where Aragvi and Kura rivers meet, and is also a pass point for the Georgian Military Road. It is believed that people began living here at least from around the second millennium BC. This city, which in 1994 was inscribed on the UNESCO World Heritage List<sup>21</sup>, has Jvari Monastery and Svetitskhoveli Cathedral, considered the religious headquarters of the Georgian church. In addition, the streets around the cathedrals have been renovated for tourist, and there are stores along the streets selling souvenirs, such as Georgian wine and felt products for tourists, and an array of cafés and other establishments. Shatili, which is at the foot of the Greater Caucasus mountain range along the border of the Chechen Republic in the northeastern part of the region, is said to be an unexplored area within an unexplored area. Since the roads are closed in winter, it can only be accessed in summer. Shatili has fortresses from the middle Ages built on the mountain slope, and in addition to unique scenery, visitors can also enjoy trekking.

Marshrutka and taxis run along the Military Road from the Tbilisi/Didube bus stop in the country's capital (requires about 3 hours; 10 GEL per adult by marshrutka to Kazbegi; a shared taxi is approximately 15 GEL). There are also 2 runs a week by marshrutka to Shatili that operate from Tbilisi in summer only (requires approximately 5 hours; 20 GEL per adult).

<sup>21</sup> In regard to the Historical Monuments of Mtskheta, inscribed on the UNESCO World Heritage List in 1994, while appropriate action was requested due to expansion of privately held land in the vicinity of the World Heritage Site and suitable plans not being drawn up for restoration and repair, it was not sufficiently handled. Therefore, the World Heritage Committee moved it to the List of World Heritage in Danger in 2009, but in 2016 it was removed from that list because improvements in the site's management were seen.



Table 3-2: Tourism Resources in Mtskheta-Mtianeti Region

Major tourism resources	Description
Svetiskhoveli Cathedral	This cathedral, considered the oldest in Georgia, was established by Mirian III in the 4 <sup>th</sup> century as a wooden church. It was rebuilt by Vakhtang I in the 5 <sup>th</sup> century, and then rebuilt into the present stone church by the Georgian architect, Arsukidze in the 11 <sup>th</sup> century. A fragment of the mantle worn by Jesus Christ when he was crucified was buried together with the woman who clutched it. This is the second largest cathedral in Georgia after the Sameba Cathedral in Tbilisi. It was registered as a UNESCO World Cultural Heritage Site in 1994.
Samtavro Monastery	Found a short walk from Svetiskhoveli Cathedral, this monastery was built in the 4 <sup>th</sup> century. The first Christian Georgian king, Mirian and his wife, Nana are buried on the west side of the church. In addition, it is said that Saint Nino lived here. It was registered as a UNESCO World Cultural Heritage Site in 1994.
Jvari Monastery	It was built in the 6 <sup>th</sup> century. Jvari means cross. While the facade and reliefs remain, the building's stone materials are badly damaged due to natural erosion from wind and acid rain, as well as insufficient management. Therefore, it requires preservation. It was registered as UNESCO World Cultural Heritage Site in 1994.
Military Road	This road runs approximately 210 km north-south from Tbilisi over the Greater Caucasus mountain range to the capital of the Republic of North Ossetia-Alania, Vladikavkaz. It was constructed for the military by the Russians in 1799, but today with numerous tourism resources along the road has become a tourist route. The major towns that the Military Road passes through are Tbilisi, Mtskheta, Ananuri, Gudauri, and Stepantsminda.
Ananuri Church	Approximately 70 km north of Tbilisi, this church located along the Military Road was established in the 17 <sup>th</sup> century. Similar to other churches in the country, it also served as a fortress. There are 2 churches in the stronghold. The church on the mountain side is dedicated to Jesus Christ, and the one at the lakeside is dedicated to the Virgin Mary. The church of the Virgin Mary (lakeside) has an iconostasis (wall) and is worth seeing.
Gudauri	Gudauri, approximately 2 hours by car along the Military Road from Tbilisi, sits at an altitude of 2,196 m and has prospered as a ski resort since the Soviet era. Tourists also visit from Europe. However, when the snowfall becomes heavy, snow removal cannot keep up and the road to Gudauri is closed.
Jvari Pass	This cross stands at 2,396 m on the highest pass along the Military Road between Gudauri and Stepantsminda. The name of the pass stems from the cross built by the Russian officer, Alexei Yermolov who was the governor-general of the Caucasus in 1824.
Kazbeki Mountain	Standing at an elevation of 5,047 m, this is one of the highest peaks of the Caucasus Mountains. Hiking is possible.
Shatili Village	This community is located at an altitude of approximately 1,400 m. In winter, the roads are closed and the villagers are forced to leave the mountain. The village still has the fortress settlement from the Middle Ages.

Source: JICA Study Team

			
Magnificent Svetiskhoveli Cathedral	Deteriorated façade of Jvari Monastery	Rehabilitated street in Mtskheta	Ananuri Church

### C) Kakheti region

The Kakheti region is approximately 114 km east of Tbilisi, or about 2½–3 hours by car. The region is famous for the largest producer of wine in Georgia and has many wineries. There are over 500 varieties of grapes grown in this region, and the wine production method dating back 8000 years that uses clay vessels called Qvevri is still practiced today.

Besides wine, in this region there are abundant of tourism resources, such as the town surrounded by fortifications, Signaghi, many religious monuments including Bodbe Monastery where Saint Nino is buried and Alaverdi Cathedral, Batonis Tsikhe where generations of Kakheti kings are enshrined and Lagodekhi Managed Reserve where hiking can be enjoyed. In the northern area of the region there is also Tusheti National Park, a secluded site where traditional lifestyles and an ancient tower remains.

Access to Telavi, the regional capital, can be gained by a marshrutka that runs around once an hour from Ortachala bus stop in the capital (requires 2½ hours; 7 GEL per adult), and a shared taxi from the nearby Isani bus stop. Transportation runs to Signaghi every 2 hours from Samgori bus stop (requires 1½ hours; 6 GEL per adult).

Table 3-3: Tourism Resources in Kakheti region

Major tourism resources	Description
Batonis Tsikhe	This fortress for generations of Kakheti kings was built in the 17 <sup>th</sup> –18 <sup>th</sup> centuries in central Telavi. It is comprised of elements including a fortress built in an architectural style influenced by Persia, a garden, two churches, and fortress walls.
Ikalto Monastery	This monastery situated 10 km west of Telavi was built in the 6 <sup>th</sup> century and has 3 churches and an academy.
Nekresi Monastery	One of Georgia's oldest buildings, this monastery was built in the 4 <sup>th</sup> century. It includes a basilica-type church built in the 7 <sup>th</sup> century and a wine cellar constructed in the 9 <sup>th</sup> century.
Gremi Church	The church is in the village of Gremi, 19 km northeast of Telavi. Gremi flourished as the capital of the Kakheti kingdom in the 16 <sup>th</sup> century. The church retains the atmosphere of the 16 <sup>th</sup> century when the Kakheti kingdom was most reflected.
Signaghi	Signaghi located 113 km southeast from Tbilisi, approximately 1 hour by car, is enclosed by town walls built by King Heraclius in the 18 <sup>th</sup> century. Recently, the Georgian government has focused on tourism development in this area, and restoration work was conducted on the old city area. The fortress walls are 4.5 km, and there are 23 towers remaining. The landscape of Alazani plains and East Caucasus Mountains visible from the town is picturesque.
Bodbe Monastery	The church is 2 km from Signaghi. Saint Nino, who did missionary work in Georgia and turned Georgia into a Christian nation, is buried here.
Tusheti National Park	Tusheti region has the greatest ecosystem preservation in the Caucasus Mountains and retains wonders of nature, beautiful scenery, and unique culture and architectural styles. The park has a rugged alpine environment with an area of 760,000 ha and elevation of 2,000–4,000 m.
Lagodekhi Managed Reserve	This protected area spreads over 24,451ha on the slopes of the Caucasus Mountains. Rare fauna and flora can be seen. As an ecotourism site, visitors can enjoy activities such as hiking trails, horseback riding, and cultural tours.

Source: JICA Study Team

			
Old city in Signagi	Overlooking of Signagi	A piece of work by Nico Pirosmani (Sighnagi museum)	Qvevri vessel used for making wine in traditional technique

#### D) Shida Kartli region (Gori and its Gori vicinity)

Gori is situated 76 km west of Tbilisi upstream of the Kura River and is the capital of the region. It is also the birthplace of the leader of the former Soviet Union, Stalin. Gori was bombed by the Russian air force during the Georgian-Ossetian conflict in 2008, resulting in casualties. It can be reached from the Tbilisi/Didube bus stop in the country's capital by marshrutka (requires 1½–2 hours; 3 GEL per adult), a shared taxi (approximately 5 GEL per adult), and railway (approximately 1½ hours by train from Vagzal Square Station in Tbilisi). The suburbs of Gori include Uplistsikhe Cave Town and Ateni Sioni Church, which can also be accessed by marshrutka and taxi.

Table 3-4: Tourism Resources in Shida Kartli Region

Major tourism resources	Description
Goris Tsikhe	This fortress from the Middle Ages stands on a hill in central Gori. Today, only the ruins remain due to invasions from the Ottoman and Russian empires, as well as an earthquake in 1920.
J. Stalin's State Museum	This was constructed where the home of Stalin's parents stood in 1957. In addition to articles such as Stalin's photos, portrait, statue, and letters, the museum also houses his death mask. Admission is 10 GEL.
Ateni Sioni Church	This church was built in the yearly 7 <sup>th</sup> century approximately 10 km south of Gori. Inside there is an 11 <sup>th</sup> century fresco painting, the famous mural, "Joseph's Dream." The walls are carved with Medieval Georgian writing, Nuskhuri, and the current Georgian alphabet.
Uplistsikhe Cave Town	Located 10 km east of Gori, Uplistsikhe, which means the Lord's Fortress, was said to have been inhabited approximately 1,000–2,000 years ago. Constructions that possess elements of pre-Christian paganism and polytheism can be viewed, as well as a playhouse and winery. Entrance fee is 3 GEL.

Source: JICA Study Team

#### E) Imereti region (Kutaisi) and Racha-Lechkhumi and Kvemo Svaneti

Kutaisi is the capital of the region. It was once the prosperous capital of the Caucasian kingdom from the 6<sup>th</sup> century BC until the 3<sup>rd</sup> or 4<sup>th</sup> century. The city is approximately 221 km west of the country's capital, Tbilisi and is the second biggest city after Tbilisi. It is believed that people settled in this region in 3,000 BC. From 975–1122, after the demise of the Caucasian kingdom, for a time it became the capital of the Georgian kingdom. In addition, from the 15<sup>th</sup> century it was the capital of the Imereti kingdom. Within Kutaisi and its suburbs, there is Bagrati Cathedral, registered as a World Heritage Cultural Site in 1994, Gelati Monastery and Academy, Sataplia Cave, and Prometheus National Park. In addition, there is a tourist information site in the center of the city that offers information in English.

In the Racha-Lechkhumi and Kvemo Svaneti Region, located in the southern slope of the Great Caucasus Mountains and on the northern side of the Imereti region, tourists can enjoy scenic landscapes surrounded by mountains and beautiful air in coniferous forests. The town of Oni, located about 30 km east of the Ambrolauri, which serves as the seat of the regional administration of the Racha-Lechkhumi and Kvemo Svaneti region, has been inhabited since the Bronze Age. There, a collection of Colchian coins dating back to the 6<sup>th</sup>-3<sup>rd</sup> centuries BC has been revealed in the region. In addition, Oni is a town where the third largest number of Jewish communities has remained followed by Tbilisi and Kutaisi. The Oni Synagogue built in the 1880's is found in the town. Surrounding of the town of Oni, there are several touristic sites including the ruins of medieval forts (Kotevi Fortress, Minda Fortress), Georgian Orthodox churches, a secluded village, popular spas and so on. Nilkortsmina Cathedral, founded in the 11th century, is famous for its medieval architectural style, and the exterior of the cathedral has been decorated by multiple-figured story telling reliefs. A remote village named Mravaldzali located approximately 24km east of Ambrolauri has a only one church in Georgia which has heads of bulls and cows on its façade. Shovi and Ustera located on the mountainside of Great Caucasus, has been used as a recreational resort area since the Soviet era, with about 16 different mineral waters including natural carbonated water.

Since Dave the Builder Kutaisi International Airport (hereafter, Kutaisi International Airport) is in the city, Kutaisi can be accessed by air from within the country and abroad. As for land routes, buses run daily from Tbilisi/Didube bus stop in the country's capital (requires 4–5 hours), as well as marshrutka (requires 3½ hours; 10 GEL per adult), and trains (requires 5½ hours; approximately 5 GEL per adult).

Table 3-5: Tourism Resources in Imereti and Racha-Lechkhumi and Kvemo Svaneti Region

Major tourism resources	Description
Bagrati Cathedral	Built in 1008 by the Georgian king, Bagrat III this church is located on the highest spot in Georgia. In 1691, it was attacked by the Ottoman Empire and destroyed, leaving it in ruins. It was registered as a World Heritage Site in 1994, and later the cathedral was converted to a Georgian Orthodox church and rebuilt in 2001, but since it was reconstructed in a manner that harmed integrity and authenticity, in 2010 the cathedral was moved to the List of World Heritage in Danger.
Gelati Monastery and Academy	The monastery and academy were established by David IV in the 12 <sup>th</sup> century when the Georgian kingdom was at its peak. As the center of the arts in Georgia in the Middle Ages, it houses a wealth of wall paintings and books dating from the 12 <sup>th</sup> –17 <sup>th</sup> centuries. The grave of David IV is inside the southern gate of the monastery. It was registered as a World Heritage Site in 1994.
Motsameta Monastery	The church is on a mountain 6 km outside of Kutaisi. It was built in the 11 <sup>th</sup> century. It rejects conversion to the Muslim religion and extols the murdered brothers, David and Constantine.
Sataplia Nature Reserve	This area was designated a reserve in 1935. It includes the approximately 900 m Sataplia Cave, fossils of dinosaur footprints, and a museum. Admission is 6 GEL.
Prometheus Cave	The cave was discovered in 1984. It lies approximately 20 km outside of Kutaisi and measures a total of 11 km in length. In addition to rows of illuminated stalactites in the 1.2 km-long underground route, there is also a boat ride offered on a subterranean lake. Admission fee is 10 GEL, and the boat ride costs an additional 7 GEL.
The antique city of Vani	The antique city of Vani is located 41km from Kutaisi. Temples and sacrificial altars from the period before the birth of the Christ have been discovered.

Major tourism resources	Description
Tskaltubo Resort	This resort is located in approximately 10 minutes by car from Kutaisi. It was one of the most famous resort areas during the Soviet era. Natural hot springs including radon elements are spiraling and it is said that there are efficacies for 70 kinds of diseases. At present, the project of the development of the resort area is under implementation by the support of the World Bank
Sairme Resort	The resort located in the subtropical mountainous area of about 57 km southeast of Kutaisi with 950m altitude has been popular resort area since the nineteenth century. Between 2011 and 2013, the resort site was renovated and not only accommodation facilities but also peripheral recreational facilities, restaurants, spa centers, etc. were upgraded.
Nilkortsmina cathedral	This Cathedral is located in Racha Region approximately 63 km from Kutaisi. It was built around the 11th century, and its medieval architecture is magnificent. Cathedral is remarkable for its exterior decorations including multiple-figured story-telling reliefs representing different evangelic episodes, figures of the Saints and real and fantastic beasts.
Racha Lechkhumi Lower Svanet planned Protected Area	Since the area of this protected area ranges from 500 m to 4,600 m in altitude, 164 species of plants unique to the Caucasus region, 26 of which are unique to Georgia are found. Birds and reptiles also diversify and have a rich ecosystem. There are also cultural and archaeological sites/monuments near the protected area, so potential of ecotourism and CBT development is quite high.
Shovi Resort	It is about 80 km from the city of Ambrolauri, at the foot of Caucasus Mountains near the border with Russia. Established in 1962, the resort is visited not only from Georgia but also from Eastern Europe and the Soviets. Although it is located at an altitude of about 1,650 m, subtropical climate results in humidity of about 80% in the summer. In addition, there are 16 types of natural water and natural hot springs sprouting here, that is effective for anemia, hypotension, and bronchitis etc.
Synagogue in Oni	The Oni synagogue, the third largest synagogue after that of Tbilisi and Kutaisi, was built by a Polish architect in 1895.
Minda Fortress	It is considered that this fortress located approximately 10km from Ambrolauri was installed in the medieval period. The fortress seems to grow out of the rock in the mountain alongside of the Rioni river.

Source: JICA Study Team

## F) Samtskhe-Javakheti region

Situated in the southern part of Georgia, the provincial capital of Akhaltsikhe is approximately 200 km from the country's capital, Tbilisi. BTC Pipeline<sup>22</sup>, an oil pipeline that contributes to Georgia's economy, and the South Caucasus Pipeline<sup>23</sup>, which is a natural gas pipeline, runs through the region. In addition, the BTK train line currently under construction that links Baku and Kars also runs through Akhaltsikhe. The country borderlines in this region have historically been moved numerous times, and around half of the population in this area is Armenian.<sup>24</sup> Tourism resources in Akhaltsikhe include Sapara Monastery, Vardzia Cave City, and Bakuriani Ski Resort. One marshrutka runs every hour from the Tbilisi/Didube bus stop in the country's capital to the provincial capital, Akhaltsikhe (requires 2½ hours; 8 GEL per adult). In addition, access from Akhaltsikhe to Vardzia can be gained by marshrutka (requires approximately 2 hours; 4 GEL per adult) or taxi (approximately 60 GEL per adult).

<sup>22</sup> BTC is an acronym formed from Baku, Tbilisi, and Ceyhan. It is an oil pipeline linking a total length of 1,768 km from the Chirag oil field in the Caspian Sea on the Akhaltsikhe side to the Mediterranean Sea. It is the second largest in the world. Ceyhan is the name of a port in the southeast area of the Mediterranean coast in Turkey.

<sup>23</sup> The South Caucasus Pipeline is a natural gas pipeline under construction stretching 692 km that runs parallel to the BTC Pipeline, linking Baku, Tbilisi, and Erzurum (a city in Turkey).

<sup>24</sup> Population Census 2014, National Statistical Office of Georgia.



Table 3-6: Tourism Resources in Samtskhe – Javakheti Region

Major tourism resources	Description
Sapara Monastery	This monastery found approximately 30 km southeast of Akhaltsikhe was built from the 9 <sup>th</sup> to early 13 <sup>th</sup> century by Sargis Jakeli, the leader of the Jakeli family who upheld governance and prevented invasion from the Mongols. Inside the church remain iconostasis and 14 <sup>th</sup> century fresco paintings.
Zarzma Monastery	Located approximately 30 km west of Akhaltsikhe, this monastery was constructed by the monk, Serapion Zarzveli in the 6 <sup>th</sup> –7 <sup>th</sup> centuries. The current building is thought to retain a 14 <sup>th</sup> century design. The fresco paintings inside were damaged by the 16 <sup>th</sup> -century invasion by the Ottoman Empire, but have been restored today.
Fortress of Khertvisi	The fortress built in the 10 <sup>th</sup> century is approximately 46 km southeast of Akhaltsikhe. It stands atop a hill at the confluence of the Javakheti Mtkvari and Artaani Mtkvari rivers. The fortress defended the region.
Samtskhe-Javakheti History Museum	This is a history museum for the Samtskhe-Javakheti region that sits at the ruins of the fortress walls. Since the region was under the rule of the Ottoman Empire, the museum's exhibits include items with Islamic influence and Caucasus rugs. It is closed on Mondays, and admission is 7 GEL for adults.
Vardzia Cave City (Vanis Kvabebi)	This cave situated approximately 63 km south of Akhaltsikhe is one of the larger of the cave cities found in Georgia. It is said that 50,000 people lived in 3,000 caves in the past. The city was built by Queen Tamar in the 12 <sup>th</sup> century. There are still thousands of rooms, such as a church, kitchen, royal room, and winery. Because it was created in a hidden place in the mountains, the city was able to protect many important religious objects such as icons from the Mongols when they invaded.
Tmogvi Fortress	Found along the Kura River heading from Borjomi to Akhaltsikhe and Vardzia, this fortress built in the 9 <sup>th</sup> century sprawls over more than three hills in the region. Several towers are constructed on each hill. In addition, the fortress is connected to the river by a tunnel.
Borjomi	Approximately 160 km from Tbilisi, this town is about 50 km north of Akhaltsikhe. It is a mineral spring famous for its mineral water and prospered as a health resort when occupied by the Russian Empire in the 19 <sup>th</sup> century.
Borjomi-Kharagaul National Park	This is one of the largest national parks in Europe, spanning 85,083 ha. In addition to 11 trails established through support from the German government and the international NGO, the World Wide Fund for Nature, visitors can also enjoy horseback riding and ecotourism such as cycling.
Timotesubani Monastery	The church was constructed from the 11 <sup>th</sup> –18 <sup>th</sup> centuries, and the fresco paintings inside are thought to be from the 13 <sup>th</sup> century.
Bakuriani Ski Resort	The ski resort is located approximately 190km from Tbilisi and approximately 77 km from Akhaltsikhe. Like Gudauri, tourists also visit from Europe. In summer, visitors can also enjoy hiking and horseback riding.
Paravani Lake	This is the largest volcanic lake in Georgia. It is 2,073 m above sea level. Visitors can enjoy fishing.

Source: JICA Study Team

### G) Samegrelo-Zemo Svaneti region

Located in the northwest of Georgia, the provincial capital of Zugdidi where many Svans reside is approximately 318 km from the country's capital, Tbilisi. The Zemo Svaneti area in particular is surrounded by mountains ranging from 3000–5000 m. It has the highest elevation above sea level among settlements in Europe. The Svans, the indigenous people of Svaneti, were converted to Christianity from the 4<sup>th</sup>–6<sup>th</sup> centuries. Today, they are Georgian Orthodox, but the pagan tutelary Saint Georgios who was worshipped in the past is still venerated. In addition, Svans are considered a daring people. When the Mongolian army pushed west, their pillaging did not affect the Svaneti. It played the part of a haven for

culturally valuable resources and the like within Georgia, which seemed on the brink of destruction by the Mongolian army.

The Svaneti landscape features soaring mountains separated by deep valleys. Since there is also rich vegetation, tourists visit to go trekking. Georgian Orthodox cathedrals, clusters of fortified buildings, and numerous distinctive towers built from the 9<sup>th</sup>–12<sup>th</sup> century form an outstanding cultural landscape. Therefore, the entire Zemo Svaneti district was registered as a UNESCO World Heritage Site in 1996. Access by land is available from the country’s capital, Tbilisi to Mestia, the entrance to the Zemo Svaneti district (approximately 10 hours by car; approximately 9 hours by marshrutka; 30 GEL per adult). There are also 4 domestic flights a week (Monday, Wednesday, Friday, Sunday) into Queen Tamar Airport in Mestia (requires approximately 1 hour; 65 GEL per adult, one-way). Also, air routes have been providing access from Kutaisi International Airport since March 2016 (2 flights a week on Monday and Friday; 40 GEL per person, one-way).

In addition, the region includes places such as Poti, a port city facing the Black Sea, and the resort area of Anaklia.

Table 3-7: Tourism Resources in Sameglero – Zemo Svaneti Region

Major tourism resources	Description
Ushguli	This village in Zemo Svaneti is known as being an inhabited settlement established at the highest elevation in Europe. The village has a church built in the 11 <sup>th</sup> century and fresco paintings. In addition, the Ushguli Museum exhibits icons, ornaments, and everyday articles. It is a 1½–2 hour trip by car from Mestia, 45 km away. Snow falls half the year, so Mestia roads are frequently closed. It is a registered World Heritage Site.
Mestia	Mestia, sitting at an elevation of 1,500 m, is a cultural and religious center to the Svans. Visitors can see stone towers, which are also symbols of Svan culture. It is a registered World Heritage Site. The city has the Mestia Historical-Ethnographic Museum and Svaneti History and Ethnography Museum.
Mountains in Svaneti	The Svaneti region is located on the southern side of the Caucasus Mountains and is a well-known mountain-climbing spot.
Dadiani Palace & Museum	This museum in the provincial capital of Zugdidi includes the palaces of Queen Chavchavadze and Prince Nico, built in the 19 <sup>th</sup> century. It is open to the public as Dadiani Palace & Museum. Exhibits include the holy shroud of the Virgin Mary and the death mask of Napoleon Bonaparte.
Anaklia Resort	This was an important Black Sea citadel in the 16 <sup>th</sup> century. In the Soviet era, it was a popular resort along the Black Sea, and was newly renovated as a resort by President Saakashvili in 2010. An international music festival is held every summer.
Kolkheti National Park	This national park encompassing 28,940 ha is located along the Black Sea and has a diverse ecosystem. In the late 1990s, an integrated coastal management project was implemented by the World Bank and the Global Environment Facility. In 2007, it was opened to tourists, who can enjoy activities such as bird watching, hiking, horseback riding, and boat tours.
Poti	Poti is a port town on the Black Sea. Recently, it has been developed not only as a port town, but also as a tourist site. Around the 5 <sup>th</sup> century, it flourished as a port town for the Silk Road, and ancient coins and other items have been discovered. In the city there is a museum and playhouse, and nearby is Lake Paliastom, which offers fishing and picnicking.

Source: JICA Study Team

## H) Black Sea coastal region (Guria region, Autonomous Republic of Adjara)

The Black Sea coastal region not only has several beach resorts such as Kobuleti and Ureki that center on Batumi in the Autonomous Republic of Adjara, but it also has a variety of tourism resources including numerous religious facilities such as Georgian Orthodox churches, mosques, synagogues, and Catholic and Armenian churches, as well as natural parks with beautiful waterfalls and health resorts. The area that includes the Autonomous Republic of Adjara once had a long period of subjugation by the Islamic Empire. Thus, there are many residents who practice the Islamic religion. Many foods also resemble Turkish cuisine. There is a TIC in Batumi, and tourist information and maps are available in English, Russian, and Georgian.

Trains run from the country's capital, Tbilisi to Batumi (requires approximately 5 hours; express trains run daily; overnight trains run once every 2 days). Also, marshrutka operate daily from the Tbilisi/Didube bus stop (requires approximately 6 hours; 20 GEL per adult).

Table 3-8: Tourism Resources in Samtskhe – Javakheti Region

Major tourism resources	Description
Batumi	Situated approximately 250 km south east of Tbilisi, the city is approximately 20 km from the Turkish border. It is the largest port town in Georgia and the provincial capital of the Autonomous Republic of Adjara. Tourism development is progressing and in recent years investment by entities such as international luxury hotel chains is also thriving. There are many tourism facilities in the city, such as the old city area, Bluebird Park, an aquarium, and Batumi Botanical Garden.
Kobuletu	Kobuletu, approximately 25 km north of Batumi, is a resort area designated as a special tourism zone by the government of the Autonomous Republic of Adjara. The area's tourism industry is mainly comprised of small-and-medium-sized companies and guesthouses.
Virgin Nativity Church	Built in the 19 <sup>th</sup> century, originally this was a Catholic church, but has been used as a Georgian Orthodox church from the 20 <sup>th</sup> century.
Adjara State of Museum of Art	This art museum built in 1998 exhibits items such as paintings, sculptures, carved ornaments from Gonio Fortress, gold jewelry from the 1 <sup>st</sup> -2 <sup>nd</sup> century, and precious metals from the Middle Ages. Admission is 0.5 GEL.
Gonio Fortress	The fortress is found 15 km south of Batumi and is approximately 4 km from the Turkish border. It is an ancient Roman fortress built in the 1 <sup>st</sup> century that in the past was the site of decisive Roman and Byzantine army battles, and an important fortress along the Black Sea. The grave of one of the 12 disciples, Matthew is thought to be here.
Petra Fortress	Located approximately 25 km from Batumi, this fortress built in the 6 <sup>th</sup> century was a crossroads linking Georgia, Byzantine, Iran, and Armenia. The fortress still standing today is approximately 200 m in length.
Makhuntseti Waterfall & Tamari Bridge	Makhuntseti Waterfall, at an elevation of 335 m, is near the town of Keda. There are several picnic spots in the vicinity of the waterfall. In addition to enjoying a picnic, visitors can also enjoy sites including the Adjarian Wine House and wine cellar. Tamari Bridge is close to Makhuntseti Waterfall and was constructed in the 12 <sup>th</sup> century.
Mtirala National Park	Spanning an area of approximately 15,698 ha, this park is about 30 km east of Batumi and has 95 species of plants and animals. Of those, 23 are on the Red List. It is also the park with the highest humidity in Georgia. Activities such as picnicking, camping, and horseback riding are available in the park.



Major tourism resources	Description
Bakhmaro Resort	Bakhmaro Resort in the Guria region is approximately 360 km from Tbilisi. It is the highest resort in Georgia, sitting at an elevation of 2,000 m. The average humidity throughout the year is 73%, and the mixture of the sea breezes from the Black Sea and mountain breezes means it is considered a good health resort for people with respiratory-related illnesses. Also, not only is it a summer resort, but it is also slated to be developed as a winter resort.
Ureki Resort	Situated 60 km north of Batumi and approximately 300 km from Tbilisi, this resort on the Black Sea coast is located in the Guria region. The sand on the beach has magnetic properties and is called black sand, and thus is thought by some to be effective for heart disease.

Source: JICA Study Team

## ② Ecotourism

Georgia has a land area sandwiched between the Greater Caucasus mountain range on the north and the Lesser Caucasus (Meskheta) on the south. Therefore, over 50% of the country is mountainous, and around 30% is piedmont. With 4 climate zones, the fauna and flora of Georgia is highly diverse. There are many native creatures that live in the region based on the natural environment, such as hot and humid forests, marshy regions, highlands, alpine ecosystems, and arid regions.<sup>25</sup> Currently, the Agency of Protected Areas of the Ministry of Environment and Natural Resources Protection has designated approximately 20% of the country's land, or 87 locations, as protected areas.<sup>26</sup> In 18 of those areas, ecotourism has been being promoted. In such protected areas, several trekking trails, cycling courses, campsites, picnic areas, and horseback riding trails are being developed. Visitors can enjoy the kind of ecotourism of their preference. In addition, visitor centers have been established near protected area where eco guides are provided, and backpacks, tents, and sleeping bags for trekking, bicycles and horses can be rented. Also, visitors can obtain information on lodging. Information necessary to travelers, such as the entrance fee, rental equipment costs, trekking trail information (including maps), and information on lodging in and in the vicinity of protected areas can be also found on the website of the Agency of Protected Areas.

According to statistic of the number of visitors provided by the Agency of Protected Areas, while the majority of tourists visiting the nature preserves are domestic travelers, in the past 5 years, visits by foreign travelers have increased nearly 6 times. The number of visitors both from Georgia and abroad to the 18 aforementioned preservation zones was 126,000 in 2010, but increased to 518,000 in 2015. As of October 2016, already 723,000 tourists were recorded, which is significantly more than the previous year. At any rate, ecotourism in Georgia is still in the developmental stage. Going forward, ecotourism utilizing various natural resources is anticipated to be further developed as a tourism product in addition to cultural resources.

<sup>25</sup> It is thought that 12 species of amphibians, 54 species of reptiles, over 100 species of mammals, and over 370 species of birds that live in Georgia are endemic to the Caucasus region.

<sup>26</sup> Based on criteria from the International Union for Conservation of Nature and Natural Resources (IUCN), Georgian protected areas are divided into 5 categories: (1) strict nature reserve/wilderness area (14 sites), (2) national park (11 sites), (3) habitat management area and species management area (19 sites), (4) natural monument and natural feature (41 sites), and (5) protected landscape and protected seascape (2 sites).

### ③ Wine tourism

Since ancient times, wine in Georgia has been manufactured through a traditional method using egg-shaped clay vessels called Qvevri. In 2013, this traditional wine-manufacturing method that has continued for 8,000 years was designated a UNESCO Intangible Cultural Property. In addition, there are upwards of hundreds of types of grapes produced in Georgia. Of those, 525 types are said to be species endemic to Georgia.<sup>27</sup> Thus, Georgian wine has a strong story and uniqueness, and is well qualified as a tourism resource that sparks interest in connoisseurs, aficionados, and others to see or try at least once. Moreover, the world's first international wine conference sponsored by UNWTO was held in the Kakheti region of Georgia in September 2016, further cementing the Georgian wine brand, and boosting promotion of wine tourism.

In actuality, wine tourism development is already progressing as a tourism resource. In the Kakheti region, which has many types of grapes yielding the largest harvest and is well known for producing an abundance of wine, numerous major wineries<sup>28</sup> not only provide tours in their own company wine factories, but are planning and offering a wide range of activities, including grape picking during harvest season, winery tours coupled with experiencing Georgian cuisine at a winery restaurant, hands-on Georgian bread making, and tours of the area around wineries. Furthermore, Georgia wine tours<sup>29</sup> are also being conducted for inbound travelers by many travel agency in and out of Georgia.

In addition, according to the Tourism Strategy formulated by the Georgian National Tourism Administration (GNTA), the Georgian government aims to achieve an increase in international tourists and the per-person tourist expenditure (see the following section (3) for details on the tourism strategy) by 2025. In this context, Georgia wine, which is highly unique, is understood to be a tourism resource that contributes to attracting tourists and increasing spending.

The Georgian government agencies are also increasing recognition of Georgian wine and promoting wine tourism. For instance, the GNTA has implemented the Wine Route Project.<sup>30</sup> It is implementing actions such as establishing sign boards with "Wine Route" to clarify the location of wineries that meet specific evaluation criteria, preparing a database for domestic wineries, and distributing free maps indicating the locations marked by the Wine Route sign. A framework is being created to encourage domestic and foreign tourists to visit small wineries as well as major wineries. In addition, as an overseas promotional activity for wine tourism, Georgian wine displays and sampling are carried out at overseas travel fairs as well as trade fairs.

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<sup>27</sup> Of the 525 endemic species, approximately 25 are used in wine made for distribution and sales. Other endemic species are not used for high volume production for reasons including the fact that yields are insufficient for producing wine in high volume.

<sup>28</sup> This includes Teliani Valley, Gamtkitsulashvili Brothers Winery, Winery Khareba, Pheasant's Tears, and Kinzumarauli Marani Winery.

<sup>29</sup> Wine tours by travel agencies often suggest tours that visit several wine production sites (Kakheti region, Mtskheta, Imereti region, Racha-Lechkhumi and Kvemo Svaneti region, Guria region, etc.)

<sup>30</sup> With support from USAID, from 2011–2013 signs showing the location of approximately 50 wine cellars primarily in the country's largest wine producing site of Kakheti region, such as Imereti, were established along major arterial roads. The Wine Route Project can be said to be a continuation of that endeavor.

In this way, both the government and private sector are developing and promoting wine tourism as a tourism resource and development is expected to increase in the future.

#### ④ Medical tourism, wellness and spa tourism

As a new tourism resource that attracts international visitors, in recent years initiatives have been launched for medical tourism. Presently, regionally Turkey is an advanced country in terms of medical tourism, but looking from the standpoint of the costs of health care, it can be said that Georgia is a rival to Turkey in price competition. Therefore, to become a nation offering medical tourism in the region that presents an alternative to Turkey, for several years major private medical facilities in Georgia have been moving ahead with strengthening the medical system, upgrading medical equipment, and improving the quality of medical services. Private investment is also becoming increasingly active. As a result, the Georgia Health Care Group was listed on the London Stock Exchange in November 2015. Efforts to improve medicine and promote medical tourism in Georgia are steadily progressing. On the other hand, the provision of high-quality medical services comparable to international standards, and an increase in specialists and medical staff capable of handling several languages are needed.

In regard to wellness tourism, Tskaltubo in the Imereti region is one of the few places in the world that has mineral water containing radon.<sup>31</sup> In the Soviet era, the government constructed 16 sanatoriums that were utilized by many visitors both inside and outside of the country. After the collapse of the Soviet Union, only 1 sanatorium was functional. Later, that facility was privatized, and once again wellness tourism was developed in that area as private businesses built health facilities in the region, and wellness centers and medical centers in the vicinity. Today, as a part of the World Bank's project called the Second Regional Development Project (2012–2018), support is being provided for maintenance and development of waterworks and public spaces such as parks. In addition to Tskaltubo, there are many other facilities in Georgia where people can stay for health reasons, such as spas in Abastumani with natural hot springs (Samtskhe-Javakheti region) and Akhtala spa that has mud baths (Kakheti region).

#### ⑤ Winter tourism

In the past several years, winter tourism in Georgia has rapidly grown and developed. Gudauri in the north, and Bakuriani and Goderdzi in the south have become winter resorts representative of the country. In the past 5 years, the number of visitors has grown several times since Gudauri was developed as a ski resort in the 1980s. Now, over 20,000 people visit in a single season. In addition, Bakuriani, which was utilized as a training ground for the Winter Olympics in the Soviet era, has been recently renovated, and over 86,000 tourists visited in the 2015–2016 winter season. In December 2015, Goderdzi winter resort opened in the Autonomous Republic of Adjara and received approximately 7,000 visitors in its opening season. In addition, the winter resort, Tetnuldi opened in the Svaneti region in February 2016. It has the longest ski slope<sup>32</sup> and most severe inclines in the southern Caucasus. While the resort is still in the process of

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<sup>31</sup> Mineral water containing radon is said to be effective for circulatory illnesses, neurological illnesses, gynecological illnesses, and dermatological diseases.

<sup>32</sup> As of 2016, only 7 km of the planned 9 km ski slope had been completed.

development, when all facilities are constructed, it will be the largest resort capable of accommodating 6,806 visitors and 4,100 skiers at once, and will offer skiing 6–7 months of the year.

The Georgian government has also decided to invest 111 million GEL for 2 years from 2017 for ski resort development. Approximately 60 million GEL is earmarked for Gudauri and construction costs for a ski lift in the new ski resort of Kobi; 25 million GEL is earmarked for construction costs for a manmade lake in Bakuriani; 20 million GEL is earmarked for construction costs for a lift that will link Mestia and Khatsvli; and the remaining investment funds are for building ski jumps and new slopes in Bakuriani.

## ⑥ Traditional culture and entertainment

### A) Traditional music

Polyphony<sup>33</sup>, which has been handed down from the Caucasus mountain dwellers, is said to be the origin of the choir. In many cases, it is comprised of 3 voice parts. It is famous for complicated melodies, powerful voices, and harmony created from 2 male soloists and a male choir. Choruses were sung when harvesting grapes and during ceremonies. There are many compositions, such as extemporaneous songs sung in daily life. This oral tradition is thought to have become established as a part of daily activities 2,500–3,000 years ago. For that reason, in 2001, it was listed as a UNESCO Intangible Cultural Heritage. In addition, separate from polyphony, there is the folk song, named Suliko, which is often sung at occasions such as banquets and became well known in the Soviet Union since Stalin liked the song. The various types of folk songs are varied including songs of etiquette, work songs, love songs, sympathy songs, children's songs, and songs praising heroes.

### B) Folk dance

There are a variety of peoples living in Georgia due to its history of civilizations and cultures from east, west, north, and south coming and going, and there are many types of folk dances. Generally, the folk dances demonstrate bravery and skill, with men jumping high and dancing on tiptoe. Women stand straight and move as if skating on ice to demonstrate grace. Each traditional folk dance has distinctions. For example, only men dance the Kazbegi, a dance from the Kazbek mountain region that expresses the strength and endurance of the men living in the mountains. The Khorumi, a traditional dance from the Adjara region, is an ancient battle dance that expresses the strength of Georgians. Lezginka is said to be a courtship dance of the Lezgi people. Within a gentle melody, they dance with a strong tempo and fierce rhythm. Among the dances, the Kartuli is a typical folk dance with a 5-part composition. In such traditional folk dances, fundamentally women and men do not touch, but dances strongly influenced by dance from Turkey and Iran are performed while holding hands. In addition to being able to view these folk dances in restaurants, at events, and festivals, they can also be seen performed by professionals in theaters.

These folk dances are performed wearing each ethnic costumes. The men's are distinctive for a long coat-like outerwear called a chokha, a hat made from wool and fur, long boots, a short sword, and a belt to hold the short sword. Recently, the chokha is almost always worn as a costume for the folk dance, and

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<sup>33</sup> This refers to music where several different voices (parts) harmonize.

while it is almost never worn on a daily basis, the Georgian designer, Samoseli Pirveli launched a chokha brand, and of late it is making a comeback, being worn at social events such as weddings. The woman’s costume is called an Arakhaling. It is a tight-fitting, long dress cinched at the waist that is worn throughout the Caucasus region and in Iran. It is sometimes adorned with decorated sleeves and gold embroidery. During folk dances, women wear ones that match the men’s costume in color and motif. Women’s folk costumes are currently given modern arrangements and worn during social events such as weddings.

**C) Festivals**

For Georgians, who characteristically love entertaining, love festival, and have a magnanimous disposition, cultural and traditional events throughout the year are important events for spending time with family and friends. While various festivals are held all through the year nationwide, many are especially held from May to October when the weather is stable and agreeable. The major festivals are noted below.

In addition, on the travel information website operated and managed by GNTA, there are notifications of various events, such as upcoming scheduled festivals and exhibits, and the website can be searched for events. ([http://georgia.travel/events?keyword=&category=&date\\_from=&date\\_to=](http://georgia.travel/events?keyword=&category=&date_from=&date_to=)).

Table 3-9: List of Major Events in Georgia

Festival name	Period	Location
New Wine Festival	Every May	Mtatsminda Park, Tbilisi
Cheese Festival	Every July	Next to Svetiskhoveli Cathedral, Mtskheta
Tbilisoba	Every October	Tbilisi
Outdoor orchestra	May	Rose Park, Tbilisi
Royal District Theatre Concert	May	Royal District Theatre, Tbilisi
International Music Festival	May	Tbilisi
Folklore Festival	May	Kutaisi, Tbilisi
Golden Butterfly (film festival)	Late May–June	Tbilisi
Black Sea Jazz Festival	June	Batumi
Carpet Festival	June	Akhaltzikhe
Night Serenade (classical music festival)	August	Batumi, Tbilisi
Tbilisi Jazz Festival	October–November	Tbilisi

Source: JICA Study Team

**2) Infrastructure**

**① Transport**

**A) Aviation**

The air route infrastructure in Georgia has seen rapid improvements in recent years. There are currently three international airports (Tbilisi International Airport, Kutaisi International Airport and Batumi International Airport), as well as one domestic airport (Queen Tamar Airport) functioning as ports for commercial planes. The international airports operate under international standard values set by the

International Civil Aviation Organization (ICAO), however, the Tbilisi International Airport and Kutaisi International Airport commissioned the Turkish airport operations management firm, TAV Airports Holding, to manage operations from February and May of 2007 respectively.

Airline companies that operate services to the four airports consist of 32 companies for international flights including Turkish Airlines, Georgian Airways, Ukraine International Airlines, Qatar Airways, Lufthansa, Pegasus Airlines, Wizz Air and Siberia Airlines, and one company for domestic flights. By looking at the number of international visitors using these airlines, it can be seen that Turkish Airlines was the most used flight route in 2015 (19.8% of visitors arriving to Georgia by air used Turkish Airlines), followed by Georgian Airways (11.6%) and Ukraine International Airlines (9.7%). In addition, following the completion of Kutaisi International Airport in 2012, the government of Georgia attracted LCC companies that would like to fly into Georgia. As of December 2016, LCC companies such as Pegasus, Wizz Air and flydubai commenced services and, among international visitors, 6.6%, 4.6% and 4.1% respectively used those LCC flights to visit Georgia. In addition to that, in 2015, a Greek airline added bi-weekly round-trip flights between Tbilisi and Thessaloniki and an Iraqi airline began weekly round-trip services between Tbilisi and Baghdad. In 2016, two Iranian airline companies commenced bi-weekly direct flight services between Tbilisi and Tehran, while an Israeli airline also started regular flight services between Tbilisi or Batumi and Tel Aviv. As these trends show, international flights to Georgia are developing rapidly at dizzying speeds. On the other hand, while airline routes is expanding continuously in this fashion, the total number of accommodating capacity of each airport per hour, shown as follows, are fairly limited: 2,000 people per hour at Tbilisi International Airport, 600 people per hour at Kutaisi International Airport, 300 people per hour at Batumi International Airport and 50-70 people per hour at Queen Tamar Airport.

## B) Roads

Road infrastructure is an area the Georgian government is engaging in as a top priority issue. Main road and international highways such as East-West highway that connects between the border of Azerbaijan to the coastline of Black as well as North-South roads that connect between border of Russia and that of Turkey are in good condition and well paved due to supports from various donors such as ADB, the World Bank, JICA, EIB and so on. Some roads branching off from major highways as well as regional local roads are still gravel or unpaved, but most tourism sites are located along major highways or on paved roads. Therefore, access to tourism sites is not a significant obstacle for tourists traveling in groups with hired buses and coaches as well as individual tourists using public transport or rental cars. On the other hand, when visiting regional areas during winter, in particular to tourism sites or resorts located in the mountains or at high altitudes areas, there are cases where bad weather blocks roads with snow, causing streets to be shut down and leaving visitors unable to reach their destinations.

## C) Maritime Transport

The Poti Sea Port and the Batumi Sea Port are considered as two main ports of the country but Batumi Sea Port is the only port of Georgia which carries out passenger transportation. There are bi-weekly ships

connecting between Batumi and Sochi in Russia, and weekly ferry that goes around Bulgaria, Georgia and Ukraine. In respect of the statistical data of passenger who used the Batumi Sea port, there were 19,000 people using the port in 2009, then the number of passenger using the port to enter or depart the country was increasing dramatically up to approximately 32,00 in both 2010 and 2011. From 2012 onward, roughly 25,000 people are using the port<sup>34</sup>. By taking into consideration the total number of international tourists visiting the country by modes of transport, those who use maritime transport make up only 0.4%.<sup>35</sup> Therefore, it can be concluded that at the moment, the maritime transport are not really major methods taken by the international tourist.

#### D) Public Transportation

There are several means of transportation that connect major cities such as long-distance buses, shared mini-buses (marshrutka) and railroads. Regarding long-distance buses, private bus companies with bases in cities such as Tbilisi, Kutaisi and Batumi offer long-distance buses while shared mini-buses connect nearby regional cities with unscheduled services. In addition, the Tbilisi Transport Company, established through the city's initiation, offers bus services within Tbilisi.

In respect of railroads, the international railroad Georgia Railway, run by the country, connects the Black Sea and the Caspian Sea, running between Abkhazia, Tbilisi and Baku. Train tickets can be purchased at the station's ticketing counter or on the internet<sup>36</sup> starting 2 weeks prior to departure. As for train schedules, the international round-trip line between Tbilisi and Baku runs twice a day every day in the morning and at night, while trains between Tbilisi and Yerevan run twice a day every other day. During the summer, trains run every day between Batumi and Yerevan. In addition, since 2007 the governments of Azerbaijan, Georgia and Turkey have led railroad construction and preparations to offer new overnight train<sup>37</sup> services that will connect the Caspian Sea and the Europe. The opening of the railway is scheduled in 2017. Aside from that, for domestic travel, around 4 trains arrive and depart every day from Tbilisi to and from other major cities (Batumi, Kutaisi, etc.). There is also a metro subway system running in the Tbilisi capital. The subway consists of two lines and 20 out of a total of 22 stations are located below ground while 2 stations (Didube station and Gotsiridze station) are located above ground. The construction of the subway originally began in 1952 under Soviet era, and after independence, there were times when subway services were shut down due to the electrical power shortages and other issues. Currently the Tbilisi Metro is conducting a large-scale reform project that includes the improvement of stations and train cars as well as updating other facilities.

### ② Sanitation, Electricity and Telecommunications

#### A) Sanitation

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<sup>34</sup> Maritime passenger to/from Batumi Sea port 2009-2016/11, Transport and Logistics Development Policy Development of the Ministry of Economy and Sustainable Development.

<sup>35</sup> 2015 Georgian Tourism in Figure structure Industry data, Georgian National Tourism Administration, 2016

<sup>36</sup> Purchases can be made from the Georgia Railway homepage:  
<http://www.railway.ge/?web=0&action=0&lang=eng>

<sup>37</sup> The line is called BTK, taking the first letters of each of the cities it will travel through: Baku in Azerbaijan, Tbilisi in Georgia and Kars in Turkey

Most major cities in the country have laid out waterworks and local residents consume the tap water. For tourists including those from Japan, it is advisable to purchase and consume the bottled water just in case that the type and quality of water does not suit their constitutions. Regarding the hygiene, hotels and restaurants used by foreign tourists have no particular problem. However, in some local restaurants, there is a room for improvement in the hygienic control, for example: cooking spaces used to prepare barbeque foods are set up in outdoor open spaces, and in small restaurants such as those run by families, cooks' clothes worn during preparing foods are the same as those worn regularly every day.

With regard to public bathrooms, they can be found at the most sightseeing sites such as churches, museums, etc. as well as touristic restaurants and generally they are kept clean. On the other hand, they are hardly found in the cities and towns where tourist would do enjoy their walk.

## B) Information and Communication Infrastructure

In respect of the telecommunication system such as mobile phone and internet is well developed even in local areas in Georgia. There are several mobile phone companies in the country including Geocell, MagtiCom, Mobitel, etc. and almost all regions has reception of mobile phones even in rural areas and mountainous areas

Regarding the internet services, most restaurants in Tbilisi are equipped with Wi-Fi services, which can be used free of charge by customers eating at the restaurant. Even in regional city areas, internet connections are available in hotels and restaurants with good connectivity.

## ③ Public Services (Hospitals, Police, Security, etc.)

### A) Hospitals

With plans to promote medical tourism, the quality of hospital equipment as well as of services and the expertise of medical staff has been well improved in recent years, particularly in private hospitals. However, compared to the West European countries, many areas are still behind such as medical facilities, services and post-treatment management. There are few doctors with highly specialized knowledge who received education outside the country and so that there are few doctors able to speak multiple languages including English.

### B) Security

In 2008, there was a military confrontation between Georgia and South Ossetia, which triggered military conflicts in Abkhazia and its surrounding areas. As a result, tensions still remain between the Georgian government and South Ossetia as well as Abkhazia, and permission is required from the Georgian government to visit those region. As this shows, in certain regions, there are security concerns due to political conflicts, but in general, the security level in Tbilisi and other major cities are relatively high. In fact, Georgia is considered as one of the safest countries in the world<sup>38</sup>.

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<sup>38</sup> According to the crime index in 2016 announced by Numbeo, Georgia is third safest country out of 118 countries of the world. [https://www.numbeo.com/crime/rankings\\_by\\_country.jsp](https://www.numbeo.com/crime/rankings_by_country.jsp)



Furthermore, according to the security information concerning overseas travels issued by the Japanese Ministry of Foreign Affairs, most areas in Georgia are categorized as "Level 1: Please be careful of your surroundings.", except the above mentioned areas, such as South Ossetia (Tskhinvali region) and its surrounding areas, Abkhazia and its surrounding areas, and areas near the border categorized as "Level 4: Please leave the country. Please delay travels to the country (evacuation recommended)" but other areas<sup>39</sup>

### **(3) Tourism Development Policies and Strategies in Georgia**

With support from the World Bank and the International Monetary Fund (IMF), the Georgian government formulated the "Georgia Economic Development and Poverty Reduction Program" in 2003. The objective is for rapid and sustainable economic development and the reduction of poverty, with priority given to areas such as stabilizing the macro economy, improving business environments, developing human resources, and strengthening the tourism and agricultural sectors. Additionally, in 2014, the government formulated a long term socioeconomic development strategy titled "Socio-economic Developments Strategy for Georgia", so-called "Georgia 2020". In this strategy, the priority areas to work for achieving economic developments are specified as follows; (1) the strengthening of competitiveness in the private sector, (2) human resources development, and (3) the improvement of financial fundraising methods. The tourism sector is the one that is connected to all three priority issues in a cross-sectional way and it can be said that the development of the tourism sector is considered as one of the key activities.

With regard to the tourism strategy, a long-term development strategy for the tourism sector titled "Georgia Tourism Strategy (2015–2025)", was formulated with support from the World Bank. The strategy aims to create a sustainable and world class tourism industry for the sake of the country's citizens and economic development through tourism promotion. 10 indices have been listed as solid objective indices for 2025 (see table 3-1 shown below for details). In addition, the following are the strategic objectives listed in order to achieve those indices: 1) the conservation and use of natural and cultural heritages, 2) the development of unique products to enjoy experiences revolving around such natural and cultural heritages, 3) the strengthening of competitiveness through offering world class services, 4) the attraction of markets with high expenditure such as from West European countries by using highly effective marketing and promotions, 5) the strengthening of data gatherings and analyses related to the tourism industry as well as of abilities to measure the industry's performance, 6) the expansion of investments into the tourism sector by government and private sectors, 7) the strengthening of business environments that promote investments from within the country and abroad, and 8) the establishment of cooperative relations with government agencies, business organizations and NGO organizations as well as regional residents to achieve these strategic objectives.

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<sup>39</sup> Ministry of Foreign Affairs Overseas Safety homepage:  
[http://www.anzen.mofa.go.jp/info/pchazardspecificinfo\\_2016T092.html#ad-image-0](http://www.anzen.mofa.go.jp/info/pchazardspecificinfo_2016T092.html#ad-image-0)

Table 3-10: Tourism Development Policies and Strategies

Policies/Strategies	Summary
<p>Georgia Economic Development and Poverty Reduction Program (2003–2005)</p>	<p>[Placement of Tourism Development]</p> <ul style="list-style-type: none"> <li>• It is placed as a high priority sector alongside energy, transportation and agriculture, as one of the industries that will produce sustainable economic growth.</li> </ul> <p>[Priority Strategy]</p> <ul style="list-style-type: none"> <li>• Market research related to tourism resources as well as research on resorts with potential</li> <li>• Conducting international campaigns led by the government</li> <li>• Creating inventory of resort areas</li> <li>• Preparing hygiene management zones in resort areas</li> <li>• Promoting private sector investments into the tourism business</li> <li>• Simplifying immigration procedures</li> <li>• Developing infrastructure in cases of rescues and escorting during disasters</li> <li>• Nurturing specialized staff in the tourism sector who have undergone training</li> <li>• MICE development</li> <li>• Developing cultural, natural and adventure tourism that will stimulate regional residents</li> <li>• Restoring historical and cultural architectures</li> </ul> <p>[Action Plan]</p> <ul style="list-style-type: none"> <li>• Conducting market research related to resorts with potential and on tourism resources</li> <li>• Creating inventory related to resort areas</li> <li>• The introduction and development of rural tourism</li> <li>• Establishing rescue service infrastructures in case of emergency situations</li> <li>• Preparing special fundraising programs from international donors</li> </ul>
<p>Georgia Socioeconomic Development Strategy "Georgia 2020"</p>	<p>[Priority Areas]</p> <p>Strengthening competitiveness among the private sectors, developing human resources, and improving access to finances</p> <p>[Concrete Indices]</p> <ul style="list-style-type: none"> <li>• Doubling nominal GDP per person by 2020 (from 5,811 GEL in 2014 to 13,000 GEL by 2020)</li> <li>• Lowering unemployment rates by 12%</li> <li>• Reducing financial deficit by 1.5–2.0% of the GDP with increased exports</li> <li>• Reducing the official debt ratio against the GDP to below 40% by 2017</li> </ul> <p>[Placement of Tourism Development]</p> <ul style="list-style-type: none"> <li>• Although strategies directly connected to the tourism sector are not specified, they are deeply involved in achieving indices such as lowering unemployment rates and increasing exports</li> </ul>
<p>Georgia Tourism Strategy (2015–2025)</p>	<p>[Vision]</p> <ul style="list-style-type: none"> <li>• To become a high quality tourism destination that can be visited year round by 2025</li> <li>• To become a competitive tourism destination by making strategic infrastructure investments, marketing and nurturing human resources</li> <li>• To become a destination to increase tourist expenditure</li> </ul> <p>[Strategic Indices]</p> <ul style="list-style-type: none"> <li>• The following 10 indices are listed as concrete objective indices to be achieved by 2025</li> </ul> <p>(1) aim to admit 11 million international visitors (2) aim for an annual tourism revenue of 550 million US dollars by attracting international visitors (currently 180 million US dollars) (3) increase the ratio of GDP covered by the tourism sector to 6.7% (4) increase the average annual employment numbers in the tourism sector to 330 thousand people (5) aim for a daily expenditure of 500 US dollars per tourist (currently 320 US dollars) (6) increase tourists' average duration of stay to</p>

Policies/Strategies	Summary
	5.3 days per person (current average is 4.3 days) (7) increase annual direct overseas investment to 910 million dollars (currently an annual investment of 559 US dollars) (8) decrease the overall percentage of visitors from neighboring countries to 80% (currently 88%) (9) increase the amount of visitors from countries with high expenditures to 20% (currently 12%) (10) raise the tourism competitiveness ranking to 35th place according to WEF (currently 66th place)

#### (4) Relevant Organizations in the Tourism Sector in Georgia

In order to promote the extensive tourism industry, it is necessary to establish cooperative structures across a diverse range of sectors and on many different levels. The followings are the main relevant organization that have implemented and/or implementing tourism related projects.

Table 3-11: Main agencies connected to tourism development

Connected Agency		Main Roles
Government Agencies	Georgian National Tourism Administration (GNTA)	One of the external bureaus of the Ministry of Economy and Sustainable Development. Based on Georgia's tourism development policies, it conducts activities such as promoting sustainable tourism development, attracting international tourists, developing travel in the country and nurturing human resources in the tourism sector. ( <a href="http://gnta.ge/">http://gnta.ge/</a> )
	National Statistics Office of Georgia (Geostat)	Conducts the gathering, analysis and transmission of various data within the country as statistics.
	Ministry of Culture and Monument Protection of Georgia	Conducts activities related to preserving Georgia's historical remains such as its culture and architecture.
	Ministry of Environment and Natural Resources Protection	Conducts activities such as the operational management of reserves in Georgia and the promotion of eco-tourism in reserves.
	National Wine Agency of Georgia (NWA)	Conducts activities such as increasing the awareness and reputation of Georgian wine, promoting the export of Georgian wine and supporting the development of wine tourism.
Private Sector Agencies	Georgian Tourism Association (GTA)	An organization composed of private sector organizations and companies related to tourism such as travel agencies and hotels. It conducts tourism promotions and marketing.
	The Georgian Association Of Guides (SAGA)	A non-profit tourism guide association. It aims to strengthen the expertise of the country's tourism guides and conducts activities such as trainings and forums focused on tourism guides.

Source: JICA Study Team

#### 1) Governmental Organizations

##### ① Georgian National Tourism Administration (GNTA)

The Georgian National Tourism Administration (GNTA) was established to be the leading government agency responsible for the tourism sector for the country, under the jurisdiction of the Ministry of Economy and Sustainable Development. The main roles of GNTA are to conduct promotional activities to attract foreign tourists, to promote employment through developing tourism sector, to develop human resources related to tourism sector, and to develop and improve tourism infrastructure. The total number of officials is

83, 52 of which are contractors, with 24 of those contractors being employed at regional Tourism Information Centers (TICs).

As territorial bodies of the GNTA, 18 TIC were set up throughout the country and they have worked for the region where the TIC locates. The major role is to develop and promote new tourism products that exist within jurisdictional areas, to provide regional tourism information to both domestic and international tourists and to support all kind of tourism development projects and activities that will be conducted in the region.

Budgets are allocated by the Ministry of Economy and Sustainable Development. The budget for FY2014 was 12.7 million Georgian Lari (GEL), for FY2015 it was 25.8 million GEL and for FY2016 was 28.7 million GEL. The distribution of budget funding specifically allocated to the promotion of tourism in FY2014 was 9.7 million GEL, for FY2015 was 23 million GEL and for FY2016 was 18 million GEL. Effectively, 80% of the average budget was allocated to promotional activities.

Some specific promotional activities performed in 2015 was as follows; participating in 26 domestic and foreign tourism fairs, running marketing campaigns in 9 targeted markets, organizing 64 FAM tours and producing 2 promotional videos. In terms of the promotional videos, they were broadcast over TV media such as CNN and Euronews.

In addition to the promotional activities, GNTA performs planning/management of training services for tourism-related business operators. In FY2015, 1,100 tourism business operators were trained under GNTA training program and another 1,050 as of November 2016. The training programs are ranged from business skills aimed at small-scale wineries to language lessons. As a result of the successful relationships established between the GNTA and private tourism-related business operators, the GNTA is able to provide adequate training programs that meet the particular needs of tourism industry.

Although the GNTA does attempt to vitalize tourism in cooperation with other government agencies, it will be necessary to set up systematic approach in order to boost tourism development in a cross-sectoral manner.

In respect of relationships with local governments, since the management of the regional TICs has been conducted<sup>40</sup> with the cooperation of the local governments where the TICs are located, close relationships have been established with the local governments and TICs.

## ② National Agency for Cultural Heritage Preservation of Georgia

In addition to implementing the operational management of 15 museums/art galleries throughout the country, the National Agency for the Cultural Heritage Preservation of Georgia maintains an inventory of registered cultural heritages assets. They also manage the rehabilitation and monitoring of these cultural heritage assets. With regard to restoration/rehabilitation of cultural facilities, those works have been outsourced to architects and /or archeologists who have the pre-requisite knowledge and skills necessary to

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<sup>40</sup> With regard to the management of a regional TIC, offices for most TICs are provided by local governments and TIC operational staff members are deployed from city (town) offices.

perform maintenance activities in an appropriate manner. Admission fees paid at museums are collected by the central administration, namely by the National Agency for the Cultural Heritage Preservation of Georgia. Then, they decided how to allocate the fees. For example if there is a museum in urgent need of restoration services (due to a fire or other disaster), the fees collected can subsequently be used for restoration costs. Collected fees are also allocated to the salaries of staff members hired at museums, with any remaining surplus going the National Treasury.

A current project implemented by the Agency under the assistance from the World Bank is to maintain and to restore cultural heritage properties in the Kakheti area such as Kvareli and Vardzia located in the southern region. Previously, museum restoration was carried out through the support of Japan. In addition, establishment of the GIS database that will be used for domestic heritage inventory purposes has been carried out by the governmental budget.

Regarding the categories of registered cultural properties, there are 3 types such as; 1) UNESCO World Heritage, 2) Cultural Heritage Monument (historic sites) and 3) Cultural Heritage Object (cultural properties/national treasures). Although the Agency has supported to restore the cultural assets, there is a fact that almost all of churches and monasteries in the country are managed by the Georgian Orthodox Church. Therefore, the Agency cannot fully control the preservation/restoration methods in use at assets in the hands of the Church. Such situation has led to a serious problem at some cultural sites. As a highly visible example, the restoration work of the Bagrati Cathedral can be cited. The Cathedral was initially registered as one of UNESCO World Heritage sites of the country, however when rehabilitation work was done at the initiative of the Church, some construction materials was too modern to use and the Cathedral seemed to be lack of its authenticity. Consequently, the Bagrati Cathedral has been listed in the World Heritage in Danger.

### ③ Agency of Protected Areas

The major role of the Agency of Protected Areas, which is under the Ministry of Environment and Natural Resources Protection, is to manage strict nature reserves, national parks, natural monuments, managed reserves, protected landscapes, biosphere reserves, World Natural Heritages and wetlands in the country. Specific objectives of their activities are to improve the management of protected areas, to ensure functionality of territorial administrations, to supervise the process of following legally established regulations and to plan, create and develop new protected areas.

The sanctuaries are divided into the following 5 categories:

- A) Strict Nature Reserve (14 locations)
- B) National Park (11 locations)
- C) Managed reserve (19 locations)
- D) Natural Monuments (41 locations)
- E) Protected Landscape (2 locations)

There is a territorial administration in 28 of the reserve locations/National Parks. The National Parks/reserves under the control of the territorial administration deploy personnel (tourism specialists) that can provide tourists with information concerning the parks/reserves.

There are approximately 36 employees at the Tbilisi headquarters and 350 to 450 are employed throughout the territorial administrations. At the territorial administrations, in addition to the employees that effect the operation of the office, employees also include guides, rangers and people that patrol for poachers. Employees of the territorial administrations are hired by headquarters in most cases, but guides are hired locally in some cases.

With regard to the budget, in addition to the budget allocated by the Ministry of Environment and Natural Resources Protection, there are also funds derived from concession fees (land-use fees for hotels), admission fees to National Parks and the support of donors. In respect of the budget allocated from the national treasury, for the most part it is allocated to labor costs (employees, guides and rangers). Maintenance/management of a large number of reserves is mainly funded through the support of donors.

#### ④ National Wine Agency of Georgia (NWA)

The National Wine Agency of Georgia (NWA) was founded as a legal entity under the Ministry of Agriculture of Georgia in 2014. In accordance with the law on "Vine and Wine", NWA operates with regard to the following activities:

- A) Popularizing and raising awareness of Georgian wine,
- B) Promoting the growth of export potential,
- C) Popularizing Georgian vine origination,
- D) Creating vineyard register,
- E) Popularizing the oldest Georgian traditional method of Qvevri wine making, and
- F) Supporting the development of wine tourism.

There are 6 local offices in the country, with the Kakheti Regional Office playing a central role. When the grape picking season comes, representatives for the local offices visit growers and conduct quality control activities that include inspecting the quality of the grape harvest and the verification of the wine production process. The personnel who conduct quality control activities have been trained and certified through testing.

#### ⑤ Entrepreneurship Development Agency

This organization was established in May 2014 under the umbrella of the Ministry of Economy and Sustainable Development. Its role is to support small and medium-sized enterprises financially and technically as well as in the area of exports support. The organization also assumes a partial role in "Produce in Georgia (improvement of productivity and competitiveness of the small and medium-sized enterprises)", an initiative established by former Prime Minister of Georgia, Irakli Gharibashvili.

In relation to tourism activities, in addition to the financial/technical support that commenced in 2016, an initiative in support of hotel business entrepreneurs, with the exception of those in Tbilisi and Batumi, involves the establishment of a micro-grant project to loan up to 5,000 USD to individual tourism-related entrepreneurs in local cities.

## 2) Private Sector Organizations

### ① Georgian Tourism Association (GTA)

The Georgian Tourism Association (GTA) is a private tourism association founded in 2005. Currently, there are 65 member companies in the association that include travel agencies, hotels, guest houses, wineries and casinos. The annual membership fee is 200USD. The management cost of the organization is covered by annual fees. The GTA also has representation as a committee member of the UNWTO, and is a member of the Georgian Chamber of Commerce and Industry (GCCCI) as well as International Chamber of Commerce (ICC). Private airlines have yet to become members. Specific types of activities are addressed by 3 committees that have been formed based on the directives of the Director-General of the Secretariat. These committees are the Incoming Tourism Development Committee, the TAX and Juridical Committee and the Committee of Companies that sell Airline tickets, and these committees promote the activities. Each committee chairperson is selected from one of the member companies. In addition to the private companies with committee members, there is cooperation with other private tourism-related organizations such as the Georgian Association of Guides, the Georgian Incoming Tour Operators Association and the Georgian Wine Association. The associations form good relationships with governmental agencies such as GNTA, the Agency of Protected Areas under the organization of the Ministry of Environment and Natural Resources Protection, and international organizations like GIZ as well as with local governments.

The major activities to be performed for the purpose of promoting Georgian tourism vitalization are:

- A) Strengthening of tourism services and management capacity
- B) Attraction of inbound tourists
- C) Reinforcement of collaboration/cooperation methods between the private sector and government organizations

In particular, as it is considered that the strengthening of capacity in the tourism sector is vitally important, various types of training are organized by the GTA. In recent years, hotel management training for small-sized hotel owners have taken place with the support of GIZ under the framework of the private sector development project and regional development projects implemented by GIZ.

With regard to activities to affect an increase in inbound tourists, GTA member companies are encouraged to have exhibits on display at the International Tourism Fairs.

### ② Georgian Association of Guides (SAGA)

This organization was founded in 2010 and there are 4 association employees. It trains guides in its own fashion and issues guide licenses. The number of guides with licenses is currently 120. The annual

membership fee for a certified guide is 100 GEL (renewed in September every year). The membership fee is set at 1/2 of the amount of guides' daily allowance that tourist should pay for them.

The major activities of the association are:

- A) Management of the guide certification system
- B) Conducting certification tests for guides
- C) Issuing of license cards to certified guides
- D) Creation of a certified guide database

In respect of guide training, the Georgian Association of Guides teaches guide skills, guiding information (Georgian history, culture and tourism products such as wine) and guide cultivation. Introducing certified guides by SAGA on the Website (photo, guiding field, how to contact and more); the association is managing a platform in order for general customers and tour operators to be able to request guides.

## **(5) Legal and Institutional System in Tourism Sector in Georgia**

### **1) VISA**

The immigration control system was extremely loose until 2013. Immigration allowed people from 100 different countries, without visas, a maximum residency period of up to 1 year. However, while aiming at accession to the EU, new immigration control law was enacted in September 2014 based on the immigration policy of the EU, and was again revised in June 2015. It is still in force today. According to the immigration control law, visas are classified into 5 types such as "official visa", "general visa" and so on. Immigration today allows people from 94 different countries including the EU and Japan, without a visa or residency status, to live, work and study up to a maximum of 1 year.

Moreover, from February 2015, since the procedure was simplified, applying for a short-term "general visa" (effective for 90 days) can be requested through the Internet<sup>41</sup>. From February 2016, visas for travelers who have an Iranian nationality can stay up to 45 days without visas.

### **2) National Park**

In 1996, in order to realize sustainable community systems development for future generations, it was required to protect highly unique natural resources, cultural resources and historically/culturally high-value landscapes in Georgia. For that purpose, the Law on the System of Protected Areas was enacted. The applicable legislation specifies the following:

- A) Definition of protected areas (natural reserves, national parks, designated areas of protected species, scenic reserves and world heritage properties)

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<sup>41</sup> It is required to approximately 5 business days to obtain a short-term visa through the Internet. URL for the online visa application Website: <https://www.evisa.gov.ge/GeoVisa/en/VisaApp> (Accessed on December 14, 2012)



- B) Regulations for using historic sites and cultural properties in addition to using natural resources such as lands, forests and water
- C) Procedure for establishing/developing a new protected area (planning for protected area control and other related requirements)
- D) Operational management methods of the protected areas
- E) Roles of government ministries that relate to operational management of the protected areas

According to the relevant law, when registering an area in the country as a protected area, it is essential to apply for registration with the Agency of Protected Areas and related authorities in preparation for a management plan. It also prescribes that if these regulations are not observed in a protected area, a penalty is called for by the government, but specific penalty information is not provided.

According to the Agency of Protected Areas, territorial administrations play the central role in managing natural resources within the protected areas by obtaining an understanding with community residents, and there are no large problems visible that run contrary to the law.

### 3) Cultural Heritage

The Law on the Protection of Cultural Heritage that was enacted in 1999 was revised and adopted as the Law of Georgia on Cultural Heritage in June 2007. That revised law was enacted for the purpose of promoting regulations/control of Georgian cultural properties protection, and the scope of the efficacy of the law is prescribed and pertain to the following 3 areas:

- A) All cultural property protection activities on Georgian national land
- B) Consideration for the protection of cultural properties that are outside the country, but belong to Georgia
- C) Observation of individual laws prescribing procedures for the import/export of cultural properties and culturally valued materials, and observation of those prescribing coordination procedures concerning specific efforts toward cultural properties protection. This document clarifies aspects of the Law on the Protection of Cultural Heritage enacted in 1999 in more detail as follows:
  - Registration/protection/operational management of cultural properties (the authority of the Ministry of Culture and Monuments Protection of Georgia and the authority of the Ministry of Justice of Georgia)
  - Methods of excavation and maintaining the integrity of cultural properties
  - Improvement of buffer zones in relation to maintaining the integrity cultural properties

Rights and responsibilities concerning cultural properties including the issues above are described in detail in 13 chapters and 61 clauses.

In 2005, 2 years before the Law of Georgia on Cultural Heritage was established, the Georgian government passed a resolution to regulate, through the approved issuance of licenses, any

restoration/construction and archaeological digging on a historical/cultural building property. Therefore, if a contractor intends to initiate construction or similar work on a historical/cultural building property, the contractor is obliged to receive approval and licensing from the government. Although a construction license itself is issued based on the Government Control Act concerning construction and construction activities, when actual construction work commences on a historical/cultural building property, once a license has been obtained, it is the Ministry of Culture and Monuments Protection of Georgia that supervises the work in progress.

Table 3-12: Law on the Protection of Cultural Heritage

Law	Established	Objective
Law on the Culture	1997	Based on the constitution of Georgia, it was established to show the importance of the application of the law and protection of cultural resources in the country, enhance awareness of culture and deal with cultural conservation throughout the country.
Law on the Protection of Cultural Heritage	1999	Regulatory law to promote the control of cultural property protection in Georgia.
Law of Museum	2001	Legal clauses that were written to govern the installation and management of museums, including the physical/financial health of the museums and to ensure that operational museum management activities are performed in accordance with the law.
Law of Georgia on Cultural Heritage	2007	This is a revised version of the law established in 1997.

Source: JICA Study Team

**(6) Human Resources Development in Tourism in Georgian**

Human resources development of the Georgian tourism industry is mainly classified into the following 3 categories:

1) Academic knowledge on tourism sector

There are many public universities that provide tourism program to the students. For example, the Tbilisi State University and the Ilia State University have offered tourism related programs under the Business Administration. The curricula of the program are designed to provide certain management knowledge to the students such as tourism management, tourism administration, tourism marketing, etc., so that students will be able to start working in tourism management or tourism related private sector.

2) Management skills of the tourism industry

Private universities and business schools, such as the School of Tourism, Caucasus University, act as leaders by providing courses that reinforce the management skills required to operate tourism businesses. Their course curriculum contains subjects such as tourism business management, hotel management, tourism business planning (financial management/analysis of market needs), accounting and bookkeeping. The style of these programs combines both theory and OJT, with most of the schools offering similarly styled curriculums.

### 3) Business capabilities required for workers in the tourism industry

Vocational schools such as Icarus Vocational School mainly provide courses that strengthen the practical-level capabilities of human resources. These vocational schools offers various programs that meet the specific needs of tourism industry, i.e., training courses of servers at restaurants, bartenders and maids. So, when students take courses, they are definitely able to gain an understanding of the required capabilities. As the vocational schools have the equipment and materials needed for specific training, students are able to enhance individual capabilities with practical training in addition to attending lectures.

A common challenge at most every level of educational institutions is a shortage of professors/instructors who have the appropriate knowledge and experience.

## (7) Current Status of Donor Assistance on Tourism Sector in Georgia

Table 3-13: Assistance from Donor Organizations

Donor	Major approach
United States (USAID)	Aid in support of local small and medium-sized tourism enterprises as the tourism development through the "SME Support Project (2006 to 2009)". Vocational school support as a part of the EQUIP3 program (2007 to 2012). Supported a MICE Tourism value chain action plan and a wine tourism promotion plan as part of the Economic Prosperity Initiative (EPI).
EU	Implementation of the "Project "Support to the Tourism Sector in Georgia" (2011 to 2013)" and supported the improvement of a legal framework in the tourism sector and strengthened capabilities of the GNTA.
Germany (GIZ)	As a part of the project of the "Private Sector Development in the South Caucasus (2013 to 2016)", they supported the strengthening of capabilities of the private sector in order to enhance competitiveness in the exporting of agriculture and tourism products in the three countries in the Caucasus.
World Bank	Positive support for the tourism sector, such as assistance for the development of the private sector, improvement of the tourism infrastructure and CBT development.
Asian Development Bank	Support for infrastructure improvements including the East-West Highway Corridor

Source: JICA Study Team

The Georgian government has identified 6 priority areas for overseas aide as follows:

- A) Economic growth
- B) Sustainable utilization of natural resources
- C) Social welfare
- D) Governance
- E) Development of human resources
- F) Law and justice

In respect of the support from donors, the government has put priorities in the field of the improvement of infrastructure which contribute to accelerate economic growth and of the development of legal systems and good governance that should be consolidated in order to facilitate EU accession process.

In terms of the assistance from Japan government is focused on the following two priority areas:

- A) Development of economic infrastructure
- B) Stabilization of the people's livelihoods

With regard to the support on the area of tourism sector, the Japanese government has received trainees from the Georgian side as part of the cooperation programme on the agriculture industry/regional development, which is under the assistance of the 'Stabilization of the people's livelihood'.

#### 1) World Bank

The World Bank put their priority areas in support as follows:

- A) Reinforcement of public service delivery for the promotion of comprehensive growth
- B) Job creation initiatives within the private sector through strengthening of competitiveness.

Regarding the tourism related projects, the World Bank implemented the project named the "Cultural Heritage Project" from 1998 to 2004. The objectives of the project was to improve the management and promotion of Georgia's rich cultural heritage by testing approached that could revive the once dynamic tourism industry, and by engaging social cohesion and national identity during the difficult economic transition. The projects comprised two components such as (1) Investment component including supports for providing grand financing up to 75,000 USD to NGOs, institutions, and community groups engaged in conservation activities such as building stabilization, archiving manuscripts, and recording traditional songs, etc. and for restoration of historic building, monuments, and the surrounding areas of cultural heritage sites, and (2) Technical Assistance component including supports for establishing the Fund for the Preservation of Culture Heritage, for implementing training and study tours to the stakeholders, for organizing and implementing public awareness program, for formulating an integrated conservation master plan for Old town in Tbilisi and for skills on monitoring and evaluation.

Since 2012, the World Bank has implemented projects aimed to develop regional economy through the vitalization of tourism sector in three different areas in the country. Each project has two components; (1) Infrastructure Investment component, and (2) Institutional Development component that provide capacity strengthening assistance for tourism-related government institutions. The Kakheti region, famous for its wine production, has been selected as one of the project area of the "Regional Development Project (2012-2017)". 56.90 million USD is allocated for tourism related infrastructure development and 3.10 million USD is for institutional capacity strengthening. The "Second Regional Development Project (2012-2018)" is focused on the Imereti region, and 35.26 million USD is for infrastructure development and 3.74 million USD is for the institutional capacity development. The Third Regional Development Project 3 (2015 to 2019) is focused on the Samtskhe-Javakheti and Mtskheta-Mtianeti regions with 60 million USD in support for projects in these regions.

## 2) USAID

USAID supports for the following priority areas based on the Country Development Cooperation Strategy 2013-2017:

- A) Democratic check and balance along with the reinforcement of responsible governance
- B) Comprehensive and sustainable economic growth
- C) Stable and integrated healthy society

Although there are no projects in direct correlation with the tourism sector at the moment, “Zrda Activity” is considered to be related project. This Activity aims to promote the sustainable economic growth of 650 small and medium-sized enterprises in 70 communities across 6 regions (Svaneti, Samtskhe-Javakheti, Mtskheta, Kakheti and so on) in areas where a minority of the people live, improving productivity for each potato farmer family, forming relationships between producers and purchasers, and reinforcement of inter-regional networking relationships (project cost: 16.0 million USD entrusted by Chemonics in the U.S.). With regard to tourism-related activities, the USAID has provided trainings to guest houses in order to strengthen their capacity and has implemented promotional activities through participation in festivals in cooperation with the GNTA.

The Regional Economic Development Project is a 5-year project in support of the sustained/comprehensive economic development of regions in Europe/Eurasia. In a component of the reinforcement of the private sector, tourism sector support in areas such as the development of regional cross-sectional tourism products and value chain reinforcement is implemented.

With regard to a past tourism sector-related project, funding is applied to effecting improvements in tourism information, survey research into wine country tourism and the creation of a MICE Tourism value chain action plan were supported (entrusted by Deloitte LLP in the U.S.) in 2009. Moreover, as a part of the Educational Quality Improvement Program 3 (EQUIP3), the Vocational Education Project (VEP) was implemented over a 3 year period from 2008 to 2011 to improve/develop vocational training and program content for 7 public vocational training centers that relate to the tourism and construction sectors. The goal was to provide training that would meet the needs of the labor market. Consequently, 852 people completed the courses and 79% of them began working in the tourism sector. As a result of this positive approach, a collaborative relationship between the private sector and educational institutions was formed in terms of the development of specialized curriculums and an acceptance of internships.

As a result of various types of tourism related activities being implemented in its neighboring country, Armenia with USAID support, study of performing these activities in cooperation with Georgia/Armenia is being made.

## 3) GIZ

GIZ has been supporting Georgia's transition out of its social market economy, becoming a democracy and improvement of the legal systems since 1992. GIZ opened a regional office in Georgia in 2006. The

office currently has approximately 60 national staff members and 14 specialists. GIZ conducts programs/projects by placing priorities on the following 3 sectors:

- A) Sustainable economic development
- B) Democracy/municipal development and the legal systems
- C) Environment and energy

Based on these priority sectors, GIZ is currently implementing the following 6 regional programs for three countries in the Caucasus:

- A) Private sector development
- B) Support for legal and judicial reform
- C) Promotion of municipal development
- D) Sustainable management of biodiversity
- E) Integrated erosion control in mountainous areas
- F) Management of public finances

In respect of the tourism sector, the "Private Sector Development in the South Caucasus" project has been underway in the three Caucasus countries since 2013. In order to develop competitive private companies (that export agricultural and tourism products) in the international market and the necessary value chains, the following three types of activities are being promoted:

- A) Improvement of the business environment
- B) Promotion of value chains in specified sectors (formulation and implementation of action plans)
- C) Vocational training

In Georgia, support is focused on construction and tourism clusters (wine dealers in particular), and includes the following project components:

- A) Improvement of the business environment
- B) Establishment of value chains
- C) Vocational training for small and medium-sized enterprises such as guest houses

Regarding vocational training, in the run up to this project, surveys called "Matching Vocational Education in Georgia with Labor Market Needs" and "Analysis of Labor Market needs and Vocational Education and Training (VET)" were conducted in 2010 and 2012 respectively. Based on market needs, which was sampled data from the surveys, more than 300 quality-improved training sessions that included management was conducted for owners of small and medium-sized hotels such as guest hotels in the Autonomous Republic of Adjara and Anaklia.

#### 4) ADB

In accordance with the "ADB Country Partnership Strategy 2014-2018" prepared based on ADB's Midterm Review of Strategy 2020 and Georgia's socioeconomic development strategy "Georgia 2020", ADB put their priority on the sector of transport, water and sanitation, energy, public sector management and finance.

In respect of the assistance related to the tourism sector, although the ADB has not implemented any projects directly connected with the sector, the project on the rehabilitation and extension of the East-West Highway can be considered to contribute indirectly to encourage tourism sector. Since the highway is connecting the neighboring countries such as Azerbaijan, Turkey and Russia, and also a part of an international highway connecting Europe and Asia, by improving and rehabilitation of the road condition will strengthen the transportation capacity in Georgia domestically that results in boosting regional economic activity. In addition, since the highway runs through major tourism sites from Tbilisi to Gori, Kutaisi, Pochi and Batumi, the improvement of the highway will also help for tourists to access and travel among those cities smoothly.

ADB has been developing the highway since 2009 through implementation of several projects. The first projects, named 'Road Corridor Investment Program - Tranche 1', started from 2009, has constructed a new two-lane bypass road skirting the city of Kobuleti, and widening of the existing two-lane road between Kobuleti and Batumi to four lane has been implementing (project cost 118.80 million USD, planned to be completed in December 2017). From 2013, the 'Sustainable Transport Investment Program - Tranche 3' has been launched. Through this project, the road between Tbilisi and Rustavi and Anaklia coastline has been improvement (Project cost: 73 million USD, planned to be completed in December 2018). These investments are thought to improve the urban environment, strengthen economic and tourism development and regional integration. Currently, 'Sustainable Urban Transport Investment Program - Tranche 4', whose objective is to develop Batumi Coastline is undertaken from 2015 (Project cost 20 million USD. 2020 Scheduled to be completed in June). Although it was scheduled to implement the second project, named 'Road Corridor Investment Program - Project 2' in 2010, which included constructing of two-lane bypass road skirting Batumi, improving border infrastructure at Sarpi, however, after the project implementation agreement was made, the project cost was estimated higher than the estimates at appraisal. It follows that the project implementation was canceled in November 2011 (the initial project cost was 150 million USD).

In respect of the development of the East-West Highway, in addition to the ABD, other donors such as the World Bank and the EIB have been involved in. The Japanese government (JICA) has also been implementing "East-West Highway Improvement Project" from 2009 for rehabilitation of the western part of highway between Zestaponi-Ktaysi-samtredia and it is expected to be completed within 2017.

### **(8) Trends in tourism industry in Georgia**

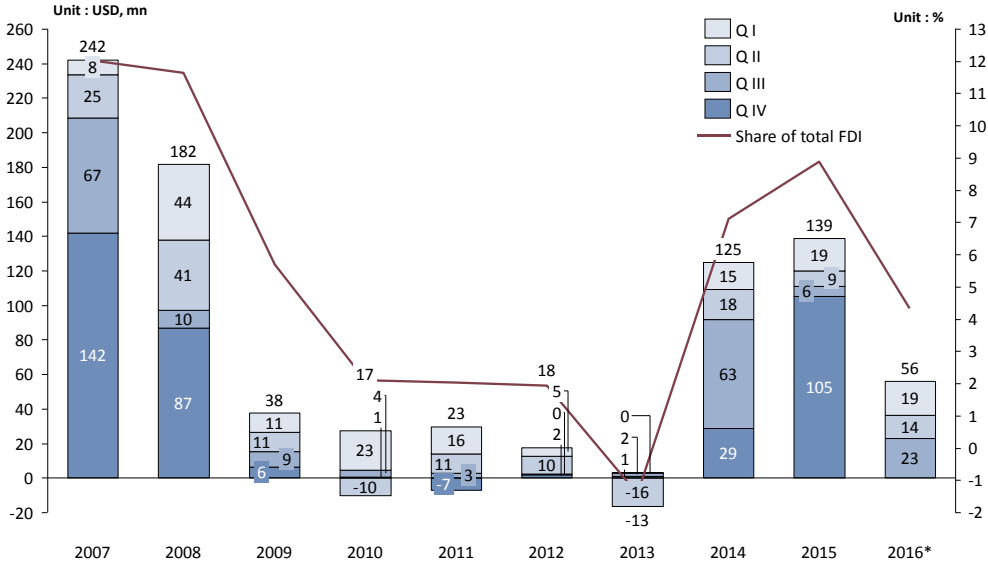
#### 1) Foreign Direct Investment

Foreign direct investment in the hotels and restaurants showed a decrease from 2007 (242 million USD)

to 2013 (13 million USD) and picked up from 2014 onwards. In regards to the share of FDI, the hotels and restaurants have been the recipient of large FDI flows, which accounted for 12% in 2005 and 9% in 2015.

Foreign direct investment in the hotel and restaurants (unit : USD,mn)

The tourism sector has been the recipient of large FDI flows.



Source: Geostat, team analysis  
\*as of December 2016

Source: Geostat, JICA Study Team analysis

Figure 3-3: Foreign direct investment in the hotel and restaurants (unit: USD, mn)

According to STR data, global chain hotels have been operating their brands within Georgia on franchise or chain management contracts. 62% of those hotels are concentrated in Tbilisi and 31% of them in Batumi.

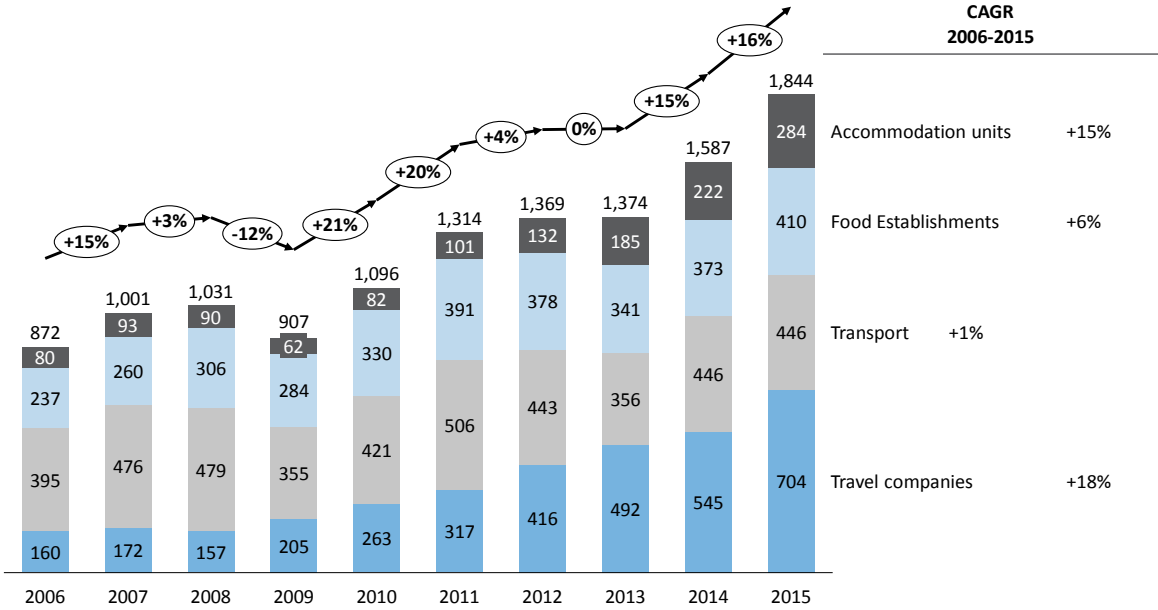




The value of tourism in Georgia has consistently grown since 2009, showing rapid increases in accommodation units at CAGR of 15%, food establishments at CAGR of 6%, transport at CAGR of 1% and travel companies at CAGR of 18%.

**Tourism Value Added (Million of GEL) in Georgia**

Tourism value added in Georgia showed constant increases since 2009.



Source : Georgian National Tourism Administration, National Bank of Georgia, data from National Bank of Georgia

Source: GNTA, JICA Study Team analysis

Figure 3-6: Tourism Value Added (Millions of GEL) in Georgia

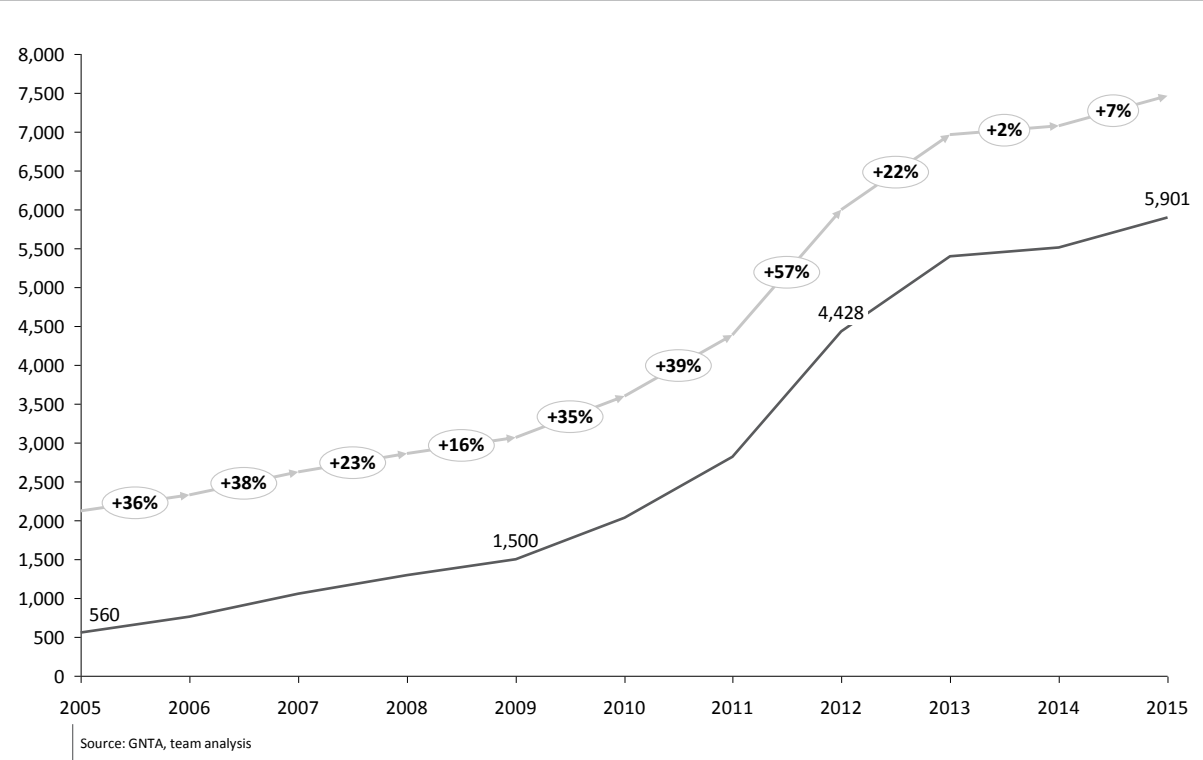
2) Current status of tourists

① Current status of foreign tourists to Georgia

The number of foreign arrivals has grown consistently; the number increased from 560,000 in 2005 to 5,900,000 in 2015.

Number of foreign arrivals to Georgia (unit : thsd)

Number of foreign arrivals to Georgia has grown consistently.

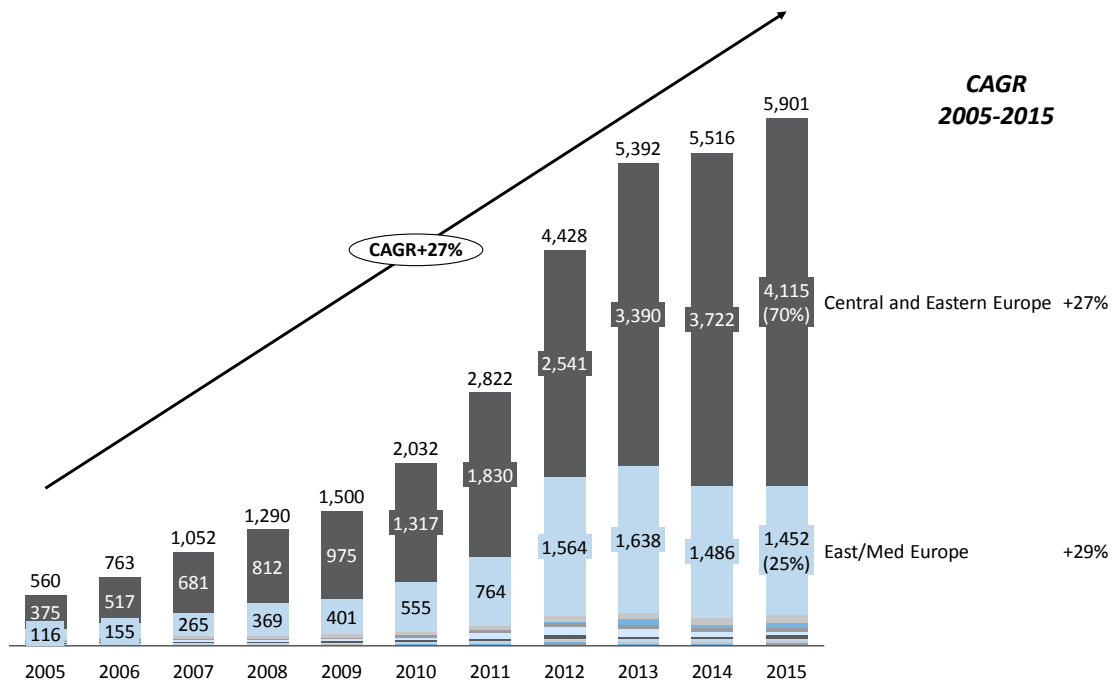


Source: GNTA, JICA Study Team analysis

Figure 3-7: Number of foreign arrivals to Georgia (unit: thousands)

Regionally, about 95% of foreign tourists accounted for Central and Eastern Europe and East/Med Europe in 2015. Both regions showed dramatic growths at CAGR, of 27% from Central and Eastern Europe, and CAGR 29% from East/Med Europe respectively.

Central & Eastern Europe and East/Med Europe led the dramatic international flows to Georgia.



Source : Ministry of economy and sustainable development of Georgia

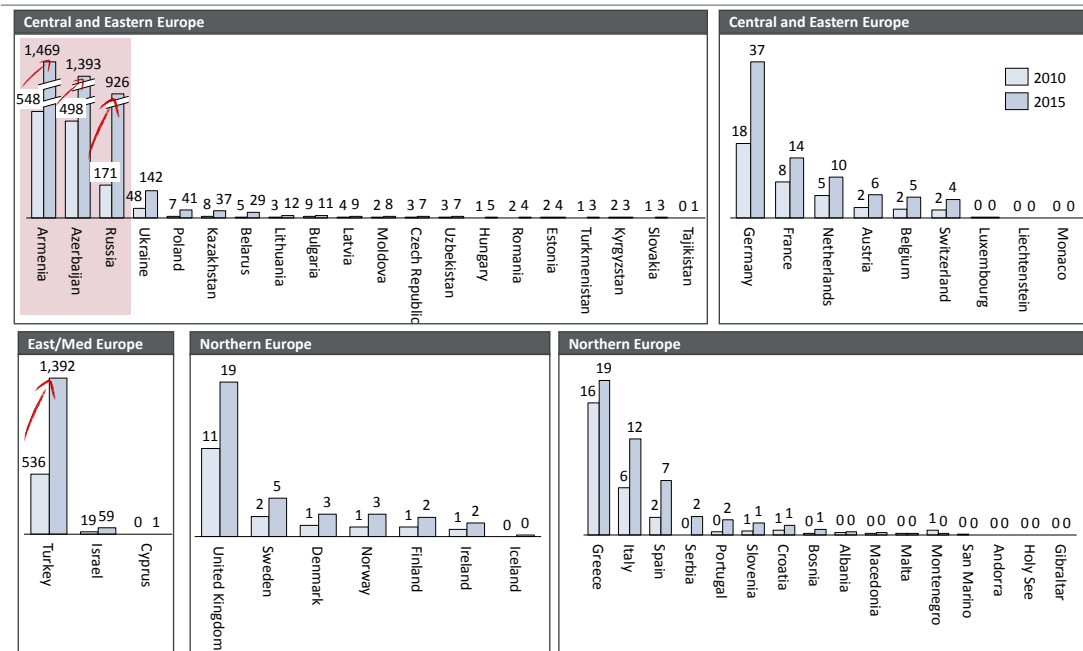
Source: GNTA, JICA Study Team analysis

Figure 3-8: International Arrivals by region (unit: thousands)

In Europe, neighboring countries like Armenia, Azerbaijan, Russia and Turkey are main markets. In terms of borders where foreign tourists visited Georgia, flows through borders are much larger than airports still, resulting in longer travel durations; 24 hour and more waits accounted for 39%, in transit (24%) and same-day visit (38%). Hence, flows from long haul markets and countries whose tourists' travel duration's are longer than neighboring countries are required.

International Arrivals from Europe regions (unit : thsds.)

Neighboring countries showed dramatic increases.



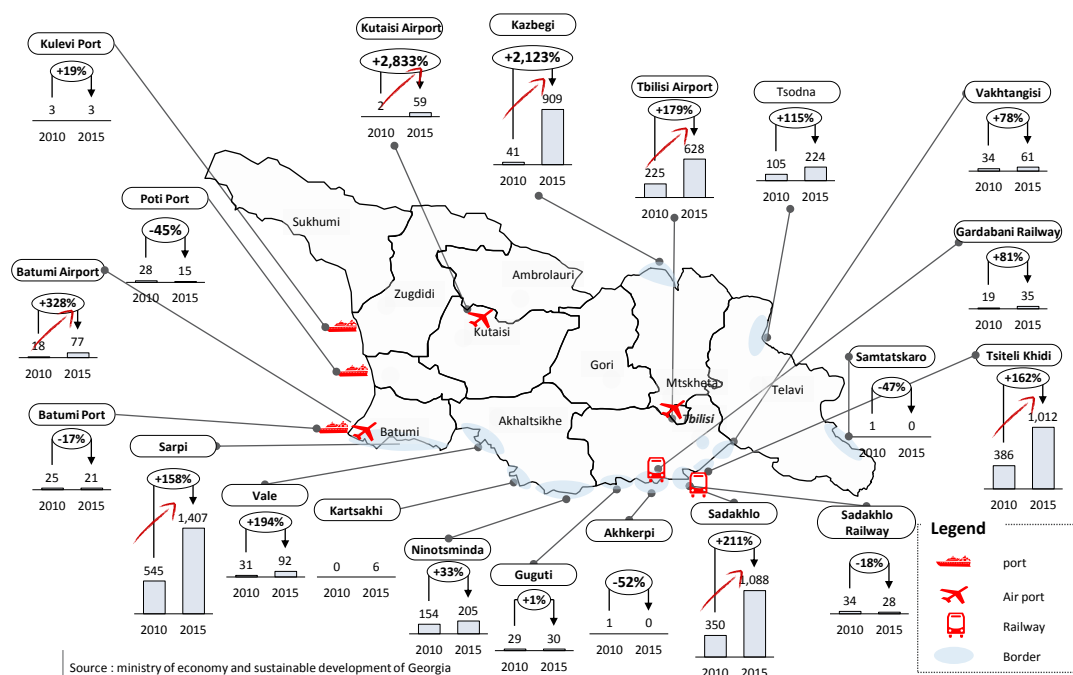
Source : GNTA, team analysis

Source: GNTA, JICA Study Team analysis

Figure 3-9: International arrivals from Europe regions

International Arrivals by Borders (Unit : thsds.)

All airports showed considerable increases between 2010 and 2015.



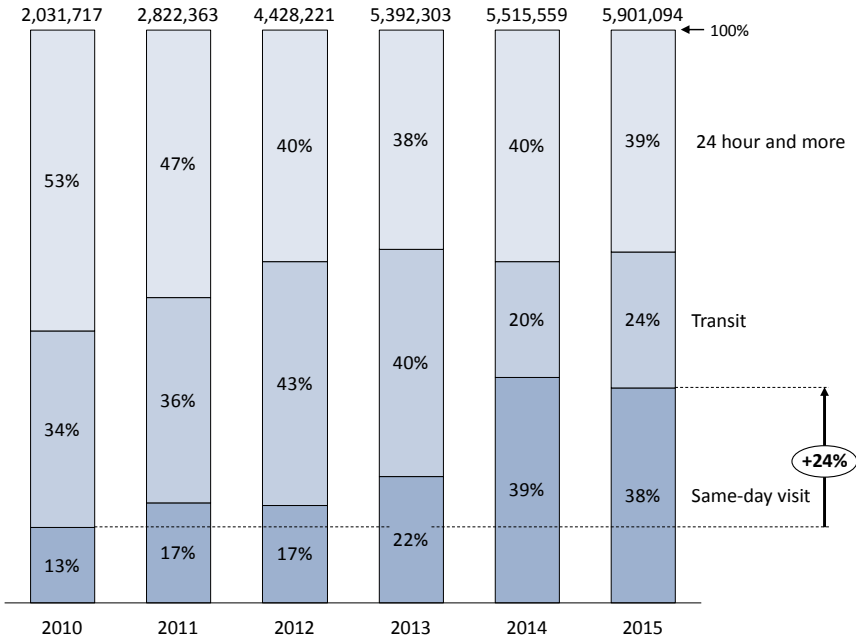
Source : ministry of economy and sustainable development of Georgia

Source : GNTA, JICA Study Team analysis

Figure 3-10: International arrivals from North-East Asia

International Arrivals by Travel Duration

Same-day visit increase by 24% between 2010 and 2015.



Source : ministry of economy and sustainable development of Georgia

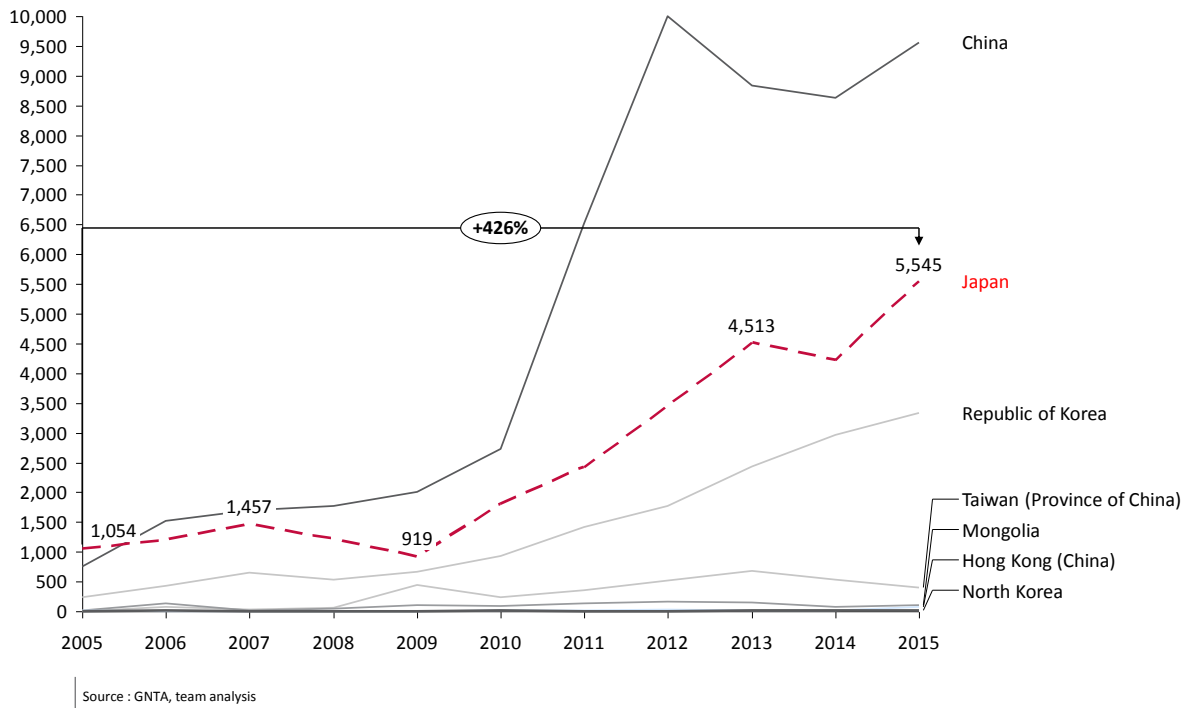
Source: GNTA, JICA Study Team analysis

Figure 3-11: International arrivals by travel duration

As for Japanese tourists travelling to Georgia, the number of Japanese tourists grew steadily from 1,054 in 2005 to 5,545 in 2015.

International Arrivals from North-East Asia (unit : person)

Number of Japanese tourists to Georgia increased by 426% between 2005 and 2015.

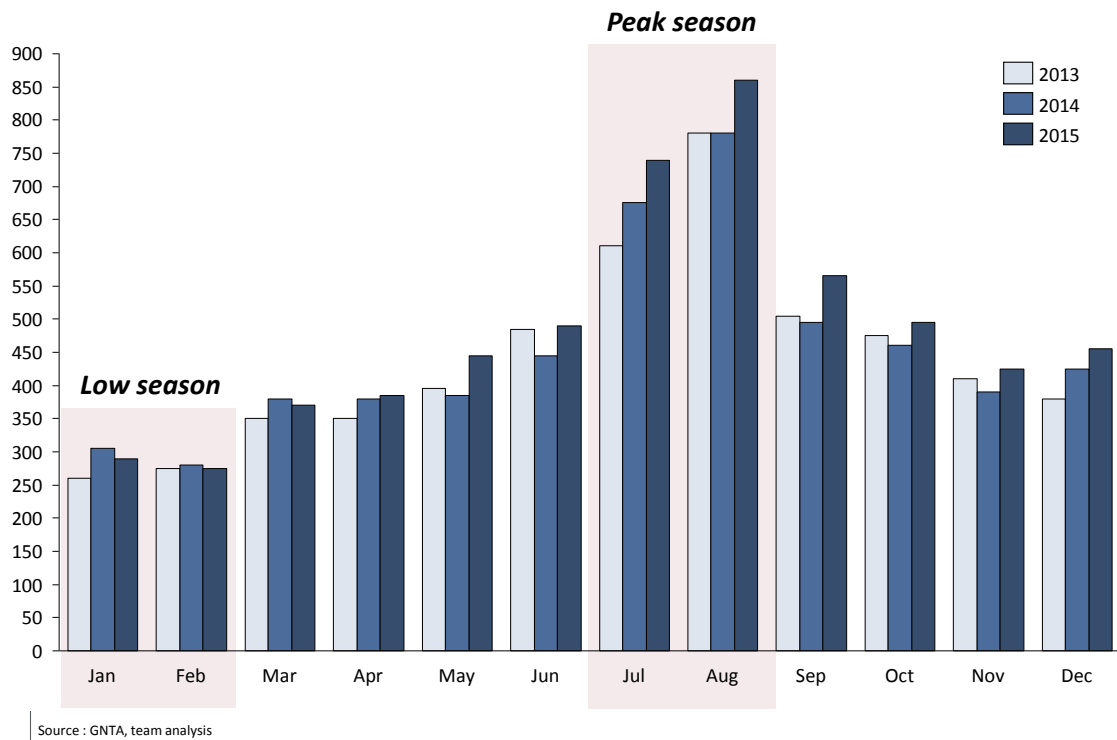


Source: GNTA, JICA Study Team analysis

Figure 3-12: International arrivals from North-East Asia

In terms of seasonality, foreign tourists from July to August accounts for 35% (approx. 2 millions), while those who visit from January to February are 300,000 per month on average.

A gap between peak and low season is quite clear.



Source: GNTA, JICA Study Team analysis

Figure 3-13: International arrivals by month

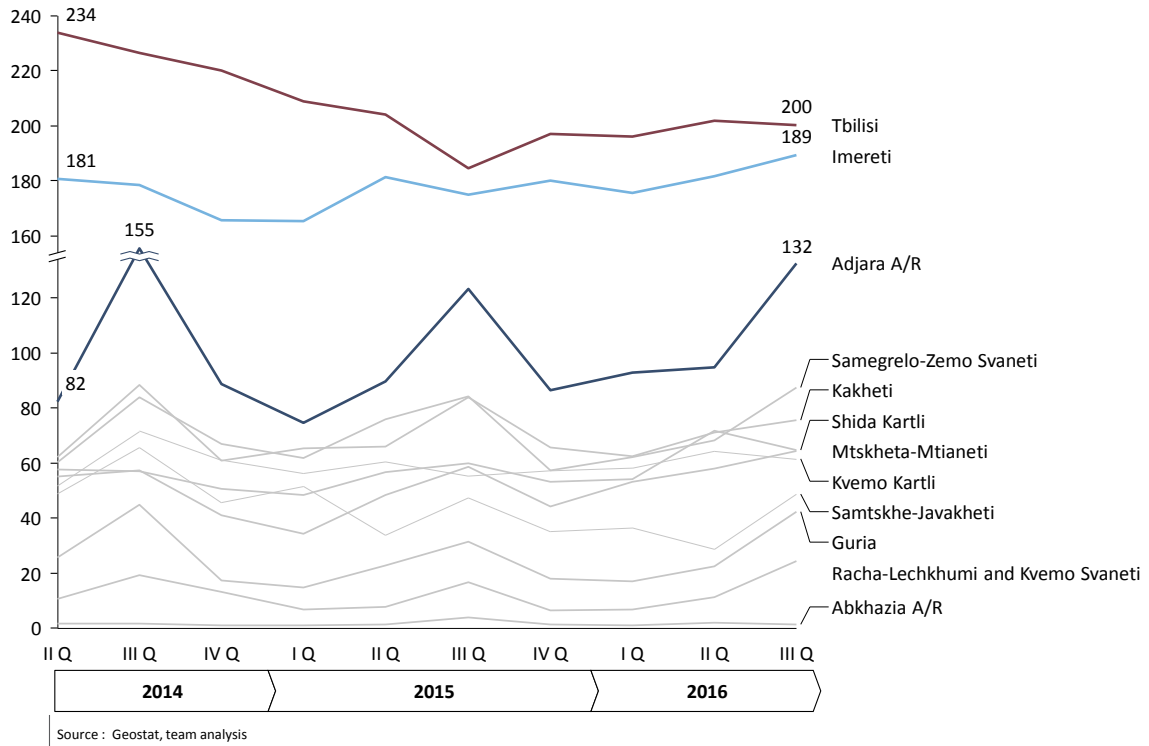
③ Domestic tourists

Cities visited by domestic tourists are Tbilisi, Imereti Region and Autonomous Republic of Adjara. The approximate number of domestic tourists who visited those cities in the third quarterly of 2016 are; 200,000 for Tbilisi, 189,000 for Imereti Region and 132,000 for Autonomous Republic of Adjara.



Monthly average number of domestic visitors of age 15 and older and their visits by visited regions, thousand

Tbilisi, Imereti and Adjara A/R are most visited regions for domestic travelers.



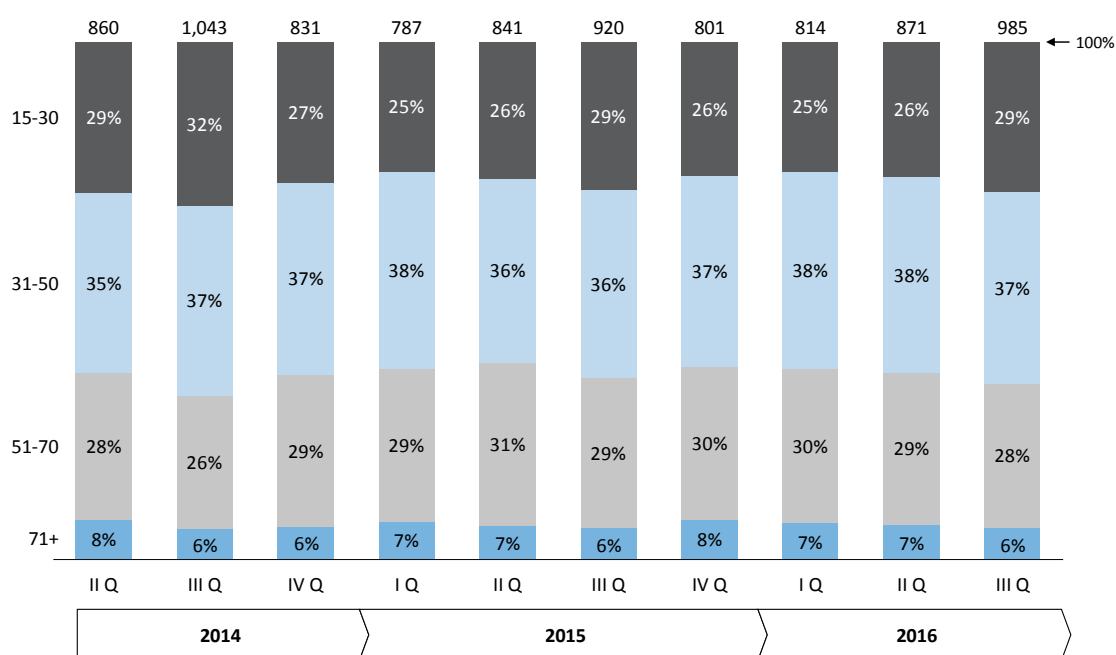
Source: GNTA, JICA Study Team analysis

Figure 3-14: Monthly average number of domestic visitors aged 15 and older and their visits by regions

As for the share of domestic travelers by age group, the composition has remained the same. Age 31-50 accounted for around 40% and age 15-30 for 30% respectively. The purposes of domestic travels are accounted for 55% by Visiting Friends and Relatives, followed by shopping (11%).

Share of domestic travelers by age group

31-50 are consisted of 35-37%.



Source : Geostat, team analysis

Source: GNTA, JICA Study Team analysis

Figure 3-15: Share of domestic travelers by age group

### 3) Tourism Related Industries

#### ① Tour operators

There is no licensing system for tour operators/travel agents in Georgia. Most tour operators target incoming tourists and some others target outbound tourists.

#### A) Production creation and distribution by tour operators in Georgia

Characteristics of tourism product in Georgian are as follows;

- City trip in Tbilisi
- Domestic tours tailored to theme oriented segments; Hiking, skiing, wine, and culture and history.
- Combined tours with Georgia and Turkey or Iran

Some tour operators handle incoming incentive tours. The programs which tour operators offer include winery, fruits farms and local citizen's house visiting.

Online booking system has begun to be utilized by tour operators in order to deal with foreign/domestic tourists and current trend of users for online booking is tourists from Western countries, Russia and UAE.

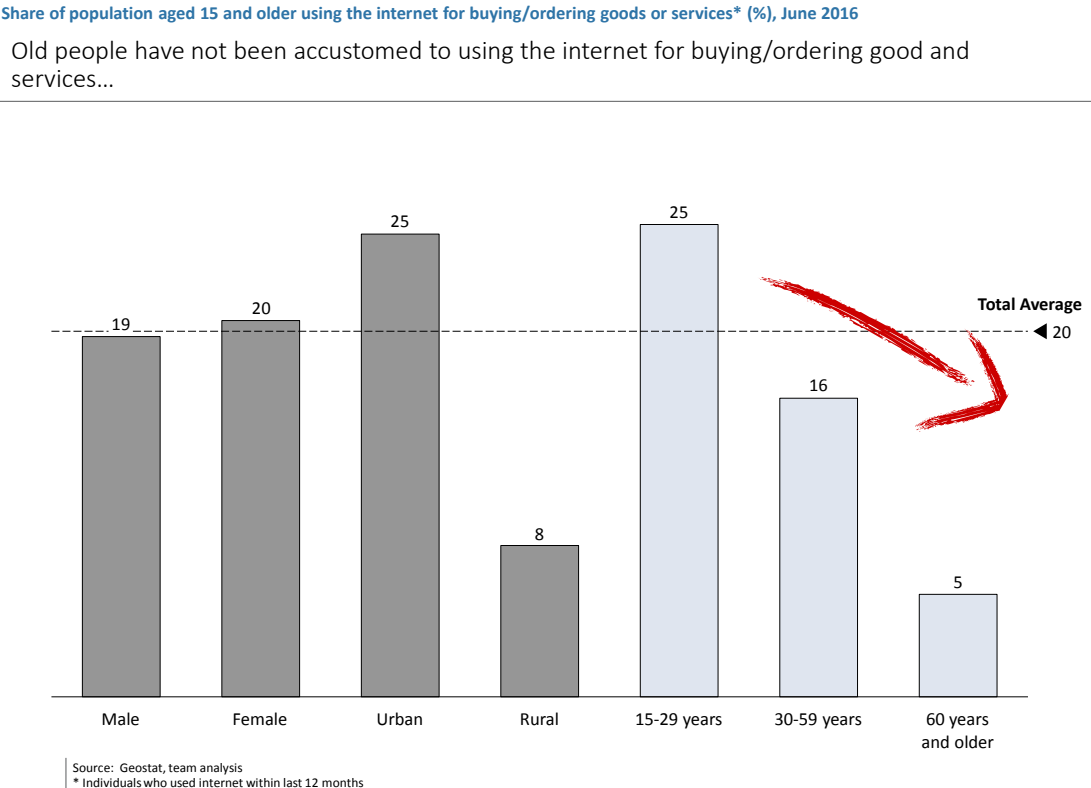
B) Promotional Activities and services provided by tour operators in Georgia

As for the promotional activities toward targeted markets, tour operators participate in not only major travel fairs where GNTA had participated in but also in those held in new market such as Asian travel fairs.

In addition, there are tour operators who are conducting promotional activities according the feature of targeted market, such as multilingualization of their promotional phamlpeht.

C) Others

Online travel sales transactions by tour operators/travel agents have recently begun. Even people utilizing the internet for ordering travel products have been rising and senior citizens have used the internet less than the younger generations.



Source: Geostat, JICA Study Team analysis

Figure 3-16: Share of population aged 15 and older using the internet for buying/ordering goods and services (June/2016)

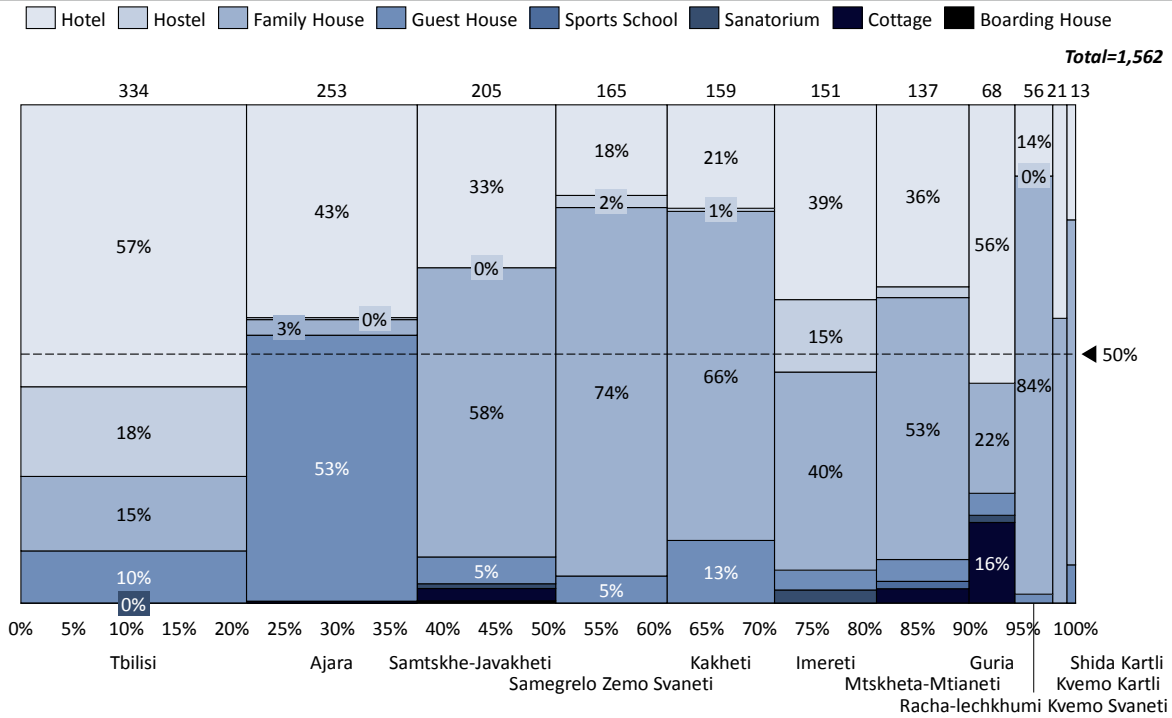
② Hotel & Restaurant

A) Hotels

According to Geostat, there are 1,562 accommodations in Georgia. Half of the accommodations are in Tbilisi, followed by Autonomous Republic of Ajara and Samtskhe-Javaketi Region. In Tbilisi, hotels account for 57% followed by hostels and family homes.

Number and composition of accommodation in Georgia by region by type

The Hotel share of Tbilisi and Guria are over 50%. Ajara has many guest houses.



Source: GNTA, team analysis

Source: GNTA, JICA Study Team analysis

Figure 3-17: Number and comparison of accommodations in Georgia by region and type<sup>42</sup>

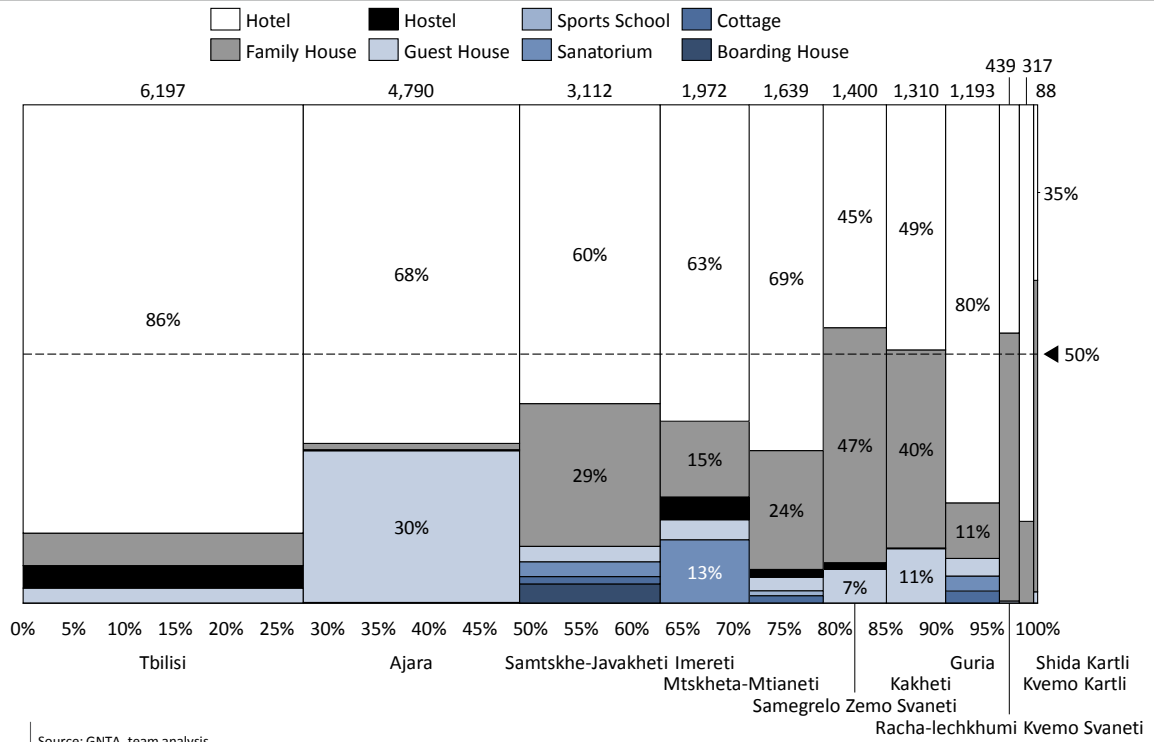
In regards to the number of rooms in Georgia by accommodation type, the amount of hotels is much higher than those of other types. Hotels exceed 80% of the total accommodations in Tbilisi.

<sup>42</sup> Data is as of July, 2016.

Number and composition of rooms in Georgia by region by type

In terms of rooms, Hotels are accounted considerable share.

Total=22,457



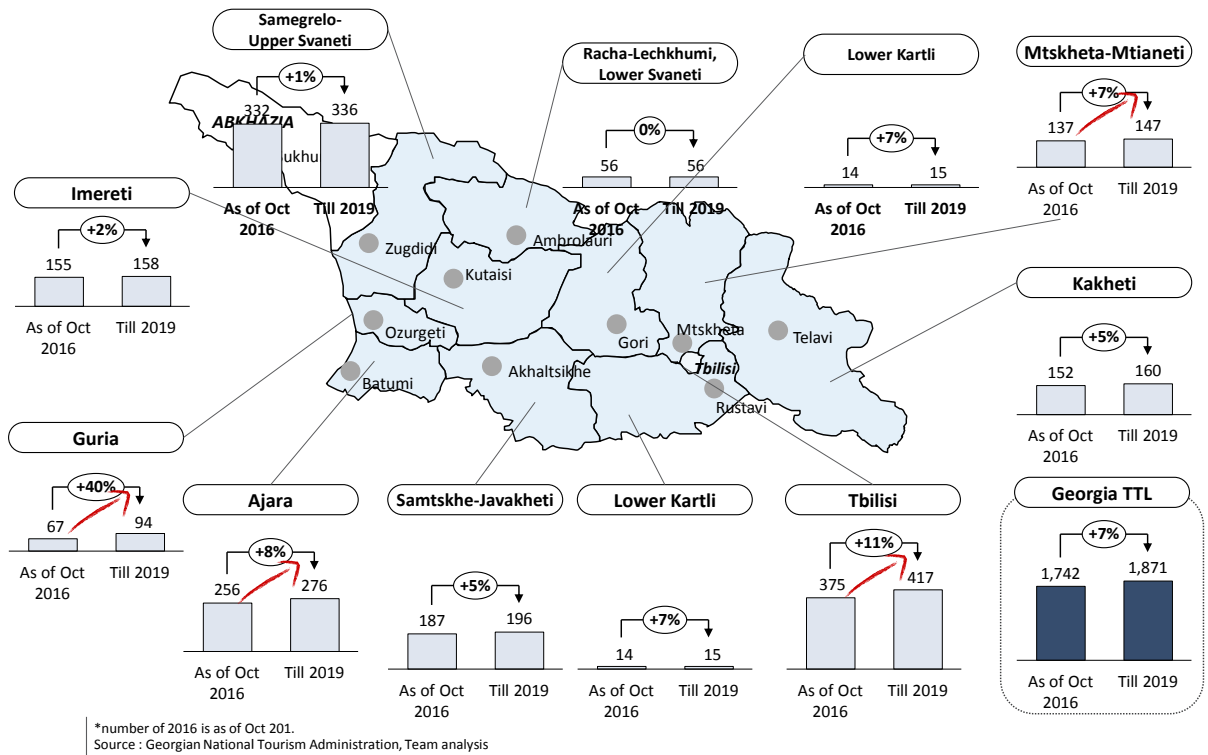
Source: GNTA, JICA Study Team analysis

Figure 3-18: Number and comparison of accommodation in Georgia by region by type

It is projected that the total number of accommodation in Georgia will be 1,871 in 2019, which is up 7% compared to 2016.

Number of accommodation by region till 2019 in Georgia

Guria plans increasing the number of accommodations by 40% till 2019. Number of accommodations in Tbilisi will grow as well.



Source: GNTA, JICA Study Team analysis

Figure 3-19: Number of hotels in 2016 and projected number of hotels in 2019 by region

A table below shows international brand hotels which are projected to be open with STR chain scale.

Table 3-14 : International brand hotels on the pipeline in Georgia (unit: rooms)

Region	City	Chain Scale	Name	2016	2017	2018	2019	
Ajara	Batumi	Luxury	Hotel Kempinski		234			
			Le Meridian		110			
		Upper Upscale	Pullman Hotels & Resort				310	
			Swissotel			180		
		Upscale	Courtyard Marriot					150
			Princess Hotel			146		
		Midscale	BEST WESTERN VIB				54	
Guria	Shekvetili	Upper Upscale	Marriott Autograph Collection Hotel & Spa Resort	220				
Imereti	Kutaisi	Midscale	BEST WESTERN	45				
Inner Kartli	Gori	N/A	N/A			10		
Kakheti	Telavi	Upper Midscale	Golden Tulip				101	
	Tsinandali	Upper Upscale	Radisson BLU Tsinandali				111	
Lower Kartli	Rustavi	N/A	N/A		7			
Mtskheta-mtianeti	Gudauri	Upper Midscale	Best Western Plus	60				
		Upper Upscale	Radisson Blu Gudauri			105		
Samtskhe-Javakheti	Bakuriani	Upper Midscale	Best Western Plus	30				
			Luxury	Intercontinental		205		
			Golden Tulip		80			
			Upper Midscale	Moxy by Marriott		130		
			Radisson Park Inn				200	
			Hyatt Regency			170		
			Marriott Autograph Collection Panorama Freedom Square					220
			Upper Upscale	Marriott Autograph Collection Panorama Sololaki				187
			Pullman Hotels & Resort			234		
			Radisson BLU Telegraph			189		
			Rixos Tbilisi			143		
		Upscale	Hilton Garden Inn					165
		Midscale	Ramada Encore				277	

Source: GNTA, STR, JICA Study Team analysis

According to STR Global, hotels priced at 80USD to 120USD are highly concentrated. Hotels priced at 200 USD to 400USD are insufficient at the moment. However, it is projected that the Kempinski and the Intercontinental will be open in Batumi and Tbilisi respectively, which enable tourists to choose from more accommodations.

In addition, Colliers International indicated that there are gaps between international hotel brands and local hotel chains, and cities;

- Occupancy ratio of upscale and midscale in Tbilisi exceeds 70%, while the ratio of local budget

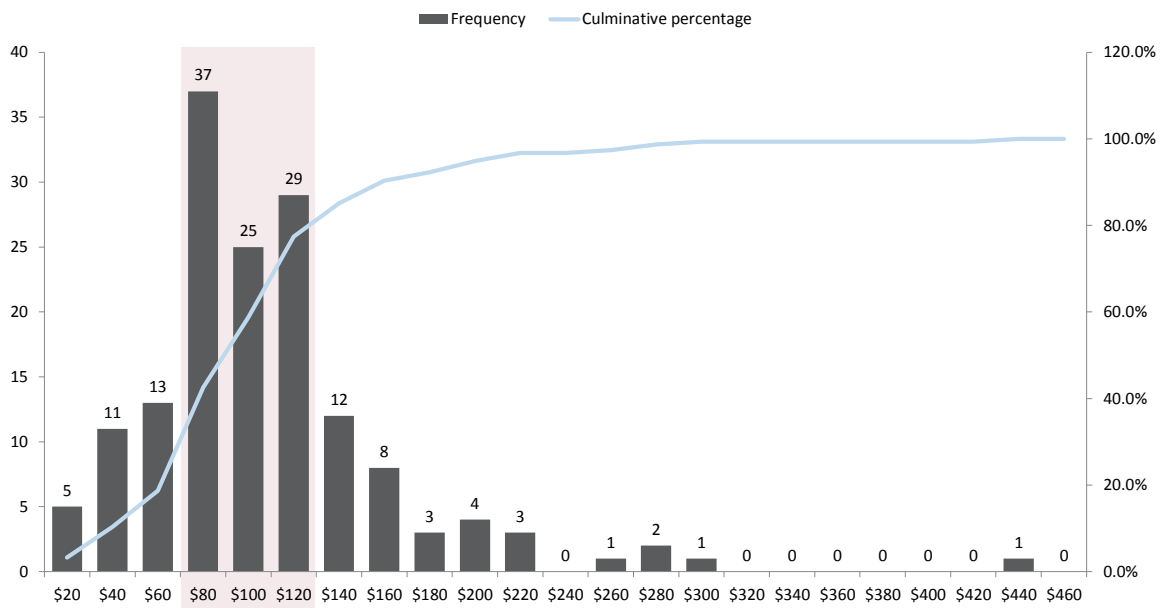
hotels is around 40%

- Occupancy ratio of international brand hotel chain and locals does not exceed 40% in Batumi

Those gaps are considered to be affected by branding and distribution channel powers in Tbilisi, and seasonality in Batumi.

Frequency and cumulative percentage by average hotel price in Georgia (unit : USD)

Hotels priced from 80 USD to 120 USD are accounted for over 50%.



Source : STR Global, team analysis

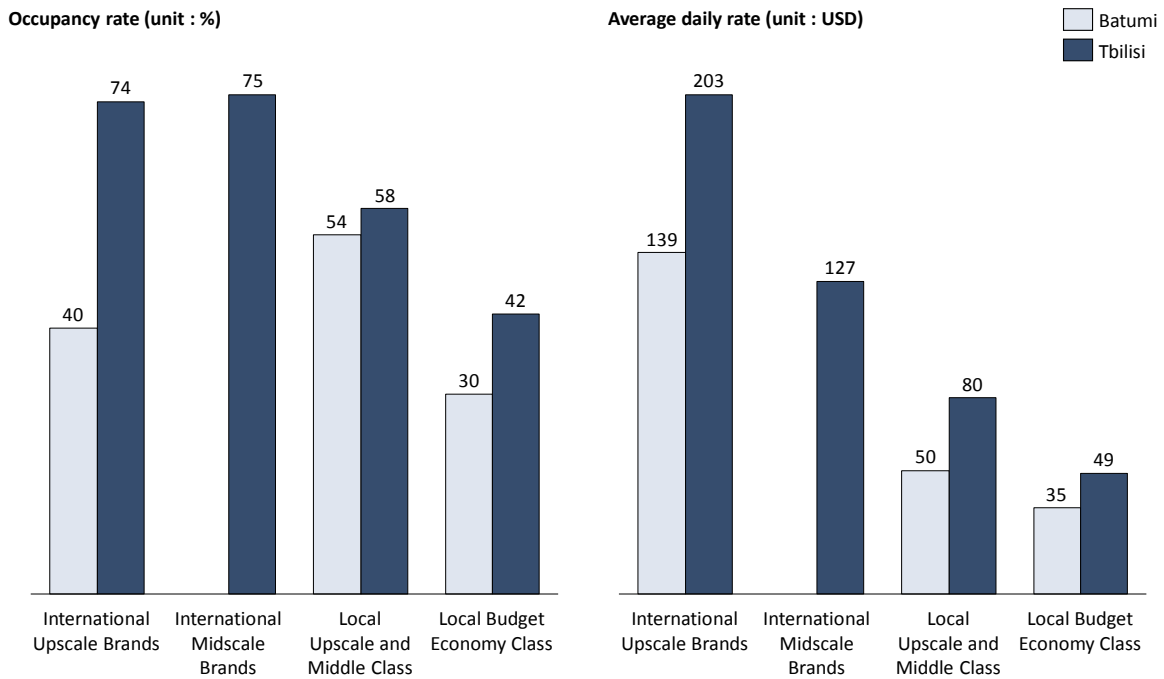
Source: STR Global, JICA Study Team

Figure 3-20: Frequency and cumulative percentage by average hotel price in Georgia



**Occupancy rate and ADR in Tbilisi and Batumi in 2014**

Occupancy rates in Tbilisi and Batumi in 2014 were 74% and 40% for international upscale brands respectively. Occupancy rate and ADR for Tbilisi were higher than Batumi.



Source: Colliers International, team analysis

Source: Colliers International, team analysis

Figure 3-21: Occupancy rate and ADR in Tbilisi and Batumi in 2014

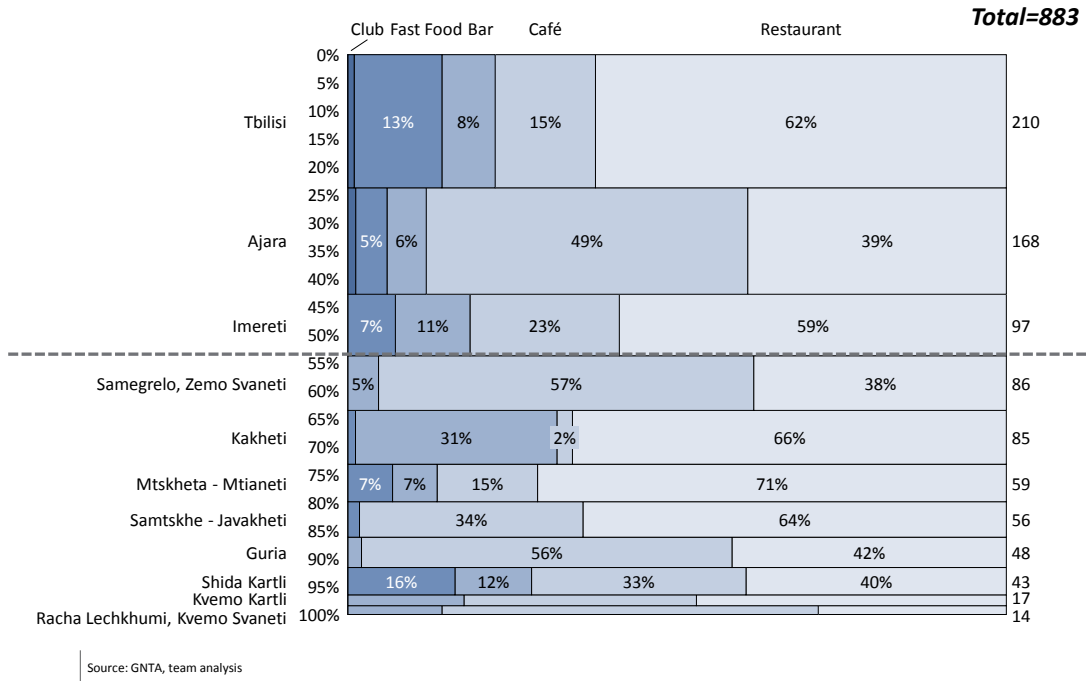
**B) Restaurants**

The number of restaurants concentrated in Tbilisi, Autonomous Republic of Ajara and Imereti Region, and sales and employees have been growing since 2003 and the total number of restaurant in those three region accounts for 50% of the total number of those in the country.

Also, the quality of restaurants is sufficient level for international tourists in Tbilisi, however, there is still room for improving service such as serving table, multilingualization of menu, etc.

Number of Food and Beverage Outlets in Georgia by region

Tbilisi, Ajara, and Imereti composes of over 50% of food and beverage outlets.

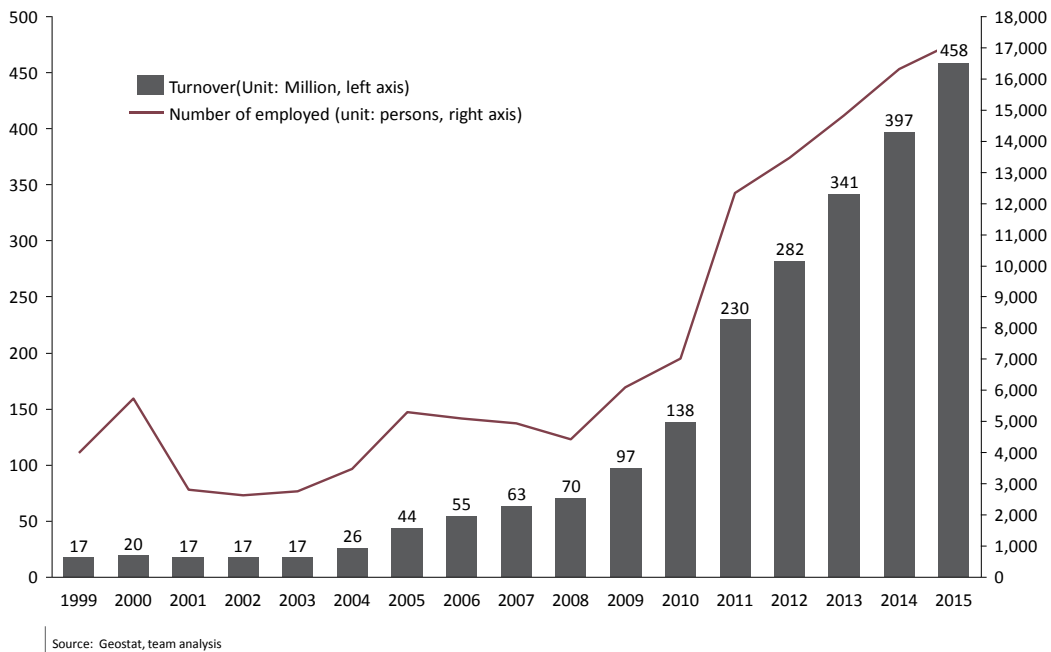


Source: GNTA, JICA Study Team analysis

Figure 3-22: Number of food and beverage outlets in Georgia by region

Turnover and number of employed persons in restaurants (unit : Million GEL)

Turnover and number of employed persons in restaurants in Georgia had been increased since 2003.



Source: Geostat, JICA Study Team analysis

Figure 3-23: Turnover and number of employed persons in restaurants (unit: person, Mil Gel)

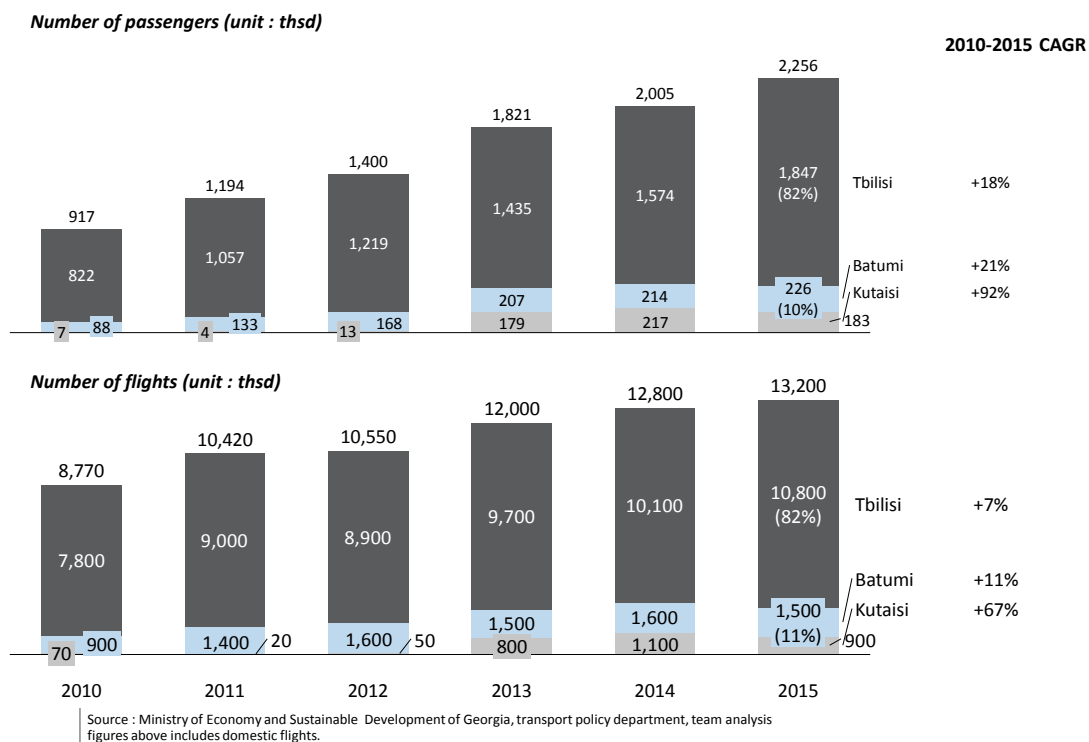
### ③ Airline

Three international airports, Tbilisi, Batumi, and Kutaisi, showed a constant increase in terms of number of flights and passengers.

As for the composition of flights and passengers among three airports, Tbilisi airport accounted for around 80%, followed by Batumi (approximately 10%), and Kutaisi (5-7%).

#### Number of passengers and flights by international airports

Since 2010, passengers and flights had showed considerable increases.



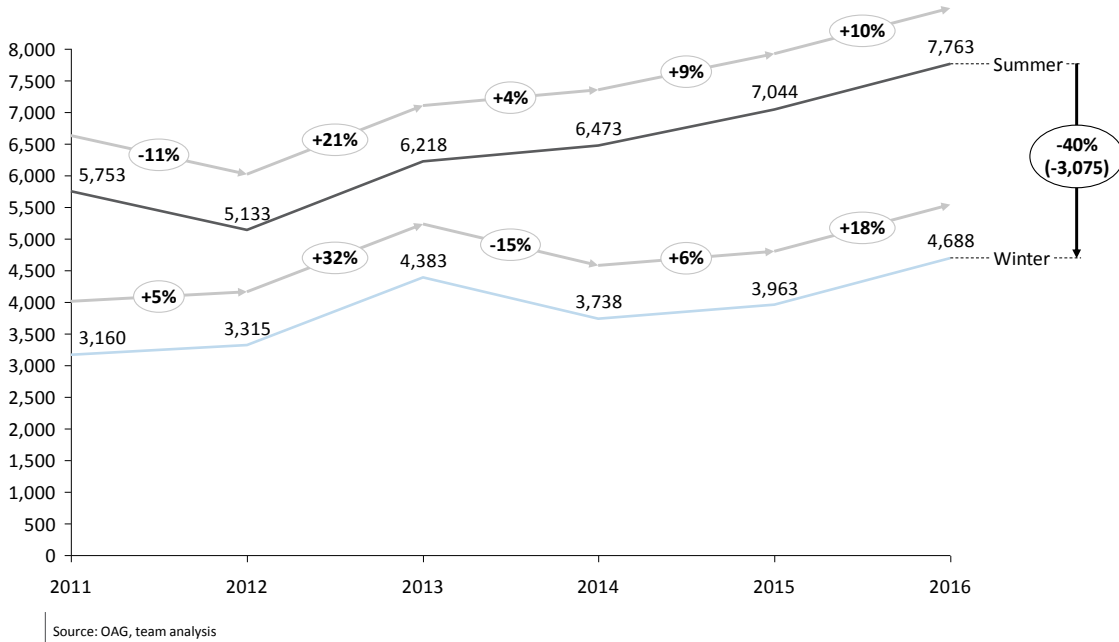
Source: Ministry of Economy and Sustainable Development of Georgia, JICA Study Team analysis

Figure 3-24: Number of passengers and flights by international airports (inc. domestic flights)

International scheduled flights have been growing in the summer and winter, although there are seasonality differences between them.

Number of international scheduled flights per week in Georgia (unit: flights)

The number of flights have increased since 2012.



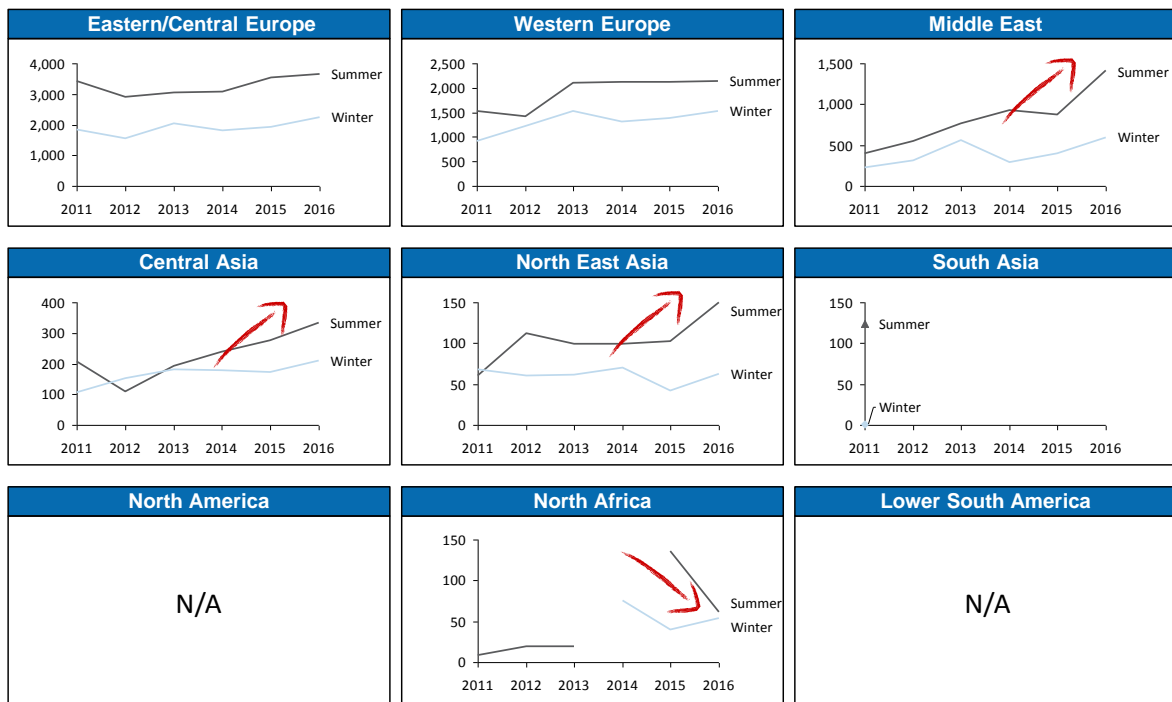
Source: OAG, JICA Study Team analysis

Figure 3-25: Number of international scheduled flights per week in Georgia (unit: flights)

By region, the number of international scheduled flights from/to Georgia, Middle East, Central Asia, and North East Asia increased. However, North Africa showed a decrease because of Air Cairo reduced the number of flights.

Total number of international scheduled flights from/to Georgia by regions (unit : flights)

Middle East, Central Asia, South Asia, and North America



Source: OAG, team analysis

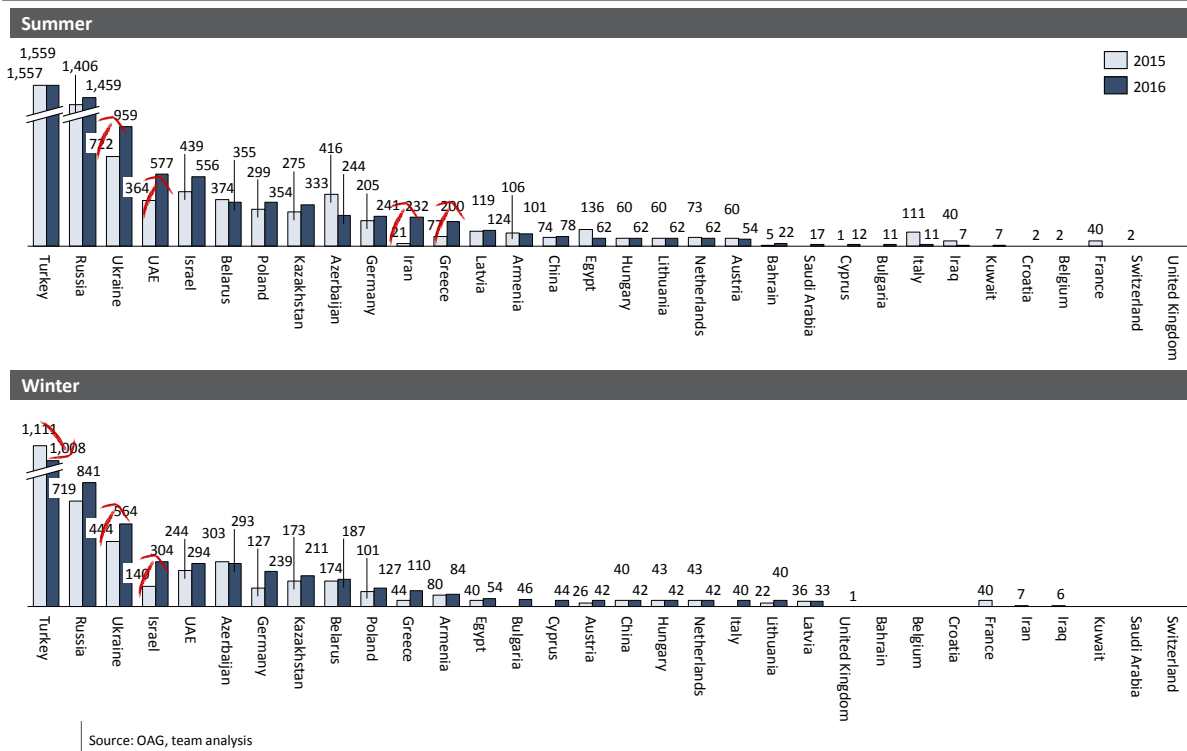
Source: OAG, JICA Study Team analysis

Figure 3-26: Total number of international scheduled flights per week from/to Georgia by regions

By countries, Ukraine, UAE, Israel, Iran and Greece increased their capacities in 2016, compared to 2015.

Total number of international scheduled flights to Georgia by departure countries (unit : flight)

Compared to 2015, UAE and Ukraine showed considerable increases in summer. Also, Israel showed expands the capacities in summer and winter.



Source: OAG, team analysis

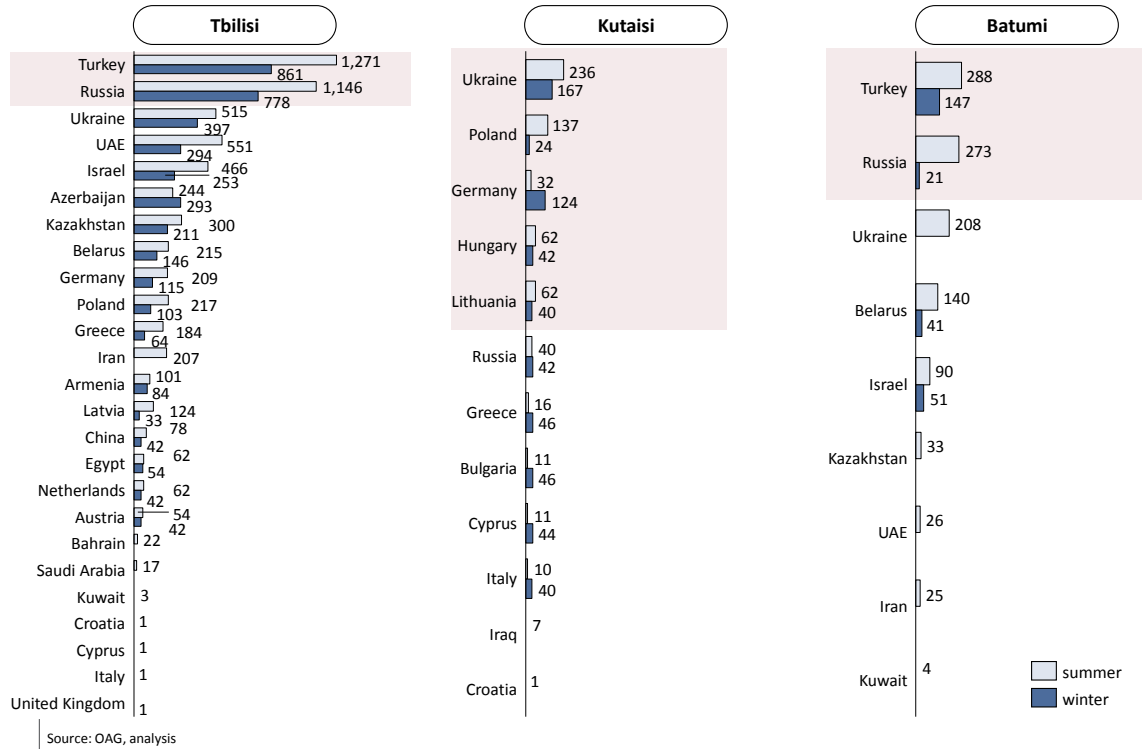
Source: OAG, JICA Study Team analysis

Figure 3-27: Total number of international scheduled flights per week to Georgia by countries

Comparing with the number of flight to each airport, the airline flying from/to Turkey and Russia occupy the majority number of flight in both Tbilisi airport and Batumi airport. In terms of the Kutaisi airport, the airline servicing from/to Eastern European countries such as Ukraine, Poland, Hungary and Lithuania have larger number than others.

**Total number of international scheduled flights from/to Georgia by airports in 2016**

Turkey and Russia consists the majority of flights from/to Tbilisi. Flights from/to Kutaisi are accounted for European countries .



Source: OAG, JICA Study Team analysis

Figure 3-28: Total number of international scheduled flights from/to Georgia per week by airports in 2016

④ Handicraft

Georgia also has variety of handicrafts such as carpets, embroidery, felt products (slippers, scarves, dolls, etc.), and cloisonné. An array of felt products is available at low prices and thus readily purchased as souvenirs, but since quality differs depending on the shop, sales opportunities are also lost.

Wine is one of major made-in Georgia product that can be purchased at the vineyard after touring and wine tasting in the winery as part of wine tourism, but it can also be purchased in shops in Tbilisi and other major cities. Wine is also exported and is a popular souvenir among tourists since some are sold in ceramics with excellent design.



Source: JICA Study Team

#### 4) Current Status of the Tourism Marketing and Promotion

##### ① Product

Georgia has a variety of tourism resources in terms of nature, culture, wellness, and gastronomy but soft/hard infrastructure to facilitate foreign tourists needs some improvement.

Table 3-15: Tourism products in Georgia

	Contents
City Break	There are city tourism resources in Tbilisi and Batumi, but facilities for foreign individual tourists needs improvement such as signboards, signage, travel passes and etc.
Sun Beach	There are international resorts along the Black Sea such as Batumi.
Nature/Eco	There are eco-related programs which offer experiences such as hiking, trekking, rafting and kayaking.
Culture	There are abundant cultural resources, such as famous churches and monasteries.
Health and Wellness	There are 103 resorts in Georgia.
Winter/Ski	There are ski-resorts such as Gudauri, Mestia and Bakuriani.
Gastronomy and wines	Gastronomy and wines are one of the main products in Georgia. Wineries offer the oldest and traditional wine making experiences. Signage and sign boards for foreign tourists needs improvement
Meeting and Incentive	Convention facilities are fewer than Azerbaijan. Hard and soft infrastructures are insufficient to attract and facilitate foreign tourists

Source: GNTA, homepages, JICA Study Team

##### ② Place

###### A) Europe market

As for the number of accommodations posted on Booking.com/Expedia that are one of the most influential travel online sites in the European market, the number of posted accommodations in Georgia is more than those of Azerbaijan and Armenia, however, those posted accommodations are mostly located in major cities and few accommodations in rural areas can be found in those sites.

Although the Entrepreneurship Development Agency in Georgia has supported small and medium sized accommodations in rural areas for posting their inventories on famous online sites, such as Booking.com, it is difficult for SMEs to keep up with the inventory systems and language.

In terms of tour operators in Georgia, they deal directly with European local travel agencies. The share of sales volumes in Europe is larger than other markets. For some of the tour operators, half of the sales is accounted for by Europe.

###### B) CIS Market

CIS markets are prioritized by GNTA and tour operators in Georgia. The private sectors deal not only with leisure tourists but also MICE tourists. In regards to promotional activities, GNTA offers the same programs and activities as western countries.



### C) Japanese Market

Tour operators in Georgia have built a relationship with Japanese travel agencies, so that many of them are conducting direct regular sale activities to the market. As for online distribution, Expedia and Booking.com supply their inventories to Japanese online sites so that Japanese consumers can book accommodations in Georgia.

#### ③ Promotion

In terms of promotional activities, GNTA have already covered 19 countries with participating main consumer exhibitions, digital marketing, TV advertisement, and media and travel trade familiarization programs. Also, some tour operators in Georgia participated in travel fairs where GNTA did not take part, in order to expand their sales channels for new markets.

Georgia does not have any representative offices in charge of PR activities for promoting Georgian tourism.

Table 3-16: Tourism promotional activities by Georgia

	Overall	Japan market
<b>Consumer advertising programs and campaigns</b>		
Print media; newspapers, magazines, trade and professional press, TV, Radio, Cinema	<ul style="list-style-type: none"> <li>· Advertise on international media such as CNN and EU news.</li> <li>· Held campaigns in 9 countries, Ukraine, Belarus, Kazakhstan, Azerbaijan, Israel, Hungary, Latvia, Turkey and Russia.</li> </ul>	· N/A
<b>Personal selling</b>		
Consumer exhibitions	<ul style="list-style-type: none"> <li>· Takes part in major travel fairs in 19 countries</li> </ul>	<ul style="list-style-type: none"> <li>· Takes part in Tourism Expo</li> </ul>
Trade fairs		
Trade sales visits	<ul style="list-style-type: none"> <li>· Local tour operators visit travel agents in source market</li> </ul>	<ul style="list-style-type: none"> <li>· Local tour operators visit travel agents in source market</li> </ul>
Workshops	<ul style="list-style-type: none"> <li>· Holds workshops during fairs and etc.</li> </ul>	<ul style="list-style-type: none"> <li>· Holds workshops during Tourism Expo and so on.</li> </ul>
Trade familiarization trips and trade academies	<ul style="list-style-type: none"> <li>· Invites major travel agents from source markets</li> </ul>	<ul style="list-style-type: none"> <li>· Invites major travel agents</li> </ul>
Media familiarization programs	<ul style="list-style-type: none"> <li>· Invite popular travel writers from source markets</li> </ul>	<ul style="list-style-type: none"> <li>· Invites travel media</li> </ul>
<b>Digital marketing and promotions</b>	<ul style="list-style-type: none"> <li>· Paid advertisements on Facebook, YouTube, and TripAdvisor</li> <li>· Makes and dispatch movies and etc.</li> </ul>	<ul style="list-style-type: none"> <li>· Japanese language not available on Facebook page.</li> </ul>
<b>Others</b>	<ul style="list-style-type: none"> <li>· Subsidize film making in order to expose Georgia as places for the films by Georgia Enterprise.</li> </ul>	

Source: UNWTO, interviews, on line researches, JICA Study Team analysis

## **A) European market**

Europe is one of the major targeted markets for Georgia by the public and private sectors, so GNTA and the private sector in Georgia have promotional activities on not only general tourism but also niche market products such as trekking and hiking.

GNTA does not only participate in major travel fairs but also in digital marketing activities such as advertisements on Facebook and etc.

## **B) CIS market**

CIS is one of the major targeted markets for Georgia as well, promoting not only tourism but also MICE.

## **C) Japan market**

GNTA participated in the travel fair, named Tourism Expo, and organized familiarization trips to invite travel agents and media. Also, GNTA translated their printed materials into Japanese which they handed out to consumers during the travel fair.

In regards to Georgian tour operators, they conduct direct sales activities to Japanese travel agencies after participating in the travel fair and sponsorships for media familiarization.

## **D) Domestic market**

GNTA makes printed materials for the domestic market which are handed out at travel information centers. However, the tour operators in GNTA do not focus on the domestic market. When selling product, the VAT of 18 % is imposed to the products. As a result, total cost end up relatively high and many Georgian doesn't want to arrange their trip through tour operators but they rather prefer to arrange their holiday by using online booking system or any other which make their trip cheaper.

## **(9) Issues and Bottlenecks in Tourism Development in Georgia**

### **1) SWOT Analysis**

As mentioned above, Georgia has many tourist attractions. To the east of the capital Tbilisi there is the Historical Monuments of Mtskheta World Heritage Site, the 210 km-long Georgian Military Road that runs north-south from the capital to North Ossetia-Alania in the Russian Federation, the wine-producing region of Kakheti, and Gudauri ski resort; and to the west of the capital there is the World Heritage Sites in the ancient city of Kutaisi and Upper Svaneti. Georgia also has a high potential for ecotourism, as 40% of the country is designated as national parks. And recently, the number of people coming from CIS countries for medical tourism has begun to increase. On the other hand, 90% of its tourists are from Central and Eastern Europe and Russia, whose average expenditure is lower than tourists from Europe and the US. Therefore, a key issue is attracting tourists from Europe, the US, Asia, and the Middle East, who are expected to spend more per person, as well as is reducing the gap of seasonality.

The results of the SWOT analysis of Georgia's tourism sector are as follows.

Table 3-17: SWOT Analysis on the Tourism Sector in Georgia

	Positive factors	Negative factors
Internal factors	<b>Strengths</b>	<b>Weaknesses</b>
	<ul style="list-style-type: none"> <li>Nestled between the Greater Caucasus in the north and the Lesser Caucasus in the south, Georgia has abundant natural resources, with 80% of its land area covered in mountains and foothills. It is also developing ski resorts in the mountains and beach resorts on the Black Sea.</li> <li>It has many historical buildings and is one of the oldest Christian countries.</li> <li>It has abundant cultural resources including: Georgian wine and Georgian polyphony, which have been designated as Intangible Cultural Heritages of Humanity, and a diverse food culture.</li> <li>Domestic tourism is thriving, which is being supported by the government.</li> <li>Visa requirements for international tourists are tolerant.</li> </ul>	<ul style="list-style-type: none"> <li>60% of international tourists are day-trip and transient travelers.</li> <li>Various tourism resources are not developed as tourism product that meets the demands of the target market or segment</li> <li>Only 16% of accommodations can take in large groups of tourists (with 21 or more rooms).</li> <li>Transport infrastructure in rural areas is weak.</li> </ul>
External factors	<b>Opportunities</b>	<b>Threats</b>
	<ul style="list-style-type: none"> <li>In September 2016, the 1st Global Conference on Wine Tourism was held in Georgia. This can lead to building an image that Georgia = wine (branding).</li> <li>The number of airlines with flights to Georgia has increased, and air route accessibility has improved.</li> <li>It is focusing its national strategies on developing tourism, and is improving tourism infrastructure and training tourism personnel.</li> <li>It has international cooperation agreements related to the tourism sector with Turkmenistan, South Korea, and Belarus.</li> </ul>	<ul style="list-style-type: none"> <li>In Japan, people have a deep-rooted image of it being a war-torn region.</li> <li>Abkhazia and South Ossetia want to separate from the country.</li> <li>Probability of being targeted for terrorism.</li> </ul>

Source: JICA Study Team

## 2) Institutional Issues

- In respect of the situation of cooperation with other ministries, the GNTA has established fairly good relationship with other ministries that have conducted tourism related activities in the country. For example, in terms of promoting ecotourism, they are working closely the Agency of Protected Areas, and of promoting cultural tourism, with the National Agency for Cultural Heritage, and vice versa, if those agencies need any assistance from the GNTA, they are contacting with the GNTA. However, in order to promote tourism development in sustainable and comprehensive manner, it is desirable to establish close relationship and cross-sectorial coordination among ministries related to the tourism sector. For that purpose, it is important to devise systematic approach such as setting up committees that will consists of officials from relevant ministries and agencies, and /or conducting regular meetings.
- Currently, as territorial bodies of the GNTA, only TICs were installed across the country whose main action is to provide local and foreign tourists with necessary tourism information and there

are no certain bodies that can facilitate to implement and control tourism development projects/activities in accordance with the policy. In order to promote tourism development that contributes to a mitigation of regional disparity, it is necessary to establish the regional departments or administration in all nine regions and to build a certain system that will facilitate the implementation and management of tourism policies at the regional level.

- With regard to the human resource development in the sector, it is also important to build cooperative relationships with academic institutions such as universities and vocational schools, the private sector and GNTA. As for the training of guide and service human resources in particular, the level of quality of education is not constant because private enterprises such as private organizations (GTA,SAGA etc. and hotels have provided their own trainings those contents would be different from those of public universities and schools. Therefore, in order to foster and enrich highly qualified personnel in the sector and to improve the quality of the tourism industry itself, it is necessary to form industrial, government and academic platforms which help to foster an awareness of the needs and the common understanding of challenges facing human resource development in the sector.

### 3) Legal Issues

- As the same as other Southern Caucasus countries, there is no official license system adopted to the travel agencies and guides. As a result, anyone can open a travel agency, anyone can provide guidance to tourists as a guide, and so the quality of tourism service is not guaranteed and the security of the tourist is not ensured with a certain level. Therefore, in order to guarantee the quality of the service provided by the Georgian tourism sector, introduction of a licensing system for tourism related businesses including guides and travel companies and creation of the quality controls system by implementing the periodic evaluation to the persons / companies licensed are necessary.
- In respect of the tourism law, the existing tourism-related bills are only two, "Tourism and Health-Resort Act" enacted in 1997 and "Protective Sanitary Zones of Health Resorts and Resort Localities" in 1998. The former specifies the system and provision for promoting health tourism (so-called almost synonymous with medical tourism), the latter specifies the provision for sanitation in and around the facility related to health tourism (e.g. resort hotel for medical treatment purpose). In those bills, there are no clear descriptions about the utilization of other tourism resources such as natural resources, cultural resources, etc.; therefore, such resources would be at risk for exploitation in the future. Given that those bills were enrolled almost 20 years ago, it is necessary to re-formulate the legal system that matches the current situation.

### 4) Issues on Infrastructure Development

- With regard to existing airports, it can be said that they have a certain quality and maintenance. However, considering the number of flights in and out of these international airports and the number of airline companies taking over in the future, increasing the capacity of passenger

acceptance is considered an urgent issue. To that end, a wide range of development and improvement work will be necessary; from the development of a large-scale infrastructure such as laying down a runway, to the improvement of the facilities in the airport (additional check-in counters, additional gates for security checks, additional departure counters, toilets, restaurants, waiting rooms, etc.) in order to comfort of travelers. With respect to Queen Tamara domestic airport that is the entrance to Svaneti village, where is one of the leading tourist destinations in the country, it is also essential to expand and increase the accommodating capacity of the airport and to improve the facilities for attracting more tourists into the destination.

- Regarding roads, as mentioned above, the government is working on the maintenance and development of road infrastructure across the country, and it can be said that there are no major problems in accessing the existing tourism sites. On the other hand, it is necessary to improve road infrastructure in rural areas given that promoting the diversification of tourism products and developing rural areas as tourism spots. In addition, to improve the road maintenance system in snowy areas along the mountainous areas is also essential for allowing tourists to access such areas throughout the year.
- Other issues related to tourism infrastructure include sign boards to and in sites as well as shortage of explanatory boards in tourist spots. There are cases where some tourist sites are indicated its spot by signboards installed alongside the main roads, but sometime those boards cannot be found when entering into secondary road from the main road. Also, even within the tourist site, there are not many signs boards that indicate the route/circuits for tourists, and sometimes it is difficult for FIT tourist to make a circuit without guides. In the future, considering the increase in not only tourist by group but also by FIT, development and improvement of tourism infrastructure such as sight boars that make FIT easier to travel by themselves is an urgent task.

## 5) Issues on Tourism Marketing and Promotion

### ① Product

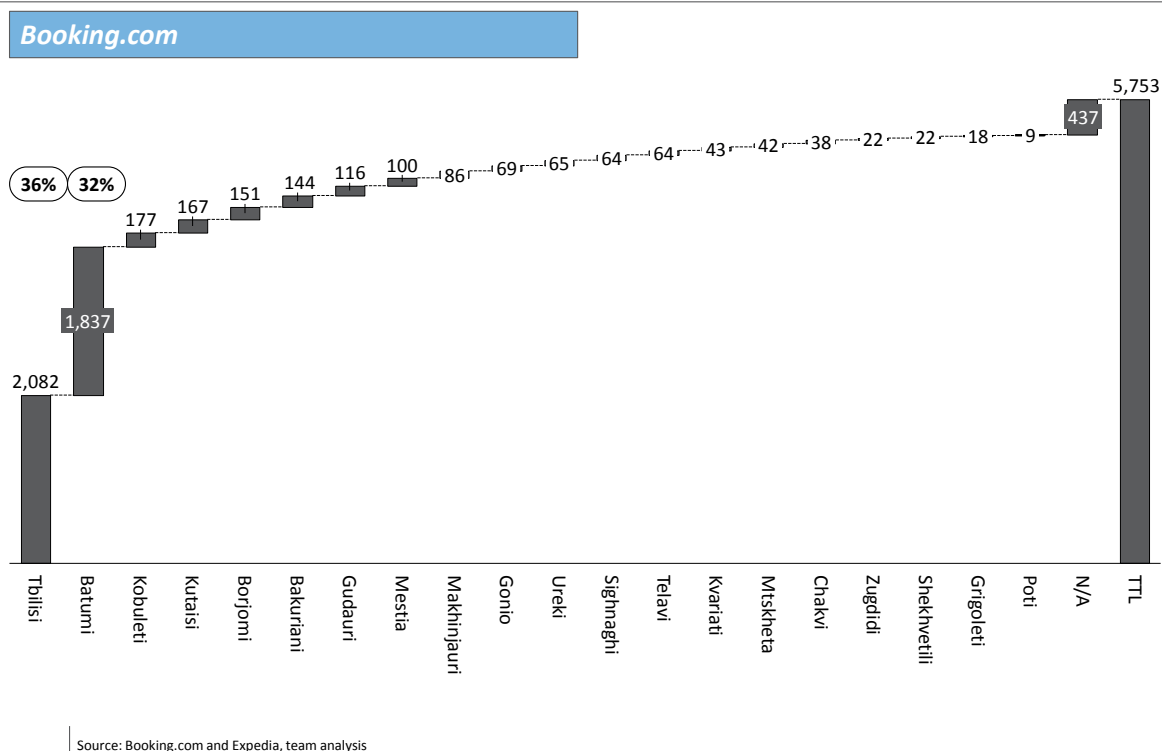
- Themed product developments related to nature and culture are required to attract Japanese tourists more.
  - Georgia has a variety of tourism products to offer to the Japanese market, but the tour products which Japanese travel agencies take up are mainly “Caucasus regional tours (touring Azerbaijan, Georgia and Armenia)”. There are not as many products appealing to niche segments such as trekking and hiking.
- Material developments for foreign individual travelers are required.
  - Even if Tbilisi has a good infrastructure for foreign tourists, it is quite difficult to find sign boards for tourists when purchasing metro and travel tickets.

### ② Place

- Facilitating small and medium sized accommodations to put their inventories on famous online sites, in order to attract foreign individual tourists.
  - Online accommodation distribution is concentrated in Tbilisi and Batumi, while accommodations in rural areas is sparse

Number of listed Georgian accommodations in Booking.com (as of 17<sup>th</sup> December, 2016)

Number of accommodations listed in Booking.com are 5,754. Around 70% of listings are in Tbilisi and Batumi...



Source: Booking.com, JICA Study Team analysis

Figure 3-29: Number of listed Georgian accommodations in Booking.com

- In the Japanese market, the staffs in travel agencies who develop and sell travel products are not necessarily fully aware of tourism product and attraction in Georgia, and this has hindered the creation and sale of more attractive tours. It is necessary to provide detailed information to Japanese travel agencies and to prepare tourism promotional materials that can show attractiveness of the country.
- Georgia tour operators dealing with the Japanese market are often not only providing services in Georgia but also most of them serve as contact between Azerbaijan and Armenia and also arrange necessary services at those two countries. Therefore, it can be said that the tour operator in Georgia plays an important role to draw interest of Japanese travel agencies into the three Caucasus countries. In order to promote the attraction to the area, tourism products with a theme that connects the three countries are needed to be developed. In that sense, it is also evitable to build firm close cooperative relationship with tour operators in Azerbaijan and Armenia.

### ③ Promotion

- In Europe and Japan and other markets, there are few travel information on Georgia and there are almost no opportunities to be exposed to media etc., so general consumers do not have a clear image against Georgia at present. Therefore, in order to draw interest from Georgia of general consumers and to create a foundation to be selected as a travel destination, B to C promotion activities such as exposure in travel related magazines and TV programs are necessary.
- The website which GNTA operates focuses mainly on destination information and not many information on where tourists can stay and what kind of experiences/traditional foods/souvenirs tourist can expect is seen in the site. It is necessary to enrich the wide range of needed and useful information for tourists.

### 6) Other Issues

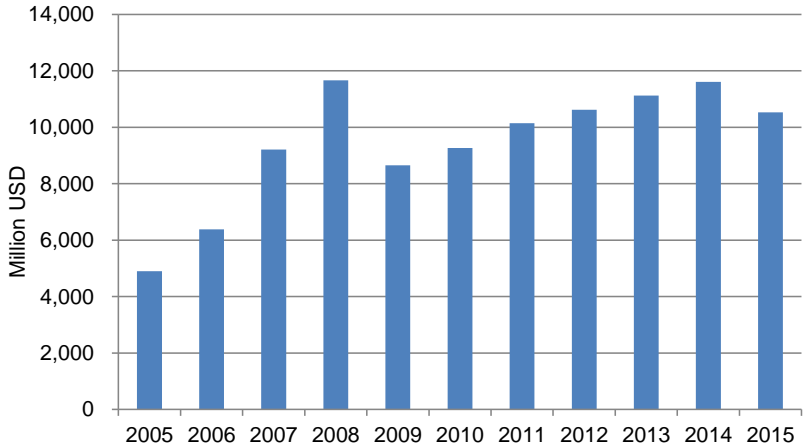
- As previously noted, there is an array of different handicrafts at low prices, but quality varies by shop. Products must be improved to maintain consistent quality that enables travelers to purchase souvenirs at any shop with peace of mind. In particular, handicrafts such as felt are profitable goods that provide considerable income for local residents. Improving quality and design would certainly be worthwhile. In addition, since some products are difficult for tourists to buy without product descriptions, information for tourists on handicrafts is needed from not only the sellers, but also entities such as travel agencies and the GNTA. For example, at the resort on the Black Sea coast, Batumi, just as honey from the botanical garden is sold at TIC in Batumi, an explanation paired with sales is needed to sell to foreign tourists.

# 4. Armenia

## (1) Economic situation in Armenia

Looking at the composition of the FY2014 GDP of Armenia by industry shows it is comprised of the service/commerce industries (46.9%), agriculture, forestry, and fishery industries (18.5%), mining and manufacturing industries (16.2%), and construction industry (9.2%). The tourism sector accounts for 3.6%.

Armenia has promoted close economic partnership with Europe, however, in 2013 the president Serzh Sargsyan expressed to join the customs union led by Russia with which economic relationship is quite tight such as remittance from Armenian working in Russia amounts to 10% of GDP of Armenia and Armenia is a member of the Eurasian Economic Union led by Russia since January 2015.



Source: World Bank

Figure 4-1: Evolution of GDP in Armenia (2005-2015)

## (2) Current Status of the Tourism Resources in Armenia

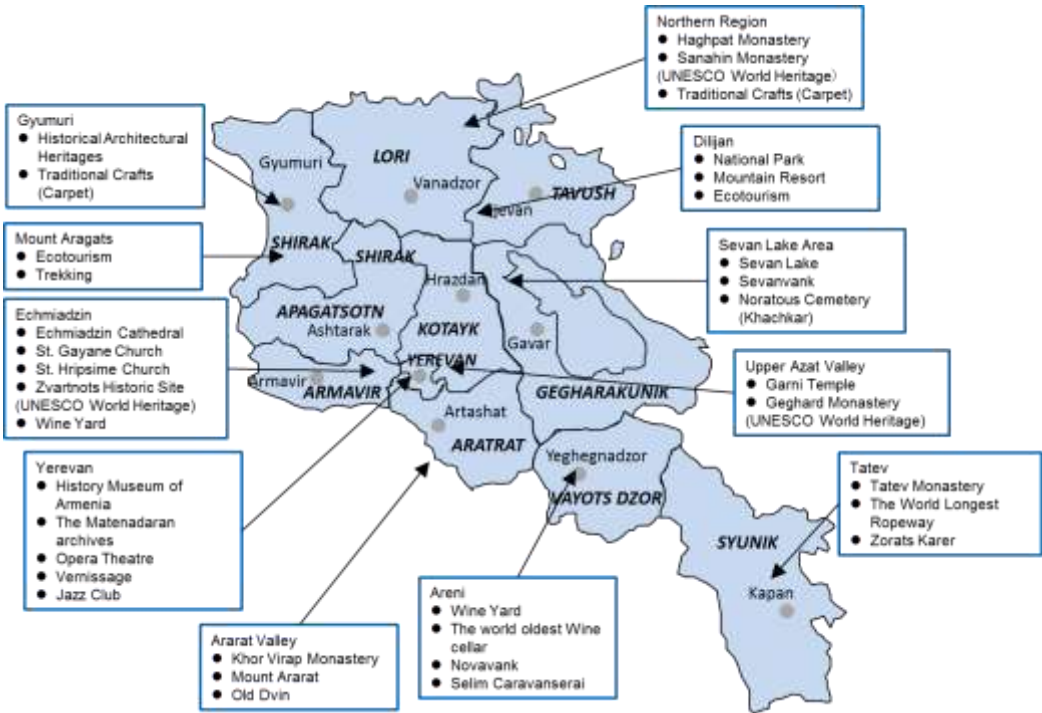






Figure 4-2: Tourism Resources in Armenia



## 1) Tourism Resources

Armenia was the first country in the world to make Christianity a state religion in the year 301, and has become a destination for foreign Christians (Armenian Orthodox Christians) pilgrimaging to sacred sites, such as Echmiadzin Cathedral, the world's oldest state church and a UNESCO World Heritage Site, and Geghard Monastery, which possessed the spear that pierced the body of Jesus during his crucifixion. Armenia also has striking tourist attractions such as historic buildings that blend with the landscape and leave a strong impression on tourists. These include Khor Virap Monastery set against snow-capped Mt. Ararat where the legendary Noah's Ark rests, Sevanavank Monastery overlooking the beautiful Lake Sevan, and Mt. Aragats.

Furthermore, most of Armenia is a mountainous area that includes the Mount Aragats (4,090 m) where a Japanese mountaineer Ms. Junko Tabei<sup>43</sup> visited several times and four national parks. Ecotourism such as trekking is getting more popular among the tourists from European countries.

			
Echmiadzin Cathedral UNESCO World Heritage Site Mother church of the Armenian Apostolic Church	Sevanavank Monastery A tourist spot popular with Japanese tourists next to Lake Sevan	A cemetery in the village of Noratus next to Lake Sevan where many traditional carved crosses (khachkar) can be seen	Garni Temple UNESCO World Heritage Site The only temple of Hellenistic architecture remaining in Armenia

The main tourism resources that Japanese tourists visit are the UNESCO world heritage sites such as monasteries in the northern region (Sanahin and Haghpat monastery), the Sevan Lake and surroundings, the Geghard monastery and Echmiadzin. Some tour visit Gyumri as well.

In addition, most of Japanese tour visits three Caucasus countries including Azerbaijan and Georgia, and Armenia is the final destination. Many tours spend the first night in Armenia at Dilijan after entering from Georgia by road.

Regarding Armenia's main tourism resources, some rehabilitation and conservation works have been already implemented by using finance from donors such as the USAID, the World Bank and other various funds. The conservation status is relatively good comparing with the other Caucasus countries.

At main tourist site, information boards have been installed by the USAID displaying multiple languages including English and French. (Some boards have broken and out of service for tourists.)

<sup>43</sup> Ms. Junko Tabei (1939 –2016) was a Japanese mountaineer who was the first woman to reach the summit of Mount Everest, and the first woman to ascend all Seven Summits by climbing the highest peak on every continent.

			
Echmiadzin Cathedral under rehabilitation (December 2016)	Tatev monastery restored by IDEa Foundation	Explanation board installed by USAID (Sevanvank)	Damaged sign (Haghpat Monastery: an UNESCO World Heritage site)

## ① Yerevan

Yerevan, the capital of Armenia and 12 km from the Zvartnots International Airport, where most of international flights depart and arrive, is the gateway to visitors to Armenia, as well as the anchor cities to visit other tourist destinations.

Although the name recognition in Japanese tourists is remarkably low, there are international hotel chains such as Golden Tulip, The Westin, Radisson, Marriott, Hyatt etc. are advancing to Yerevan, as well as restaurants, famous fashion brands, museums and other entertainments such as night clubs, jazz clubs and opera-ballet theater are also substantial. Tourists can stay safely and comfortably because the city is clean and safe, and its townscape is as same as other European cities such as Paris.

Table 4-1: Tourism Resources in Yerevan

Tourism Resource	General Description and Status
History Museum of Armenia	The History Museum of Armenia located on Republic Square in Yerevan has been established since 1920. The museum has 400,000 collections of archaeology, ethnography, and history. The museum provides an integral perspective of the history and culture of Armenia, from prehistory to the present day.
Matenadaran	The Matenadaran has been established since 1957. Its museum nearly 17,000 manuscripts and 30,000 other documents including manuscripts, fragments of manuscript, documents, old printed books, precious bindings, and individual miniatures. The Mashtots Matenadaran Manuscripts Collection was inscribed on UNESCO's Memory of the World Register in 1997.
Yerevan Opera Theatre	The Yerevan opera theatre has been established since 1933. Since it was opened, the Armenian national opera and ballet theatre has provided more than 200 different performances of operas and ballets by Armenian, Russian and western European composers.
ARARAT Museum	The ARARAT Museum is located inside Yerevan Brandy Company's building. Museum tours with guide in English, Russian, French and German are conducted. Visitor can taste two or three brandies at the end of museum tour.
Malkhas Jazz Club	The Malkhas Jazz Club is one of famous jazz clubs located in the heart of Yerevan that presents concerts of Armenian jazz band, musicians and as well as jam sessions every night. The club serves a wide range of cigars, drinks, and delicious Armenian and European cuisines.
Vernissage	The Vernissage is a large open-air market in Yerevan opened every Saturday and Sunday along the Vernissage park. The market mainly features different types of traditional Armenian handicrafts such as woodcrafts, carpets, embroideries, jewelries, and musical instruments.

Source: JICA Study Team



## ② Northern Destination (Shirak and Lori region)

In the northern region of Armenia, although the city has developed mainly in the former Soviet era such as Armenia's second largest city Gyumri, the third city Vanadzor, Armenia's largest copper mine Alaverdi, regional economy has been stagnant since it suffered great damage from the Spitak earthquake in 1998.

In addition, many of the rural roads constructed in the former Soviet era are becoming obsolete, access to tourism resources is relatively difficult, and the establishment of accommodation facilities such as hotels as the base of tourists also need to be developed.

Meanwhile, in the northern region, there are attractive tourist resources including two monasteries in Lori prefecture registered as a UNESCO World Cultural Heritage site, and Gyumri where Armenia's typical townscape of the 18<sup>th</sup> and 19<sup>th</sup> century still remain, thus it is a region where impacts on the regional economy due to tourism development can be expected.

Table 4-2: Tourism Resources in Northern Destination

Tourism Resource	General Description and Status
Haghpat Monastery	Haghpat monastery was founded in the 10 <sup>th</sup> century. The monastery was built nearby at Sanahin at the same time. Great panoramic view from the monastery site will be memorable for all tourists.
Sanahin Monastery	Sanahin Monastery is founded in the 10 <sup>th</sup> century in the Lori Province of Armenia. The monastery is simple but good to see with combine of Haghbat. The monasteries of Haghpat and Sanahin were inscribed on the UNESCO World Cultural Heritage in 1996.
Gyumri	Gyumri is the second largest city in Armenia and the capital of the Shirak Province in the northwestern part of the country. By the end of the 19 <sup>th</sup> century, when the city was known as Alexandropol, it was one of the largest cities of Russian-ruled Eastern Armenia with a population similar to that of Yerevan. Kumayri historic district, the oldest part of Gyumri, has more than a thousand unique architectural style buildings of the 18 <sup>th</sup> and 19 <sup>th</sup> centuries. The district is one of few places in Armenia, and the world, with authentic urban Armenian architecture that have survived two major earthquakes, in 1926 and 1988.

Source: JICA Study Team

			
Haghpat Monastery	Haghpat Monastery (Narthex)	Sanahin Monastery under restoration (December 2016)	Kumayri historic district (Gyumri)

### ③ Eastern Destination (Tavush, Kotayk and Gegharkunik region)

In the eastern region of Armenia, trunk roads have been developed from Yerevan to each city and it is possible for tourists to visit main tourism resources from Yerevan during a day trip.





The region has resort areas with high potential of the ecotourism such as Dilijan and Sevan, as well as the Geghard monastery in the Azat Valley registered as a UNESCO World Cultural Heritage Site and there is a potential to develop a long-stay type destination where natural and cultural heritage are united.

Table 4-3: Tourism Resources in Eastern Destination

Tourism Resource	General Description and Status
Dilijan	Dilijan is a spa town in the Tavush Province of Armenia. Usually called Armenian Switzerland or Little Switzerland by the locals, it is one of the most important resorts in Armenia, situated within the Dilijan National Park. Ecotourism such as Hiking, mountain biking, and picnicking are popular recreational activities around Dilijan.
Tsaghkadzor	Tsaghkadzor is a popular spa and ski resort in Armenia, located in Kotayk Province and surrounded with alpine meadows of Mount the Teghenis.
Lake Sevan	The Lake Sevan is the only beach resort in Armenia and a popular destination for the Armenians. Lake Sevan is one of the largest freshwater high-altitude lakes in the Eurasia continent, at an altitude of 1,900 m above sea level. The Lake Sevan provides 90% of the fish and 80% of the crayfish of Armenia. The Lake Sevan was designated as a state sanctuary and a Ramsar site in 1993.
Sevanavank	Sevanavank is monastic complex located on the northwestern shore of the Sevan Lake. The monastery was founded in 874. Sevanavank is one of the most beautiful touristic site with view of the Sevan Lake.
Noratus Cemetery	Noratus Cemetery is a medieval cemetery with a large number of khachkars located in the village of Noratus, 90 km north of Yerevan. Over 800 Khachkars carved between 9 <sup>th</sup> and 17 <sup>th</sup> centuries are remaining in the cemetery.
Garni Temple	Garni Temple is a classic Hellenistic temple that one of the oldest settlements in Armenia. The temple is situated approximately 30 km from Yerevan on the right bank of the Azat River.
Geghard Monastery	Geghard is a unique architectural construction in the Kotayk province carved out of the adjacent mountain, surrounded by cliffs at the entrance to the Azat Valley. It is believed a monastery was established on the site at the beginning of the 4 <sup>th</sup> century by the first Catholicos St. Gregory the Illuminator. The monastery of Geghard and the upper Azat valley was inscribed on the UNESCO World Cultural Heritage in 2000.

Source: JICA Study Team



			
Lake Sevan and Sevanavank	Khachkars in the Noratus Cemetery	Garni Temple	Geghard Monastery

#### ④ Western Destination (Aragatsotn and Armavir region)

In the western region of Armenia, pilgrimage tourism around the churches registered in the UNESCO World Heritage Sites in Echmiadzin, where the cathedral of Archbishop Seat of Armenia is located, is main tourism product of the region.

On the other hand, Echmiadzin is about 30 minutes by car from the capital Yerevan, and tourists can visit from Yerevan on a day trip. Consequently, the center of tourist's consumption must be Yerevan and the impact of tourism on the regional economy is limited actually.

The region also has wineries where high-quality wines are being produced and the Mount Aragats, highest mountain in Armenia, with great potentials for agro tourism and ecotourism such as trekking and hiking. Therefore, impacts on regional economy can be expected by developing such kind of tourism resources.

Table 4-4: Tourism Resources in Western Destination

Tourism Resource	General Description and Status
Echmiadzin Cathedral	Echmiadzin Cathedral is the mother church of Armenian Apostolic church. It was the first cathedral built in ancient Armenia and is considered the oldest cathedral in the world. The original church was built in the early 4 <sup>th</sup> century, by the first Catholicos St. Gregory the Illuminator, following the adoption of Christianity as a state religion by King Tiridates III. The cathedral and churches of Echmiadzin and the archaeological site of Zvartnots were inscribed on the UNESCO World Cultural Heritage in 2000.
St. Hripsime Church	St. Hripsime Church was founded in the 7 <sup>th</sup> century as an Armenian Apostolic church in Echmiadzin. It is the oldest surviving churches in Armenia. The current structure was completed in 618 AD. This church can be one of the sites to visit with Echmiadzin Cathedral.
St. Gayane Church	The Church of Saint Gayane was founded in the 7 <sup>th</sup> century. It is located within walking distance from the Etchmiadzin Cathedral. St. Gayane was built by Catholicos Ezra I in the year 630. Its design has remained unchanged despite partial renovations of the dome and some ceilings in 1652.
Ruin of Zvartnots	The original church of Zvartnots was built in the 7 <sup>th</sup> century. This complex consists of a temple and the palace of Chtholicos Nerses III. The ruin is located at the edge of the city of Etchhiadzin.
Mount Aragats	The mount Aragats is an isolated four-peaked volcano massif in Armenia. Its northern summit, at 4,090 m above sea level, is the highest point of in Armenia. Mountain climbing is very popular and the best season for climbing Aragats is summer from June till August, when mountain trails is safe.

Source: JICA Study Team

			
Noah's ship fragments exhibited in the treasury of the Echmiadzin Cathedral	St. Hripsime Church	St. Gayane Church	Ruin of Zvartnots

#### ⑤ Southern Destination (Ararat, Vayots Dzor and Syunik region)

Southern part of Armenia is divided into two regions across the Vorotan Pass at an altitude of 2,344 m.

Near the border between Turkey and Armenia, in Ararat region, there is the Khor Virap monastery, one of the sacred places of pilgrimage tourism of the Armenian apostolic church, where the image of the monastery with the snowy Ararat Mountain and the vineyard spreading in the Ararat plain is one of the icons of Armenian tourism. In Vayots Dzor region, Areni where the wine festival and caves in which the oldest winery in the world are widely known, and the Noravank monasteries in the valley of the Amaghu River with dynamic landscape are located. Day trips from Yerevan to these sites are also possible.

In Syunik region, after crossing the Vorotan Pass, there are some tourist destinations such as Tatev where several development projects are being conducted in recent years after construction of the ropeway registered in the Guinness Book as the longest ropeway in the world, and Meguri at the Iranian border.

On the other hand, although it is necessary to stay a night in one of cities in the region in order to visit the tourist sites in Syunik region, accommodation facilities and restaurants where foreign tourists can stay comfortably are still limited. Furthermore, degradation of rural roads is also progressing, and many issues for developing the destinations are still remaining.

Table 4-5: Tourism Resources in Southern Destination

Tourism Resource	General Description and Status
Khor Virap Monastery	The Khor Virap monastery is located in the Ararat plain near the border with Turkey, about 1 hour from Yerevan and 8 km south of Artashat. Khor Virap is one of the most visited pilgrimage sites in Armenia attributed to the fact that Gregory the Illuminator was imprisoned for 14 years by King Tiridates III in the underground pit (which means khor virap in Armenian). A chapel was built in 642 and the monastery was rebuilt in 1662.
Areni	Armenia is one of the oldest wine producing regions of the world. Areni village is located 2 hours, about 120 km, from Yerevan. In 2011, the world's oldest wine production facility dated to about 4,000 BC was discovered in a cave near the village. A traditional wine festival is celebrated in Areni on 1 <sup>st</sup> and 2 <sup>nd</sup> of October every year.
Noravank complex	Noravank (13th century) is a monastery complex including three churches located 122 km from Yerevan between Areni and Yeghegnadzor. In the 13th-14th centuries the monastery became a residence of Syunik's bishops and a cultural center of Armenia. The complex was restored in recent years and its conservation status is relatively good.

Tourism Resource	General Description and Status
Jermuk	Jermuk is a mountain spa town in Vayots Dzor Province, 53 km east of the provincial capital Yeghegnadzor. It was a popular destination for its hot springs and mineral water brands bottled in the town. It is attractive for its waterfalls, artificial lakes, walking trails, the surrounding forests and mineral water sources. Jermuk is registered as an Armenian State Sanctuary.
Zorats Karer	Zorats Karer is a prehistoric archaeological site near the town of Goris in the Syunik Province. The monument consists of several sets of standing stones. In total registered 223 stones. About 80 of the stones feature a circular hole. Some archeologist has suggested that the standing stones could have been used for astronomical observation.
Tatev	The Tatev monastery (9th century) is located on an edge of gorge of the Vorotan River in the Tatev village in Syunik province. Tatev is known as the bishopric seat of Syunik and the monastery hosted the University of Tatev which contributed to the advancement of science, religion and philosophy in Armenia during the 14 <sup>th</sup> -15 <sup>th</sup> centuries. The Wings of Tatev, a ropeway, has been established since October 2010 listed in the Guinness Book as the world's longest ropeway.

Source: JICA Study Team

			
Wine Festival in Areni (October)	Noravank complex	Tatev monastery and the Vorotan valley	Rural road to Tatev (unpaved)

2) Infrastructure

① Transport

A) Aviation

Armenia has two international airports such as the Zvartnots International Airport, 12 km from Yerevan, and the Shirak International Airports in Gyumri. Except low-cost airlines between Moscow and Gyumri, all international flights are operated between Yerevan. There are three domestic airports (Stepanavan, Giris, Erebuni), but these three airport have not been operated since the collapse of the Soviet Union.

Zvartnots International Airport is operated by the company “Zvartnots International Airport”, which has been established through a joint investment with an Argentine airport company under a concession contract for 30 years since 2002. Since 2011, a new terminal building has been operated. In total 23 airlines are operated in the Zvartnots International Airport including Aeroflot-Russian Airlines, Ukraine Airlines, Ural Airlines from the CIS countries, Fly Dubai and Qatar Airlines from Middle East, Air France and Austrian Airlines from Europe. Direct flights from Europe are limited only three cities such as Paris, Vienna and Athens.

Regarding flight connection between Armenia and Japan, Aeroflot-Russian Airlines and Austrian Airlines were the main carriers (today, Austrian Airlines withdrew from the Japanese route). Since 2016, Qatar Airlines and Emirates Airlines (Fly Dubai) have operated flights to Armenia. As Armenian national

airline, eight airline companies including Air Armenia operate flight service. The number of flights and the number of passengers at Yerevan and Gyumri airport in 2015 are 9,609 flights and 1,896,807 passengers at Yerevan, and 130 flights and 34,747 passengers at Gyumri respectively.

**B) Road**

Regarding Armenia's road, since the former Soviet Union era, main trunk roads have been developed from Yerevan to each region and most of rural roads have also been paved, consequently tourists can visit the major tourist sites registered as UNESCO World Heritage, such as the monasteries in northern destination, Echmiadzin and the Geghard monastery, as a day trip from Yerevan. On the other hand, pavement condition of the secondary roads except main trunk roads are relatively poor, deterioration of the road surface of rural road is remarkable especially in mountainous areas, such as Lori province in the north and Syunik province in the south.

Road construction projects are being implemented by donors such as ADB and EIB to rehabilitate and to widen trunk road with two lanes including north-south highways from Yerevan to Gyumri, Armenia's second largest city.

**C) Public Transportations**

Regarding inter-city public transportations in Armenia, there are railway, bus, and taxi. Among them, people mainly use taxi (metered system, no distinction between inside and outside of the city) because its fare is relatively inexpensive.

Regarding the railway, since June 2008, operation right has been transferred to the Russian Railways (RZD). The South Caucasus Railway CJSC, a local subsidiary company of the RZD, operates railway in Armenia under concession contract for 30 years. Currently, the railway company operates international line only between Georgia. Yerevan-Tbilisi line is operated three times per week in winter and daily in summer, and also trains from Yerevan to Batumi, a resort on the Black Sea coast, is operated during the summer season. Metro (subway) is also operated in Yerevan as a local commuter.

On the other hand, most of buses and taxis were made during the former Soviet Union era. Public transportations including railway are not comfortable for foreign tourists and there is no sign written in English. Therefore, public transportations are used only by local people in Armenia.



**② Sanitation, Electricity and Telecommunications**

As for Armenia's tourism infrastructure, electricity, sanitation, tele-communication, etc., have been well



developed even in rural areas, so tourists may not feel inconvenience during their trip.

Regarding the tele-communication, prepaid mobile phone is common in Armenia and several mobile phone companies such as Beeline, Vivacell-MTS and Orange cover almost all regions even in rural areas and mountainous areas.

Regarding the Internet service, tourists can receive Internet services at free Wi-Fi spots not only in Yerevan but also hotels, restaurants and gas stations along the main road in rural areas. Internet environment is relatively comfortable compared with hotels and restaurants in Japan.

### ③ Public Services

According to the Japanese Ministry of Foreign Affairs' "Overseas Travel Safety Information"<sup>44</sup> whole region of Armenia is categorized in Level 1 (Exercise caution), except the border areas near Azerbaijan and Turkey categorized in Level 2 (Avoid Non-essential travel).

The political issue in Nagorno-Karabakh has not been solved between Armenia and Azerbaijan and demonstrations against the increase of electricity price occurred in Yerevan in June 2015.



Photo: Panel for Emergency call

On the other hand, in fact, current security conditions in Yerevan and in rural areas are relatively good, and Armenia is considered as one of the safest countries for foreign tourists<sup>45</sup>. In major tourist sites in rural areas, the number of emergency call to local police is displayed on the sign board.

In Armenia, both in Yerevan and in rural areas are clean-upped regularly and there are almost no garbage such as plastic bottles and plastic bags beside the road that is found in many developing countries.

As medical conditions, public medical institutions only have old facilities, thus foreigners consult private medical services, twice of consultation fee will be charged when travel insurance is used and few doctors speaks English.

## (3) Tourism Development Policies and Strategies in Armenia

### 1) Armenia Development Strategy (ADS) 2014–2025

In 2014, the Armenian government announced the "Armenia Development Strategy (ADS) 2014–2025" and set the goal of becoming a high-income country by 2025, citing the priority issues of 1) Growth of employment, 2) Development of human capital, 3) Improvement of social protection system, and 4) Institutional modernization of the public administration and governance. Among those, the creation of employment is the highest priority issue. In total 415 thousand employment will be created in non - agriculture sector by 2025 and an increase in formality of non-agriculture employment, including tourism sector is planned to reach 78% in 2017, 80% in 2021 and 83% in 2025 comparing with 73% recorded in

<sup>44</sup> Ministry of foreign affairs, Japan (December 2016)

<sup>45</sup> NUMBEO Safety Index

2011.

Taking into account the short and long term potential for job creation, as well as the input in ensuring sustainable economic growth, the priority sectors and areas subject to the direct policies include 1) Industry and export promotion, 2) Tourism development, 3) Information technologies’ sector development, 4) Agriculture and rural development, and 5) SME creation and ensuring their adequate activities.

## 2) Tourism Development Concept Paper

In February 2008, the “Tourism Development Concept Paper” summarized the development strategy for the tourism sector with the support of USAID. Aiming to increase the number of foreign tourists to 3 million by 2030, the vision for tourism sector development hinges on the three pillars of 1) Increase in tourism arrivals, 2) Increase in tourism generated incomes, and 3) Job creation.

## 3) Tourism development plan (2017-2021)

The Tourism Committee has been established in the Ministry of Economic Development and Investment since October 2016, as a government agency responsible for the tourism administration. The Tourism Committee is currently developing a new five-year tourism development plan (2017-2021), including tourism strategy and action plan according to the concept with three pillars: 1) Accessibility, 2) Affordability and 3) Awareness.

Table 4-6: Tourism Development Policies and Strategies

Development Plan	Target, Priority Area, Action, etc.
Armenia Development Strategy (ADS) 2014–2025	<p><b>【Target】</b></p> <ul style="list-style-type: none"> <li>• In total 415 thousand employment will be created in non - agriculture sector by 2025.</li> <li>• An increase in formality of non-agriculture employment, including tourism sector is planned to reach 78% in 2017, 80% in 2021 and 83% in 2025 comparing with 73% recorded in 2011.</li> <li>• The number of incoming tourists will reach 1.35 million in 2017, and 2.7 million in 2025 as opposed to 758 thousand in 2011.</li> </ul> <p><b>【Priority Areas】</b></p> <ol style="list-style-type: none"> <li>1) Industry and export promotion</li> <li>2) Tourism development</li> <li>3) Information technologies’ sector development</li> <li>4) Agriculture and rural development</li> <li>5) SME creation and ensuring their adequate activities</li> </ol> <p><b>【Action for Tourism Development】</b></p> <ol style="list-style-type: none"> <li>1) Improvement of infrastructures through PPP</li> <li>2) Reduction of high transport costs related to entry to and exit from Armenia</li> <li>3) Balanced development of the regions (Jermuk, Tsakhkadzor, Dilijan and others)</li> <li>4) Implementation of “Open Sky” approach with involvement of low cost airline companies</li> <li>5) Creation and upgrading of tourism infrastructures out of Yerevan</li> <li>6) Promotion of Involvement of international hotel operators</li> </ol>

Development Plan	Target, Priority Area, Action, etc.
Tourism Development Concept Paper	<p><b>【Target】</b>  The following indicators are envisaged in tourism sector by 2030:</p> <ol style="list-style-type: none"> <li>1) Armenia will welcome 3 million international tourists</li> <li>2) Tourism arrivals growth will have been sustained at an annual Compound Average Growth Rate (CAGR) of 9%</li> <li>3) Assuming that international arrivals to Europe increase at the projected 4.1%, Armenia's share of European arrivals will increase to 0.3%.</li> <li>4) Armenia will rank within the top 50 countries in the World Economic Forum Travel &amp; Tourism Competitiveness Index.</li> <li>5) Internal tourism arrivals will reach 1.5 million</li> <li>6) Overnight stays in hotels &amp; similar accommodation – 11.25 million</li> <li>7) Bed places in hotels &amp; similar accommodation – 51,370</li> <li>8) Hotel occupancy rate – 60%.</li> <li>9) Government tourism promotional spending - US\$ 49 million</li> </ol> <p><b>【Priority Areas】</b></p> <ol style="list-style-type: none"> <li>1) Design new, competitive destinations, prioritize tourism sites and attractions in Armenia</li> <li>2) Provide high quality surveys, prioritize target markets</li> <li>3) Branding of the country as a destination and individual tourist sites and their effective presentation and promotion in the global (target) markets</li> <li>4) Improve accessibility and transportation</li> <li>5) Improve and develop infrastructure</li> <li>6) Higher quality services</li> <li>7) Workforce development</li> <li>8) Ensure public health and safety</li> <li>9) Improve destination management, business and investment environment</li> </ol>
Tourism development plan (2017-2021) Action Plan 2017	<p><b>【Target】</b>  The following indicators are envisaged in tourism sector by 2020:</p> <ol style="list-style-type: none"> <li>1) 2.5 million incoming tourists annually</li> <li>2) 1.2 million Diaspora Armenians' visits</li> <li>3) 1.5 million internal tourism</li> <li>4) \$ 2.5 billion annual receipts from incoming tourism</li> <li>5) \$450 million receipts from internal tourism</li> <li>6) 50 new hotels with 3,000 beds</li> <li>7) 15,000 additional jobs</li> </ol> <p><b>【Priority Areas】</b></p> <ol style="list-style-type: none"> <li>1) Institutional reforms</li> <li>2) Tourism offer diversification</li> <li>3) Stakeholder coordination</li> <li>4) International cooperation</li> <li>5) Infrastructure development</li> <li>6) Marketing and promotion</li> <li>7) Capacity building</li> </ol>

Source: JICA Study Team

#### (4) Relevant Organizations in the Tourism Sector in Armenia

The following are the main relevant organizations related to tourism development in Armenia

Table 4-7: Key Organizations in the Tourism Sector

Relevant organizations		Main role
Government organizations	Ministry of Economic Development and Investment	A ministry that undertakes the planning/implementation of economic development and industrial promotion policies in Armenia and oversees the Department of Tourism Development Policy, which is in charge of developing the tourism sector
	Tourism committee	A government agency established in October 2016 under the Ministry of Economic Development and Investment as the responsible body of tourism administration.
	Ministry of Culture	A ministry that undertakes the management of cultural facilities such as museums, (National museum: 100, Private museum: 25), theater, cultural heritage, intangible heritage, etc.
	Ministry of Nature Protection	A ministry that undertakes the management of protected areas such as national parks in Armenia, promotion of ecotourism, etc. Department of ecotourism has been established in the Ministry of Environmental Protection in 2015.
	National Statistical Services	Calculates/manages tourism statistics
Private-sector organizations	Armenia Hotel Union	An association of hotels
	Armenia's Union of Incoming Tour Operators	A tourism industry union for travel agencies, etc.
	The Armenian Guides Guild	An union composed of tour guide
	IDeA Foundation	A NGO that conducts development projects in Tatev region and Dilijan region

Source: JICA Study Team

##### 1) Governmental Organizations

###### ① Ministry of Economic Development and Investment

The Ministry of Economic Development and Investment is a ministry responsible for planning and implementing economic development and industry promotion policies of Armenia and it has the Department of Tourism Development Policy as a department responsible for tourism sector development.

Budget for tourism promotion activities managed by the Ministry of Economic Development and Investment has been allocated from the Development Foundation of Armenia (DFA), which was established in 2008 under the Ministry of Finance. The main roles of the DFA are to fund development projects in three areas: (1) Export, (2) Tourism, and (3) Investment. In total 185 Million AMD (400,000 USD) was allocated to Tourism activities in FY 2015 and FY 2016 and 200,000 USD, 60-70% of total, was spent for tourism promotion.

Regarding tourism promotion related activities managed by the Ministry of Economic Development and Investment include (1) hosting various festivals, (2) exhibiting at international tourism exposition (in 2016,

Armenia participated five EXPOs including Berlin, Barcelona, London, etc.), (3) FAM and Media trip (In total 15 foreign tour operators were invited in 2016), etc.

## ② Tourism Committee

The Tourism Committee has been established under the Ministry of Economic Development and Investment since October 2016 as a governmental agency responsible for tourism administration in order to develop and implement the state policy in the tourism sector. The Department of Tourism Development Policy of the Ministry will be integrated into the Tourism Committee.

Currently, the Tourism Committee is preparing new organization structure and 17 staffs from the Ministry of Economic Development and Investment have been already allocated.

The main task of the Tourism Committee will be to increase the competitiveness of Armenia as a tourism destination and the promotion of Armenian tourist products at international markets, as well as formation of competitive and alternative tourism results, increasing tourist diversity and ensuring continuous improvement of the quality of services.

## ③ Ministry of Culture

The Ministry of Culture is a ministry responsible for management of cultural facilities such as museums, (National museum: 100, Private museum: 25) and theater, architectural heritage such as church, intangible cultural heritage such as traditional music and dance etc.

About 5-7 projects for conservation and rehabilitation of architectural heritage are carried out every year supervised by the Historical and Cultural Heritage Protection Agency under the Ministry of Culture. Regarding budget for restoration projects, U.S. Ambassadors Fund for Cultural Preservation, CIS Fund, UNESCO fund and International Fund for Cultural Diversity (IFCD) are utilized. Construction works are entrusted to private companies. Most recently, restoration work of the monastery of Meghri in the southern region was carried out by using U.S. Ambassadors Fund.

## ④ Ministry of Nature Protection

The Ministry of Nature Protection is a ministry responsible for management of protected areas such as national parks and promotion of ecotourism. Department of Ecotourism has been established in the Ministry of Environmental Protection since 2015. State budget allocated to ecotourism related activities in 2015 is around 1.2 Million AMD and it is increased to 5.0 Million AMD in 2016. In 2016, the ministry participated to the ITB-Berlin<sup>46</sup> to promote ecotourism at the Armenian booth and opened a Museum of Nature in Yerevan.

## ⑤ National Statistic Service (NSS)

Regarding tourism statistics of Armenia, though the number of arrivals at each border post is recorded

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<sup>46</sup> ITB Berlin (International Tourismus-Börse Berlin) is the world's largest travel fair held annually in Berlin, Germany. More than 10,000 companies, including hotels, tourist offices, tour operators, airlines, car rental companies and tourism related research institutions, exhibited the fair in 2016, with more than 200,000 visitors during the 5 days during the fair.

(by country, by year, from 2001) as a part of demographics, there is no distinction between residents and foreigners. Thus it is difficult to determine the exact number of foreign visitors.

Though the number of hotels by province is reported every three months, statistics about the number of beds, the number of nights spent, tourism expenditure, the number of travel agencies, restaurants and entertainment facilities have not been established.

## 2) Private Sector Organizations / Non-Governmental Organizations (NGO)

### ① IDeA Foundation

The IDeA Foundation has been established since 2014 by Mr. Ruben Vardanyan, an Armenian living in Russia, as a non-for-profit organization that implements regional development project in Armenia. Project cost for the IDeA's projects is covered by combining donation, investor funds and donor funds without any commercial activities.

The characteristics of the IDeA's project are to increase the investment value of the region by installing an “Anchor Project” as the core of regional development based on their own fund and donor funds. Then IDeA facilitates to invite private investors’ fund by playing a role as a platform for self-development.

In the context of improving the investment environment to invite private investment to the region, in order to increase added value as a whole region, SMEs supports have also been provided to improve the quality of services of hotels and restaurants.

As a community development project which covers 6,000 people in the Tatev region, the southern part of Armenia, IDeA implemented projects for restoration of the Tatev monastery, construction of ropeway (the world's longest (5.4 km) ropeway registered in Guinness Book) and SMEs support (9 villages, 26 families). In Dilijan, the United World Colleges (UWC) Dilijan School (high school) and community facilities construction project were also implemented by IDeA.

In addition, the Gyumri Project Hope (GPH)<sup>47</sup> is being implemented as a project for rehabilitating Armenia's second largest city of Gyumri, where Armenia's historic buildings of the 18<sup>th</sup> and 19<sup>th</sup> centuries are still remain. In order to promote Gyumri as a destination, as a platform for harmonizing both conservation of historical buildings and urban revitalization, IDeA coordinates owners of the historic building in the city center and private investors, preserves the townscape by determining protected areas, prepares business plans for renovation of historic buildings, invites private investors and provides technical supervisions on restoration work.

### ② Union of incoming Tour Operators of Armenia: UITO

The UITO was established as an NGO in 2004 as a union of travel agencies of Armenia that represent travel industry and tour operators’ interests.

The objectives and tasks of the UITO are (1) to coordinate government agencies and private sector, (2) to promote legislative reforms related to the tourism sector, (3) to develop skilled personnel through training

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<sup>47</sup> <http://www.gyumriprojecthope.org/>

programs in high educational institutions according to the needs of business enterprises, (4) to expand business opportunities for the members by providing a platform for the exchange of experience, contacts with tour operators from other countries including FAM trips, (5) to consult members especially legal problems and taxation, (6) to cooperate with international organizations, and (7) to promote tour product, different kinds of festivals and rural tourism.

Currently 29 companies are registered as members. In order to register a company as a member, the company has at least sales experience of 2 years (State registration documents are required), submit guarantee letter of 3 guarantors, obliged to pay membership fee of 25,000 AMD per month. Currently, four companies are registered as associate members and each associate member shall pay an annual fee of 100,000 AMD.

## **(5) Legal and Institutional System in Tourism Sector in Azerbaijan**

### **1) Visa**

In Armenia, except for some countries such as Switzerland and Spain, visa is exempted within 180 days for visitors who have citizenship in the EU countries. Visa is also exempted for visitors from neighboring countries such as Azerbaijan and Georgia, and visitors who have nationality of CIS countries such as Russia and Uzbekistan. For visitors who have citizenship in African countries, they must prepare invitation and necessary immigration documents.

Japanese visitors who enter to Armenia as a tourist, it is easy to obtain a visa from 21 days to 3 months at the airport or at the border (a single visa for 21 days costs 3,000 AMD). For citizens about 80 countries including Japan, it is also possible to obtain e-visa on the website of the Ministry of Foreign Affairs of Armenia.

### **2) National Park**

Since 1958, the Armenian government has protected nature reserve of the country. In total 13% of Armenian land is forestry lands designated as protected areas. The Armenian Specially Protected Nature Areas (SPNAs) consists of four categories; (1) State Reserve (3 locations), (2) National Park (4 locations), (3) State Sanctuary (26 locations), and (4) Natural Monument (232 places). An access to the State Reserve is strictly controlled and it requires particular permission by the Ministry of Environmental Protection.

### **3) Cultural Heritage**

The laws related to protection of tangible cultural heritage including architectural heritage are stipulated in "Decision N.438 on approving the order of state inventory, observation, protection, fixation, renovation, restoration and use of immovable monuments of history and culture (2002)" and "Law on the protection and use of immovable monuments of history and culture and historical surrounding (Established in 1998, revised in 2003)". In case of a restoration project of tangible cultural heritage managed by the Ministry of Culture, permission approved by the ministry is required. Regarding the protection and promotion of intangible cultural heritage such as traditional dance and music, role of administrative authorities are stipulated in "Law on Intangible Cultural Heritage (2009)".

#### 4) Landscape Management

Three architectural heritages in Armenia, including monasteries, have been registered in the UNESCO World Cultural Heritage list, while there is no city (townscape) registered in the list. In case of the IDeA foundation's rehabilitation project in Armenia's second largest city of Gyumri where many Armenian historic buildings of the 18<sup>th</sup> and 19<sup>th</sup> centuries are still remain, IDeA is proposing the Ministry of culture a guidelines for protection of townscape, because the laws and regulations for conservation of townscape has not been well established in Armenia.

### (6) Human Resource Development in Tourism Sector in Armenia

#### 1) University (Tourism course)

Regarding educational institutions in Armenia related to human resource development on tourism sector, tourism courses have been established at the Armenian Tourism School (Branch of Russia International Tourism Academy), Russia-Armenia (Slavonic) University, Yerevan Management University, Armenia State University, etc.

About Armenia Tourism School founded in 2001, about 50 graduates have found jobs at local travel agents and hotels such as Golden Tulips.

Table 4-8: Current Situation of Educational Institutions in Armenia

Institution	No. of Students (2016)	No. of Graduates	Employment rate
Armenian Tourism School	80	322 (last 4 years)	50-60 %
Yerevan Management University	Bachelor: 5, Master: 2	14 (last 2 years)	80 %
Armenia State University	Bachelor: 135, Master: 35	Bachelor: 200, Master: 80 (last 4 years)	90 %

Source: JICA Study Team

#### 2) Vocational Training School

The Armenian-Greek College of Tourism, Service and Food Industry has been established as a private vocational school that fosters restaurants and hotel employees.

Under the framework of cooperation between the Armenian government and the Greek government, the school has been established since 2006 (reorganized from the predecessor Food Industry Technical Institution established in 1943) and provides vocational training for various fields of tourism services under the Ministry of Science and Education (a private school equivalent to high school).

There are two courses; (1) four year course after receiving primary education (after 9<sup>th</sup> grade of elementary and junior high school) and (2) two and half year course after high school (9 years of elementary and junior high school + high school 2.5 years), after receiving a national examination at the time of graduation, a national graduation qualification will be provided to successful applicants.

The school has six courses such as (1) Tourism, (2) Organization of service at hotels and tourist complex,



(3) Technology of public food, (4) Technology of milk and dairy products, (5) Technology of bread-baking, pasta and Confectionery, and (6) Technology of ferment production and wine-making.

According to the curriculum of the Ministry of Science and Education, lectures are provided based on the European standard service level.

In addition, there are short term training courses (2-3 months) for waiter, cook, bartender and sommelier.

## **(7) Current Status of Donor Assistance on Tourism Sector in Armenia**

Support for Armenia from donors centers on cultivating SMEs businesses in the private sector to remedy regional disparities, and on development of transport/road infrastructure. Japan is providing equipment for restoring artwork for national museums through cultural grant assistance, and implementing initiatives such as topic-based training for private-sector development and promotion of SMEs businesses.

### **1) USAID**

#### **① Competitiveness of the Armenia Private Sector (CAPS)**

The USAID is the main donor that has provided various supports to the tourism development. One of the major projects of USAID is “the Competitiveness of the Armenia Private Sector (CAPS) Project” (2004-2011). The purpose of CAPS is to increase employment, to promote expert and to grow local business by promoting productivity, competitiveness and policy reform. The mechanism used by CPAS is a cluster approach that incorporates all of the major stakeholders and participants including private companies, individual entrepreneurs, government agencies, educational institutions and civil society organizations. Information technology, pharmaceuticals and tourism are the three clusters that were identified as targets of CAPS. In terms of the Tourism Cluster, the Project supports legal and institutional support such as developing and adopting Tourism Master Strategy, preparing a new Tourism Law and providing legal recommendations to the Armenian government. CAPS also assisted the Armenian Statistical Service to obtain more reliable visitor information statistics and identifying the problem behind the inaccuracy of existing data. In addition, the academic partnership is facilities for increasing the workforce capacity in the tourism cluster. The Project develops a long-term partnership between Virginia Tech University and the Armenian Greek College and a curricula-based partnership between Georgia Washington University and the American University of Armenia.

#### **② Enterprise Development and Marketing Competitiveness (EDMC)**

The EDMC is a SMEs support project based on the value chain approach implemented from 2011 to October 2014. Regarding the tourism field, the main components are improvement of investment environment, legal system development, product development and capacity development of SMEs. As assistance to the wine related companies, the project selected 6 wine makers and instructed product development including packaging.

#### **③ My Armenia**

The My Armenia is the first project that the USAID collaborates with the Smithsonian Institute. The project period is from June 2015 to September 2020. The target areas are Vayotsdzor province (Areni and

Gnishik), Lori province (Akhtala) and Syunik province (Goris and Tatev).

By utilizing academic knowledge of the Smithsonian Institute, such as archeology and cultural heritage preservation, the project aims to develop tourism resources as a destination mainly focuses on Armenian cultural heritage in rural areas (Local Community) except Yerevan where 86% of the tourism consumption concentrates. It aims to develop regional areas other than Yerevan as an Anchor Point for tourists and enhance its economic impact to the surroundings horizontally.

During the selection process of the target area, The USAID has conducted a Basic Survey of all regions in Armenia and public consultation was also conducted during the Basic Survey.

## 2) GIZ

### ① Private Sector Development in South Caucasus (PSDP)

The PSDP is a private sector development project in three Caucasus countries; Azerbaijan, Georgia and Armenia financed by the GIZ. In Phase 1 (2009 - 2013), the project supported SMEs mainly engaged in local tourism and agriculture sector. From the phase 2 (March 2013 - March 2017), the project is being implemented by value chain approach mainly focus on three fields; (1) wine sector, (2) tourism, and (3) engineering (vocational training). The main components of the project are policy reform and private sector development.

As a support to policy reform on the tourism sector, in 2015, the project prepared “Armenia Tourism - Situation Assessment and Revised Tourism Development Strategy 2015” and its action plan by revising former "Tourism Development Concept Paper" prepared by the USAID in 2006.

In addition, as a private sector support for the wine sector, the project provides some equipment for quality control of wine to public laboratories. The project assists to promote export through improving Armenian wine's food safety and branding, and to establish wine academy in food processing course of the Agrarian University in order to enhance technologies of wine manufacturing and quality control.

For the tourism sector, in collaboration with the World Federation of Tourist Guide Associations (WFTGA), a training center (WFTGA International Training Center Yerevan) has been established to train tourist guides.

## 3) Asian Development Bank (ADB)

### ① North–South Road Corridor Investment Program (NSRCIP)

The NSRCIP is a road construction project (new construction, expansion and refurbishment) of the north-south highway from Yerevan (total project cost: 500 Million USD). Regarding the northern section, ADB financed Yerevan-Lanjik road, and the European Investment Bank (EIB) will finance the section between Lanjik and Gyumri. The section between Yerevan and Ashtarak has been opened. For the southern section, ADB are preparing feasibility study for the extension of the highway between Yerevan and Artashat.

## ② Sustainable Urban Development Program (SUDIP)

The SUDIP is an urban development project of 12 regional cities including Yerevan (Dilijan, Gyumri, Vanadzor, etc.). The main project components include improvement of rural roads, public transportations and related facilities (total project cost (Phase 1): 50 Million USD). Regarding the project in Yerevan, the missing link of the urban road in the south was improved.

The City Development Plan (CDP) has also been prepared for each city including current situation analysis and urban development plan for each target city.

Table 4-9: Assistance from Donor Organizations

Supporters	Main initiatives
Japan (JICA)	Equipment for restoring national museum artwork (Grant Assistance for Cultural Grassroots Projects), development projects for local products and brands (technical cooperation), training for private-sector development and promotion of small-and-medium-sized businesses (topic-based training), etc.
United States (USAID)	Projects to strengthen company promotion and market competitiveness, partnership projects for developing farming communities, etc.
EU	Local tourism promotion projects aiming to reduce poverty, agro tourism development projects in local communities, etc.
Germany (GIZ)	Support for private-sector development, modernization of infrastructure to improve living standards for local residents, etc.
World Bank	Support in a wide range of areas, including road infrastructure, farming, regional development, and promotion of small-and-medium-sized businesses
Asian Development Bank	Support for road development projects, etc. through the North-South Corridor Investment Program
UNDP	Support for development of small-and-medium-sized businesses

Source: JICA Study Team

## (8) Trends in tourism industry in Armenia

### 1) Foreign Direct Investment

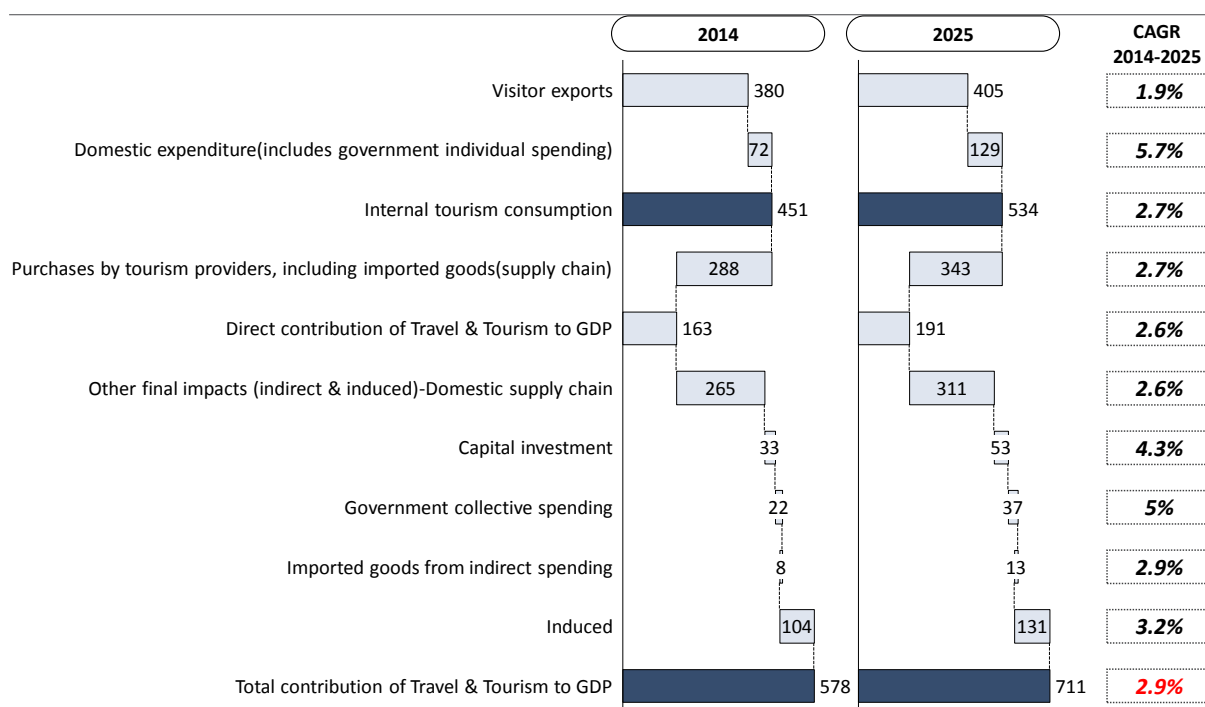
Since Armenia had joined the WTO in 2003, foreign investment has been increased mainly in foreign-affiliated hotels, restaurant chains, apparel brands, etc., and tourism in Armenia has grown constantly. According to the UN World Tourism Organization (UNWTO)'s Statistic, the international tourism receipts of Armenia from 2013 to 2015 are 880, 966, 936 million US dollars respectively, a growth rate of 6.3%, and average grow rate will be 4.1% until the year 2020.

According to the report<sup>48</sup> by the WTTC in 2015, the total contribution of Travel and Tourism to GDP is expected to generate AMD 578.5 billion (1.2 billion USD) in 2014 and to rise by 2.9% to AMD 710.3 billion (1.5 billion USD) in 2025.

<sup>48</sup> WTTC, "Travel & Tourism Economic Impact 2015 Armenia", 2015

The economic contribution of Travel & Tourism: Real 2014 prices and forecast in 2025 in Armenia(Unit ; GEL million)

Total contribution of travel & tourism to GDP will be increased by CAGR 2.9% between 2014 and 2025.



Source : WTTC, Team Analysis

Source: WTTC, JICA Study Team analysis

Figure 4-3: Economic contribution of travel and tourism

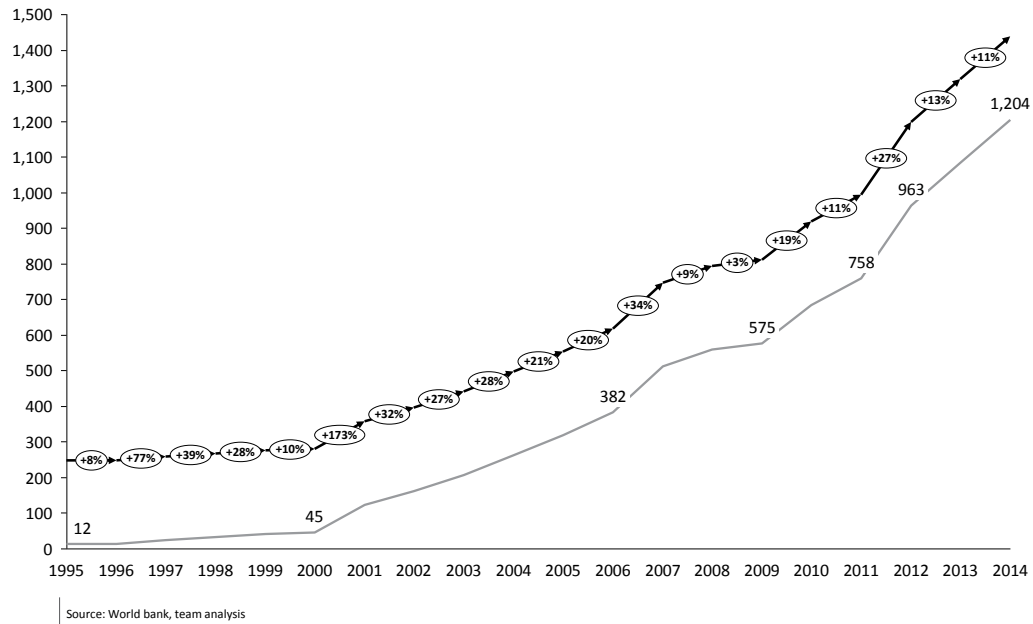
2) Visitor

① Foreign visitor

The number of tourists visiting Armenia is growing each year, the amount reached around 1.2 million in 2014. Regionally, tourists from East Asia and the Pacific and Europe (including CIS countries) have also grown recently. In terms of the proportion of tourists by nationality, tourists from Russia, Georgia and Iran account for around 80% of the total incoming tourists to Armenia. In addition, June to September is the peak season of incoming tourists to Armenia for foreign visitors

Incoming tourists to Armenia (Unit: thsd)

Number of incoming tourists to Armenia constantly increased.

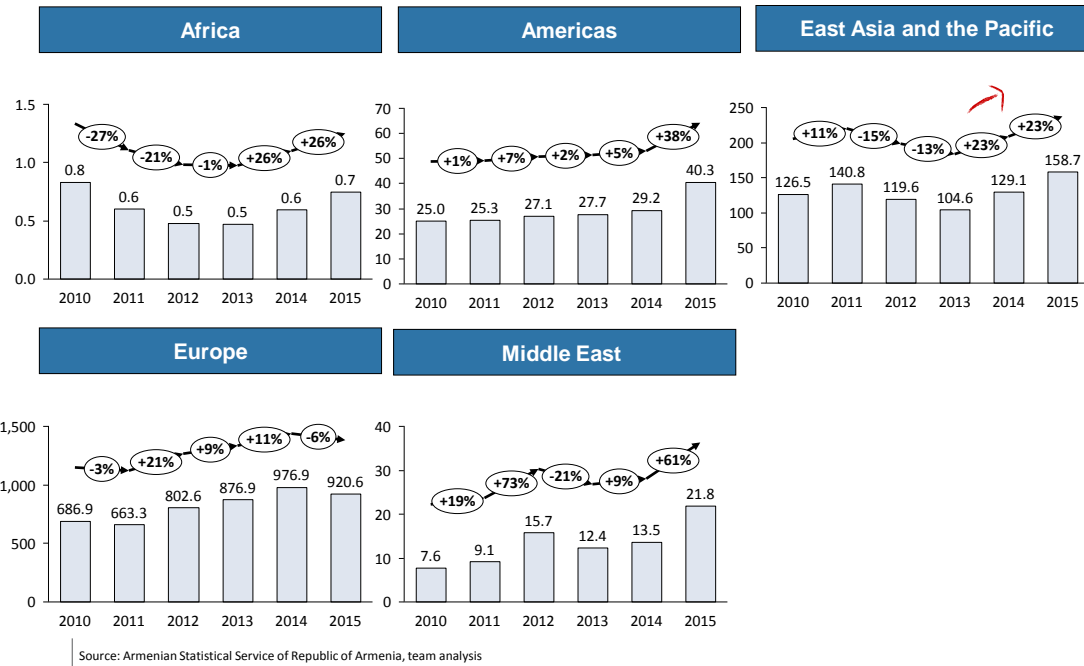


Source: World Bank, JICA Study Team analysis

Figure 4-4: Incoming tourists to Armenia (Unit: thousand)

Incoming tourists to Armenia by regions

East Asia and the Pacific has showed a considerable growth since 2013.

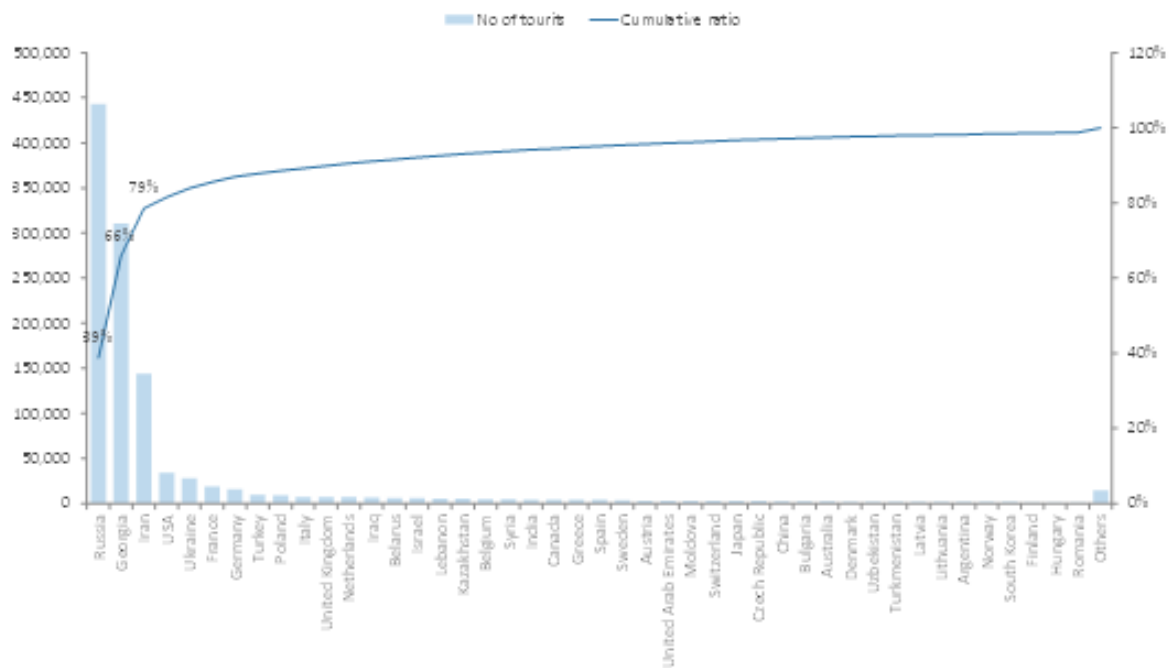


Source: Armenian Statistical Service of Republic of Armenia, JICA Study Team analysis

Figure 4-5: Incoming tourists to Armenia by region (unit: thousand)

Number of incoming tourists to Armenia and the cumulative ratio (Unit: tourists and %)

Russia, Georgia and Iran account for around 80% of the total incoming tourists to Armenia.



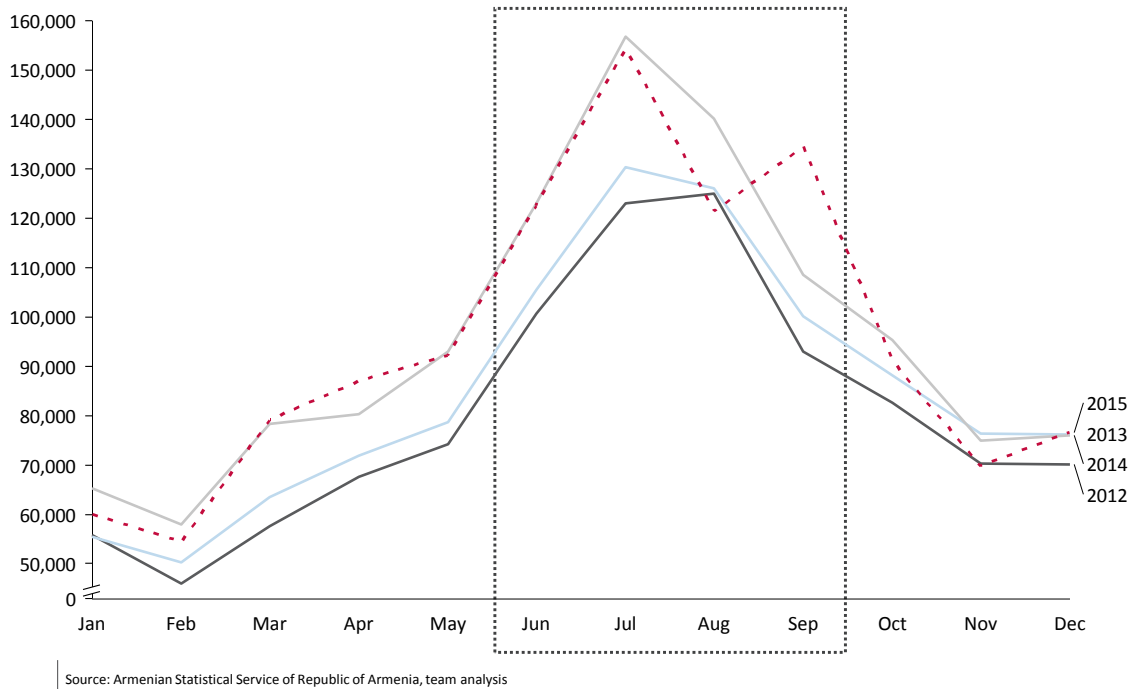
Source: Armenian Statistical Service of Republic of Armenia, team analysis

Source: Armenian Statistical Service of Republic of Armenia, JICA Study Team analysis

Figure 4-6: Proportion of incoming tourists to Armenia in 2015

### Number of incoming tourists to Armenia by month

June to September is the peak season of incoming tourists to Armenia.



Source: Armenian Statistical Service of Republic of Armenia, JICA Study Team analysis

Figure 4-7: Number of incoming tourists to Armenia by month

### ② Japanese visitors to Armenia

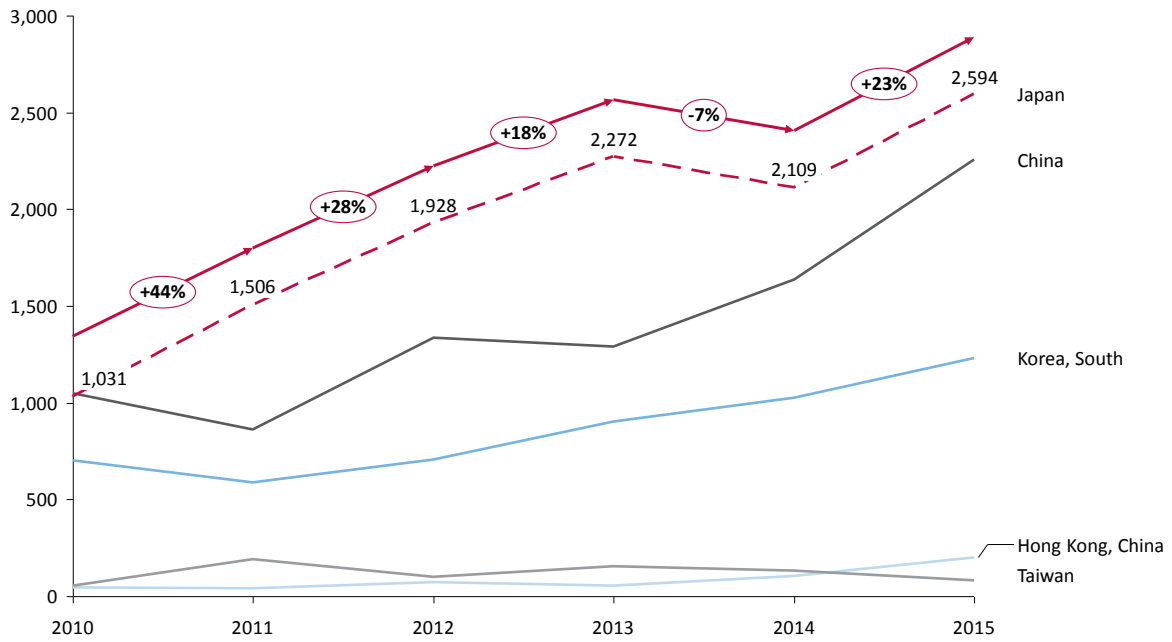
According to the statistics of Armenian Statistical Service of Republic of Armenia, the number of tourists from Japan to Armenia has been about 2,000 to about 2,500 since 2015.

Regarding the Japanese market, many Japanese tourists visit Armenia as roud-tourip packages tour that visit the South Caucasus countries, which are sold by Japanese travel agencies. Many Japanese tourists visiting Armenia are senior citizens over 50 years old. The average of travel duration in Armenia is around 3-4 nights.

The main seasons for Japanese tourists visiting Armenia are from April to November. Those Japanese visiting Armenia are interested in culture, history, wine and hiking.

Incoming tourists to Armenia by North-East Asia countries

The number of Japanese tourists to Armenia reached 2,594 in 2015.



Source: Armenian Statistical Service of Republic of Armenia, team analysis

Source: Armenian Statistical Service of Republic of Armenia, JICA Study Team analysis

Figure 4-8: Incoming tourists to Armenia by North-East Asia countries (Unit: thousand)

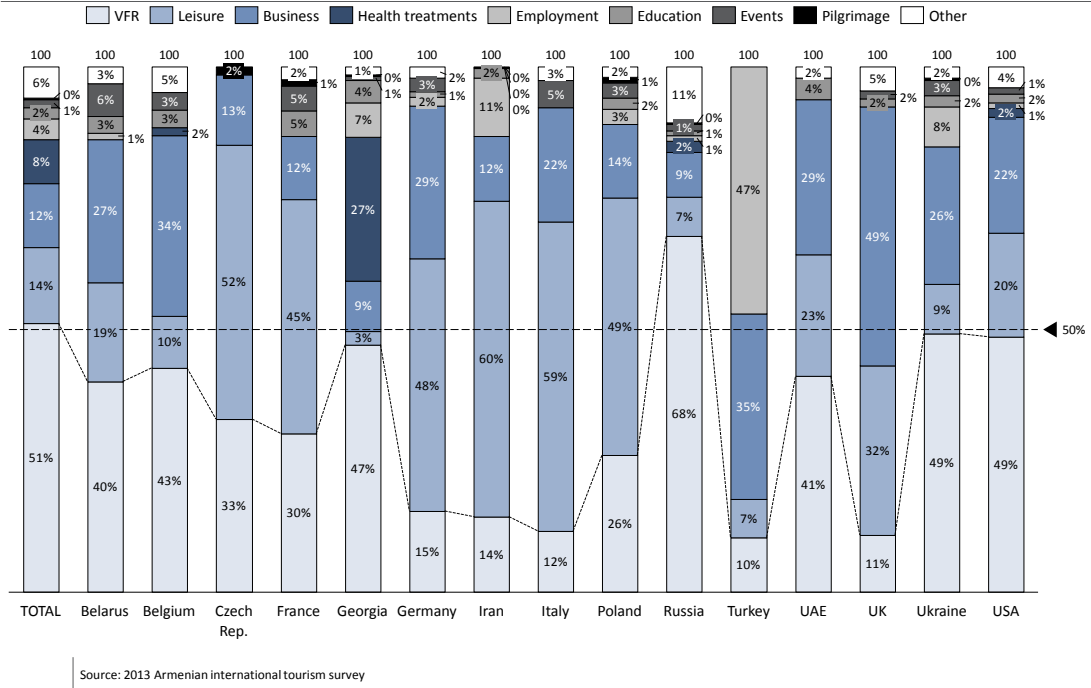
③ Characteristics of foreign tourists to Armenia

In regards to the characteristic of foreign tourists to Armenia, the proposition of visiting friends and relatives are high. Those tourists are mainly diaspora from USA, Russia, France and etc. Their travel durations in Armenia are relatively long; for instance, the diaspora from USA stay over 30 days.



Purpose of trip by countries in 2013

VFR accounts for around 50% in terms of purpose of trip to Armenia.

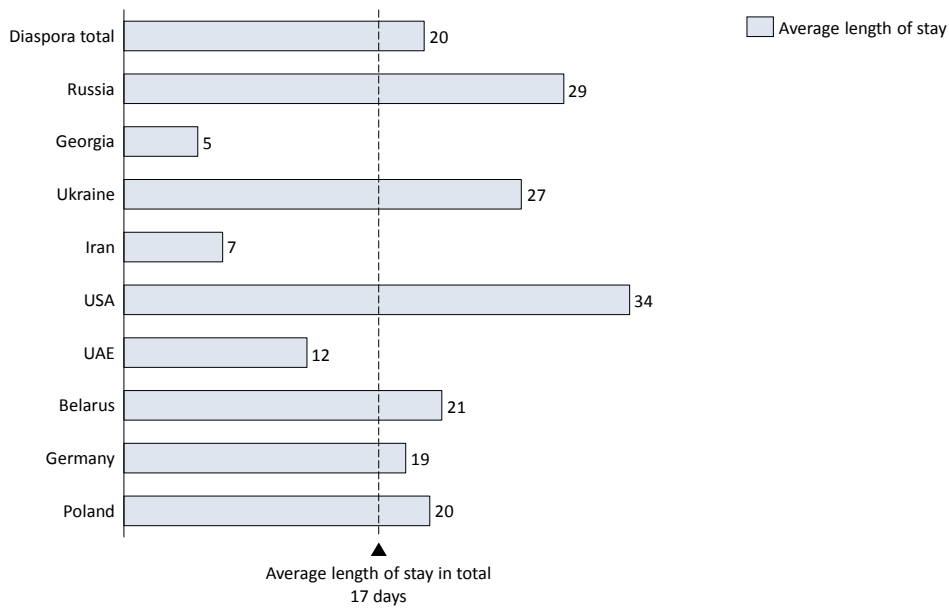


Source: Armenia international tourist survey, JICA Study Team analysis

Figure 4-9: Purpose of trip to Armenia by countries in 2013

Average length of stay in Armenia by countries by diaspora tourists

Diaspora tourists from USA exceeded 34 days in 2013.



Source: Armenia international tourist survey, JICA Study Team analysis

Figure 4-10: Average length of stay in Armenia by countries by diaspora tourists

According to the local tour operators located in Armenia, as a trend of tourists purchasing their tourist product, it was confirmed that from UEA markets mostly senior citizens over the age of 50 and young people visit Armenia, and as for EU market senior citizens does. In respect of the youth from USA, majority of them are categorized in Diaspora. In the case of package tours, a combination of three countries of the South Caucasus, combination of Georgia and Iran, or only Georgia is three main products. In the case of package tours, the number of participation per group is 15 to 20 people as for European market, whereas the US tends to be a more people with 20 to 30 people in one group. Senior citizens visiting Armenia are mainly interested in culture, history, pilgrimage, etc., while some of the young are also interested in hiking.

In respect of the length of stay, some package tours selling for European market set more than 5 nights in its itinerary and also more than 10 nights in the USA, while tourists visiting Armenia from Asia, the average of length of stay remains 3 to 4 nights. Thus, it can be said tourists from Western country tend to stay in Armenia longer than those from Asia. Generally, the travel season of that market is from April to November.

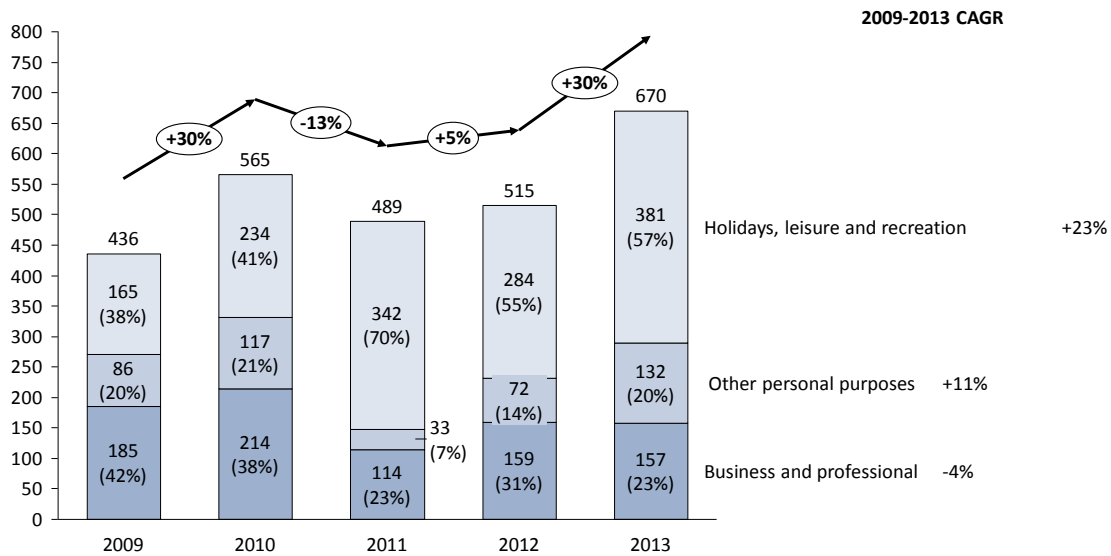
Tourists visiting Armenia from Russia are mainly middle-aged people in their 30s to 40s. The travel season is from April to November in the case of package tours, but as individual travelers, they visit Armenia almost throughout the year. The interest of Russian travelers in Armenia is culture, history, wine, etc. Young people are also interested in hiking as the same as in Europe and the US market. The number of overnight stay in Armenia is 3-5 nights.

With regard to tourism destination where foreign tourist prefers to visit, Yerevan is the largest tourist destination, with 94.3% of tourists visiting. Other major destinations are represented by 76% of Garni and Geghard with 76%, by Echmiadzin and Zvartbits with 71.8% and by Lake Sevan with 71.4%.

#### ④ Domestic tourist

Domestic overnight visitors in 2013 reached 670,000. By purpose of travel; holidays, leisure and recreation accounts for around 60%, followed by business and professional (23%), and other personal purposes (20%).

Overnight domestic tourist in Armenia showed a sharp increase from 2012 to 2013.



Source: UNWTO, team analysis

Source: UNWTO, JICA Study Team analysis

Figure 4-11: Domestic tourism by main purpose

### 3) Tourism Related Industries

#### ① Tour operators

There are approximately 300 tour operators in Armenia. Many of them are small sized enterprises, who employ 2-3 employees.

According to an interview survey, the tour operators deal with Russia, USA, EU, East Asia (Japan, Hong Kong and China), UAE, and the Middle East (Jordan and Lebanon).

As for promotional activities, tour operators jointly participate in travel fairs in Europe in conjunction with the government of Armenia, however when the government of Armenia doesn't take part in some markets, tour operators participate on their own.

However, tour operators in Armenia have difficulties with arrangements in Azerbaijan because of political reasons, so Georgian tour operators who can arrange not only arrangements in Georgia but also Azerbaijan and Armenia, take initiatives for the Caucasus countries' tours. In a nutshell, the Armenian tour operators have to be subcontractors of Georgian tour operators, so that it is difficult to explore the Japan market.

Tour products include:

- Yerevan city trip
- Focused themed tours such as adventure, religious, wine, and cultural
- Wine tourism includes visiting wineries and lunch at a local Armenian's house.
- Combined tours with neighboring countries such as Georgia, Iran, Russia and Turkey.

As for sales, tour operators handle not only selling package tours but also free individual tours from EU, Russia, UAE and Middle East.

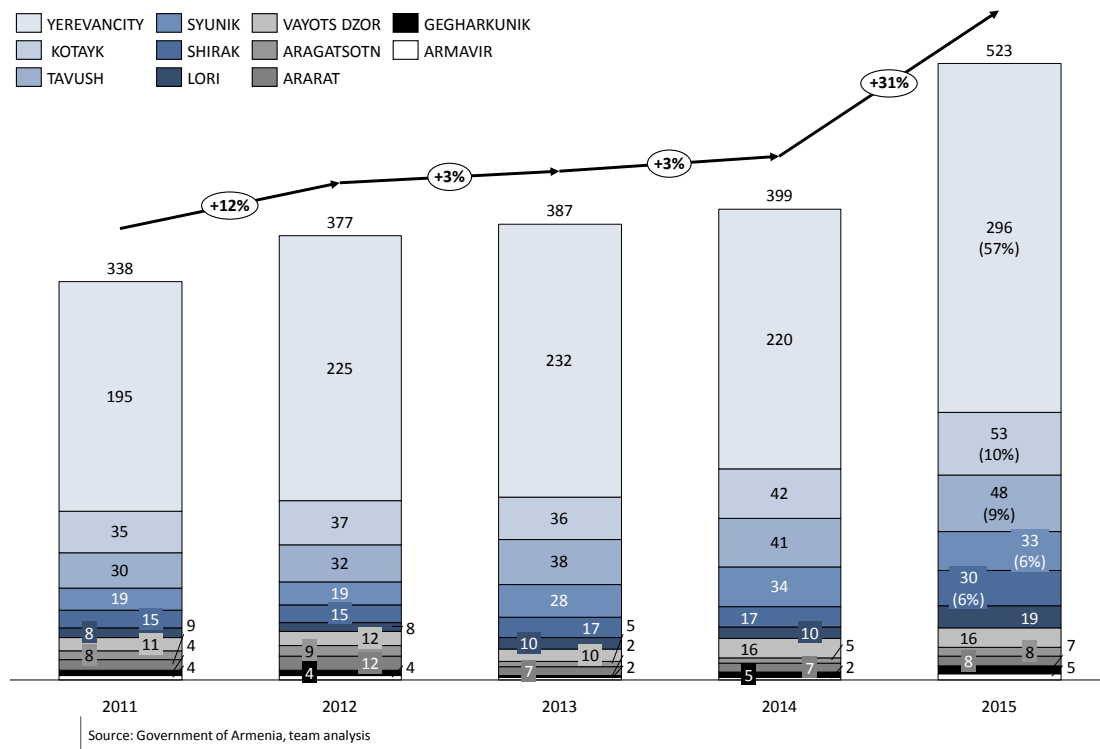
## ② Hotel & Restaurant

According to government officials, there are 523 accommodations in Armenia which are mainly located in Yerevan. On the one hand, Yerevan has internationally recognized luxury hotel chains such as Radisson Blu, Best Western, Marriott, and Doubletree, but on the other hand budget hotels are insufficient.

According to STR Global data, budget hotels have not been in operation except for in Yerevan. Also, from a price perspective, hotels priced 80 USD to 160 USD are a volume zone, which means there are no budget hotels.

### Number of hotel facilities in Armenia

Number of hotels have been increased in Armenia, especially in Yerevan.

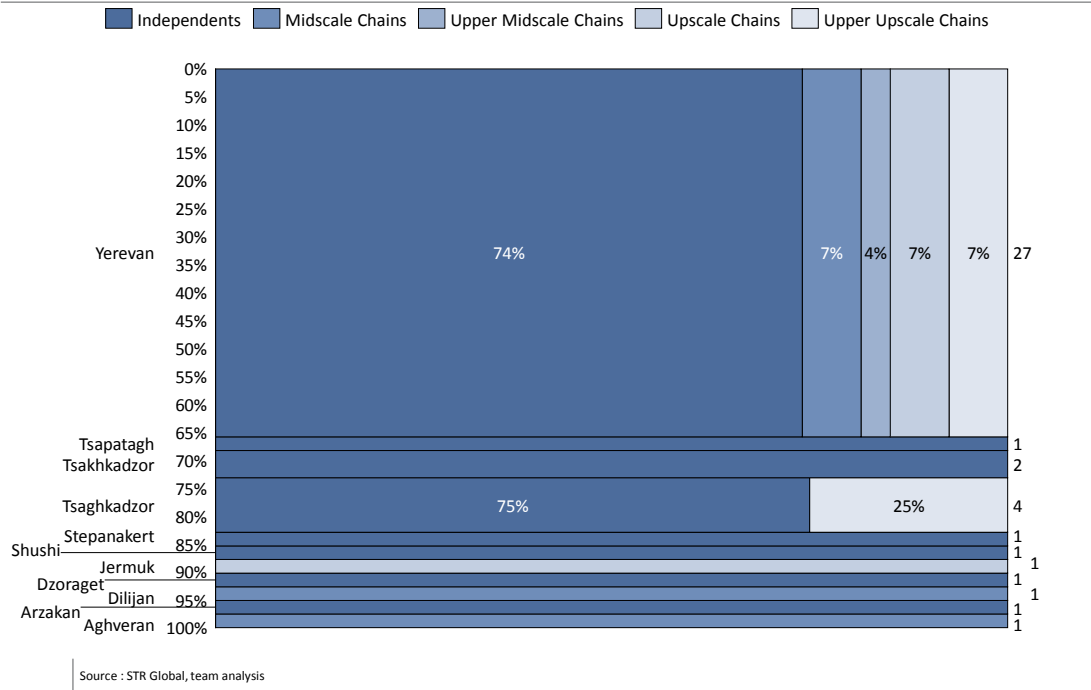


Source: Government of Armenia, JICA Study Team analysis

Figure 4-12: Number of hotel facilities in Armenia

**Hotels and its chain scale by region in Armenia**

Apart from Yerevan and Tsaghkadzor, luxury brand hotel(upper upscale and upscale)have not been in operation yet.

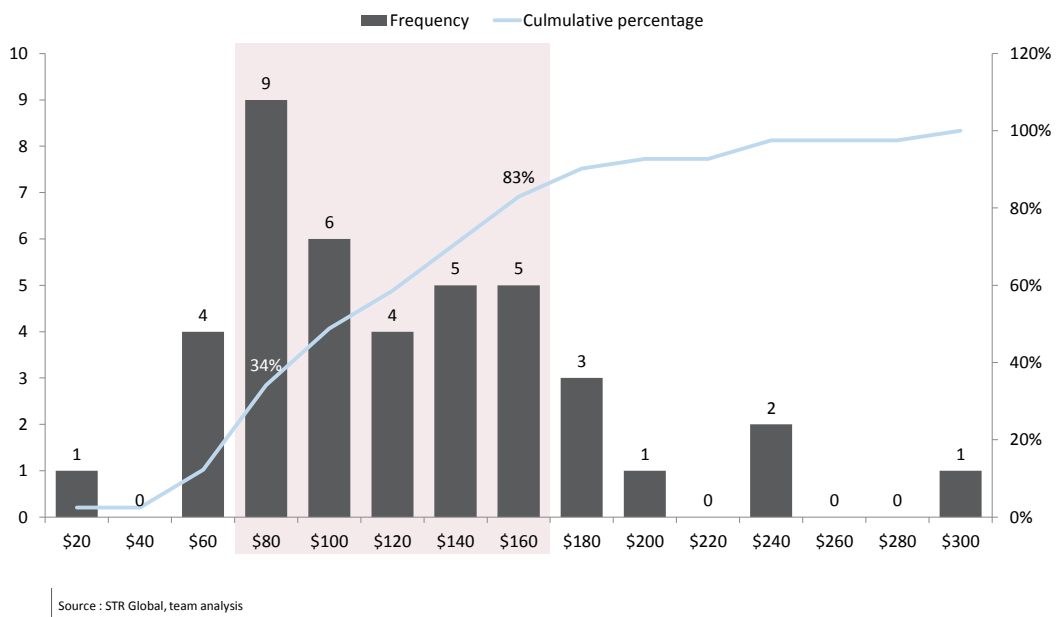


Source: STR Global, JICA Study Team analysis

**Figure 4-13: Hotels and its chain scale by region in Armenia**

**Frequency and cumulative percentage by hotel price in Armenia (unit : USD)**

Hotel priced from 80USD to 160 USD consists of around 50%.



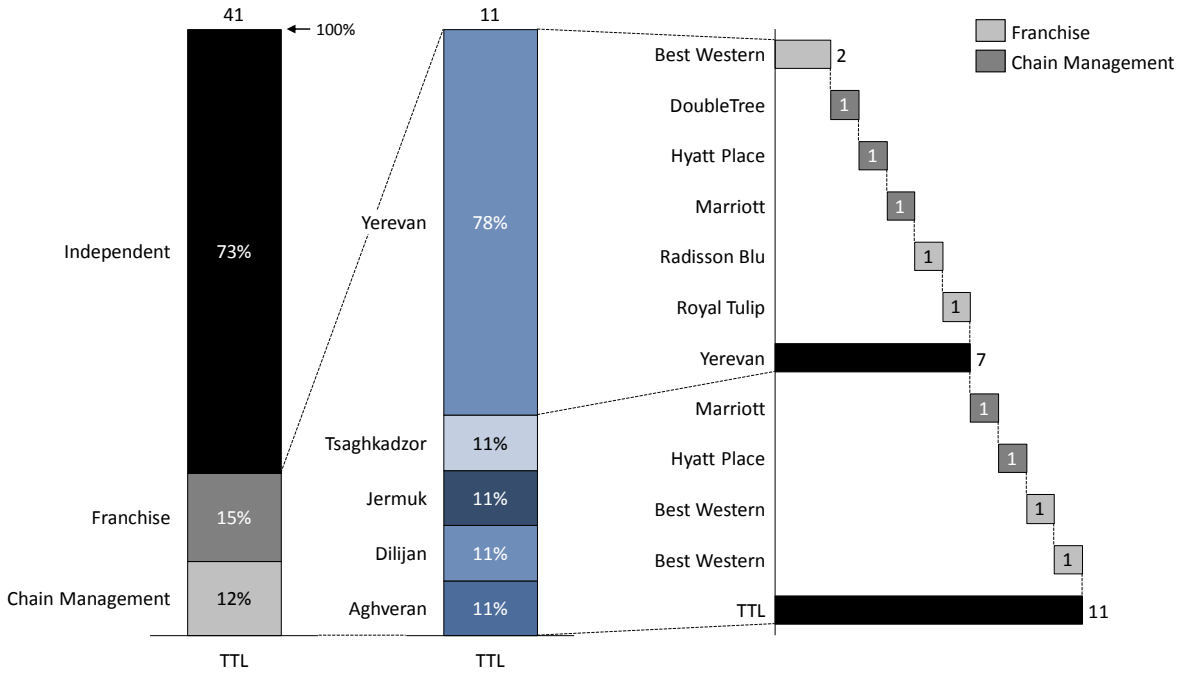
Source: STR Global, JICA Study Team analysis

**Figure 4-14: Frequency and cumulative percentage by hotel price in Armenia**

Foreign chain hotels in Armenia are operated with franchises or chain management contracts. Among the hotels, 78% of them are intensive in Yerevan.

**Foreign chain hotels in Armenia by operation**

In terms of operation, franchise and chain management are accounted for 27%. The 78% of franchised and chain management hotels are in Yerevan.



Source : STR Global, Team analysis.

Source: STR Global, JICA Study Team analysis

Figure 4-15: Foreign chain hotels in Armenia by operation

Although there is no mandatory hotel rating systems in Armenia, hotels are able to acquire a rating after an application to The Ministry of Economy. The number of rated hotels by the Armenia government is as follows;

- 4 hotels with 5 star
- 7 hotels with 4 star
- 3 hotels with 2 star
- 1 hotels with 1 star

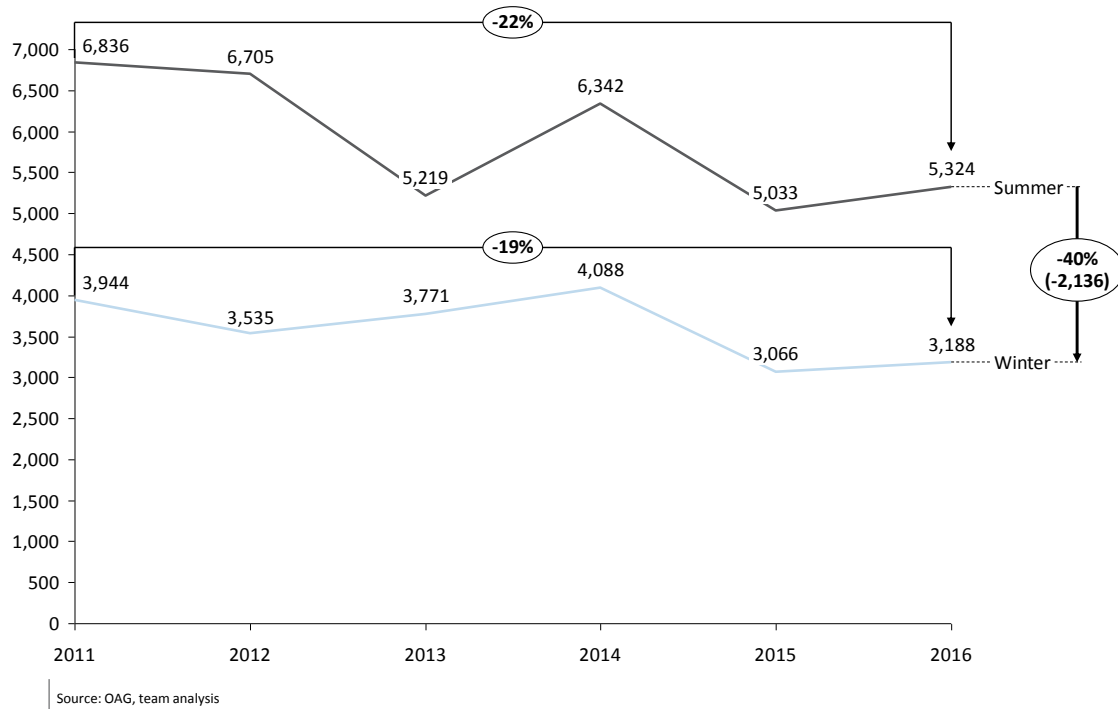
In terms of consumer reviews, Yerevan has the most preferable reviews compared to Baku and Tbilisi. In some regions, there are budget accommodations such as B&Bs and hostels, of which the quality has improved and have been initiated by the Association pour la Promotion des Chambers D’Hotels en Armenie) since 2013. The number of B&Bs registered by the association is currently 45.

### ③ Airline

The number of international scheduled flights dropped by around 20% compared to 2011. This was because Armavia went bankrupt in 2013. Also, there are seasonality effects between summer and winter. International flights from/to Armenia are mostly from/to Yerevan.

#### Number of international scheduled flights per week in Armenia (unit: flights)

Compared to 2011, the number of flights decreased by 22% and 19% in summer and winter respectively.

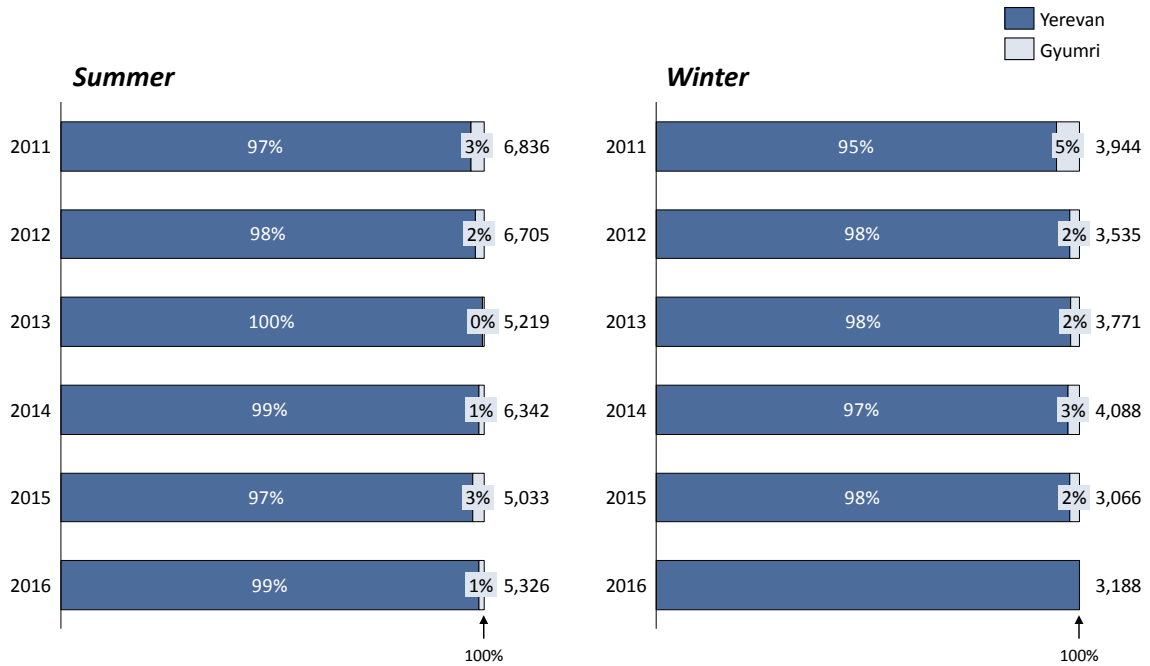


Source: OAG, JICA Study Team analysis

Figure 4-16: Number of international scheduled flights per week in Armenia

Composition ratio of international scheduled flights from/to Armenia per week by airports (unit : flights)

International flight from/to Armenia are mostly from Yerevan.



Source : OAG, team analysis

Source: OAG, JICA Study Team analysis

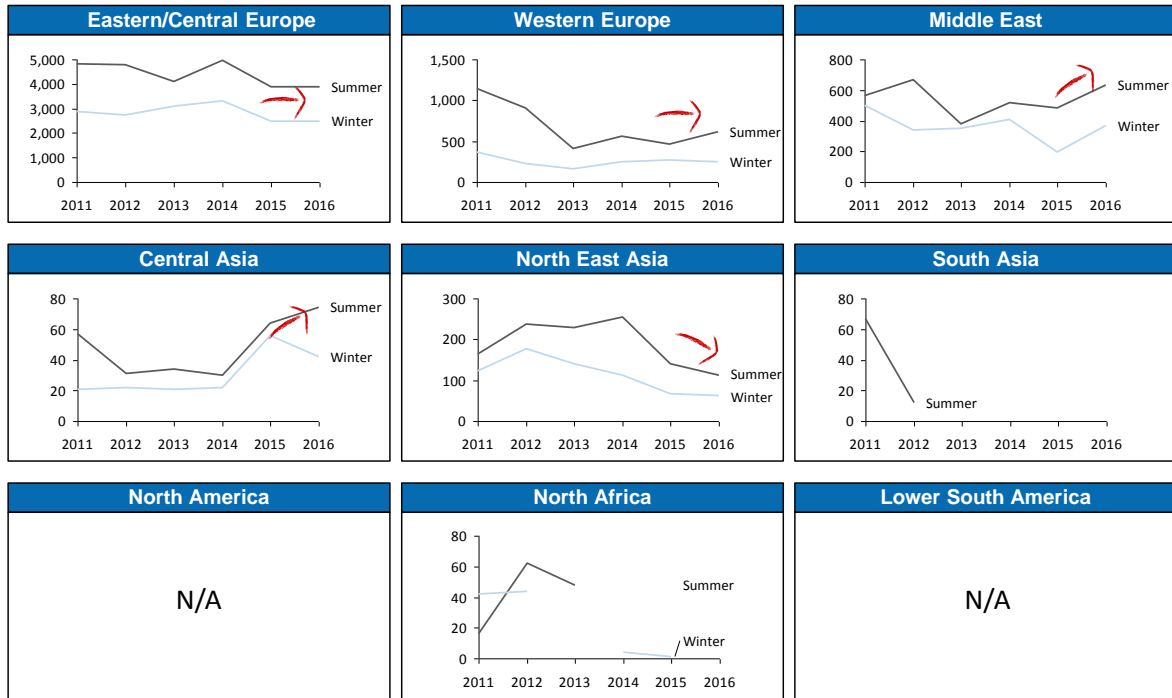
Figure 4-17: Composition ratio of international scheduled flights from/to Armenia per week by airports

By regions, the Middle East and Central Asia extended their capacities. Among the countries, Ukraine, Iran, Turkey, Greece, and Poland increased their flights.



Total number of international scheduled flights from/to Armenia per week by regions (unit : flights)

Middle East and Central Asia showed increases.



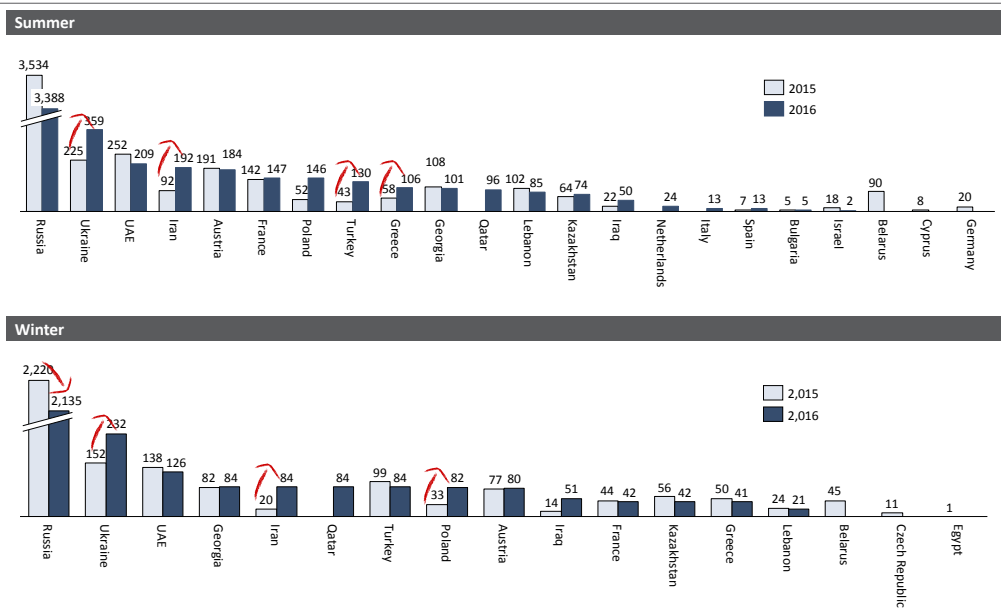
Source: OAG, team analysis

Source: OAG, JICA Study Team analysis

Figure 4-18: Total number of international scheduled flights from/to Armenia per week by regions

Total number of international scheduled flights to Armenia per week by countries (unit : flight)

Compared to 2015, Ukraine, Iran, Turkey, Greece and Poland increased their flights.



Source: OAG, team analysis

Source: OAG, JICA Study team analysis

Figure 4-19: Total number of international scheduled flights to Armenia per week by countries

#### ④ Handicraft

Armenia has various crafts and processed products such as carpets, embroidery, woodcarving, pottery, silver products that are being developed as products for tourists. There are carpet shops in Yerevan that show the production process and sell carpets to tourists. However, taking antique carpets out of the country requires registration with the Ministry of Culture, and registration takes several days. In addition, cognac and wine are also noted products. There is a cognac distillery in Yerevan where reservations can be made for guided tours that include cognac tasting and products can be bought at the adjoining shop. Many tour operators also conduct winery tours.

The casual souvenirs of sujuk (walnuts, etc. soaked in grape juice, etc. and dried) and sour lavash (dried fruit rolled into thinly like paper) last a long time.



Source: JICA Study Team

#### 4) Current Status of the Tourism Marketing and Promotion

##### ① Product

There are city tourism resources and abundant monasteries and churches in Armenia. Also, ski and wellness tourism resources exist but they are not well known internationally. Quality improvement is required.

Table 4-10: Tourism product in Armenia

	Contents
City Break	There are city tourism resources such as museums and tourism facilities such as the Brandy factory in Yerevan.
Sun Beach	There are some resorts around Lake Sevan but they are not well known internationally.
Nature/Eco	Ecotourism, trekking and hiking trails, are available in Vayots Dzor and Dilijan.
Culture	There are world heritage sites, which have outstanding universal value, such as churches and monasteries. Also, products which enable tourists to stay at private residences are being developed.
Health and Wellness	There are spa tourism and mountain resort tourism resources in Jermuk, Arzni, Hankavan, Aghveran, Arzakan, Bjni, Solak and Dilijan <sup>49</sup> .
Winter/Ski	There are ski resorts in Tsakhkadzor, Jermuk, and Akhtamar.

<sup>49</sup> <http://www.isaet.org/images/extraimages/ED0116002.pdf>

Gastronomy and wines	Winery and brandy producing tours are developed. Traditional bread, named Lavash, is listed in the UNESCO world intangible heritage.
Meeting and Incentive	Convention facilities are insufficient. Improvement on hard and soft infrastructure is required.

Source: World Bank, related homepages, JICA Study Team analysis

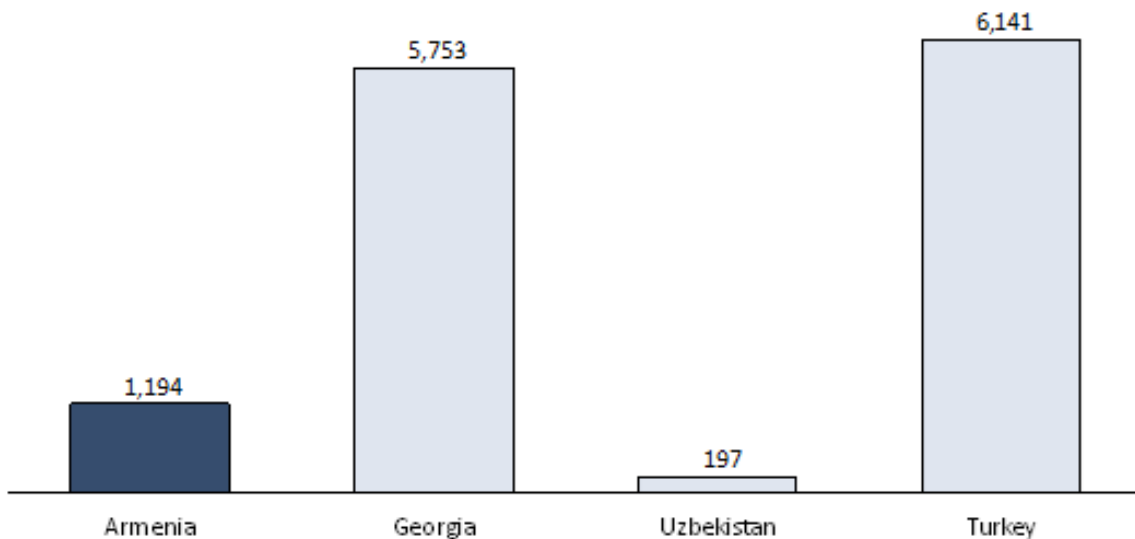
## ② Place

Tour operators in Armenia have already built relationships with travel agencies in Europe and the USA which have a lot of diaspora tourists. As for Japan, Japanese travel agencies request tours of the Caucasus countries, which Georgian travel agencies arrange because Armenian travel agencies cannot arrange tours in Azerbaijan.

In terms of the online distribution of accommodation, the degree of distribution of accommodation is fewer than Georgia's. Also, the number of listings is concentrated in Yerevan.

Number of listed accommodations in Booking.com (as of 17<sup>th</sup> December, 2016)

Compared to neighboring countries, the amount of accommodation in Armenia are much less than Georgia....



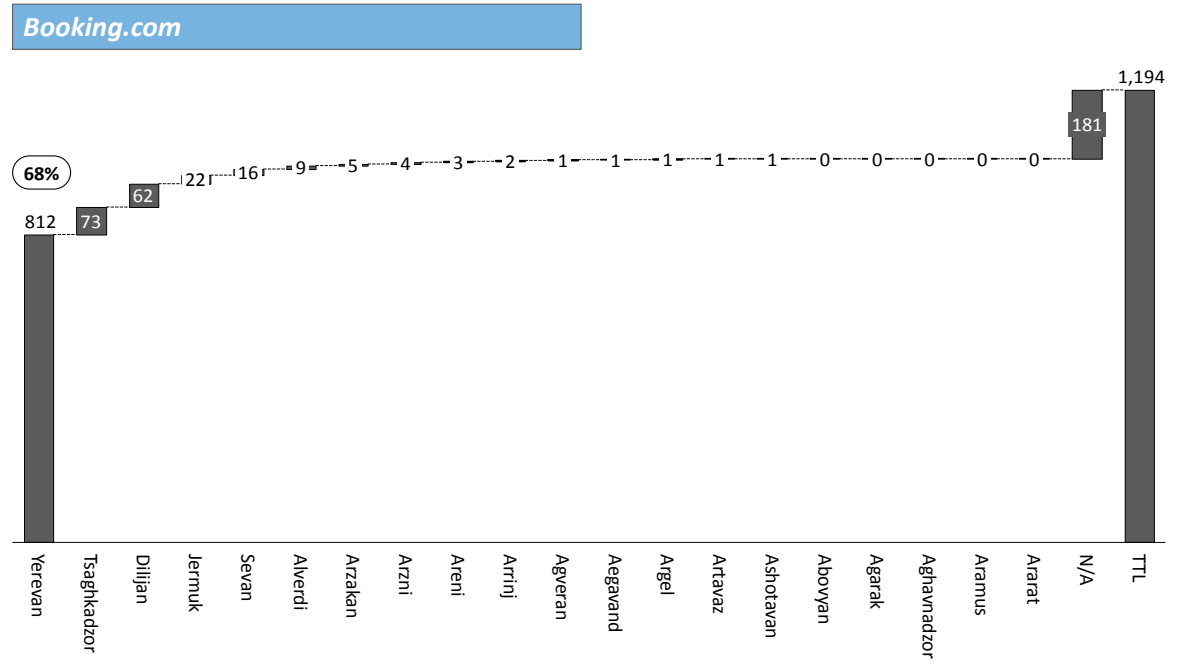
Source: Booking.com, team analysis

Source: Booking.com, JICA Study Team analysis

Figure 4-20: Listings of Booking.com

**Number of listed Armenian accommodations in Booking.com (as of 17<sup>th</sup> December, 2016)**

Number of accommodations listed in Booking.com are 1,194. Around 70% of listings are in Yerevan...



Source: Booking.com and Expedia, team analysis

Source: Booking.com, JICA Study Team analysis

Figure 4-21: Number of listings on Booking.com

③ Promotion

The government and travel trade take part in the main travel fairs in Europe, the Americas and Asian countries. But compared to other countries, promotional activities are limited, so further promotional activities are required.

Also, there is no representative office in charge of promotional activities in other countries.

Table 4-11: Promotional activities

	Overall	Japan market
<b>Consumer advertising programs and campaigns</b>		
Print media; newspapers, magazines, trade and professional press, TV, Radio, Cinema	· N/A	· N/A
<b>Personal selling</b>		
Consumer exhibitions	· Take part in major travel fairs such as world travel mart in London, ITB Berlin and etc.	· Instead of having a booth in travel fair as the government, private sector have participated
Trade fairs		
Trade sales visits	· Private sector have done	· Private sector have done
Workshops	· Hold workshops during travel fair	· Private sector have done
Trade familiarization trips and trade academies	· Private sector does <sup>50</sup>	· N/A
Media familiarization programs	· Private sector does <sup>51</sup>	· N/A
<b>Digital marketing and promotions</b>	· N/A	· N/A

Source: JICA Study Team

#### A) European market

Private companies take part in travel fairs such as the World Travel Mart in London and ITB Berlin in Berlin, with the support of the Development Fund of Armenia, in order to support building B to C, and B to B relationships.

#### B) CIS Market

The Tourism Committee makes Russia as the top priority market and has planned to implement year-long promotional activities from 2017. In addition to general tourists, it is focusing on initiatives for MICE tours. The percentage of tourists visiting Armenia from Russia is 11.4%, which is the second biggest market after Georgia (18.6%).

Russia is also a target market for tour operators, which are accepting incentive tours along with general tourists. The major promotional activities are participation in travel tour expos and MICE forums.

For CIS markets, while a visa for entering Armenia is exempt regardless of passport type (except for Turkmenistan); a priority target market has not been set other than Russia since access to Armenia is poor.

#### C) Japan market

The Armenian government has done little in the way of marketing and promotional activities for the Japanese market. Tour operators have set up exhibits in the Tourism Expo held in September every year and create Japanese-language promotional materials.

<sup>50</sup> [http://www.imegaservice.com/index.php?act=tours&tp=5&langs=en#t\\_29](http://www.imegaservice.com/index.php?act=tours&tp=5&langs=en#t_29)

<sup>51</sup> <http://www.travelpress.com/?travelblast-iframe=fam-to-armenia-and-georgia&fid=207>

In the Japanese market, most tour companies have created and sold tour products of the Caucasus three countries as round tour type and tour product which sells only Armenian destination can be rarely found. In addition, although the round-trip itinerary is created by taking into consideration of the balance of the tourism resources of each of the three countries, the attractiveness of Armenia as tourism destination has not been sufficiently recognized in the Japanese market compared with other two countries. Consequently, the length of stay in Armenia is shortened than others and so diverse tourism resources in Armenia cannot be fully captured by tourists.

D) Domestic market

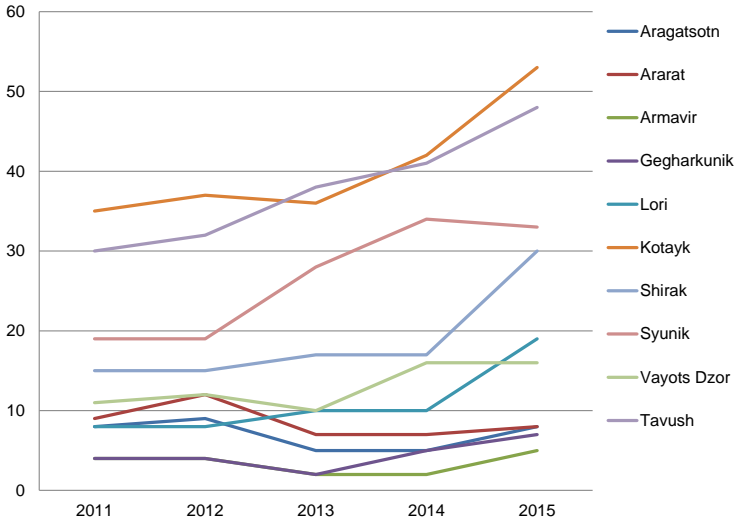
The government of Armenia put the revitalization of domestic tourism as one of its priority issues. However, when selling tours or arranging travel for domestic market, VAT 20% is imposed and the travel fee becomes relatively expensive. Therefore, the domestic market is not targeted for the private tourism entities because it is difficult to establish business.

**(9) Issues and Bottlenecks in Tourism Development in Armenia**

1) SWOT Analysis

Although Armenia has become a destination for pilgrimages to sacred Christian sites, for Japanese it has little recognition as a tourist site and lacks diversity in tourist attractions.

Though main trunk roads are being developed by donors, many tourist attractions are located in mountainous areas and thus not easily accessible. Much of the infrastructure in rural and mountainous areas such as roads constructed in the age of the former Soviet Union is deteriorating.



Source: NSS

Figure 4-22: Number of Hotels in each Province (Except Yerevan)

In addition, the quality of public transportation such as buses to rural areas is extremely low, and in recent years the number of tourism related facilities such as hotels and restaurants has been increasing in local cities, but development is delayed even among the three countries of Caucasus. Furthermore, In addition to having conflict areas with Azerbaijan (Nagorno-Karabakh), currently the borders to the neighboring countries of Turkey and Azerbaijan are closed and consequently restricted tourist mobility is an obstacle to strengthening competitiveness.

The results of the SWOT analysis of Armenia’s tourism sector are as follows:

Table 4-12: SWOT Analysis on the Tourism Sector in Armenia

	Positives	Negatives
Internal environment	Strengths	Weaknesses
	<ul style="list-style-type: none"> <li>• The first Christian state in the world and a destination for pilgrimages to sacred Christian sites.</li> <li>• Striking tourist attractions such as historic buildings that blend with the landscape and leave a strong impression on tourists, including Khor Virap Monastery set against snow-capped Mt. Ararat where the legendary Noah's Ark rests.</li> <li>• Despite the fact that the land area is the smallest among the former Soviet Union countries, it has geographical diversity, so natural resources are abundant enough to enjoy the "four seasons" in a single visit.</li> <li>• Growing business tourism (MICE) in the capital of Yerevan</li> <li>• A rich food culture that includes wine and cognac, and Armenian cuisine impacted by Central Asia</li> </ul>	<ul style="list-style-type: none"> <li>• A low rate of recognition for the country as a whole</li> <li>• While many of the tourist attractions are scattered in outlying regions, the quality of public transportation such as buses to outlying areas is remarkably poor and development of tourist-related facilities is lagging</li> <li>• Strong seasonal fluctuations in tourists (concentrated in spring to summer)</li> <li>• No development of materials such as tourist maps and organizations/facilities such as tourist information centers (TIC) offering local information to tourists</li> <li>• Lagging cultivation of human resources in the tourism industry, and lack of tour guides and local travel agencies with appropriate skills and expertise</li> <li>• Limited regular international service (routes, no. of flights)</li> </ul>
External environment	Opportunities	Threats
	<ul style="list-style-type: none"> <li>• Improved foreign-investment environment that includes the tourism sector, such as independence from the Soviet Union/democratization and becoming a World Trade Organization (WTO) member (2003)</li> <li>• Ranks 35<sup>th</sup> out of 189 countries in the 2016 World Bank "Doing Business" report, right after Japan (34<sup>th</sup>)</li> <li>• Quite high number of diaspora visit the country</li> </ul>	<ul style="list-style-type: none"> <li>• Membership (2015) in the Eurasian Economic Union (EEU) led by Russia; stalled economic partnerships with Western Europe</li> <li>• Home to Nagorno-Karabakh, a territory at the center of a dispute with the adjacent country of Azerbaijan</li> <li>• Closed borders to the neighboring countries of Turkey and Azerbaijan restrict the mobility of tourists</li> </ul>

Source: JICA Study Team

## 2) Institutional Issues

In order to solve the issues listed in the matrix of SWOT above, the Armenian government clearly stated nine priorities in the "Tourism Development Concept Paper 2008" as follows; 1) Design new, competitive destinations, prioritize tourism sites and attractions in Armenia, 2) Provide high quality surveys, prioritize target markets, 3) Branding of the country as destination and individual tourist sites and their effective presentation and promotion in the global markets, 4) Improve accessibility and transportation, 5) Improve and develop infrastructure, 6) High quality services, 7) Workforce development, 8) Ensure public health and safety and 9) Improve destination management, business and investment environment.

On the other hand, in Armenia, the Tourism Committee was newly established under the Ministry of Economic Development and Investment in October 2016 as a governmental agency responsible for all issues related to tourism administrations. Organization structure of the Tourism Committee are currently still under construction according to the concept of sustainable tourism.

In addition to the above, the role of each stakeholder related to tourism development has not been

determined, including relevant ministries, municipalities, and the private sector. Therefore, it is an urgent matter to build solid governmental structure for tourism development.

### 3) Legal Issues

#### ① Tourism Sector Development Strategy

The Ministry of Economic Development and Investment and the Tourism Committee are currently starting to prepare a new five-year tourism sector development plan (2017-2021) from the viewpoint of destination management. First of all, it is necessary to establish a strategy that indicates direction to sustainable tourism development in Armenia. Moreover, it is important to implement short-term, medium-term and long-term action plans based on appropriate budget allocation.

#### ② Tourism Statistics

Currently, in Armenia, there is no tourism statistics except data on the number of arrivals by passport at the border. Statistics on the number of beds, the number of nights spent, tourism expenditure, the number of travel agencies, restaurants and entertainment facilities have not been established. Establishment of proper tourism statistics is essential information for conducting tourism marketing.

#### ③ License, Certification and Registration System

At present, in Armenia, there are no national qualifications, categories, certification and registration systems for travel agencies, car rental companies and tourist guides.

The qualification, registration and certification system are necessary to ensure security of tourists, prior to guarantee the quality of tourism services. It is quite difficult for new travel agencies to obtain the credibility of foreign tour operators under the current Armenian system. In terms of improving the business environment of the private sector, establishment of an official license system is necessary.

#### ④ Conservation of architectural heritage

Though Armenian law stipulates procedures to register architectural heritage and to obtain permission of construction work on architectural heritage such as churches and monasteries, technical guidelines for conservation and rehabilitation work has not been enacted and there are no laws or regulations for conservation of townscape of historical cities.

Particularly, in case of renovation of historical building in Yerevan and Gyumri where the historical buildings of the 18<sup>th</sup> and 19<sup>th</sup> centuries are still remain, many valuable historical buildings were already transformed to modern architecture by copying original wall and pasting it on a part of façade of new building during recent years along economic development in Armenia, as well as in Japan. Consequently, these cities are losing value of cultural and historical cities, potential to register the entire city in the UNESCO World Cultural Heritage list and position of attractive destination rapidly.



Photo: Renovation of historical building (Yerevan)

When Armenia lost tourism resources, Armenian tourism cannot recover any chances anymore.



Therefore, some urgent measures for conservation of architectural heritage are necessary.

#### 4) Issues on Infrastructure Development

##### ① Maintenance of Rural Roads

Regarding Armenia's roads, main roads have been developed around Yerevan, and it is relatively easy to travel, however, pavement condition of the secondary roads except main trunk roads are relatively poor, deterioration of the road surface of rural road is remarkable especially in mountainous areas, such as Lori province in the north and Syunik province in the south. Establishment of maintenance and management system of regional roads is one of issues on infrastructure development in Armenia.

##### ② Improvement of Public Transportation

Most of inter-city buses and taxis were made during the former Soviet Union era. Public transportations including railway are not comfortable for foreign tourists and there is no sign written in English. Therefore it is difficult for the FIT (Free Independent Traveler) to travel around Armenia efficiently. It is necessary to improve public transportations in order to diversify tourists.

##### ③ Expansion of airline route

Since Armenia is an isolated inland country where most of the border line was closed, access from foreign countries to Armenia mainly depends on airline. Development of new airline route including air liberalization is essential for future tourism development.

##### ④ Information and guidance

In Armenia, official TIC and promotional materials must be established, because only the brochures that travel agencies created are available at present.

At major tourist sites such as famous monasteries, information boards have been installed by the USAID, however, some of them have already broken and have not been used by tourists. Damaged signs are not suitable for the aesthetic appearance around the tourist site.

Tourism infrastructure related to ecotourism (trail route, information sign, TIC, accommodation facility, etc.) have not been enough developed.

#### 5) Issues on Human Resource Development

##### ① Guide Qualification

Prior to the quality of service, it is necessary to develop qualification and certification system of tour guide from the viewpoint of security of tourists.

Particularly, regarding ecotourism, though park ranger controls national parks in Armenia, there is no mountain guide who guides tourists during hiking and trekking. National qualification system and guide training institutions need to be established.

## ② SMEs Support Method

Although there are many donors that support small and medium enterprises, including USAID and JICA, as the guidelines for the "Grant assistance for Grass-Roots Human Security Projects" by the Japanese government clearly indicates, to support particular individual private entrepreneur by using public fund such as donor fund is inadequate because such kind of support will distort the private competition environment.

According to lessons learned from past projects by the USAID and the GIZ, even if the donor had provided assistance to individual entrepreneurs directly, most of their activities have not continued after the project period was over. Based on lessons learned, the current GIZ's SMEs support project does not provides assistance to individual entrepreneurs. The GIZ is now supporting public educational institutions in order to establish a mechanism to disseminate technology and know-how from these institutions to entrepreneurs instead of supporting individual entrepreneurs.

## 6) Issues on Tourism Marketing and Promotion

- The Armenian government believes there is great potential for selling Armenian travel to the Japanese market and there is expectation to implement market research, promotional activities and to formulate tourism promotion strategy by support from JICA. The government also considers exempting visa requirement for Japanese tourists which is currently required in order to attract more tourists from Japan. However, as a matter of fact, recognition of Armenia as a travel destination is extremely low in the Japanese market, and there is little travel information on Armenia. Therefore, it is necessary to distribute useful travel information and information of various tourism resources in Armenia to Japanese travel agencies so that the agencies will be able not only to develop new product intended to Japanese market but also to create a tour that visit and stay only Armenia. Meanwhile, exposure is needed through travel magazines and television shows to attract general consumer interest in traveling in Armenia and encouraging them to visit tour sales counters. Moreover, according to Japanese tour operators that were interviewed, since travel agencies located in the regional area of Japan have an interest in developing tours of Armenia, there need to be considerations for implementing promotional activities not only in metropolitan cities such as Tokyo and Osaka, but in outlying regions as well.
- Collection of reliable and usability statist data as well as implementation of satisfaction survey is highly required for understanding the trend of tourists as well as customers' needs and their dissatisfactions. The Tourism Committee aims to attract tourists from European markets such as Italy, Germany, and Scandinavia who are interested in history and ecotourism etc. In order to do this, it is necessary to carry out careful market research and strategic marketing activities.
- Visibility among the general consumer and exposure in source market are insufficient. Also, in terms of B to B promotion, lack of publication activities that attract popular guidebooks in Europe and the US such as the Lonely Planet have brought consequences that insufficient travel information are contained in those guidebooks. In order to gain general recognition, it is also

necessary to increase exposure by using media.

- While the dissemination of travel information on Armenia is often B2B (small-and-medium-sized travel agencies and wholesalers proficient in niche destinations), the effective use of online system is still needed to be developed. For example, there are an inadequate number of listings about lodging facilities by online travel agencies, which hold an overwhelming share in Europe.

#### 7) Other issues

- There is a need to think about structures and initiatives that would encourage continued purchase of crafts and processed products “Made in Armenia.” This includes consideration of displays and communicating historic relevancy to create high added value.

# 5. Recommendation on Tourism Promotion to the South Caucasus Region

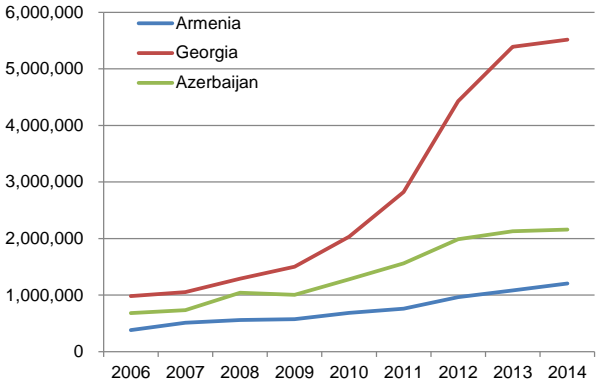
## (1) Issues and Bottlenecks on Tourism Promotion of the three Caucasus countries toward the Japanese market

### 1) Strengthen competitiveness in the international tourism market

In regard to the competitive strength of the tourism sector in the three Caucasus countries, Azerbaijan ranked 84th (2.16 million), Georgia 71st (5.51 million), and Armenia 89th (1.2 million) in the 2015 World Economic Forum’s Travel & Tourism Competitiveness Index of 141 countries (the number in parentheses indicates the number of foreign tourists in 2014). Rankings have remained low compared to the neighboring region (Turkey: 44th, 39.81 million; Russia: 45th, 32.42 million). In General, when the Japanese tourists decide the destination of their trip, they tend to make a comparison its possible destination with neighboring destination/region/country where similar touristic sites are found. The same process of decision-making is taken when they choose the three Caucasus countries as their travel destination. Therefore, firstly it is essential to boost in the overall recognition of those countries, differentiation with the neighboring region, and greater competitiveness through high added value of tourism products.



Figure 5-1: Major tourist areas neighboring the three Caucasus countries

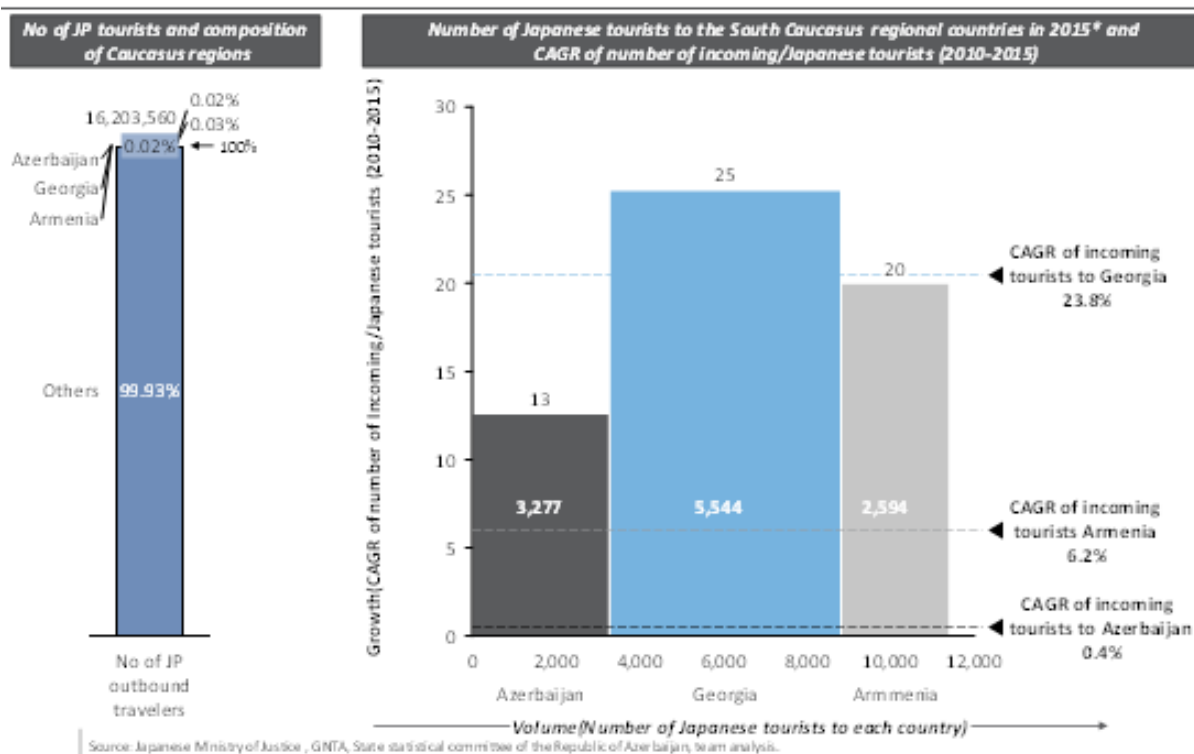


Source: World Banks statistics

Figure 5-2: Trends in the number of tourists to the three Caucasus countries

Positioning of the South Caucasus regional countries for Japan market

Although no. of Japanese tourists to South Caucasus region account for around 0.1% of total Japanese outbound travelers, the growth rate from Japan exceeds the total market growth in South Caucasus region.



Source: Japanese Ministry of Justice, GNTA, State statistical committee of the Republic of Azerbaijan, JICA Study Team analysis

Figure 5-3: Positioning of the South Caucasus regional countries for Japan market

Table 5-1: Awareness on the South Caucasus regional countries in Japan market (excerpt)

Contents	
Local tour operators	
Tour operator A	The low awareness of the South Caucasus regional countries is a bottleneck for Japanese tourists. For example, when terrorist attacks occurred in Turkey, a lot of cancellations were made because many Japanese customers did not understand the geographical position of the South Caucasus region.
Tour operator B	I have been in charge of the Japanese market for more than 10 years, so have built a relationship with Japanese travel agencies. In order to increase Japanese tourists, it is important to raise awareness with Japanese consumers through media exposure.
Japanese travel agent	
Travel agent C	About the South Caucasus regional countries, I would say that the region has tourism resources, which can attract and satisfy Japanese tourists. However, low awareness of these resources is the big challenge.

Source: Interview, JICA Study Team analysis

## 2) Implement strategic tourism marketing/promotion

For the purpose of attracting tourists, a strategic implementation of a series of marketing and promotion activities, such as clarifying segments targeted by tourism promotion, developing tourism

products that meet needs, and promotions that appeal to the target segments are required.

In regards to segments for the Japanese market, active seniors, who are age of 60+ and eager to travel, are the main segment of tourists visiting the Caucasus regions. According to tour operators in the South Caucasus region and Japanese travel agencies, at least 30-55% of Japanese travelers are thought to be visiting the region via Japanese travel agencies. Also, their customers are mainly the active seniors, so it is safe to say that the active senior segment accounts for roughly 50% of Japanese travelers

Table 5-2: Travel agencies who create travel products to the South Caucasus

	Travel agencies	Main target
Direct mail typed travel agencies	Hankyu Club tourism(Kinki) Tabimonogatari(JTB media retailing) Asahiryoko	· Middle aged(40s-50s) · Senior(60+)
Wholesale and retail	JTB world vacations(JTB) Kinki nihon tourists NTA HIS	· Family(30s-50s) · Senior(60+) *customers visiting Caucasus regions are mainly senior.
Travel agencies who target at active senior	Eurasia Travel World Air-sea Service	· Active senior(50-60+)
Travel agencies under airline companies	Ana sales	· Active senior(50-60+)

Source: Expert interview, websites, JICA Study Team analysis

Therefore, in a short term strategy, promotional activities and product developments to the Japanese market are better focused on active seniors, with improved storytelling and intellectual aspects.

In addition, potential segments that have more possibilities to visit the South Caucasus region are thought to be females in their 20s-40s. The reasons are;

- Their preferences toward tourism resources when they travel matches with the resources that the South Caucasus region possess.
- Willingness to visit unspoiled and not well known destinations among Japanese tourists.
- Higher departure ratio compared to other age groups

For promoting to 20s-40s, promotional activities and product development tailored to this segment such as gastronomy and wine, and beauty related products, is effectual.

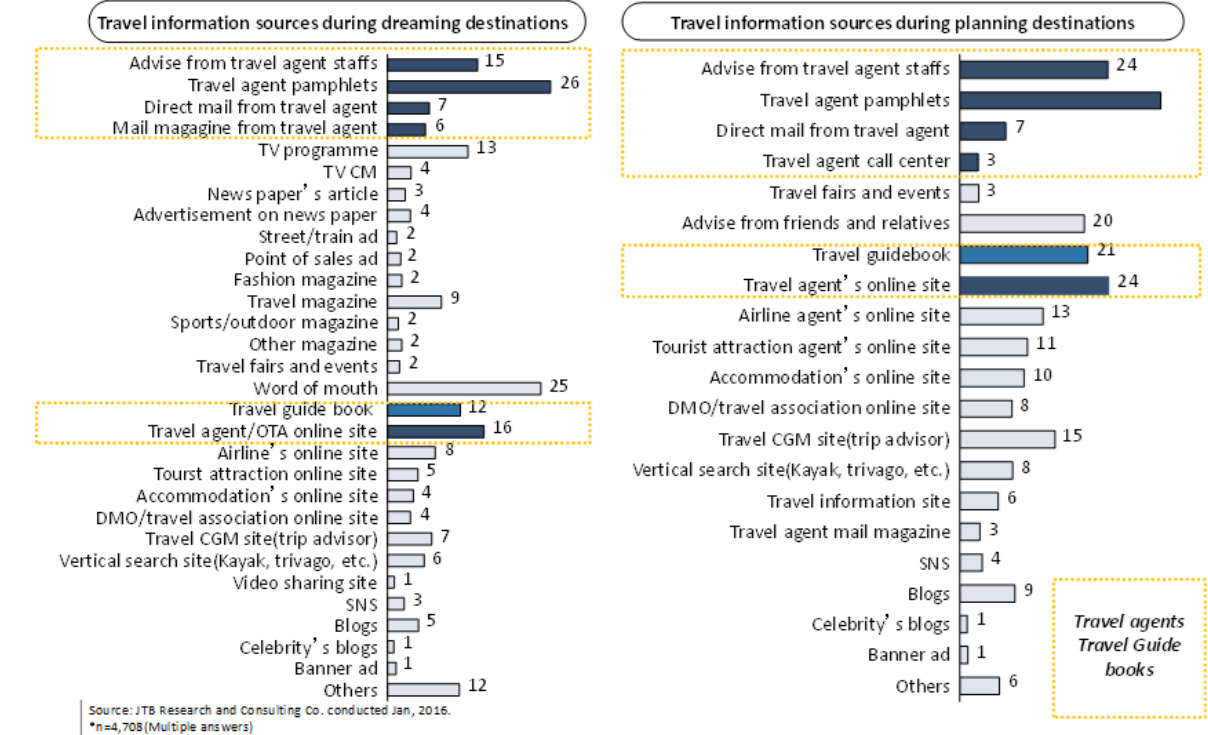
In terms of the promotional vehicle for attracting Japanese market, when Japanese outbound travelers dream of destinations for their holiday, most of them use sources provided by travel agencies. As shown in the Figure5-2, such sources are more influential than others (travel agency pamphlets, advice from travel agency staffs and travel agency websites etc.) In addition, when Japanese outbound travelers are at the

stage of planning a trip to a destination, the influence of travel agencies is relatively high, while travel guide books and magazines are also strong sources.

Therefore, it is easy to conclude that building and strengthening relationships with travel agencies and travel media is essential.

Travel information sources during the stage of dreaming and planning destinations by Japanese consumers (unit:%)

Travel agents are important travel information sources for Japanese outbound tourists, as well as travel guide books.



Source: JTB Research and Consulting.co conducted in Feb 2016, JICA Study Team analysis

Figure 5-4: Overseas travel information sources when Japanese travelers dream and plan

Considering the characteristics of Japanese outbound travelers mentioned above, promotional activities not only focusing on B to C promotions such as advertisements toward potential travelers, but also B to B/B to B to C promotions such as FAM tours for Japanese travel agencies and the Japanese travel media should be considered in order to allow for more exposure.

3) Build a sustainable tourism development structure through industry-government-academia collaboration

As SWOT analysis results for each country show, improving the quality of tourism services and tourism attractions subject to not only actual promotion but also product developments (tourism facilities and etc.) is crucial to promoting the South Caucasus region.

It is thought that facilitating and developing soft/hard infrastructure leads to customer satisfaction and accomplishment of satisfied tourists and the repeat travelers. Doing so it is indispensable to establish a sustainable tourism development soft/hard infrastructure through industry-government-academia

collaboration with relevant ministries in charge of cultural property management and public transportation/infrastructure development, other industry sectors related to tourism such as agriculture and handicrafts, the private sector engaged in tourism services, and educational institutions that shoulder the nurturing of human resources in the tourism industry.

4) Improve added value through national/regional collaboration

Many of the tours conducted by Japan travel agencies are package tours that make a tour of the South Caucasus region, which operate from June to September and visit capital cities and some of the destinations in the region. Making the countries competitive destinations with comparative advantages over other regions in the international tourism market requires national/regional collaboration that combines interesting tourist attractions to increase the added value of tourism products, as well as introducing tourists to potential local tourist sites and locally promoting the benefits of tourism development.

Table 5-3 : Actual condition of tours to the South Caucasus region in Japanese market

<b>Actual condition of tours to Caucasus regions in Japan market</b>	
■	Tour : Mainly tours traveling around the South Caucasus
➤	Season : March~October (mainly June –September) participants : 6-20 persons (mainly around 15 persons)
➤	Segment : Mainly active senior
➤	Activities which can offer experiences :
◇	Azerbaijan: Experiencing Caspian yogurt cooking
◇	Georgia: Staying at private accommodation, wine tasting
◇	Armenia: N/A
➤	Places to stay:
◇	Azerbaijan : Baku and Shaki
◇	Georgia : Tbilisi
◇	Armenia:Yerevan
➤	Popular souvenirs for Japanese travelers
◇	Azerbaijan : Silk products, Azerichai (local Azeri tea)
◇	Georgia:Wine
◇	Armenia:Brandy

Source: Japanese travel agencies, tour operators in Caucasus region, JICA Study Team analysis

**(2) Suggestion for promotional activities toward Japanese market**

Considering the issues mentioned (1), in order to attract tourists from the Japanese market, it is inevitable for hosting/receiving countries to understand the feature of the market and strategic processes are required as shown in below;

- Firstly, understanding the positioning of the South Caucasus region in the Japanese market
- Secondly, understanding the characteristics of the Japanese outbound market
- Finally, based on the positioning and characteristics, creating the promotional strategy and its activities

In regard to promotional activities toward the Japanese market, the following activities are expected to be taken;

- To educate and push Japanese travel agencies, which half of Japanese outbound travelers use for overseas travel, to create travel products to the Caucasus region, with travel trade familiarization



trips and seminars.

- To educate and encourage the Japanese travel media, such as travel magazines and TV programs by building relationships with them.

In addition, it is important to develop tourism contents to appeal and encourage targeted market segments that visit the South Caucasus region. Therefore, in order to appeal to potential segments, the promotional activities below can be suggested;

- For the active senior segment, providing stories on the history of the Caucasus region, its culture and local peoples' lives
- To female in their 30s-40s, providing information on safety in the Caucasus region, city tourism attractiveness, resort hotels and spas, and souvenirs.

#### ① Consideration of marketing and promotion strategy

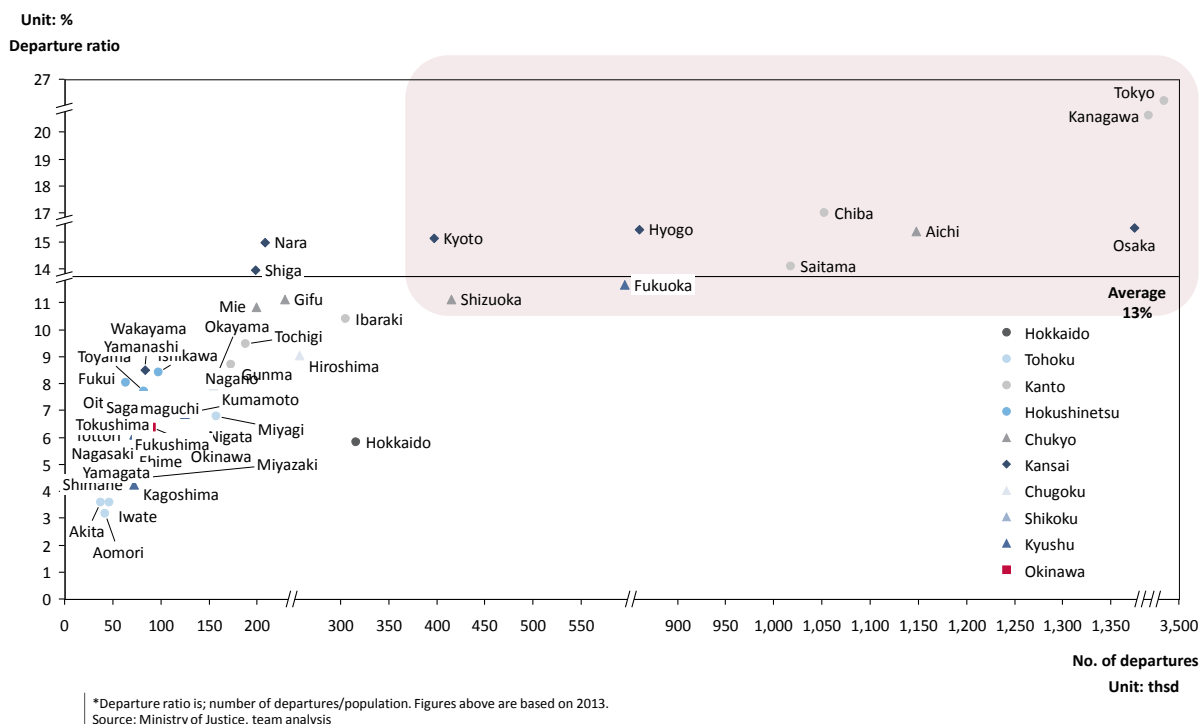
It is important to grasp the characteristics of Japanese travelers for carrying out efficient promotional activities toward the Japan market. The following are fundamental ideas and steps for segmentation of Japanese outbound travelers.

#### **Step 1: Not to target at all at Japanese citizens, but narrow down the Japanese outbound travelers**

- The departure ratio of Japanese citizens has been around 13% recently, so it is efficient to target at not all Japanese citizens but those outbound travelers when planning the implementation of promotional activities in this market. Also, the departure ratio differs by prefecture/regions and age groups. As show in the Figure 5-5, a high departure ratio and high number of outbound travelers can be found in Kanto, Chukyo, Kansai, and Fukuoka compared with other regions. One reason for this tendency is that for the people who live in those areas it is easy to access to the gateway to go out of the country since each of those regions have international airports.
- Therefore, it would be effectual to implement promotional activities by targeting at the Japanese outbound tourists who lives in Kanto, Chukyo, and Kansai considering its trend. .

Departure ratio and number of departures by prefecture

Kanto, Kansai, Chukyo and Kyushu(Fukuoka) showed a high departure ratio and high number of departures...



Source: Ministry of Justice, JICA Study Team analysis

Figure 5-5: Departure ratio and number of departures by prefecture in 2013

**Step2: Narrow down outbound travelers who purchase package tours**

- As mentioned in the characteristics of the Japan market, it would be more effective and efficient to target customers of Japanese travel agencies because;
  - More than half of Japanese outbound travelers purchase package tours sold by travel agencies
  - Travel agencies are effective information sources when Japanese travelers dream of and plan destinations.

**Step3: Prioritize travel agencies who have already created tours to the South Caucasus region (= travel agencies who have more potential customers than other agencies)**

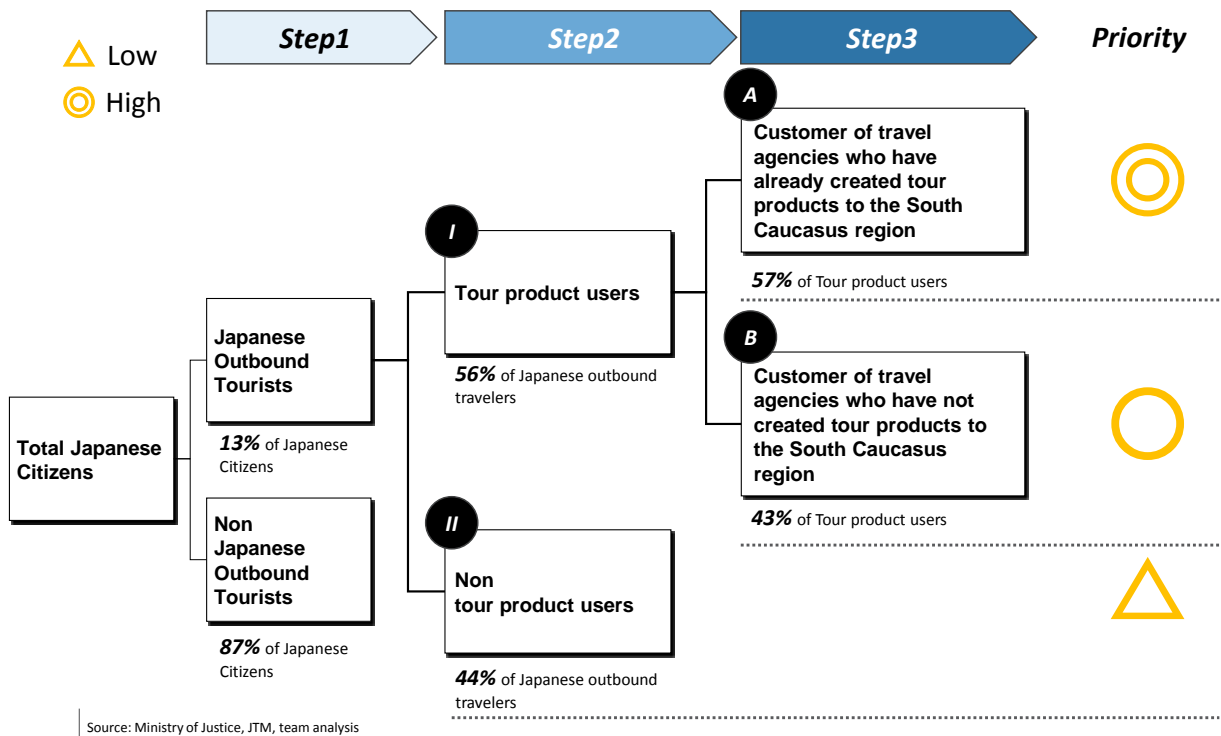
- Considering the volume and time, it would be better to prioritize travel agencies who have already created tours to this region. In Japan, some travel agencies have good regular customers who have already traveled various countries by using their tour packages. In such case, those regular customers could be high potential tourist who will chose the South Caucasus region as next holiday destination compared with first-time customer because in general, the regular customers have put faith in the agencies and so that the destination suggested by the agencies can be the first option in the list of their holiday destination.
  - Segment I-A: Customers of travel agencies who have already created tour products to the

South Caucasus region

- This segment is the customers of Japanese travel agencies who have already created tour products to the South Caucasus region, so the immediacy and volume is high.
- Segment I-B : Customers of travel agencies who have not created tour products to the South Caucasus region
  - This segment is the customers of Japanese travel agencies who have not created tour products to the South Caucasus region. The speed of penetration is slower than Segment I-A, but the volume is at the same level.
- Segment II : Non tour product users
  - This segment is outbound travelers who arrange and book airplanes and accommodations separately on their own. Also the segments are thought to be due to low awareness of the South Caucasus region and they also have challenges such as no direct flights between Japan and these regions, because the influences of Japanese travel agencies are weak. Also the speed of penetration is slower than Segment II.

Segmentation for the South Caucasus regional countries

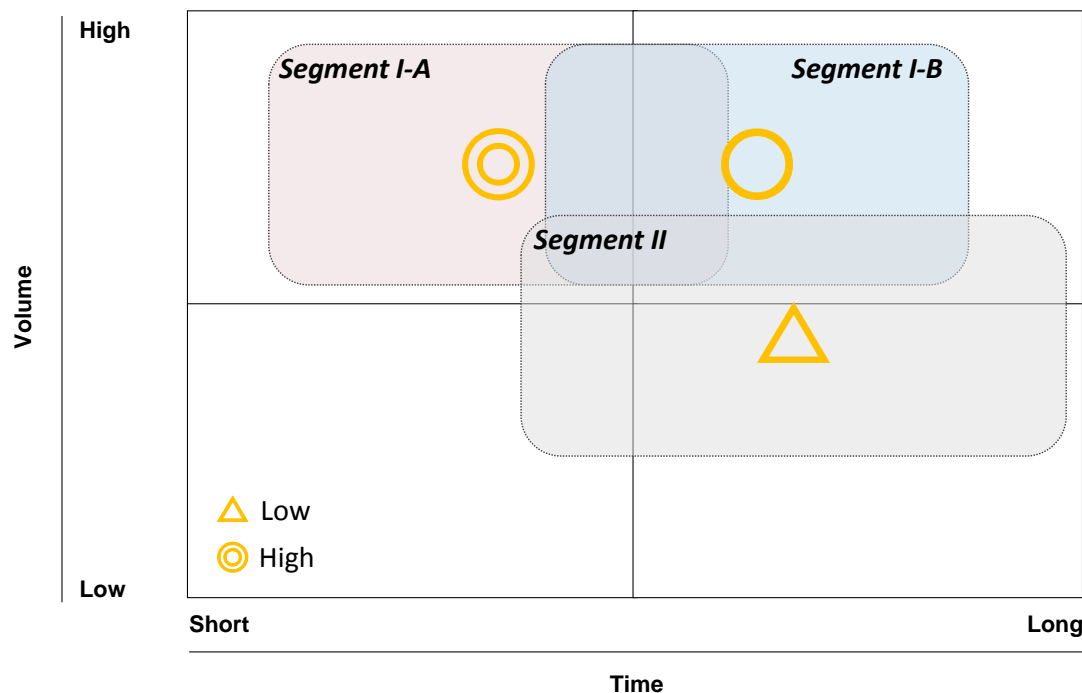
Segment I-A is prioritized most, followed by I-B.



Source: JICA Study Team

Figure 5-6: Segmentation and its process

Segment I-A is considered short term and high volume effects.



Source: Team analysis

Source: JICA Study Team

Figure 5-7: Conceptual diagram of market segmentation for Japanese tourists

② Basic principle of marketing and promotion strategy

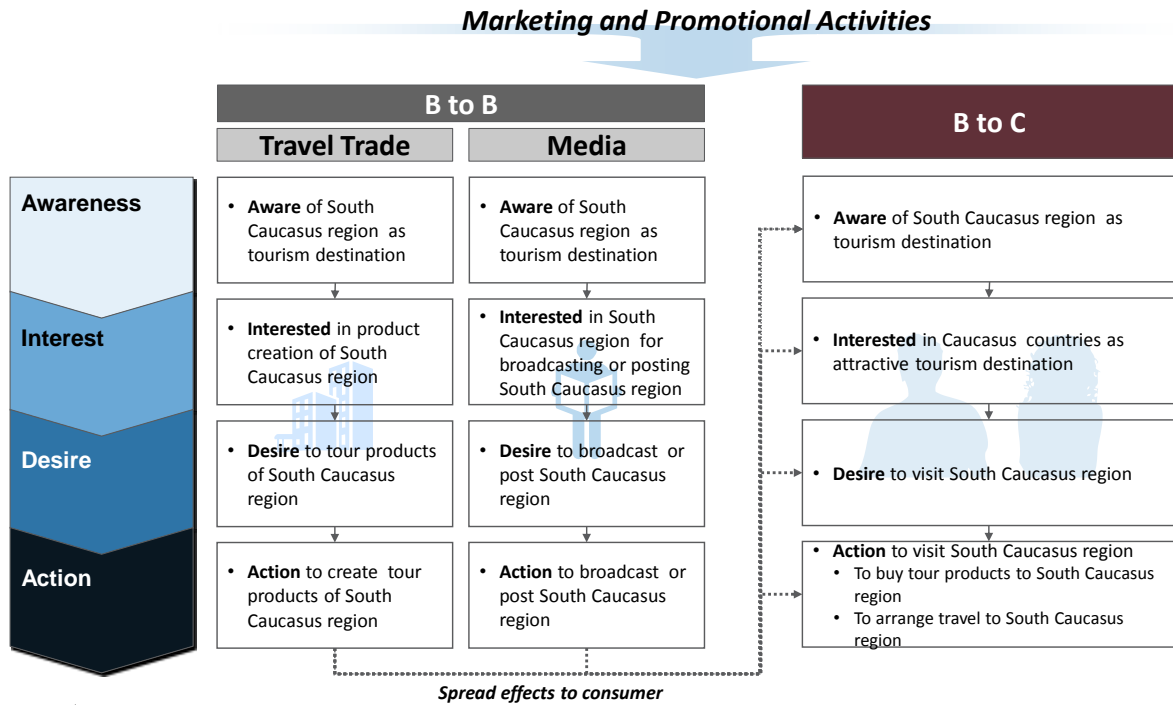
As mentioned (1), it would be better to put prioritize promotional activities on B to B, the reasons are;

- Low awareness of the South Caucasus regions among Japanese consumers,
  - Promotional activities with TV and newspaper paid advertisements toward consumers are useful as one of the choices to increase awareness of this region. However, it costs quite a lot and preparation of considerable budgets is needed for continuing implementation.
- Japanese travel agencies' strong influences on the structure of the Japanese travel trade distribution, and
- Consumers tend to be affected by information disseminated from media and travel agencies when they select and decide the destination for their holiday.

It is effective and efficient to approach travel agencies and media because their influences result in consumers.

Relationship between B to B marketing and promotion

B to B marketing and promotion spreads effects to consumer in each stages of customer journey.



Source : Team analysis

Source: JICA Study Team

Figure 5-8: Relationship between B to B marketing and promotion

③ Objectives of marketing and promotion plan

Based on the basic principle mentioned ② and effects expected for the marketing and promotion plan to each segments, short, mid, and long term objectives can be set up as below;

Table 5-4: Objectives of marketing and promotion plan

	Short term	Mid term	Long term
Segments			
Segment I-A	<ul style="list-style-type: none"> <li>To increase the quantities and improve the qualities of tour products with increasing awareness on the South Caucasus region and the number of Japanese visitors via Japanese travel agencies</li> </ul>		<ul style="list-style-type: none"> <li>To increase FIT types and repeat Japanese travelers by facilitating hard/soft infrastructures and products tailored to them.</li> </ul>
Segment I-B	<ul style="list-style-type: none"> <li>To increase awareness among Japanese consumers</li> <li>To increase the quantity of tour products to the South Caucasus region, by encouraging Japanese travel agencies to produce more</li> </ul>	<ul style="list-style-type: none"> <li>To increase the quantities and improve the qualities of tour products with increasing awareness on the South Caucasus region and the number of Japanese visitors via Japanese travel agencies</li> </ul>	
Segment II	<ul style="list-style-type: none"> <li>To increase awareness on the South Caucasus region among Japanese consumers via related</li> </ul>	<ul style="list-style-type: none"> <li>To increase FIT type Japanese travelers by facilitating soft/hard infrastructure such as signs, city passes etc. for city breaks and staying in one region.</li> </ul>	

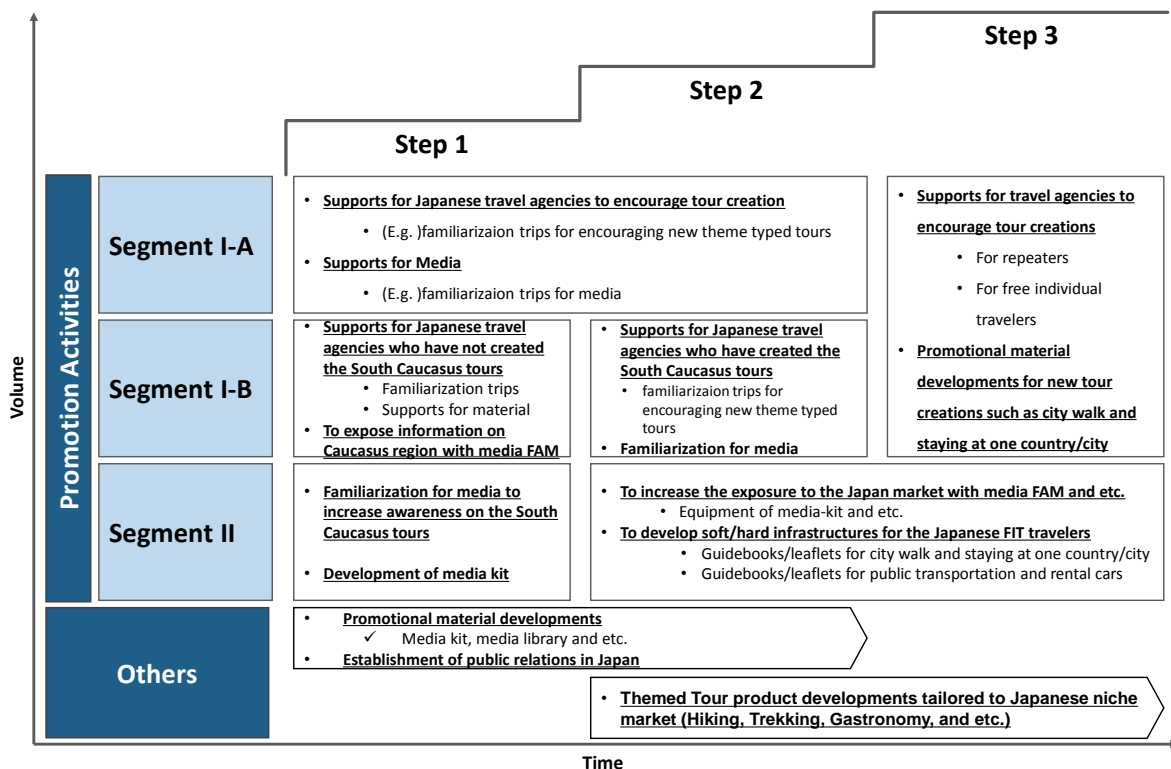
	media	
Others		
Promotional Material Development	· To establish systems to respond to media and travel agencies with promotional material developments such as media-kit and media library	
Product Development	N/A	· To improve the environment for product development tailored to themed type tour products for Japanese tourists

Source: JICA Study Team

#### ④ Activities of marketing and promotion

It is desirable to increase exposure to travel magazine and eagerness towards product creation, with considering preferences toward travel by age groups. Followings are plans of promotional activities for each segment and demographic features of market segmentation.

##### Plan of promotional activities for each segment

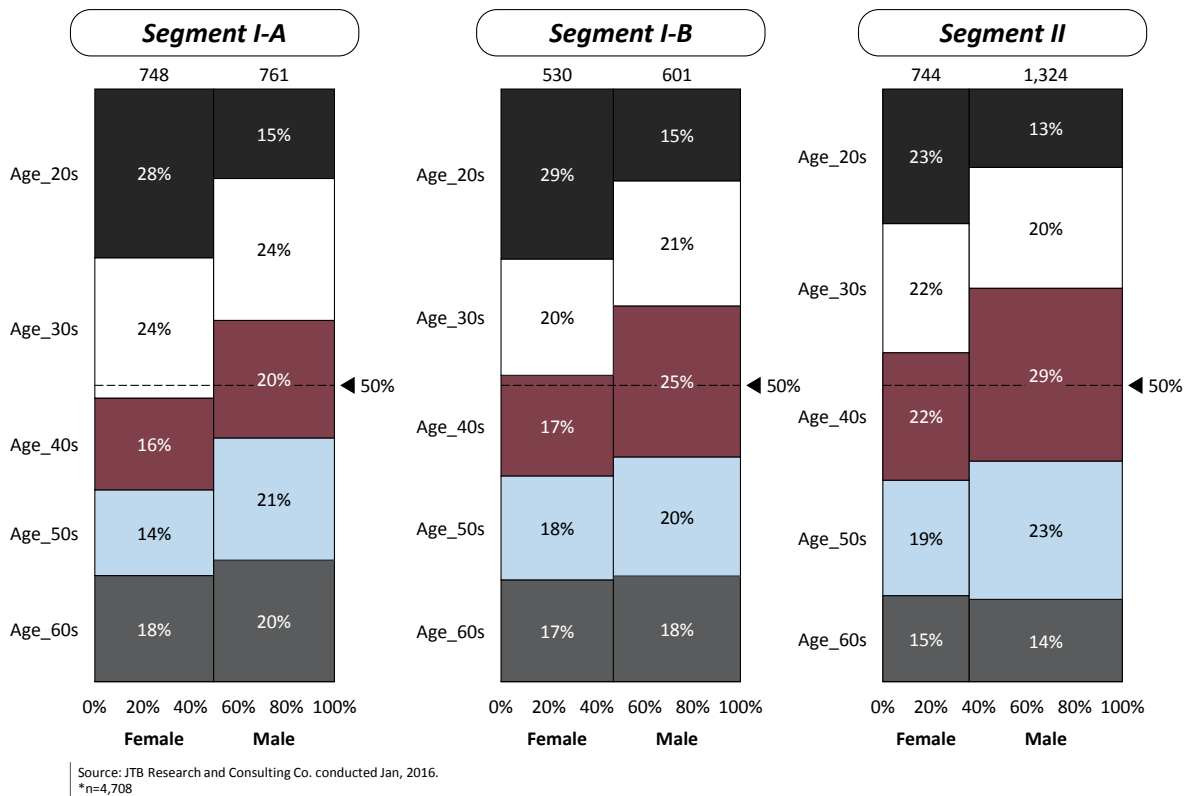


Source: Team, analysis

Source: JICA Study Team

Figure 5-9: Plan of promotional activities for each segment

Demographic features of market segmentation for Japanese tourists



Source: JICA Study Team

Figure 5-10: Demographic features of market segmentation for Japanese market

⑤ Mutual product development with same themes

Most of tour products which Japanese travel agencies create are traveling around major touristic sites in the South Caucasus region. Generally, the contents of those tours have been created at the request of source markets and so those sites chosen as destination to visit tends to be geographically adjacent places that make tourists travel around effectively in a short period of time.

However, in order to increase expenditure of tourists and to attract more tourists in the South Caucasus, it is also important to promote tourism resources not only in the main cities but also in local areas that have lots of interesting resources. For that, it is necessary to increase the varieties of tours, finding and creating tour contents and products from destination sides. For example, product developments such as trekking and hiking in mountain area and also promotion of Gastronomy can be sited.

**(3) Suggestion for promotional activities toward the Europe market**

1) Positioning of European outbound markets for the South Caucasus Region

European countries are one of the major target countries for each country in the South Caucasus. With looking at the statistic, more than half of the total number of tourists who come from Europe is those from neighboring countries such as CIS countries and Turkey. On the other hand, less tourist from other part of Europe such as Western and Easter part of Europe whose travel expenditure is higher have visited to the

Region, even though various airline network has been existed. In this respect, there is still large room for improving the way of tourism promotion for attracting tourism from Western Europe and Eastern Europe.

Table 5-5: Positioning of European outbound markets for the South Caucasus Regional Countries

	Azerbaijan	Georgia	Armenia
Positioning of tourists from European market	<ul style="list-style-type: none"> <li>· Tourists from Europe account for <u>around 89% of the total incoming foreign tourists</u> <ul style="list-style-type: none"> <li>➢ 80% of the total incoming tourists are from Russia, Georgia, Turkey and Ukraine.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>· Tourists from Europe accounts for <u>around 97% of the total incoming foreign tourists</u> <ul style="list-style-type: none"> <li>➢ 90% of the total incoming tourists are from Armenia, Azerbaijan, Turkey and Russia.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>· Tourists from Europe account for <u>around 80% of the total incoming foreign tourists</u> <ul style="list-style-type: none"> <li>➢ 68% of the total incoming tourists are from Russia, Georgia, and Ukraine.</li> </ul> </li> </ul>
Positioning of tourists from European market for promotional activities	<ul style="list-style-type: none"> <li>· The European market is positioned <u>as mass tourist market.</u></li> <li>· Russia, Georgia, Turkey and Iran are placed as neighboring country markets. Also, Kazakhstan, Ukraine and Uzbekistan are positioned as CIS countries.</li> </ul>	<ul style="list-style-type: none"> <li>· <u>Russia, Germany, France,</u> and Arabian countries are positioned as target markets because of the high spenders for incoming tourism</li> </ul>	<ul style="list-style-type: none"> <li>· Main target countries are Iran, <u>Western European countries with direct flights<sup>52</sup>,</u> and Russia and Diaspora</li> </ul>

Source: Governmental report and interviews, JICA Study Team analysis

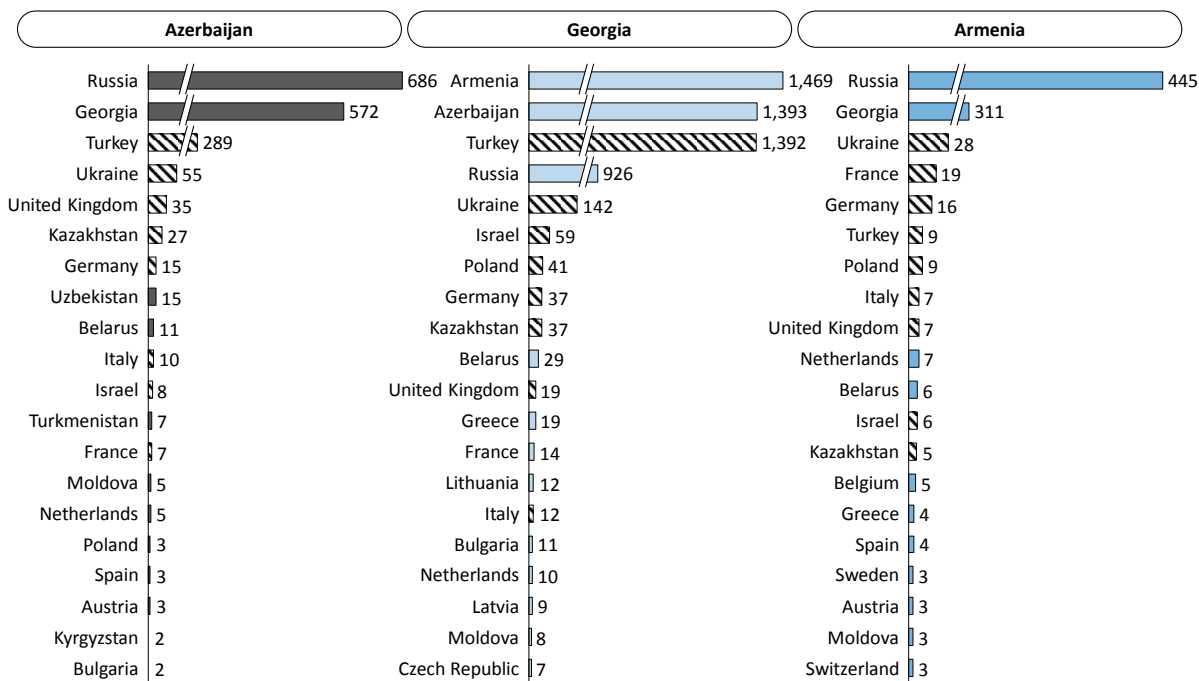
Looking at the number of foreign tourists from Western Europe to the South Caucasus, tourists from Turkey, UK, France, Germany, Poland, Israel, Poland and Kazakhstan occupy a relatively large share of the total number of inbound tourist in each country. Therefore, on the one hand, it can be said that the three countries in the South Caucasus are competing with each other in order to attract tourists from those markets to their own countries. On the other hand, in order to attract more tourists to the South Caucasus region, it is useful and efficient to sell the region as ‘one’ destination (product) by cooperating with each other and to conduct joint product development and promotion activities.

<sup>52</sup> In summer 2016, countries who have scheduled direct flights with Armenia are; United kingdom, Germany, Italy, Israel, France, Poland, Netherland, Switzerland, Sweden, and etc.



The top 20 countries to each Caucasus countries from European countries (unit : thsd)

Apart from Russia, each country has a relatively large number of tourists from Turkey, Ukraine, the UK, Germany, France, Italy, Israel, Kazakhstan and Poland in the European Market.



Source : State statistical committee of the Republic of Azerbaijan , GNTA and RA Population Census, team analysis

Source: Governmental statistics and interviews, JICA Study Team analysis

Figure 5-11: Number of foreign tourists from European countries to the South Caucasus region (2015)

## 2) Potential markets to approach in the European market

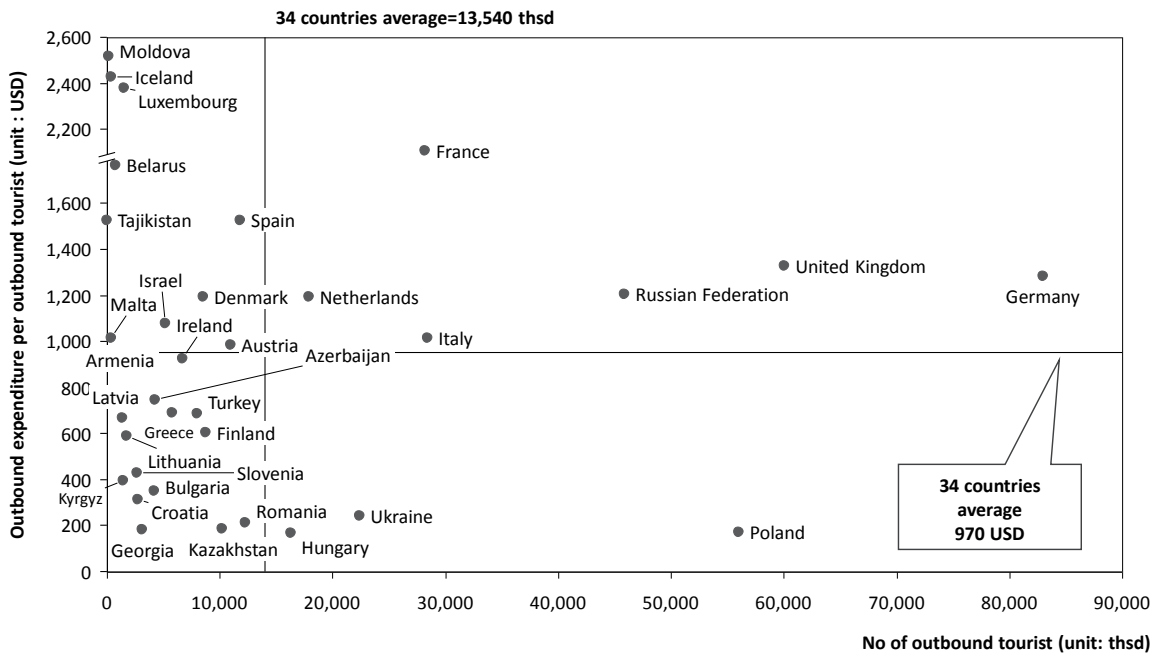
Given that there are always limitation in budget and human resources, it is difficult to target every single country in Europe, so the prioritization of markets is thought to be essential. The following chart shows the overview of the outbound market in Europe with;

- A) The volume of the market (=number of outbound tourists)
- B) The expected economic effects on the countries (=outbound expenditure per outbound tourists)

As the chart below shows, Germany, the United Kingdom, Russia, Italy and France are desirable markets to deliver effects to the South Caucasus regional countries, considering the possibility to attract (the number of outbound tourists is of a high volume) and their expenditures.

No of outbound tourists × outbound expenditures per outbound tourist in 2014 in European countries

Germany, the United Kingdom and Russia have a large volume of outbound tourists with relatively high spenders. Also, France has a large volume and high-spending market.



\*Uzbekistan, Switzerland, Belgium, Sweden, Norway, Czech Republic, Serbia, Slovakia, Portugal, and Macedonia  
Source: UNWTO, team analysis

Source: UNWTO, JICA Study Team analysis

Figure 5-12: Number of outbound tourists and outbound expenditure per outbound tourist in 2014

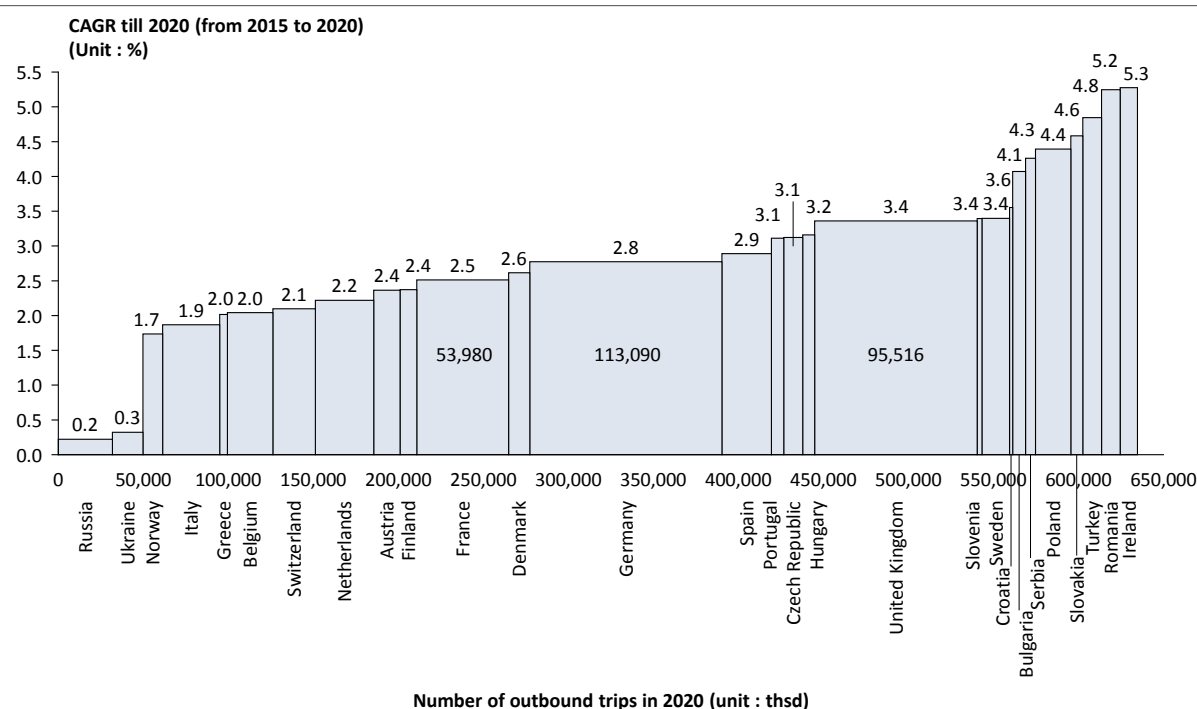
In addition, in terms of the projected number of outbound trips, apart from Russia and the Ukraine, European countries have been predicted to show sound growth; it is predicted that the United Kingdom will be increased by CAGR at 3.4 % from 2015-2020 and Germany at 2.8%, France at 2.5%, and Italy at 1.9% respectively.

Therefore, as for the promotional activities toward the European market, the United Kingdom, Germany, France, and Italy should be considered targeted markets because;

- There are a considerable volume of outbound tourists
- There is effectiveness to attract tourists
- There is a sound growth in the outbound market

**The projected number of outbound trips in 2020 (unit : thsd)**

Apart from Russia and Ukraine, these other European countries have been predicted to show large growth.



Source : Euromonitor, team analysis

Source: Euromonitor, JICA Study Team analysis

Figure 5-13: Projected number of outbound trips in European countries and CAGR 2015-2020

### 3) Promotional activities toward the European market

In the European market, numerous B to B promotional activities such as travel agent FAM and media FAM has already been carried out by the both governmental organization as well as the private sector of the South Caucasus countries. Therefore, the relationship with European travel agencies is thought to be built to some extent.

Considering the premise of promotional activities already done by the public and private sectors, and the characteristics of European markets mentioned below, some promotional activities expected to be done are proposed as below.

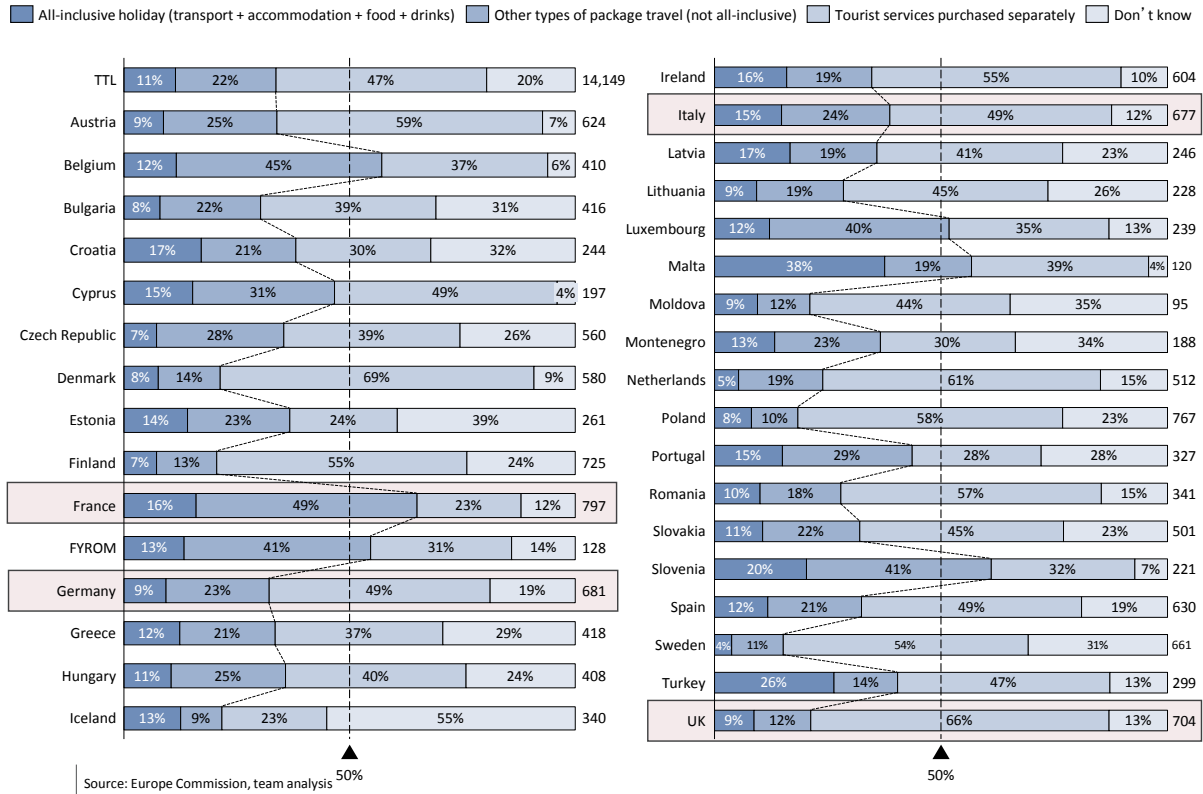
- The characteristics of the European market

- The European market tends not to use tour products /packaged tours when they travel compared with the Japan market.

- In term of travel arrangement of holidays, travelers from the UK, Germany and Italy tend to purchase tourist services such as accommodation and transportation separately and the ratio of using travel products, namely, package tours and all-inclusive tours, is low. As shown in Figure 3-11, there is tendency that 66% of total outbound tourists in the UK arrange tourist services

separately; also it is accounted for approximately 49% in Germany and Italy respectively. Meanwhile, in France, about 65% of total number of outbound tourists purchases either all-inclusive travel products or other types of package tours.

**Travel arrangement for holidays in European countries**



Source: European Commission, JICA Study Team analysis

Figure 5-14: Travel arrangement for European countries

- European countries use online more than offline methods. In travel intermediary sales (includes online travel agents), online sales in each market are projected to be increased.
  - As show in the chart below, considering that there is also a certain level of tourists who make reservation and purchase tourism product on-site after getting at the destination, certain tourism services like a tourism information center that can assist in introducing and reserving activities and hotels are needed to be improved.

Booking methods for holidays (MA)

In terms of booking methods for holidays, online sites are more preferable methods.

	Highest						2 <sup>nd</sup> highest					
	Austria	Denmark	France	Germany	Italy	Netherlands	Poland	Portugal	Spain	Sweden	Turkey	United Kingdom
n=	812	841	1162	1154	999	779	994	501	971	845	445	1,064
Other online commercial services such as tour operators, airline companies, etc.	46%	60%	33%	28%	22%	44%	19%	22%	31%	47%	22%	52%
Over the counter at a travel agency	26%	4%	10%	27%	15%	9%	10%	14%	23%	11%	9%	15%
Over the phone	17%	9%	16%	13%	10%	9%	24%	12%	9%	10%	11%	26%
Through someone you know	15%	16%	19%	11%	13%	9%	21%	19%	10%	8%	17%	20%
On-site (place of holidays)	14%	5%	10%	10%	6%	8%	13%	8%	4%	3%	11%	11%
Over the counter of a transportation company (airline company, railway company, etc.)	6%	2%	7%	3%	5%	2%	8%	3%	2%	6%	4%	12%
Don't know	0%	1%	2%	2%	1%	1%	2%	5%	2%	3%	3%	1%

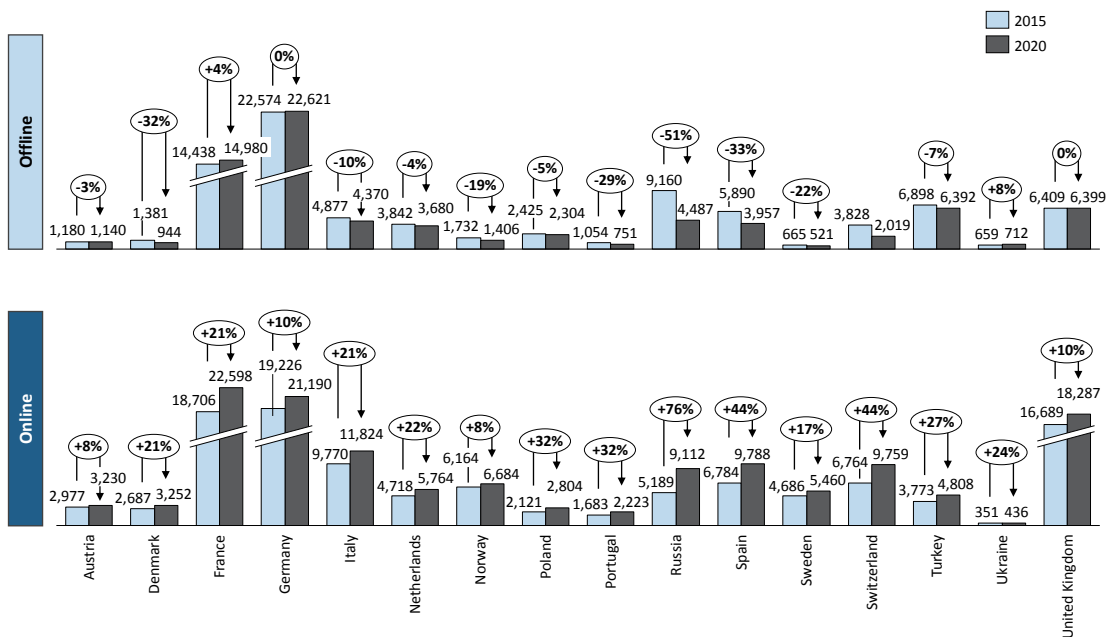
Source: European Commission, team analysis

Source: European Commission, JICA Study Team analysis

Figure 5-15: Booking methods for holidays for European countries

Travel intermediaries sales –Retail Value in 2015 and 2020 (unit: %, US\$mnn)

Online sales are forecasted to increase by 2020 in the European market.



Source: Euromonitor, team analysis

Source: European Commission, JICA Study Team analysis

Figure 5-16 : Travel intermediaries' sales-retail value in 2015 and 2020 in European countries

- As for the method of collecting information on destination when deciding travel plans, website collecting and presenting comments, reviews and ratings from travelers (consumer generated media) are considered one of important source in the European market.

#### Most important sources when deciding travel plans

In the European market, apart from the recommendations of friends, colleagues or relatives and personal experiences, website collecting and presenting comments, review and ratings from travelers are higher than other sources when tourists decide their travel plans.

		Highest	2nd highest	3rd highest			
		Austria	Denmark	France	Germany	Italy	Netherlands
	n=	1,000	1,017	1,507	1,500	1,502	1,006
Recommendations of friends, colleagues or relatives		60%	49%	57%	44%	34%	47%
Personal experience		40%	35%	37%	39%	23%	29%
Websites collecting and presenting comments, reviews and ratings from travellers		39%	23%	40%	24%	35%	46%
Websites run by service provider or by destination		26%	21%	17%	19%	16%	26%
Social media pages (for accommodation, restaurants, transport companies, etc.)		13%	8%	6%	8%	8%	13%
Counters of travel agencies and tourism offices		17%	13%	13%	14%	21%	13%
Newspaper, radio, TV		17%	13%	12%	13%	8%	8%
Paid for guidebooks and magazines		15%	11%	10%	15%	5%	8%
Don't know		2%	4%	5%	4%	5%	4%
		Poland	Portugal	Spain	Sweden	Turkey	United Kingdom
	n=	1,501	1,000	1,502	1,000	1,000	1,504
Recommendations of friends, colleagues or relatives		61%	54%	56%	53%	52%	61%
Personal experience		30%	27%	26%	36%	23%	39%
Websites collecting and presenting comments, reviews and ratings from travellers		36%	21%	37%	35%	25%	42%
Websites run by service provider or by destination		17%	8%	13%	19%	10%	17%
Social media pages (for accommodation, restaurants, transport companies, etc.)		17%	12%	11%	15%	19%	18%
Counters of travel agencies and tourism offices		10%	14%	17%	9%	5%	9%
Newspaper, radio, TV		14%	8%	7%	15%	9%	11%
Paid for guidebooks and magazines		5%	7%	6%	10%	5%	11%
Don't know		4%	15%	3%	4%	4%	5%

Source: Europe an Commission, team analysis

Source: European commission, JICA Study Team analysis

Figure 5-17: Most important sources when deciding travel plans in European countries

#### ■ Proposed promotional activities toward European countries

Taking the premises mentioned above into account, the following two promotional activities, which are available across European markets, are suggested as measures to be taken in near future.

##### 【Promotional activities 1】

#### Enhancing on-line marketing method with a view to markets where the FIT is the mainstream of way of travel is FIT

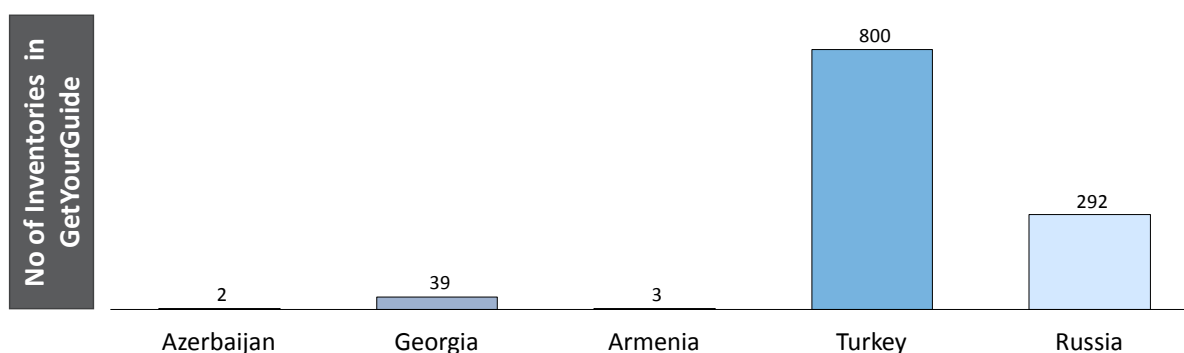
- In order to increase the amount of online distribution, indirect support toward accommodations, restaurants, and activity providers is needed to urge them to adapt to online/digital marketing/promotional platforms such as online travel agents, and consumer generated media, which are popular in European countries. As an specific example of such promotional activities, it can be sited that to conduct workshop aiming at both public and private sector for making them understood about the current situation of digital marketing and promotion in the European market, for fostering knowledge on digital marketing and promotion, and to assist private sector in registering and utilizing

such on-line marketing.

## 【Promotional activities 2】

### **Developing tours & activities which contribute to increase tourist expenditures in a destination, and its digitalization**

- In the South Caucasus countries, tours and activities at destination have been developed to some extent, but the variety of those tours and activities as well as the quantity of those who are distributed in the market are relatively small compared with other countries. As mentioned before, the European market tends to choose tourist services purchased separately. Such types of tourism will have potentiation to bring economic effects to local area since individual tourists have high degree of freedom and they can easily and freely add activities or sites to visit by their own will. Therefore, it is desirable to develop tourism products that meet the demands of target market and to do a promotion for selling product through on-line method.
  - According to Skift, tours and activity markets are presumed to be reached at 27-33 billion USD and Europe to be reached 39 billion EUR respectively. In the tourism industry in the USA, the segment of tours and activities is the third biggest category behind airline and accommodations.
  - When comparing inventory numbers published in get your Guide with neighboring countries, such as Turkey and Russia, Georgia, which has the largest number of postings, remains at 4% of Turkey (Figure 5-18). Using online inventory and posting activities on the website generates an opportunity for local tour operators to promote product sales since those site would be accessed by many and unspecified users. Besides that, by utilizing online inventory tourists can get some ideas on what kind of activities they can enjoy in the destination and also by making reservations on tours and activities which tourists are interested prior to their visit, tourist will be able to travel comfortably and conveniently.



Source: GetYourGuide, JICA Study Team analysis

Figure 5-18: Number of inventories on GetYourGuide<sup>53</sup>

<sup>53</sup> Figures are as of 8<sup>th</sup> of February 2017

## **6. Recommendation on the Tourism Sector Development in the South Caucasus**

### **(1) Justification**

#### **1) Maximizing the Synergy effect of existing/implemented project by other donors**

Through the first mission, it was confirmed that multiple tourism related projects have implemented/are implementing by different donors in each South Caucasus countries. It was also verified that each of the donors had set points of demarcation. As the current situation of the support from donors was described in the report of each country, in general, tourism-related infrastructure developments (large-scale/medium-scale) are being carried out by the ADB and the World Bank, with other technical support for small-to-medium-sized tourism employers and entrepreneurs being provided by USAID and GIZ. In addition, in Armenia, a project referred to as the "Development of Local Production and Promotion of Local Brands in Armenia" (from March 2013 to March 2016) was implemented with the support of JICA. Through this project small-scale hoteliers were trained and tourism promotions in the regions were implemented. The phase 2 of the project is currently underway.

As seen above, the development of tourism infrastructure and support to strengthen the capacity of private sector have been done by many donors, while it was also recognized through the interview of the relevant parties, that the outcomes and achievements gained from projects have not been fully utilized to continue tourism promotion in the target areas even after the project ends. The reason would be that during the project implementation period, private enterprises were able to implement tourism related activities since they were a part of beneficiary of the project and so the necessary cost for executing those activities were mainly supported by donors in a direct/indirect way. However, once the project completed, they had to rely on their own fund-raising for maintaining their business but such skills and/or mechanism have not often been fostered during the project implementation period.

Consequently, it can be said that it is effective to establish a framework and mechanism that enable the stakeholders related to the tourism sector to carry on tourism development and promotional activities that were supported by donors in sustainable and self-sustaining manner.

#### **2) Proposition to introduce the concept of Destination Management Organization (DMO)**

In some European countries that are well known as Tourism-Oriented Countries, such as France, Spain etc. based on Destination Management Organization (DMO)<sup>54</sup> mechanism; many tourism destinations has taken the approach to develop the tourism industry in a sustainable and strategic way by incorporating tourism related entities into that framework. In recent years, a Japanese version of the DMO has been

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<sup>54</sup> DMO is coordinated management body that includes existing tourism associations and commerce and industry associations. In collaboration with the government, it operates as a comprehensive coordinator for the regions in the continuous and independent development/promotion of regional tourism businesses. The Japanese version of the DMO that the Japan Tourism Agency advocates is defined, "In addition to drawing on regional earning power, it is a company that plays the role of a navigator for regional tourism establishment from tourist site management perspective that instills pride and love for the regions. In concert with the various parties involved, and in addition to the formulation of a strategy to realize the creation of tourist regions based on a specific concept, there is an adjust-function for steadily implementing the strategy."



adopted as one of the methods for tourism site development within the framework of revitalization of local communities. As described in section (1) previously, in order to promote continuous tourism development in the three countries in the Caucasus, it is important to create a framework which makes it possible to carry on activities related to tourism development in sustainable and self-reliant way at regional, national and local level. Thus, to provide support in creating and functionalizing DMO mechanism can be said to be significant to the region.

During the first mission, it was confirmed that concept of DMO has been somehow recognized to some extent in every three countries. For example, in Azerbaijan, the Azerbaijan Convention Bureau adopted the DMO operational system to promote MICE tourism. In Georgia, over the past 15 months since 2012, they have accomplished the creation of a tourism-related legal framework for the country and have strengthened the capacity of the GNTA. In order to attract tourists to local areas and to achieve vitalization of the tourism industry in cooperation with private sector companies and local government, a DMO framework was created under the support from Austria government and the European Integration and Economic Development. In addition, in Batumi, a sustainable framework similar to DMO mechanism for promoting tourism in the region has been already utilized. To be more precise, the Tourism Agency who is a governmental organization and central player in tourism development have worked in cooperation with the private sector by creating a mechanism that enable to raise needed capital for carrying on tourism development (for example, if hotels, travel agencies and restaurants want to put some advertising materials like brochures and pamphlets at the TIC, certain amount of usage fee are charged to them. Based on those revenues from private sectors, the region can promote tourism in the region in self-sustaining way.). In Armenia, under the organization of the newly established Tourism Committee, formulating a strategy for vitalizing tourism (2017 to 2021) through the application of DMO concepts is under study. We have confirmed support for the strategy through hearings with Armenian government officials.

As described above, since DMO concept is recognized by the stakeholders in the three South Caucasus countries and they are promoting or are going to promote the vitalization of tourism based on that concept, it is highly reasonable to propose project based on DMO concept.

### 3) Strengthening the promotion capacity intended for the Japanese market

Through the first mission, it was confirmed that all three of the South Caucasus countries have given high priority to the development of the tourism sector as the policy. Particularly, in terms of promotional activities, each country has shown a strong desire to develop aggressive promotional activities toward attracting more international tourists. It is also noticed that these countries have an enhanced awareness of expanding new markets beyond neighboring countries that have had the lion's share of international tourists in the past.

However, under current circumstances, except Georgia, an governmental organization whose responsible is to implement tourism policy, to coordinate all tourism related stakeholders and to carry out tourism promotional activities has just been established, and so it can be said that the development of various promotion tools necessary for developing promotional activities and the promotion activities outside the

country are still limited.

Even in Georgia, where is considered to be further advanced than the other two countries in marketing/promotion activities, although they have implemented lots of marketing and promotional activities aiming at existing market, the promotional activities aiming at new market has not been done sufficiently, including market research and analysis (such as identifying major segment, the needs and demands of new market etc.).

In Japan, the promotional activities for attracting inbound tourism initiated by the government of Japan since 2003 have produced remarkable results over the past few years, and the number of inbound tourism to Japan has increased fourfold in the past five years. Although there were external factors such as the depreciation of the yen and the rapid development of the Chinese economy that encouraged boosting the trip to Japan from overseas, the Japanese government also has been working on improving the policy system for inbound promotion (attraction of LCC services by introduction of open sky regime, relaxation of visa requirement for travelers from Asian countries, etc.), improvement of promotion activities (multilingualization of the website of Tourism Agency, theme settings appealing by target market, realization of free download of promotional materials, etc.), improvement of inbound acceptance system (installation of multilingual signage, recruitment of foreign human resources as service personnel, etc.), etc.

It can be said that some of those efforts done by Japanese government might be served as reference for the South Caucasus region. Also, given that the Japan is considered as one of new market that the South Caucasus region would take in, it would be meaningful to provide support for strengthening capacities related to marketing and promotion aimed at attracting customers from Japan as the pilot market.

Therefore, not only the position as a pilot in the new market but also the knowledge of the inbound tourism promotion in Japan as described above would be effective to the South Caucasus region in order to encourage the attraction of tourists from new and existing markets in the future. In this respect, the cooperation of Japan would be fairly preferable.

#### 4) Enhancing B to B promotion activities

In order to encourage the spending behavior of potential tourists who want to travel, it is important to rouse their "Attention (A)", "Interest (I)" and "Desire (D)" as per the AIDA model reference. Tourism promotions initiated by governments tend to be large-scale promotion activities (such as exposure in media and exhibits at tourism fairs) that rouse potential tourists' interests and desires. It is obvious that these B to C promotion activities are useful to raise awareness of the destination itself. However, on the other hand, in order to elicit a willingness to buy of potential tourists, it is highly required for tour companies or travel agencies where those potential tourists would pass by in the first place for collecting any useful information on the destination to provide proper and needed information to those potential tourists.

For example, when potential tourists recognize that the South Caucasus region exists as tourist destinations through tourism fair or on TV, what is considered as the subsequent behavior of them is to gather information on the region as well as travel information (how to access, tour availability, suitability

of individual travel, etc.). Although, at the present day, such information can be collected through the Internet search engine, certain numbers of Japanese tourists still choose to go to counters of tour companies/travel agencies for collecting that information<sup>55</sup>. Especially, in the case of the regions where many seniors like to visit, almost all seniors use tour companies and travel agencies to travel with groups. Considering this situation, it is important to conduct B to B promotion activities (such as holding destination seminars and FAM trips) for tour companies that are selling products in order to make them get better understanding on the region.

Although the South Caucasus countries have been conducting B to B promotional activities such as implementation of FAM trips, exposure of media etc., it has not been well verified whether such promotional activities have led to increase number of tourist from targeted market. In order to efficiently utilize the limited budget, it is essential to foster better understating about efficient B to B promotional method which contributed to bring more tourists from targeted country and about know-how of implementing effective promotional activities.

Therefore, as one concrete activity of strengthening the promotional capacity proposed in the preceding paragraph (3), the needs and relevance for supporting the promotional activities of B to B can be said to be high.

**(2) Proposition of Assistance for the Tourism Sector Development by JICA**

1) Outline of Proposed JICA Projects

Based on the preceding paragraph (1), the possible JICA’s assistant can be proposed as following list.

Table 6-1: List of Proposed JICA Projects

Timing	Project Name	Target Country	Counterpart	Project Duration	Main Component	Project Cost (JPY)
Short-term	(A) Project for Tourism Promotion Capacity Development through DMO In the South Caucasus	The South Caucasus (Azerbaijan, Georgia, Armenia)	Ministry of Culture and Tourism in Azerbaijan  Georgia National Tourism Administration  Tourism Committee in Armenia	3 Years	<p><b>【1<sup>st</sup> Year】</b></p> <ul style="list-style-type: none"> <li>• Support for establishing DMO structure</li> <li>• Marketing Survey</li> <li>• Preparation of destination development strategy and action plans</li> <li>• Training for disseminating the DMO concept (including training in Japan)</li> <li>• Awareness raising program for local people</li> </ul>	450million JPY

<sup>55</sup> According to the statistics of the Eurobarometer information source , the great majority (50 to 60%) of potential tourists in West European countries refer to “at friends/acquaintances’ suggestions”, when they are deciding on new travel destinations. However, seniors in their 60s also attach importance to collecting information from the counter agents of tour companies.

Timing	Project Name	Target Country	Counterpart	Project Duration	Main Component	Project Cost (JPY)
					<p><b>【2<sup>nd</sup> Year】</b></p> <ul style="list-style-type: none"> <li>· Pilot project (development of new tourism products)</li> <li>· Creation of promotion materials</li> <li>· Promotional Activity targeted for International Tourism</li> <li>· Training for improving quality of tourism services (including training in Japan)</li> </ul> <p><b>【3<sup>rd</sup> Year】</b></p> <ul style="list-style-type: none"> <li>· B to B business support</li> <li>· Evaluation of pilot project</li> <li>· Review of destination development strategy and action plans</li> <li>· Knowledge sharing workshop</li> </ul>	
Medium and Long-term	(B) DMO Project for Silk Road Route Tourism Development and Promotion in Azerbaijan	Azerbaijan	Ministry of Culture and Tourism	3 Years	<p><b>【1<sup>st</sup> Year】</b></p> <ul style="list-style-type: none"> <li>· Support for establishing DMO structure</li> <li>· Training for strengthening Institutional and management capacity of DMO (training in Japan, including third country training)</li> <li>· Survey on current status of tourism sector in target areas and identification of issues and potential</li> <li>· Marketing and positioning of target areas</li> </ul> <p><b>【2<sup>nd</sup> Year】</b></p> <ul style="list-style-type: none"> <li>· Monitoring of activities</li> <li>· Preparation of tourism resources and tourism products inventory</li> <li>· Preparation of destination development strategy, and action plan</li> <li>· Hold workshop on regional tourism</li> </ul>	300 million JPY

Timing	Project Name	Target Country	Counterpart	Project Duration	Main Component	Project Cost (JPY)
					promotion by DMO <ul style="list-style-type: none"> <li>• Selection and implementation of pilot projects</li> <li>• Training for tourism human resources development and capacity building (including training in Japan and third country)</li> <li>• Formulation of tourism promotion plan and creation of promotion materials and website</li> </ul> <b>【3<sup>rd</sup> Year】</b> <ul style="list-style-type: none"> <li>• Training for tourism human resources development and capacity building (including training in Japan and third country)</li> <li>• Promotion activities for BtoB</li> <li>• Promotion activities for BtoC</li> <li>• Monitoring of activities</li> <li>• Review and revision of Destination development strategy and action plan</li> </ul>	
	(C) DMO Project for Sustainable Tourism Destination Development In Georgia	Georgia	GNTA	3 Years	<b>【1<sup>st</sup> Year】</b> <ul style="list-style-type: none"> <li>• Support for establishing DMO structure</li> <li>• Joint Marketing survey and needs survey</li> <li>• Preparation of destination development strategy and action plans</li> <li>• Awareness raising program for local people</li> <li>• Training for disseminating the DMO concept (including training in Japan)</li> </ul> <b>【2<sup>nd</sup> Year】</b> <ul style="list-style-type: none"> <li>• Pilot project (development of new tourism products)</li> </ul>	300million JPY

Timing	Project Name	Target Country	Counterpart	Project Duration	Main Component	Project Cost (JPY)
					<ul style="list-style-type: none"> <li>• Creation of framework on tourism service improvement</li> <li>• Preparation of promotional material</li> <li>• Promotional Activities targeted for international and domestic tourism</li> <li>• Training for improving quality of tourism services (including training in Japan)</li> <li>• Awareness raising program for local people</li> </ul> <p><b>【3<sup>rd</sup> Year】</b></p> <ul style="list-style-type: none"> <li>• Training for improving quality of tourism services (including training in Japan)</li> <li>• Promotional Activities</li> <li>• Evaluation of pilot project</li> <li>• Review of destination development strategy and action plans</li> </ul> <p>Knowledge sharing workshop</p>	
	(D) DMO Project for Ecotourism Promotion in Armenia	Armenia	Ministry of Economic Development and Investments	3 Years	<p><b>【1<sup>st</sup> Year】</b></p> <ul style="list-style-type: none"> <li>• Support for establishing DMO structure</li> <li>• Training for disseminating the DMO concept (including training in Japan)</li> </ul> <p><b>【2<sup>nd</sup> Year】</b></p> <ul style="list-style-type: none"> <li>• Marketing survey and needs survey</li> <li>• Preparation of destination development strategy and action plans</li> <li>• Pilot project (development of new tourism products)</li> <li>• Creation of promotion materials</li> <li>• Training for improving quality of tourism services (including training in Japan)</li> <li>• Awareness raising</li> </ul>	270million JPY

Timing	Project Name	Target Country	Counterpart	Project Duration	Main Component	Project Cost (JPY)
					program for local people  <b>【3<sup>rd</sup> Year】</b> <ul style="list-style-type: none"> <li>· B to B business support</li> <li>· Evaluation of pilot project</li> <li>· Review of destination development strategy and action plans</li> <li>· Knowledge sharing workshop</li> </ul>	

Source: JICA Study Team

Regarding the degree of priority of each proposed project, it is preferable to prioritize assistance to the project with timing of "short-term". In other words, the priority of the Project (A), whose target areas are each capital city of all three countries in the South Caucasus, is higher than any other of those marked as medium and long-term.

Some reasons why the Project (A) was marked as the high priority are as follows: through our mission, it was found that (1) each capital city has still room for improving and up-grading the tourism infrastructure as well as tourism services in order for the capital to be the gateway and ‘face’ to the nation (2) each city has a great potential to attract more tourist and to be one of the major tourism destinations among the world if they are going to refine their promotional activity and to exposure in effective manner, (3) so far any other donors have not planned or implemented any supports to tackle with this challenged. For these reasons, it was confirmed that to develop capitals of each country as attractive tourism destination should be the first step for not only enhancing the visibility of each city but also achieving name recognitions of the Southern Caucasus as one of most attractive region to visit. With looking at the name recognition of the Southern Caucasus among the Japanese, there are few people who can clearly indicate where "the South Caucasus" is located in the world and much less of them could mention names of capital. This is due to the fact that not much activity have been taken to raise the profile of the Caucasus region in the Japanese market, and useful tools and materials for obtaining information on the region has not been well developed. Therefore, it would be meaningful to develop those areas as attractive tourism destination and to promote the capital of each country in the form of "capital city sightseeing areas", where all capital work together for creating “one” tourism destination, in order to attract Japanese tourists to the area as well as other international tourists. In addition, by implementing the project in which the capital city of each country is focused as the target area as the first step, it is expected that the method of tourism destination development applied to the project will be the model case. Then it helps to boost the destination development in other regions in the country by using the same method and eventually the whole country will be developed as an attractive tourism destination.

In order to verify the validity of each proposed project, adding to the aspect of the priority, the maturity

level and the feasibility of each project were also assessed. With respect to the maturity level, the following two aspects were examined; (1) Maturity level of administrative system on tourism sector including policy system, organizational maturity on tourism promotion implementation etc., and (2) maturity level of relationship with the Japanese market.

Regarding the proposed project (A), although the level of maturity differs in each of the three countries of the South Caucasus, the maturity level of the administrative system is not that high especially considering that the licensing and certification system for guides and tour operators have not been adopted or even not existed. Also, with respect to the maturity of the promotion implementation system, the level of it is again not that high except for Georgia where the governmental administration takes a leadership for promoting the country as tourism destination, because two other countries have just established a tourism committee that is expected to serve an important role for implementing tourism development and promotion.

Regarding the aspect of relationship with the Japanese market, the maturity level is fairly low since the promotion activities targeted to the Japanese market are still quite limited in each country. However, through this mission, it has been confirmed that each country has a high interests in the development of new markets including the Japanese market for boosting tourism business and for achieving economic growth from the tourism, therefore, it is expected that the name recognition in the Japanese market will be enhanced and also the relations with the Japanese market will be strengthen through the implementation of the project. Concerning the feasibility of Project (A), judging the feasibility based on the existence of experience on the implementation of similar projects, already a project which covers all three countries in the South Caucasus and in which get the stakeholder in each country involved have been implemented by the GIZ. In the GIZ project, through organizing workshop and seminars where the stakeholders of all country are called together, relationship among three countries has been developing and getting closer. In order to attract more international tourists to this little-known region, it is important to enhance its visibility to the word market by promoting the region as one package. Then after obtaining some certain degree of the name recognition of the region itself, it will be much easier for each country to attract tourists to their own country. For that reason, it can be judged that the feasibility of implementing regional-wide project where the cooperative relations of the three countries will be expected to be developed is generally high.

Regarding the proposed project plans (B), (C) and (D) that should be tackled in the medium and long term, considering the priorities from the viewpoints of country's development strategy in each country, each country has considered the tourism sector as one of the important sector to develop since the sector could contribute to the creation of employment, to the economic growth of the country as well as to the correction of economic disparity with the region. In this sense, the priority for implementation of tourism related project is high for each country. On the other hand, when considering in the entire time frame, it is desirable to work on these projects in the middle and long term. The reason for this is that the project (B), (C), and (D) are designed to promote destination development through creation of Destination Management Organization (DMO) in which the administrative agency including local government, tourism related private sector as well as tourism related institution such as vocational training centers are gathered for working together. Under the DMO system, it is expected that local administration, local private sectors and



local resident plays central roles to develop their destination in sustainable and self-reliant manner. In other words, it is necessary to set up a new system which can promote tourism related activities on a stand-alone basis; that is, financially independent from the central government. As the present situation, the government power has been already decentralized in each country, but the scald of local administration is fairly small considering the size of each country itself is small and the disparity between central and local governments is still large in term of the aspect of financial, operational as well as the human resources level. Therefore, in order to realize the projects whose target areas are designed in the regional area, the central government is expected to not only delegate certain level of authority to the local entity but also to provide some cooperative hands that allows the local entity to proceed their project autonomously. From this point of view, it is preferable that the central government gain well understanding and know-how of tourism destination development based on DMO mechanism through the implementation of the project (A), then from the middle and long-term perspectives, it is desirable to take the process of preparing to promote destination development in the regional area by leveraging the knowledge acquired from the project (A). From the viewpoint of maturity, as stated in the cooperation plan (A), the maturity level of each country is still moderate in terms of the system on tourism policy. However, if the propose project (A) is implemented in the short term, through the process of implantation of its project, the maturity level will reached to certain stage when the medium-long term projects are initiated.

A table in below show the criteria for setting priorities of each project.

Table 6-2: Criterion for validation of Proposed Projects

	Priority	Level of Maturity			Feasibility	Score
		(a) Policy System	(B)Organizational Structure	(C)Relationship with Japan		
Project (A)	5	2	3	3	4	18
Project (B)	4	2	2	2	3	12
Project (C)	4	2	3	3	3	14
Project (D)	4	2	2	2	3	12

Rating : On a scale of one to five. Highest score is 5. (5>1)

① Priority : Each priority is assessed based on the time axis (short-term, medium-term and long-term). A project which should be implemented in shorter term give the higher the priority.

② Maturity : Maturity is assessed from three aspect as following (a) Policy system (assessed from existence of tourism law, tourism taxation system, etc.), (b) Organizational structure (assessed from the existence of system of implementation of promotional activities) , (C) Relationship with Japan (assessed based on the number of Japanese tourists, the implementation of promotional activities to the market)

② Feasibility : Feasibility is assessed based on whether each country has implemented similar project or not.

## 2) Short-term

### ① Proposed Project (A): Project for Tourism Promotion Capacity Development through DMO In the South Caucasus (Regional-wide Cooperative project)

This project is being target at three capital cities of the South Caucasus Region (Baku, Tbilisi, Yerevan), for the purpose of promoting the each capital and the region as tourism destination based on the DMO, which is expected to be a leading organization for promoting tourism of the target area. As the theme, "Caucasus Capital City Tourism Sphere " can be proposed for attracting international tourism by making full use of the attractive tourism resources that each capital city already have.

#### (a) Relevance of Project Implementation

In the targeted three countries, development of tourism sector is a priority issues. In Azerbaijan, for example, it is stated in the "Azerbaijan 2020" that the development and promotion of the tourism sector is inevitable to step out of the petroleum dependent economy. Also in Georgia, to accelerate economic growth and to reduce the economic disparity are important issues for the country, in this context, tourism sector development is emphasized as a sector corresponding to these important issues. In fact, "Georgia Regional Development Program 2015-2017" is specified the tourism development as one of the priority activities for realizing regional economic development and employment creation. Regarding Armenia, priority is given to tourism sector development as a sector that responds to "expansion of employment" which is one of the four development issues listed in "Armenian Development Strategy 2014-2025".

Adding to that, as mentioned in the preceding section, each of three cities, Baku, Tbilisi and Yerevan, has still room for improvement and development in order to become the best known destination for attracting international tourists. Consequently, it can be said that the relevance of the Project is high in consideration of needs of each country.

#### (b) Selection of Target Areas

The reason for selecting capital of each country as the target areas of this project is as stated above. In addition, taking into account that this project should be undertaken in the short term, the administrative agencies that will play an important role as implementing bodies should have certain level of capacities for operating and managing the project. Although there is a fact that some local governments in regional areas have sufficient organizational strength, management ability and certain budget for implementing the project, many of them still have constraints in both financial and human resources. Most administrative function tends to concentrate in the central government. Consequently, it can be reasonable to propose the capital city as target areas for this short-term project since the city government of capital city is capable for carrying out project in general.

#### (c) Outline of the Project

The project aims to promote the tourism destination development by strengthening related capacities of target group, including stakeholders related to the tourism sector from the private sector, public sector and

academic institutions in order to raise the name recognition of target areas as tourism destination among the world within the project period of three years. Eventually, it is also expected that other regional areas will become more attractive destination by adapting same mechanism and method that are utilized in this project and the entire region of South Caucasus can be a most famous and attractive tourism destination in the world.

As for the implementation structure, the central administration of each city will be a counterpart of the project who is responsible to coordinate relevant ministries and agencies at the government level and different regions. Then, a board of directors of DMO will be established in each county including the members from the central and local governments including mayor of targeted areas, private sectors including hotels and restaurant, guides, etc. and academia such as vocational centers and universities in order to formulate a structure of DMO. All members of the board are gathered and set up working groups for discussing issues necessary for creation of the DMO. The method of development of tourism destination based on the DMO is expected to be a model not only for this project but also for future development of destination in each region of target countries. Therefore, during the implementation of this project, it is important to build a bridge for expanding the DMO method to other areas of each country in the future. In this perspective, all the useful documents will be developed and prepared through the project, for example, documents clarifying the DMO organization management system, a road map for formulating organization, the Strategy of destination development, lessons learned and recommendation drawn from the implementation of this project.

The project aims to achieve five outputs: for Output 1: Establishment of DMO structure through Public-Private Partnership; Output 2: Formulation of Destination Development Strategy and Action Plans; Output 3: Strengthening the Capacity of the Tourism Product Development and Promotion; Output 4: Popularization of concept of DMO among other areas; and Output 5: Development of cooperative relationship among the South Caucasus countries.

Although this project takes regional-wide approach, given the socio-cultural political background of each country most of all project activities related to Outcomes will be implemented within each country individually. Meanwhile, in order to build and strengthen the relationship among those three countries through the implementation of this project, training (such as training in Japan and third country), workshops and seminars where stakeholders of each country will be gathered together in one place will be organized. By using such opportunities it is expected that cooperative relationships between countries that are useful for selling the Caucasus as regions can be established, and competitiveness of each country can be enhanced.

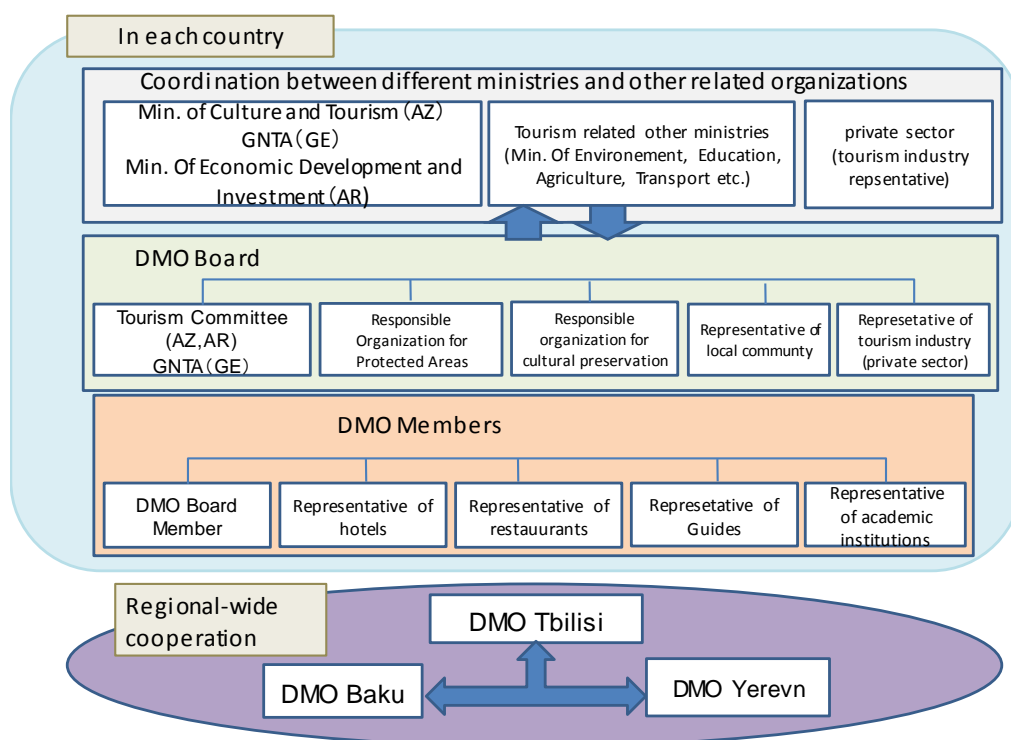


Figure 6-1: Implementation Structure

Table 6-3: PDM of the Project for Development of Tourism Destination through DMO mechanism in the South Caucasus

Project Name	Project for Development of Tourism Destination through DMO mechanism in the South Caucasus	Project Duration	Three (3) Years
Target Country	Three capital cities (Baku, Tbilisi, Yerevan)	Target Group	Tourism related governmental organizations in each country (Ministry of Economy, Environment, Culture, Agriculture etc.), tourism related association (Tourism association, tour operator association, guide association etc.), tourism related private entities including local people
Implementation Agency	(AZ) Ministry of Culture and Tourism (GR) GNTA (AR) Ministry of Economic Development and Investments	Project Cost (JPY)	450 million JPY
Overall Goal	By adopting the tourism destination development method based on DMO, other region of the targeted countries will become more attractive tourism destination		
Project Purpose	The Tourism Destination Development is proceeded based on DMO mechanism		
Outputs	<p>Output 1. A DMO based on public and private partnership will be established in each targeted area</p> <p>Output 2. Destination development strategy and action plan will be formulated by the DMO</p> <p>Output 3. The capacity of tourism product development and promotion will be strengthened</p>		

		Output 4. The concept of DMO mechanism will be introduced into the other areas Output 5. Cooperative relationship among three countries will be developed
Activities	1 <sup>st</sup> Year	<p>1-1 Organize working groups in each region with representatives of the private sector, public sector and academia including stakeholders related to tourism sector such as governmental agencies, municipalities and private institutions and the local government administrations, for establishing a DMO.</p> <p>1-2 Identify the potentials and issues related to tourism promotion and tourism development through the Working Groups.</p> <p>1-3 Confirm necessary procedures and process for establish a DMO structure through a series of Working Group session</p> <p>1-4 Prepare a roadmap to set up a DMO (position and roles of DMO, members, administrative organization, fundraising method, etc.).</p> <p>1-5 Establish a DMO in each country with stakeholders related to tourism sector including the private sector, public sector and academia according to the roadmap.</p> <p>1-6 Implement training (including training in Japan) for disseminating the DMO concept for representatives of the private sector, public sector and academia in each country.</p> <p>2-1 Conduct marketing survey and needs survey to identify current status of tourism products, tourism promotion, tourist trends in the region by the DMO.</p> <p>2-2 Based on the result of 2-1., Determine vision and goal for the development of destination (branding the destination) by the DMO in each region.</p> <p>2-3 Based on the 2-2. Develop a destination development strategy and action plans</p>
	2 <sup>nd</sup> Year	<p>1-6 Implement training (including training in Japan) for strengthening the function of the DMO</p> <p>2-4 Share the destination strategy prepared in 2-3 with private sector including local people in the target area and conduct awareness raising program for destination developing based on DMO mechanism.</p> <p>3-1 Based on the strategy and action plan prepared 2-3, discuss and decide the contents of pilot projects related to tourism products development and tourism promotion materials in each region.</p> <p>3-2 Conduct pilot projects by DMO.</p> <p>3-3 Based on the strategy and action plan prepared 2-3, conduct various promotional activities intended international tourism (Participation in the international travel fairs, organization of FAM trip, holding destination seminars etc.)</p> <p>4-1 Monitor the project activities implemented based on the destination development strategy periodically.</p> <p>4-1 Organize and implement trainings/ seminars where all stakeholders are gathered in one place for building cooperative relationship and for sharing knowledge.</p>
	3 <sup>rd</sup> Year	<p>3-2 Conduct pilot projects (continue)</p> <p>3-3 Conduct promotional activities (continue)</p> <p>4-1 Monitor the project activities implemented based on the destination development strategy periodically (continue).</p> <p>2-1 Identify positive and negative factors according to the results of monitoring in 4-1 and prepare lessons learned and recommendations for developing the destination based on the DMO.</p> <p>2-2 Review the destination development strategy and the action plans (short-term, medium and long-term) to be achieved by each stakeholder according to the results of evaluation and monitoring.</p> <p>2-3 Conduct a workshop to share lessons learned and recommendations prepared in 4-3 with other regions in each country</p> <p>4-2 Conduct a workshop to share lessons learned and recommendation prepared in 4-5 among targeted countries</p>
Inputs	Japanese side	<p>【Japanese experts】</p> <p>1. Project Manager/Tourism Development (7.0 M/M), 2. Tourism Marketing (7.0 M/M),</p>

		3. Tourism Product Development (7.0 M/M), 4. Tourism Promotion (7.0MM), 5. Public-private Partnership/Organizational Arrangement (5.0 M/M), 6. Project Coordinator/ Public Relations (4.0 M/M) Total: 40.0 M/M 【Sub-contract/Local Consultant】 1. Tourism resources survey (5.0 million JPY), 2. Marketing survey (5.0 million JPY) 3. Promotion material creation (2.0 million JPY) 【Training Courses】 Training in Japan (9-12 people/year) 【Equipment, etc.】 Workshops (5.0 million JPY), Event holding (5.0 million JPY)
	Counterpart Side	1. Project Manager, 2. Project Coordinator, others
Important Assumptions		<ul style="list-style-type: none"> <li>• Priority for tourism development is maintained at the government of each country</li> <li>• The condition of tourism market at the both international and national level is not getting worse.</li> <li>• Domestic situation does not get worse due to unstable security around conflict areas.</li> </ul>

Source: JICA Study Team

### 3) Medium and Long-term

#### ② Proposed Project (B): DMO Project for Silk Road Route Tourism Development and Promotion in Azerbaijan

##### (a) Relevance of Project Implementation

In the national development policies and plans concerning tourism development in Azerbaijan, tourism development is regarded as one of the important industries among the non-oil sector in Azerbaijan as stated in "State Program on Socio Economic Development of Regions of the Republic of Azerbaijan (2014-2018)" and "Azerbaijan 2020". In these plans, following strategies, enhancement of tourism activities at the regional level, diversified tourism development taking advantage of the characteristics of the regional history and culture, expansion of tourism promotion activities, development of infrastructure, capacity development of human resources for tourism sector and improvement of service. In the action plan of "State Program on Socio Economic Development of Regions", conservation of history and cultural heritage, tourism development, development of tourism infrastructure, training of tourism human resources, etc. are proposed as measures for the northwest area as selected the target area of the project. In National Strategy for Tourism Development for Azerbaijan (2016 - 2025) (Tourism strategic roadmap), cultural tourism is one of the priority tourism segments.

The northwest corridor route from Baku to Shamakhi, Ismayilli, Shaki, Gabala, Zagatala, and area close to the border of Georgia is part of the "Silk Road Route" connecting from China to Europe, with various cultural heritage and natural resources along the route and surroundings. In 1993, UNWTO proposed the program, called "Silk Road Program", to cooperate with the countries included in the route of Silk Road in order to promote the traditional culture and historical heritage, enhance environmental conservation and the value of Silk Road, and share information among related countries of the Silk Road, and enhance mutual understanding among member countries of the Silk Road. As activities in the program, marketing,

promotion activities, strengthening of the capacity of the management system of each region, support for smooth traveling on the Silk Road Route were conducted. Tour route with the theme of Silk Road is an attractive tour program and high potential as tourism product to be promoted for domestic and international markets. Although the Ministry of Culture and Tourism (MoCT) and related government organizations have received support and cooperation for tourism development and tourism promotion of Silk Road through the program, low recognition of Silk Road and tour programs on Silk Road, inadequate development of tourism infrastructure, and insufficient capacity to receive visitors at the regional level are major issues concerning tourism for Silk Road Route. Currently, MoCT is considering a tour program of Silk Road Route by railway in cooperation with Turkey, Georgia and Iran connected with the Silk Road Route.

Related to the Silk Road, project formulation study and the preparation of project proposal for “Azerbaijan Northwest Corridor Regional Tourism Project” were conducted with the support of World Bank in 2015. It is confirmed that the northwest region (corridor) includes the tourist destinations to serve as hub and is the highest potential for regional tourism in Azerbaijan. In addition, the tourism is also highly beneficial to regional economy.

Based on the facts mentioned above as well as the expected positive impacts through implementing this project such as boosting tourism development and tourism promotion at the regional level, sharing tourist information, creating cooperation within the region, increasing the length of stay by tourists, and bringing beneficial effect on regional economy, the relevance of the implementation of “Destination Management Organization (DMO) Project for Silk Road Route Tourism Development and Promotion in Azerbaijan”, proposed as a technical cooperation project for tourism sector in the medium and long term by JICA will be high.

#### (b) Selection of Target Areas

The proposed JICA's short-term cooperation project for the tourism sector is planned to support the establishment of the DMO system for Baku. The proposed JICA's medium and long-term project needs to support the establishment of the DMO system of tourism destinations in regional areas, to encourage for implementation of tourism development and tourism promotion by DMO at cities in regional areas. Therefore, it is necessary select the target areas for the project that DMO in Baku is able to support and to cooperat the target area of this project.

Existing and planned regional tourism development areas historical culture tourist routes are summarized in the below table. Tourist routes linked with Baku are Silkway route and the northwest corridor in the table. Silk Road Route and its surrounding areas are selected as the target area of the project. Baku is a part of Silk Road Route and the starting point of the Silk Road Tourism. Silk Road Route tourism development will help to encourage tourism development and tourism promotion for wider area in the tourist route mainly by local DMOs in Silk Road Route. There are five regional tourism hubs (Districts) (Shamakhi, Ismayilli, Shaki, Gabala, and Zagatala) in the target area. In the project, either an individual local DMO for each hub or a regional DMO including 5 hubs will be established in the project. In the hubs, there is a tourist information center under the operation of MoCT.

Table 6-4: Tourism Development Areas and Historical and Cultural Tourist Routes in Azerbaijan

Tourism development area, Tourism route, Tourism hub	Name of zone, tourist destination	Status
Tourism Recreation Zone (TRZ)	Khachmaz, Guba, Gusar (Existing) Western region, Northwestern region, Southern region (Proposed TRZ)	Existing TRZs were decided by the Cabinet in 2008, and waiting for approval of action plan for each TRZ
Silkway route	Baku, Gobustan, Shamakhi, Gabala, Shaki, border to Georgia	Silkway route is authorized by MoCT.
Northwestern Corridor	Baku, Shamakhi, Ismayilli, Gabala, Shaki, Qakh, Zagatala, Balakan	Northwestern Corridor Tourism Development Project (Plan) by WB
Wine route	Shamakhi, Ismayilli, Gabala, Ganja, Tovuz	Route connecting existing wineries

Source: JICA Study Team

Table 6-5: Current Status of Regional Tourism Hub (Districts) in the Project Area

Regional Tourism Hub (District)	Tourism Products	On-going Donor projects	Tourism related educational institution
Baku	Historical and cultural heritage in Old City of Baku (Shirvanshahs Palace, Maiden Tower, Caravanserai, etc.), National Museum, National Museum of Art, and other tourist facilities, Heydar Aliyev Center etc.	<ul style="list-style-type: none"> <li>Capacity Building of the Azerbaijan Tourism and Management University (UNDP)</li> <li>Support to MoCT for the modernization of its policy management system in the cultural sector (EU)</li> </ul>	Azerbaijan Tourism and Management University, Baku Tourism Vocational School
Shamakhi	Juma Mosque, Yeddi Gumbez Mausoleum, Shamakhi Astrophysical Observatory, Shamakhi Dance	Support to Rural Tourism (EU) *	
Ismayilli	Ecotourism, trekking, copper crafts (Lahij), Silk Weaving Center (Basgal), Diri Baba Mausoleum, mosque, winery, agriculture products	Support to Rural Tourism (EU) *	Tourism Vocational School
Shaki	Palace of Shaki Khans, Caravanserais, Shaki Silk, Albanian Church (Kish village)	N/A	Tourism Vocational School
Gabala	Ski resort, Yeddi Gozal Waterfall, recreation facilities, Albanian Church (Nij)	N/A	
Zagatala	Albanian Fortress, ecotourism, mountain resort, hunting, Nature reserve	N/A	

Remark: \* The project is completed in 2006.

Source: JICA Study Team



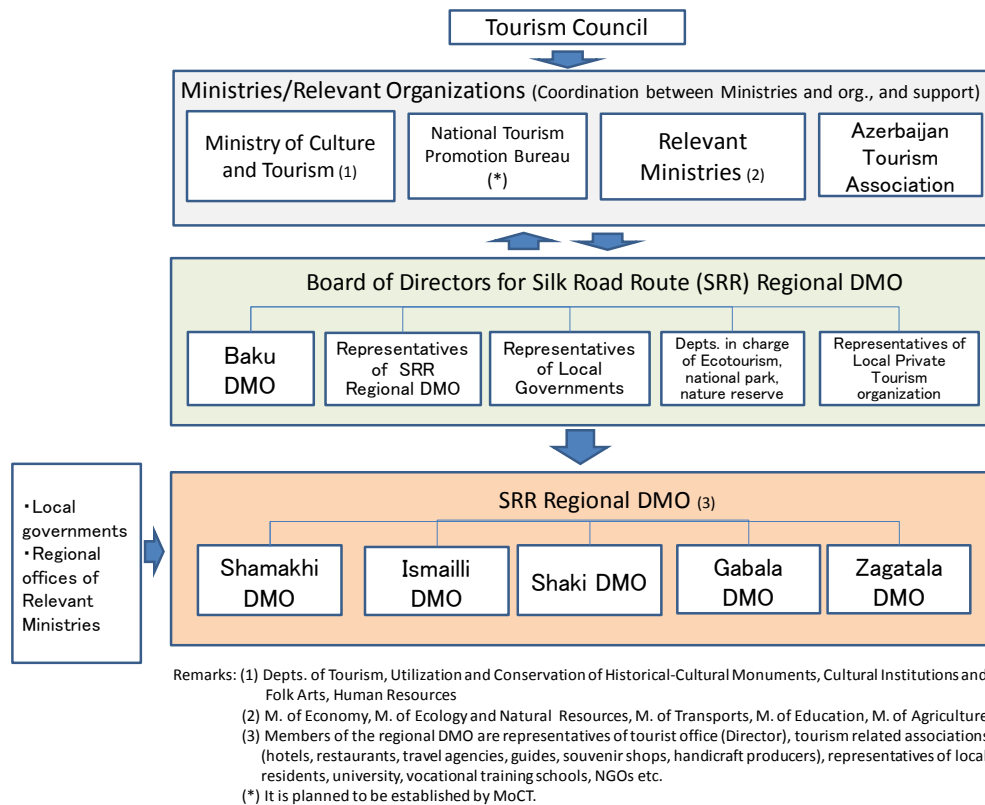
(c) Outline of the Project

The project aims to strengthen the capacity of tourism destination management for stakeholders of public and private sector and academia involved in the Silk Road Route of the target area within the cooperation period of three years with support of MoCT, National Tourism Promotion Bureau, related government agencies, and Azerbaijan Tourism Association. The project also aims to increase the number of tourists visiting the regional tourist areas in the future.

As for the implementation structure of the project, MoCT will be responsible for coordination among relevant ministries and agencies at the government level. Board of Directors for Silk Road Route (SRR) Regional DMO consisting of the Baku DMO established in the short-term tourism cooperation project by JICA, representatives of regional DMO in the selected tourism regional hubs (Districts), the local governments, related government agencies and the private tourism organizations is established. The Board of Directors holds regular meetings, and supports and gives advice for regional DMOs in terms of organizational and operational issues, and activities. In order to develop, promote and manage the tourist destination of the Silk Road Route, regional DMO is established in each tourism regional hubs (Districts). Members of the regional DMO are public and private academic stakeholders in each regional tourism hub.

The project sets five outputs for the achievement of the project objective, Output 1: Establishment of regional DMO structure and strengthening of operational system through public-private partnership; Output 2: Formulated tourism destination development strategy and action plan, Output 3: Improvement of tourism products, tourism infrastructure and facilities, and development of new tourism products, Output 4: Development of tourism human resources, Output 5: Promotion of tourism products.

Regarding the project activities to achieve above mentioned outputs, following activities will be planned and implemented, formulation of destination development strategy contributing to tourism development and tourism promotion and the regional economy in the Silk Road route, formulation of action plan (short term, medium to long term), improvement of existing tourism products, development of new tourist routes and local tourism products, souvenirs, events, tourism sign and information boards, creation of promotional materials, and implementation of promotion activities as pilot projects. Furthermore, training programs will be planned and conducted as part of the project activities, such as strengthening the management and operation DMO, training of tourism human resources and training to improve tourism service quality by training in Japan and the third country.



Source: JICA Study Team

Figure 6-2: Implementation Structure (Planned)

Table 6-6: PDM for Destination Management Organization (DMO) Project for Silk Road Route Tourism Development and Promotion in Azerbaijan (tentative)

Project Name	Destination Management Organization (DMO) Project for Silk Road Route Tourism Development and Promotion in Azerbaijan (tentative)	Project Duration	Three (3) Years
Target Area	Silk Road route (Northwestern Corridor: Shamakhi, Ismayilli, Shaki, Gabala, Zagatala)	Target Group	Stakeholders in the target area related to tourism development from the private sector, the public sector and academia (Ministry of Culture and Tourism, Ministry of Ecology and Natural Resources, relevant governmental agencies, Universities, vocational training schools, tourism associations, local governments, NGOs, etc.)
Implementation Agency	Ministry of Culture and Tourism	Project Cost (JPY)	300 million JPY
Overall Goal	The number of tourists visiting regional tourism areas in Azerbaijan will increase through tourism development and promotion of Silk Road route (Northwest corridor area).		
Project Purpose	Tourism destination management capacity for the Silk Road route is strengthened through creating attractive tourist destination hubs and routes utilizing regional tourism resources of the Silk Road route		

Outputs		<p>Output 1 : Regional Destination Management Organization (DMO) with public-private partnership for tourism promotion of the target area functions an organization to promote the regional tourism.</p> <p>Output 2 : Tourism destination development strategy and action plan for the target area is formulated.</p> <p>Output 3 : Existing tourism products and tourism infrastructure such as information sign board are improved and new tourism products utilizing regional resources in the target area are developed.</p> <p>Output 4 : Capacity of tourism human resources is improved.</p> <p>Output 5 : Promotion of tourism products in target area is implemented.</p>
Activities	1 <sup>st</sup> Year	<p>1-1 Confirm organization and implementation system of tourism development and tourism promotion in the target area</p> <p>1-2 Hold workshop concerning collaboration system and establishment of DMO (Regional, area specific) for the regional tourism development with tourism related governmental agencies, educational institutions, and public sector in the target area.</p> <p>1-3 Establish a DMO with development of an organization structure and a management plan for DMO through the workshop</p> <p>1-4 Implement training programs for strengthening the institutional and management capacity of DMO (including trainings in Japan and in third country)</p> <p>2-1 Identify current situation, issues and potential of tourism resources, tourism products, tourist facilities and tourism development in the target area, mainly DMO (including the implementation of baseline survey)</p> <p>2-2 Conduct marketing surveys of target area, identify market trends and position by DMO</p>
	2 <sup>nd</sup> Year	<p>1-5 Monitor progress and results of project activities by DMO</p> <p>2-2 Prepare inventory of tourism resources, tourism products and tourist facilities in the target area based on the results of 2-1</p> <p>2-3 Formulate a destination development strategy and action plan (short term, medium term and long term) based on 2-2 and 2-3</p> <p>2-4 Hold workshop on regional tourism development and promotion targeting regional stakeholders (local government officials, community organizations, tourism business operators in the target) by DMO</p> <p>3-1 Identify necessary improvements for tourism products and tourism information infrastructure such as sign boards, and prepare an implementation plan for improvement and new tourism product development</p> <p>3-2 Improve existing tourism products and develop new tourism products based on the implementation plan prepared in 3-1</p> <p>4-1 Conduct training programs for tourism human resources development and capacity building (tourism vocational training school, tourism business operators) in the target area (including trainings in Japan and in third country)</p> <p>5-1 Formulate a promotion plan for target area, develop promotion materials, and website</p>
	3 <sup>rd</sup> Year	<p>4-2 Conduct training programs for tourism human resources development and capacity building (tourism vocational training school, tourism business operators) in the target area (including trainings in Japan and in third country)</p> <p>5-2 Conduct promotion activities such as exhibition at domestic and international tourism fair, FAM tour, seminar for B to B</p> <p>5-3 Conduct promotion activities using internet, media such magazines and TV for attracting inbound tourism, B to C</p> <p>1-6 Monitor progress and results of project activities by DMO</p> <p>2-5 Review and revise the destination development strategy and the action plan based on the results of 1-6</p>
Input	Japanese side	<p>【Japanese experts】</p> <p>1. Team Leader/Tourism Development (8.0 M/M), 2. Tourism Marketing/Promotion (7.0 M/M), 3. Tourism Product Development (5.0M/M), 5. Cultural Heritage</p>

		<p>Conservation (4.0 M/M), 6. Ecotourism (5.0M/M), 6. Tourism Human Resource Development (5.0M/M), 7. Public-Private Partnership/Organizational Arrangement (5.0 M/M), 8. Training Program Development (5.0 M/M), 9. Project Coordinator/Public Relations (4.0 M/M)</p> <p>Total: 48.0 M/M</p> <p>【Sub-contract/Local consultants】</p> <p>1. Baseline survey (3million JPY), 2. Inventory survey (5 Million JPY), 3. Marketing survey (5 million JPY), 4. Development of promotion tool and material (3 million JPY)</p> <p>【Training programs】</p> <p>Training in Japan and third country (5-8 people/year)</p> <p>【Equipment, etc.】</p> <p>Workshops and seminar (5 million JPY), Event (5 million JPY)</p>
	Counterpart side	1. Project manager, 2. Project coordinator, others, 3. Office space
Important Assumptions		<ul style="list-style-type: none"> <li>• Priority for tourism development is maintained.</li> <li>• Local residents in the target area do not oppose the project.</li> </ul>

Source: JICA Study Team

### ③ Proposed Project (C): DMO Project for Sustainable Tourism Destination Development in Georgia

Based on the DMO structure established in the central government and related agencies at Tbilisi by implementing of the “Project for Tourism Promotion Capacity Development through DMO in the South Caucasus” proposed as JICA's short-term cooperation project, JICA's medium and long-term cooperation project is aiming to expand and install the concept of DMO to regional areas in Georgia. As the theme, "Destination Management Organization (DMO) Project for Sustainable Tourism Destination Development in Georgia" can be proposed for developing attractive tourism destination through actively utilizing and combing tourism resources that are specific and unique to the targeted areas.

#### (a) Relevance of Project Implementation

In "Georgia Tourism Strategy 2025" formulated with the support of the World Bank in 2015, it is clearly stated that by 2025 the economy of Georgia will receive the benefit from the tourism industry by not only increasing the number of tourist but by attracting tourist from some of the world's highest spending travel market such as the Europe, U.S.A, Middle East and Asia. In order to achieve that goal, it is also specified that improvement of the tourism infrastructure, development of the human resources, expansion of promotional activities and creation of diversify of tourism attraction are required. Among those, the diversification of tourism products by utilizing unique cultural and natural resources is considered as one of the priority activities.

Georgia has not only many religious monuments and cultural heritage related to Georgia Orthodox Christianity but also various variety of cultural resources such as cave cities in Uplitsikhe and Varzia, fortified cities in Signaghi, archaeological assets including Vani ruins and Dmanisi, traditional and unique ethnic groups living in mountainous areas where the altitude is extremely high such as Ushuguli village and Mestia in the Upper Svaneti region as well as Shatili village in Mtskheta-Mitianeti region.

Also, the country has abundant of natural resources, for example, there are 87 protected areas some of which has been developed as ecotourism sites including Borjomi-Kharagauli National Park which is one of the largest parks in the continent of Europe, Lagodekhi National Park located along the border of Azerbaijan and Russian where diverse and unique vegetation can be seen due to the topographical complexity, length and Prometheus cave famous for its stalactite and underground lake. Besides this, the country is rich in natural mineral water and hot springs that has been used for treatment and medical purpose since the Soviet era such as Tskaltubo in the Imereti region, Shovi and Ustera in the Upper Racha region, Borjomi in the Samtskhe-Javakheti region, Abastumani, etc.

Thus, the country has variety of unique cultural and natural resources and each of which has been developed as a ‘single’ tourism product/tourism site. However, tourism product development that connects these resources as ‘lines’ has not been done. The country has set an increase of average spending per visitor as one of strategic targets, and for that reason, it is prime task to consider effective means to increase the length of stay of tourists, while at the same time the way to increase expenditure per day per tourists should be considered. Through this project, the quality of tourism resources that have been already develop and sold as ‘single touristic spot’ of target regions will be improved and the destination development aimed at combing those ‘single touristic spot’ as ‘wide-area tourism destination’ will be implemented for achieving the increase of the length of stay per visitors and their spending in those targeted areas. Therefore, the project purpose is highly consistent with the target in the tourism strategy of the country.

(b) Selection of Target Areas

As mentioned above, although certain cultural resources and natural resources that attract tourists have already been discovered and developed in many part of the country, it is necessary to connect those individual tourism resources to become attractive destination. In selecting the target area, the following four criteria were examined for identifying the situation of the tourism industry in each region; (1) the major tourism products in region, (2) the development situation of tourism accommodation facilities and its development plan for the next two years (3) the percentage of domestic tourists that visit the region, and (4) existence of tourism related project. Results are summarized in the Table 6-7 in below.

Table 6-7: Current Situation of Each Region

Region	Major Tourism Products	No. of Accommodations (As of Oct.2016/ Plan for 2019)	Percentage of Domestic visitors <sup>56</sup>	Implementing Projects by donors	Others
Kakheti (Telavi)	<ul style="list-style-type: none"> <li>• Wine Tourism</li> <li>• Cultural tourism (Sighnaghi, number of monasteries and churches, etc.)</li> <li>• Ecotourism (Lagodekhi NP) ,etc</li> </ul>	152/160 (5%growth rate)	8.0%	Regional Development Project(World Bank) , ‘Zrda Activity’ (USAID)	Municipalities : 8 Population::318ths Employers in tourism sector:1,312

<sup>56</sup> ‘Georgian Tourism in Figure 2015’,GNTA

Region	Major Tourism Products	No. of Accommodations (As of Oct.2016/ Plan for 2019)	Percentage of Domestic visitors <sup>56</sup>	Implementing Projects by donors	Others
Kvemo Kartli (Rustavi)	<ul style="list-style-type: none"> <li>• Cultural tourism (Betania, Dmanisi),etc</li> </ul>	14/15 (7%growth rate)	3.4%	Sustainable Transport Investment (ADB)	Subdivision:1city 6municipalitie Population::426t hs Employment in Tourism Sector:976
Mtskheta-Mitaneti (Mtskheta)	<ul style="list-style-type: none"> <li>• Cultural Tourism(UNESCO Heritage, Shatili etc.)</li> <li>• Ski Resort (Gudauri) ,etc.</li> </ul>	137/147 (7% growth rate)	13.7%	Regional Development Project, 'Zrda Activity' (USAID)	Municipalities:5 Population:94.2t hs Employment in tourism Sector:1,312
Shida Kartli <sup>57</sup> (Gori)	<ul style="list-style-type: none"> <li>• Cultural Tourism (Uplistsikhe) etc.</li> </ul>	14/15 (7% growth rate)	5.4%	N/A	Subdivision: 1 city 5 municipalities Population:264 ths Employment in tourism sector:698
Racha-Lechkhumi and Kvemo Svaneti (Ambrolauri)	<ul style="list-style-type: none"> <li>• <u>Wellness (Shovi resort)</u></li> <li>• <u>Ecotourism (Racha Lechkhumi Lower Svaneti PAs) etc.</u></li> </ul>	56/56 (0%)	1.4%	SMEs support (GIZ)	Municipalities:4 Population:32 thds Employment in tourism sector:56
Imereti (Kutaisi)	<ul style="list-style-type: none"> <li>• <u>Cultural Tourism (UNESCO, Vani antiquity city)</u></li> <li>• <u>Ecotourism (Prometheus Cave, Sataplia NP etc.)</u></li> <li>• Wellness/Spa (Tskhaktubo), etc</li> </ul>	155/158 (2%growth rate)	5.6%	Regional Development Project (World Bank)	Municipalities:1c ity 10 municipalities Population:533 ths Employment in tourism Sector:1,437
Samtskhe-Javakheti (Akhaltskhe)	<ul style="list-style-type: none"> <li>• Cultural tourism (Sapara Monastery,Vardiza Cave city)</li> <li>• Wellness/Spa (Borjomi)</li> <li>• <u>Ecotourism (Borjomi-Kharagaul NP)</u></li> <li>• Ski resort(Bakuriani), etc.</li> </ul>	187/196 (5%growth rate)	15.8%	Regional Development Project (World Bank), SMEs support (USAID)	Municipalities:6 Population:160 ths Employment in tourism Sector:1,239
Samegrelo-Zemo Svaneti (Zugdidi)	<ul style="list-style-type: none"> <li>• Cultural Tourism(UNESCO, Ushuguli village)</li> </ul>	332/336 (2% growth rate)	13.1%	SMEs support(USAID/GIZ)	Municipalities1C ity8 Municipalities

<sup>57</sup> Including most part of South Ossetia

Region	Major Tourism Products	No. of Accommodations (As of Oct.2016/ Plan for 2019)	Percentage of Domestic visitors <sup>56</sup>	Implementing Projects by donors	Others
	<ul style="list-style-type: none"> <li>▪ Beach</li> <li>▪ Ecotourism (Kolkheti NP), etc.</li> </ul>				Population:329 ths Employment in Tourism Sector:1,109
Guria (Ozrugeti)	<ul style="list-style-type: none"> <li>▪ Beach(Ureki)</li> <li>▪ Wellness tourism (Bakhmaoro), etc.</li> </ul>	67/94 (40%growth rate)	5.7%	Road Corridor Investment (ADB)	Municipalities:3 Population:113 ths Employment in Tourism Sector:477
The Autonomous Republic of Ajara (Batumi)	<ul style="list-style-type: none"> <li>▪ Beach</li> <li>▪ Cultural tourism (City of Batumi, Fortress etc.)</li> </ul>	256/278 (8% growth rate)	23.2%	Road Corridor Investment (ADB), SME support(GIZ)	Population:337 ths Employment in tourism Sector:5,334

Source: JICA Study Team

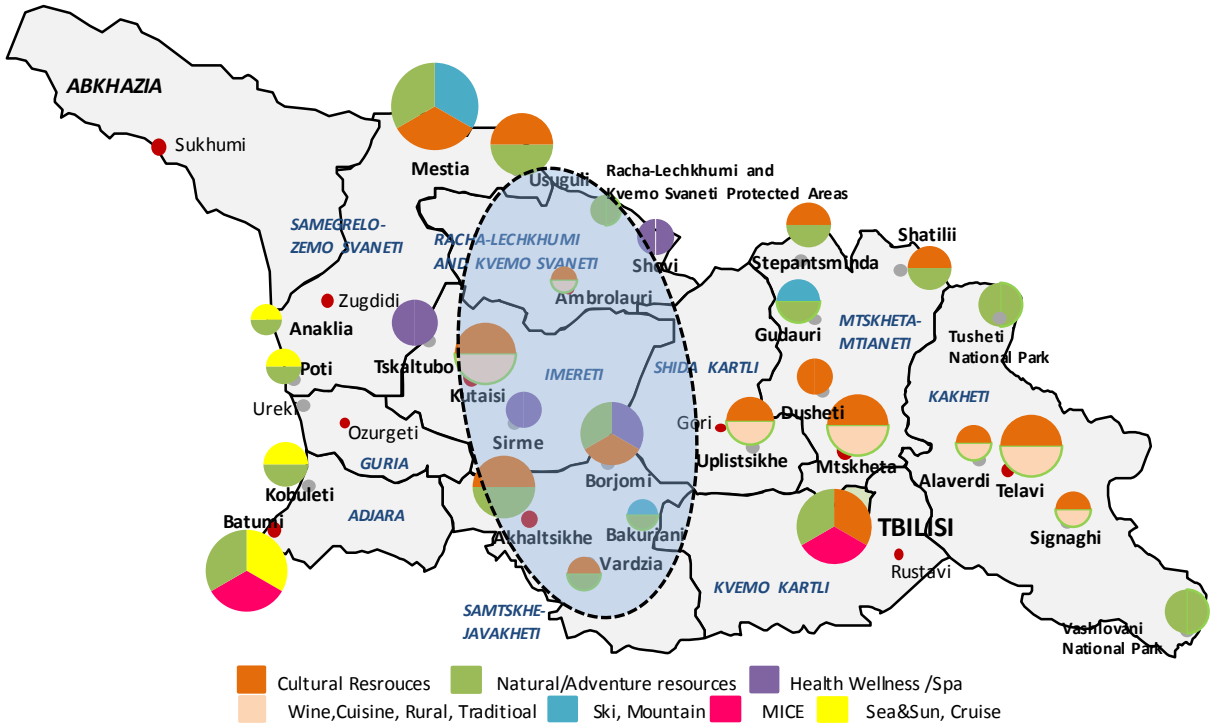
As mentioned in the former section of "(2) Current Status of the Tourism Resource in Georgia" and the table above, the areas where certain tourism product development has already been developed in the country are roughly categorized into three part; one is the Eastern region including Kakheti region and Mtskheta-Mitaneti region, second is the Mid-western region including Samtskhe-Javakheti region and Imereti Region, and lastly the West part including Autonomous Republic of Ajara. In the eastern region, the wine tourism centering on Kakheti and cultural tourism along the military road are well-developed and promoted as regional tourism attraction, and the mid-west region has encouraged cultural tourism as typified by Bagrati Cathedral and Varzia cave city, ecotourism in national parks, Spa / wellness tourism in Borjomi and Tskaltubo. Also, in the western part, Batumi beach resort is a major tourism resource to revitalize the regional economy.

Furthermore, when examining the region which comprise both cultural and natural tourism resources in a well-balanced manner by reference to tourism resources and trail maps described in the "Georgia Tourism Strategy 2025" (see following Figure 6-3), natural resources focusing on beach resorts are major part of the tourism product and few tourism product related to cultural assets has been promoted in the western region typified by Autonomous Republic of Ajara. On the other hand, in both eastern and mid-western region, not only tourism utilizing cultural assets such as traditional wine making, the UNESCO World Cultural Heritages etc. has been promoted but also tourism making use of natural resources, for example ecotourism in national parks and ski resorts in Gudauri and Bakuriani, has been developed. Therefore, considering the presence of balanced tourism resources, both eastern and mid-western region can be chosen as a possible targeted area of this project. In addition, it is clearly specified in the tourism strategy documents that increase of the amount of expenditure per tourist and attraction of international tourists from highest spending countries (markets) is as priority issues to be tackled. Also, given that the development of highly unique tourism products that are making use of both natural and cultural resources is considered as one of

means that accomplish those goals, it would be desirable to select a region that have greater diversity of natural and cultural assets than others. From the viewpoint of diversity of tourism resources, the Midwest region has not only the aforementioned UNESCO world heritage and cultural heritage but also spa and wellness tourism using natural water (mineral water) typified by Borjomi and Tskaltubo, ecotourism site in Borjomi-Kharaguali National Park, and unique natural resource such as cave city like Varzia and Prometheus cave. In this sense, it can be said that the Midwest region would have higher potential than the eastern region for developing tourism product that combines culture and natural resources.

It is also desirable to include the Racha-Lechkhumi and Kvemo Svaneti Region as part of the Midwestern region since the region also has most abundant and rich natural and cultural resources among other 2 regions. While the Racha-Lechkhumi and Kvemo Svaneti Region are currently not well known as tourist attractions, the region is high potential to attract more tourists since the region has various and rich natural and cultural resources that capture visitors’ heart. In terms of natural resources, for example, they have protected areas with unique alpine and subalpine plants stretched out along the northern area close to the border, spa and resort represented by Shovi resort, wine yard which produces high-class well-known wine, named Khvanchikara. In terms of cultural resources, historic buildings such as Nikortsminda Cathedral and Minda Fortress where medieval architectural style and atmosphere are remained, remoted villages with Georgian Orthodox Churches can be seen.

Therefore, the appealing power of the Midwestern region as most unique and attractive destination can be strengthened by tying three regions together and by developing tourism product and tourism routes/circuits exploited their distinct resources.



Source: GEORGIA Tourism Strategy 2025, GNTA, JICA Study Team

Figure 6-3: Tourism resource map



In this project, it is projected to create a mechanism for encouraging the regional-wide tourism, namely DMO (the Destination Management Organization), and to develop attractive tourism destination by utilizing and combining tourism resources as well as tourism products that are unique to target area based on DMO mechanism. Thus, in order to achieve the purpose of this project, government agencies with certain capacities that can drive regional cooperation and regional activities should be involved into the project.

From this point of view, among the three regions proposed as target areas in above, Kutaisi in Imereti is considered to have some certain level of administrative ability as well as driving force to coordinate other areas since it is the second largest city in the country. In addition, Samtskhe-Javakheti is a region where many tourism attractions and tourism products have been developed typified by Baklani and Borjomi, for that reason, the region can be a leading region among those targeted areas. In either case, it is expected that these two regions promote the development of the DMO mechanism and carry out the destination development of the Midwestern tourism zone based on the DMO in mutually complementary form.

In respect of Racha-Lechkhumi and Kvemo Svaneti region, the engagement with the tourism development has just begun recently and so the tourism sector has not sufficiently advanced yet in terms of the tangible elements such as tourism product development, tourism promotion as well as the intangible elements such as implementation structure, operational management system, financial etc. compared to other region. Under such circumstance, it is assumed that the barrier to introducing a new tourism implementation system like DMO into the region is low. Thus, in this region, unlike other areas where the local government is expected to play a central role for leading the tourism development based on DMO, the local government and tourism-related private enterprises are expected to work together and cooperate closely and working together with each other for achieving the destination development.

For Racha-Lechkhumi and Kvemo Svaneti region, the tourism industry is considered an important industry that contributed to solve various issues faced by the region (such as high rates of poverty, migration, youth outflow, and high rates of household who receive public subsidized for making living) and to vitalize the regional economy. In fact, the region has put high priority to the tourism sectors development and efforts for tourism development in the Racha region have been progressing gradually as shown by the fact of the opening of Ambrolauri Airport in January 2017.

Based on the above, the Mid-west of Georgia, including above three region centering on Imereti region, is proposed as the target area for medium and long-term JICA's cooperation projects.

#### (c) Outline of the Project

The project aims to develop the target area as an attractive tourism destination by utilizing both natural and cultural tourism resources specific to the targeted area based on DMO mechanism within the project period of three years. By implementing this project, it is expected that the area will be well recognized as one of most attractive destination in the world and number of tourist as well as the length of stay will be increasing in the future.

As for the implementation structure, the GNTA will be a principal organization who coordinates relevant

ministries and agencies at the government level and different regions. Then, a board of directors of DMO will be established including the members from different tourism related ministries such as the Ministry of Environment and Natural Resources Protection, Ministry of Culture and Monument Protection, Ministry of Regional Development, Ministry of Agriculture, etc., from local governments as well as from association of the private sectors, in order to formulate DMO. As an organization that promotes and manages the destination, a DMO will be established in each target areas including members from the private sector, the public sector and academia in each region.

The project aims to achieve four outputs: Output 1: Establishment of DMO structure through Public-Private Partnership; Output 2: Development of New Tourism Product utilized regional unique resources; Output 3: Securing the Qualified Human Resource in the tourism service sector; and Output 4: Implementation of Promotional Activities.

Regarding the project activities to achieve these outputs, formulation of the destination development strategy and action plans (short-term, medium-term and long-term), implementation of pilot projects for developing tourism products such as trail route like ‘Discovery Georgia’, tourist even etc., and provision of training courses (in Japan) for disseminating DMO and improving the quality of tourism services will be planned.

It should be noted that in Georgia, the EU and the Austrian government provided assistant on creation of DMO network and its network. The details of the contents and outcome of its supports are still unconfirmed, in other word, it is not confirmed whether or not the network constructed under the above project is still functioning in the target area proposed in this project. Therefore, before finalizing the contents of this project, the situation of the DMO network in target areas should be identified.

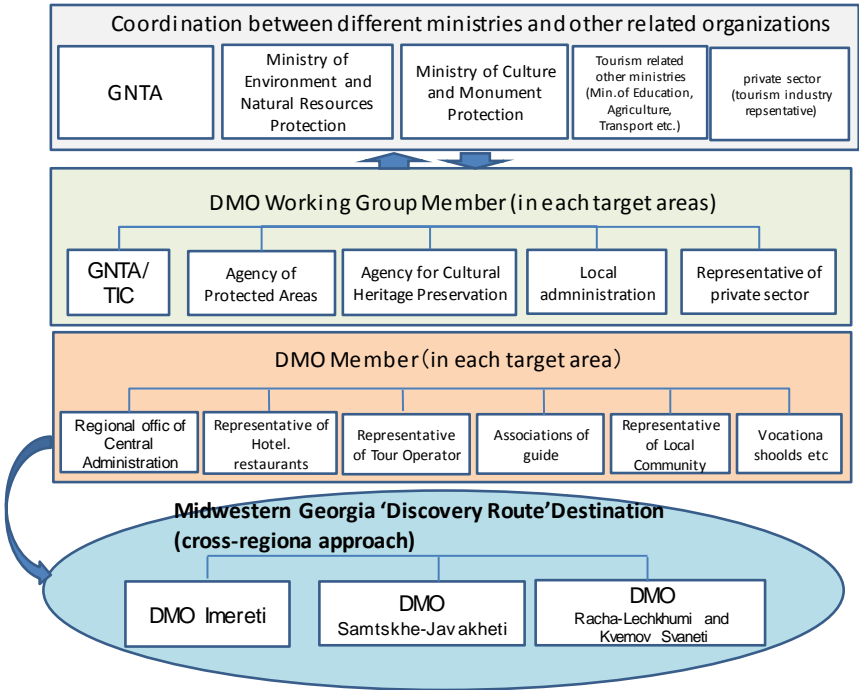


Figure 6-4: Implementation Structure

Table 6-8: PDM for DMO Project for Sustainable Tourism Destination Development in Georgia

Project Name	Destination Management Organization (DMO) Project for Sustainable Tourism Destination Development in Georgia	Project Duration	Three (3) Years
Target Country	Imerti, Samtskhe-Javakheti, Racha-Lechkhumi and Kvemo-Svaneti	Target Group	Tourism related governmental organizations (Ministry of Environment, Ministry of Culture, Ministry of Agriculture, etc.), stakeholders in the target area related to tourism development from the private sector, the public sector and academia
Implementation Agency	GNTA	Project Cost (JPY)	300 million JPY
Overall Goal	New developed tourist circuit in the target area will be widely recognized and number of tourists visiting to regional areas will increase.		
Project Purpose	Attractive Tourism Destination Development by utilizing local resources based on the DMO will be promoted.		
Outputs	<p>Output 1. A DMO based on public and private partnership will be established in each target area</p> <p>Output 2. New tourism products for developing destination will be created</p> <p>Output 3. Qualified human resources in the service sector will be secured</p> <p>Output 4. Tourism products will be promoted to inside and outside of the country</p>		
Activities	1 <sup>st</sup> Year	<p>1-1 Organize working group in each region with representatives of the private sector, public sector and academia including stakeholders such as governmental agencies, municipalities and private institutions under the initiative of the GNTA and the administrative body of the local government, and conduct regular round table for establishing a DMO.</p> <p>1-2 Identify the potentials and issues related to regional tourism promotion in the regular round table.</p> <p>1-3 Confirm necessary procedures and process for establish a DMO structure in the regular round table, and prepare a roadmap to set up a DMO (position and roles of DMO, members, administrative organization, fundraising method, etc.).</p> <p>1-4 Conduct joint marketing survey to identify current status of tourism products, tourism promotion, tourist trends as well as markets' need in the region by the DMO.</p> <p>1-5 Based on 1-4, discuss vision and goal for the development of tourism destination by the DMO and develop a destination development strategy and action plans (short-term, medium-term and long-term) to be achieved by each stakeholder.</p> <p>1-6 Share the destination development strategy prepared in 2-4 with private sector including local people in the target area, and conduct awareness raising program for developing destination based on the DMO concept</p> <p>1-7 Implement training (including training in Japan) for disseminating the DMO concept for representatives of the private sector, public sector and academia in each region including stakeholders related to ecotourism such as governmental agencies, municipalities and private institutions.</p> <p>2-1 Based on 1-5, prepare an inventory of tourism resources, tourist facilities, hotels, restaurants by the DMO in each region.</p> <p>2-2 Organize workshop for introducing the inventory prepared in 2-1 to the tourism private sector</p>	
	2 <sup>nd</sup> Year	<p>2-3 Based on the vision, strategy and action plan formulated in 1-5,1-6, discuss and consider the pilot projects related to the tourism product development</p> <p>2-4 Organize workshop for sharing the ideas of pilot projects to the local</p>	

		<p>stakeholders and decide pilot projects to be implemented</p> <p>2-5 Conduct pilot project(s)</p> <p>2-6 Based on 2-3 and 2-4, review the park management plan of national parks etc.</p> <p>3-1 Considering 1-4, 1-5, examine the necessary arrangement for securing the quality of service (for example, introduction of license system, registration system etc.)</p> <p>3-2 Organize workshop for sharing the arrangement discussed in 3-1 with private sectors and for introducing new system</p> <p>3-3 Provide trainings (including training in Japan) to personnel engaged in tourism service sector (guide, B&amp;B manager, restaurant manager, agricultural product producer, etc.) to improve the quality of services</p> <p>3-4 Conduct tourism satisfaction survey (regular monitoring to assess the improvement of the quality of service)</p> <p>4-1 Based on 1-4, 1-5, create tourism promotion materials aimed at targeted market.</p> <p>4-2 Organize workshop for sharing the promotion tools prepared in 4-1</p> <p>4-3 Based on 1-4, 1-5, conduct promotional activities aimed at BtoC for attracting international tourism (e.g. advertising through SNS, PR in public space, exposure by TV etc)</p> <p>1-8 Monitor the project activities implemented based on the destination development strategy periodically.</p>
	3 <sup>rd</sup> Year	<p>1-1 Introducing the new system for securing the quality of service (continue)</p> <p>1-2 Provide training to personnel engaged in tourism service sector (Continue)</p> <p>1-3 Conduct tourism satisfaction survey (continue)</p> <p>4-3 Conduct promotional activities for attracting international tourism (continue)</p> <p>4-4 Conduct promotional activities aimed at domestic tourism</p> <p>1-8 Monitor the project activities implemented based on the destination development strategy periodically.</p> <p>1-9 Review the destination development strategy and the action plans (short-term, medium and long-term) to be achieved by each stakeholder according to the results of evaluation and monitoring</p> <p>1-10 Identify positive and negative factors according to the results of monitoring in 3-5 and prepare lessons learned and recommendations for developing the destination based on the DMO</p> <p>1-11 Conduct a workshop to share lessons learned and recommendations prepared in 1-10 with other regions.</p>
Inputs	Japanese side	<p><b>【Japanese experts】</b></p> <p>1. Project Manager/Tourism Development (7.0 M/M), 2. Tourism Marketing (5.0 M/M), 3. Tourism Promotion (5.0MM) 4. Tourism Product Development (5.0 M/M), 5. Ecotourism (3.0 MM) 6. Cultural Heritage Preservation (3.0MM)</p> <p>7. Regional Development (3.0MM), 8. Public-private Partnership/Organizational Arrangement (5.0 M/M), 9. Project Coordinator/ Public Relations (4.0 M/M)</p> <p>Total: 40.0 M/M</p> <p><b>【Sub-contract/Local Consultant】</b></p> <p>1. Inventory survey (3.0 million JPY), 2. Marketing survey (3.0 million JPY)</p> <p>3. Promotion material creation (3.0 million JPY)</p> <p><b>【Training Courses】</b></p> <p>Training in Japan (5-8 people/year)</p> <p><b>【Equipment, etc.】</b></p> <p>Workshops (5.0 million JPY), Event holding (3.0 million JPY)</p>
	Counterpart side	<p>1. Project Manager, 2. Project Coordinator, others</p>
Important Assumptions		<p>Priority for tourism development is maintained.</p> <p>Local residents in the target area do not oppose the project.</p>

Source: JICA Study Team

④ Proposed Project (D): Destination Management Organization (DMO) Project for Ecotourism Promotion in Armenia

(a) Relevance of Project Implementation

Based on the DMO structure established by central government and related agencies mainly in Yerevan, which was developed through "Project for Tourism Promotion Capacity Development through DMO In the South Caucasus" targeted at the Caucasus three countries proposed as JICA's short-term cooperation project, the concept of DMO will be developed and disseminated to regional areas in Armenian by JICA's medium and long-term cooperation project on the tourism sector. As the theme, "Destination Management Organization (DMO) Project for Ecotourism Promotion in Armenia" focused on ecotourism can be proposed for developing long- stay tourism in regional areas.

Armenia has a lot of tourism destinations where high potentials of ecotourism can be expected, such as: Dilijan, which is one of highland resorts in Armenia, is designated as a National Park and is called a small Swiss; the Sevan Lake, which is the only beach resort in Armenia and is also State Sanctuary and Ramsar site as one of the world's largest freshwater lakes in the highlands; the Mount Aragats, which is the highest peak in Armenia; and Jermuk and Tsaghkadzor, which is a popular highland spa resort.

Ecotourism is a field where the impacts on the regional economy can be expected as long-stay type tourism, comparing with heritage tourism where the length of stay at each tourist site is relatively short. Since 2015, the Ministry of Nature Protection has established the Ecotourism Development Division within the ministry, and ecotourism is one of the fields that the government of Armenian is prioritizing for the tourism sector development.

(b) Selection of Target Areas

In the Tourism Development Concept Paper for the year 2030, which the government of Armenia prepared in 2006 as the development plan on the tourism sector, priority areas for tourism development are divided into two categories: Tourist Hub, which is an anchor point for tourists to visit local tourist site; and Tourism Center, which tourism resources and tourism services are accumulated.

Table 6-9: Priority Areas listed in the Tourism Development Concept Paper (TDCP)

	Current (2006)	2010	2020	2030
Tourist Hubs	Yerevan	Yerevan, Dilijan	Yerevan, Dilijan, Yeghegnadzor,	Yerevan, Dilijan, Yeghegnadzor,
Tourism Centers	Echmiadzin, Tsaghkadzor, Jermuk	Echjmiadzin, Tsaghkadzor, Jermuk	Echmiadzin, Tsaghkadzor, Jermuk, Aragats, Sevan	Echmiadzin, Aragats Tsaghkadzor, Jermuk, Sevan, Goris, Gyumri, Ijevan, Stepanavan, Megri

Source: Tourism Development Concept Paper

The following figure shows the hierarchy between each of each Tourist Hub and Tourism Center.

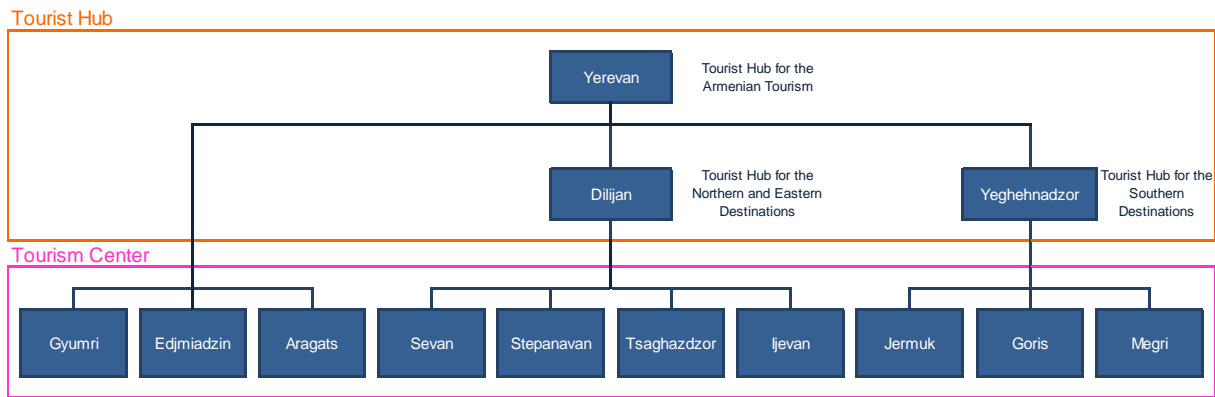


Figure 6-5: Implementation Structure of the Destinations

Considering this category, JICA's short-term cooperation project on the tourism sector is supposed to support establishing DMO structure mainly in Yerevan, therefore JICA's medium and long-term project will support establishing DMO structure at the lower level, and try to develop and disseminate the DMO concept to regional areas in Armenia.



Source: NSS, Poverty profile and labor market developments in 2008-2012

Figure 6-6: Provincial Poverty rate in Armenia


Furthermore, regarding the Armenia's provincial poverty rate, the poverty rates in the northern, eastern and western provinces are relatively high, and it is supposed that the impacts of tourism promotion on the regional economy is relatively high for these areas.

In this context, the northern and eastern regions around Dilijan, and western regions will be selected as target areas of the JICA's medium and long-term project. These areas also have tourism resources with high potential for ecotourism.

Table 6-10: Current Status of each Province for Selecting the Target Areas

Province (Region)	Tourism Products	On-going Donor projects	Road Infrastructure	Poverty Rate, Priority Areas (TDCP)
Yerevan	Museums, Music (Classic, Jazz, Folkloré), Nightlife, Shopping, Restaurants, etc.	<ul style="list-style-type: none"> <li>• Tourism guide training (GIZ)</li> <li>• Food (Wine) Processing (GIZ)</li> <li>• Urban Development (Yerevan)(ADB)</li> </ul>	Fair	Poverty Rate: 25.6% <u>Tourist Hub: Yerevan</u>
Aragatsotn	Ecotourism (Mt. Aragats), Culture Tourism, etc.	N/A	Rural roads in mountainous area must be rehabilitated	Poverty Rate: 21.2% Tourism Center: Aragats
Ararat	Culture Tourism, Agro-tourism (Wine) , etc.	• Regional Products Development (JICA)	Fair	Poverty Rate: 34.6%
Armavir	Pilgrimage (Echmiadzin) , Agro-tourism (Wine) , etc.	• Regional Products Development (JICA)	Fair	Poverty Rate: 34.3% Tourism Center: Echmiadzin
Gegharkunik	Ecotourism (LakeSevan), Culture Tourism, etc.	N/A	Fair	<u>Poverty Rate: 35.5%</u> Tourism Center: Sevan
Lori	Pilgrimage (Sanahin&Haghphat Monastery) , Ecotourism (Stepanavan), etc.	<ul style="list-style-type: none"> <li>• Tourism Resource Development (USAID)</li> <li>• Urban Development (Vanadzor)(ADB)</li> <li>• Regional Products Development (JICA)</li> </ul>	Rural roads in mountainous area must be rehabilitated	<u>Poverty Rate: 38.7%</u> Tourism Center:Stepanavan
Kotayk	Ecotourism (Tsaghkadzor, Azat Valley), Pilgrimage (Geghard monastery), etc.	• Regional Products Development (JICA)	Rural roads in mountainous area must be rehabilitated	<u>Poverty Rate: 42.5%</u> Tourism Center: Tsaghkadzor
Shirak	Culture Tourism (Gyumri), etc.	• Urban Development (Gyumri)(ADB, EIB)	Fair	<u>Poverty Rate: 46.0%</u> Tourism Center: Gyumri
Syunik	Ecotourism, Culture Tourism (Tatev) , etc.	• Regional Products Development (JICA)	Rural roads in mountainous area must be rehabilitated	Poverty Rate: 25.6% Tourism Center: Goris, Megri
Vayots Dzor	Ecotourism (Jermuk), Culture Tourism, Agro-tourism (Wine) , etc.	<ul style="list-style-type: none"> <li>• Tourism Resource Development (USAID)</li> <li>• Food (Wine) Processing (GIZ)</li> <li>• Urban Development</li> </ul>	Rural roads in mountainous area must be rehabilitated	Poverty Rate: 20.7% <u>Tourist Hub: Yeghehnadzor</u> Tourism Center: Jermuk

Province (Region)	Tourism Products	On-going Donor projects	Road Infrastructure	Poverty Rate, Priority Areas (TDCP)
		(Jermuk)(ADB) • Regional Products Development (JICA)		
Tavush	Ecotourism (Dilijan), Culture Tourism, etc.	• Urban Development (Dilijan)(ADB) • Regional Products Development (JICA)	Rural roads in mountainous area must be rehabilitated	Poverty Rate: 27.5% <u>Tourist Hub: Dilijan</u> Tourism Center: Ijevan

 Proposed Target Areas

Source: JICA Study Team

(c) Outline of the Project

The project aims to strengthen the capacity of target group, including stakeholders related to the Armenia's ecotourism development from the private sector, the public sector and academia, such as the Tourism Committee, the Ministry of Environment, Ministry of Culture, University, Environmental NGO, Private Enterprises, etc., for managing destination in target areas within the project period of three years. The project aims to promote Armenia as a destination of ecotourism and to increase the number of tourists visiting to regional areas in Armenia in the future.

As for the implementation structure, the Ministry of Economic Development and Investment will coordinate relevant ministries and agencies at the government level and different regions. Then, a board of directors of DMO will be established including the members from the departments related to the ecotourism from different ministries such as the tourism committee and from local governments for organizing a structure of DMO, such as facilitation of round tables. Furthermore, as an organization that promotes and manages the destination, a DMO will be established in each destination including members from the private sector, the public sector and academia in each region.

The project aims to achieve four outputs: Output 1, Establishment of DMO structure through Public-Private Partnership; Output 2, Formulation of Destination Development Strategy and Action Plans; Output 3, Development of New Tourism Product and Promotion; and Output 4, Human Resource Development on DMO.

Regarding the project activities to achieve these outputs, formulation of the destination development strategy and action plans (short-term, medium-term and long-term), implementation of pilot projects for developing tourism products such as trail route of ecotourism, tourist events, agricultural products and souvenirs etc., and provision of training courses (in Japan) for disseminating DMO and improving the quality of tourism services will be planned.



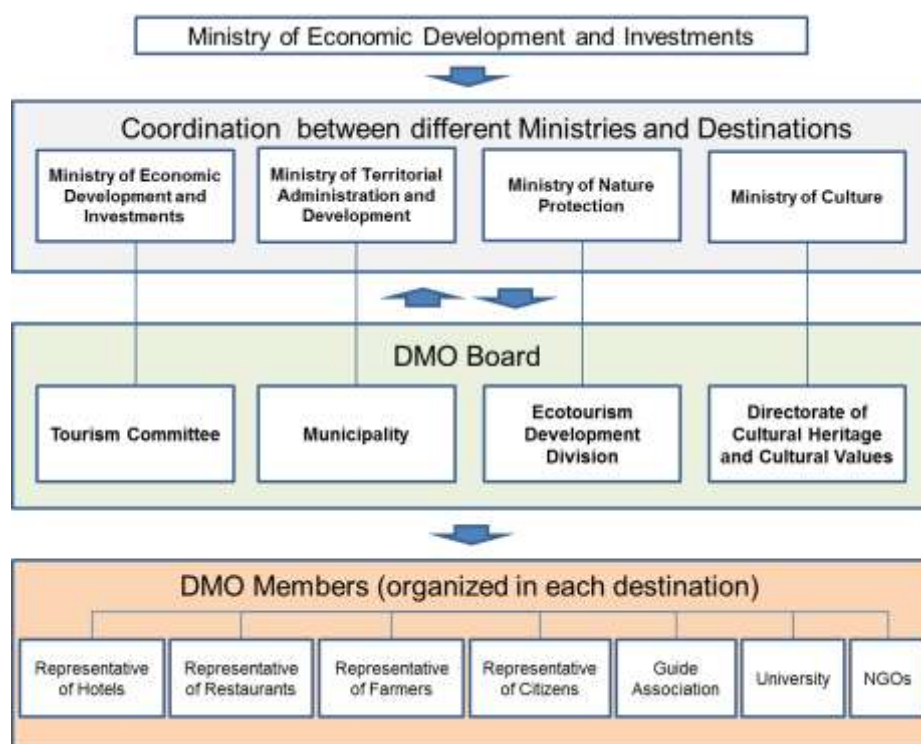


Figure 6-7: Implementation Structure

Table 6-11: PDM for the Destination Management Organization (DMO) Project for Ecotourism Promotion in Armenia

Project Name	Destination Management Organization (DMO) Project for Ecotourism Promotion in Armenia	Project Duration	Three (3) Years
Target Country	Northern and eastern regions around Dilijan, and western regions	Target Group	Stakeholders in the target area related to ecotourism development from the private sector, the public sector and academia (Ministry of Economic Development and Investments, Tourism Committee, Ministry of Nature Protection, Ministry of Culture, University, Environmental NGO, Private Enterprises, etc.)
Implementation Agency	Ministry of Economic Development and Investments, Ministry of Nature Protection	Project Cost (JPY)	270 million JPY
Overall Goal	Armenia will be recognized as a destination of ecotourism and number of tourists visiting to regional areas will increase.		
Project Purpose	Destination management capacity in target area will be strengthened.		
Outputs	Output 1. A DMO based on public and private partnership will be established in each target area Output 2. Destination development strategy and action plan will be formulated by the DMO		

		Output 3. New tourism products for developing destination will be created and promoted by the DMO Output 4. The capacity of human resources related to DMO will be strengthened
Activities	1 <sup>st</sup> Year	1-1 Organize a working group in each region with representatives of the private sector, public sector and academia including stakeholders related to ecotourism such as governmental agencies, municipalities and private institutions under the initiative of the Ministry of Economic Development and Investments, the Ministry of Nature Protection and the administrative body of the local government, and conduct regular round table for establishing a DMO. 1-2 Identify the potentials and issues related to regional tourism promotion in the regular round table. 1-3 Confirm necessary procedures and process for establish a DMO structure in the regular round table, and prepare a roadmap to set up a DMO (position and roles of DMO, members, administrative organization, fundraising method, etc.). 1-4 Establish a DMO in each region with stakeholders related to ecotourism including the private sector, public sector and academia according to the roadmap. 4-1 Implement training (including training in Japan) for disseminating the DMO concept for representatives of the private sector, public sector and academia in each region including stakeholders related to ecotourism such as governmental agencies, municipalities and private institutions.
	2 <sup>nd</sup> Year	2-1 Prepare an inventory of tourism resources, tourist facilities, hotels, restaurants by the DMO in each region. 2-2 Conduct marketing survey and needs survey to identify current status of tourism products, tourism promotion, tourist trends in the region by the DMO. 2-3 Determine vision and goal for the development of ecotourism (branding the destination) by the DMO in each region based on the identified tourism resources and products. 2-4 Based on 2-3, develop a destination development strategy and action plans (short-term, medium-term and long-term) to be achieved by each stakeholder. 2-5 Based on 2-3 and 2-4, review the park management plan of national parks etc. 3-1 New tourism products (trail route of ecotourism, events, agricultural products, souvenirs, etc.) will be developed by the DMO in each region as a pilot project. 3-2 Create (B to C) promotion materials including a platform on the media (Web) for promoting destinations such as social media (SNS) along with development of by the DMO in each region. 3-3 Monitor the project activities implemented based on the destination development strategy periodically. 4-2 Provide trainings (including training in Japan) to personnel engaged in ecotourism (guide, B&B manager, restaurant manager, agricultural product producer, etc.) to improve the quality of tourism services for strengthening the capacity of DMO. 4-3 Share the destination development strategy prepared in 2-4 with private sector including local people in the target area, and conduct awareness raising program for developing destination based on the DMO concept.
	3 <sup>rd</sup> Year	3-4 Conduct (B to B) promotion such as exhibition at international tourism fair for inbound attraction, holding FAM tour, etc. 3-5 Evaluate and monitor new tourism products developed at the pilot project by joint marketing through the international tourism fair, interviews with tourists, SNS, etc. 3-6 Identify positive and negative factors according to the results of monitoring in 3-5 and prepare lessons learned and recommendations for developing the destination based on the DMO. 2-6 Review the destination development strategy and the action plans (short-term, medium and long-term) to be achieved by each stakeholder according to the results of evaluation and monitoring 4-4 Provide trainings (including training in Japan) to personnel engaged in ecotourism (guide, B&B manager, restaurant manager, agricultural product producer, etc.) to improve the quality of tourism services for strengthening the capacity of DMO (continued).

		4-5 Conduct a workshop to share lessons learned and recommendations prepared in 3-6 with other regions.
Inputs	Japanese side	<p><b>【Japanese experts】</b>  1. Project Manager/Tourism Development (7.0 M/M), 2. Ecotourism (5.0 M/M),  3. Heritage Conservation (5.0 M/M), 4. Public-private Partnership/Organizational Arrangement (5.0 M/M), 5. Tourism Marketing (5.0 M/M), 6. Tourism Promotion (5.0 M/M), 7. Tourism Product Development (4.0 M/M), 8. Training Program Development (5.0 M/M), 9. Project Coordinator/ Public Relations (4.0 M/M)  Total: 45.0 M/M</p> <p><b>【Sub-contract/Local Consultant】</b>  1. Inventory survey (5.0 million JPY), 2. Marketing survey (5.0 million JPY)  3. Promotion material creation (2.0 million JPY)</p> <p><b>【Training Courses】</b>  Training in Japan (5-8 people/year)</p> <p><b>【Equipment, etc.】</b>  Workshops (5.0 million JPY), Event holding (5.0 million JPY)</p>
	Counterpart side	1. Project Manager, 2. Project Coordinator, others
Important Assumptions		As a prerequisite for starting the project, it is necessary to transfer certain authorities (operation of various tourism income, budgetary measures, taxation, etc.) concerning regional tourism promotion to local governments by applying some policy system reform.

Source: JICA Study Team



<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 2
	Date: 20/ 11/ 2016
	Surveyor:Hiroyoshi WATANABE

### 1. Site Classification

Code No.	AZ-2
Site Name	Heydar Aliyev Center
Country	<input checked="" type="checkbox"/> Azerbaijan <input type="checkbox"/> Georgia <input type="checkbox"/> Armenia
GPS coordination	40°23'47.6"N 49°52'07.0"E(40.395882, 49.867805)

### 2. General Description

Heydar Aliyev Center is located north east of the city center. It takes about 10 minutes from near station. Bus 11 stops near both southwestern and east sides bus 24 passes a block west of the main entrance. Vast and jaw-droopingly original, this Zaha Hadid building is a famous representative of the 21st-century. The interior hosts concerts and several exhibition spaces. The entrance is from near the western corner.



Overview of Heydar Aliyev Center



Inside view



Displays

### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input type="checkbox"/> Others ( )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input checked="" type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	0.5 hours from		Baku
Public Transport	<input checked="" type="radio"/> Yes / No	<input checked="" type="radio"/> Bus / <input checked="" type="radio"/> Train / TAXI	
Road Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	<input checked="" type="radio"/> Yes / No		Hotels
Lifeline	<input type="checkbox"/> Electricity	<input type="checkbox"/> Potable Water	<input type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input type="checkbox"/> Hospital	<input type="checkbox"/> Police	<input checked="" type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input checked="" type="checkbox"/> Tourist Information	<input checked="" type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input checked="" type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input checked="" type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others(Azerbaijani	)

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 3
	Date: 20/ 11/ 2016
	Surveyor: Hiroyoshi WATANABE

### 1. Site Classification

Code No.	AZ-3
Site Name	Yaşıl Bazar
Country	<input checked="" type="checkbox"/> Azerbaijan <input type="checkbox"/> Georgia <input type="checkbox"/> Armenia
GPS coordination	40°23'08.6"N 49°51'13.3"E(40.384959, 49.854018)

### 2. General Description

Traditional bazar located in central Baku. There are a lot of fresh vegetables, fruits and green just from the regions, mainly in a large hall, but also extends into an outside part. The prices for all of these are quite affordable. It is quite good atmosphere to tourists but there is no facilities for tourists, such as tourism information center and maps for tourists.

It is open from 6:00 to 22:00 and about 50 m away from Yasil bazar bus terminal.



### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input checked="" type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input type="checkbox"/> Others ( )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input checked="" type="checkbox"/> Others ( )
Conservation Status	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	0.5 hours from Baku		
Public Transport	<input checked="" type="radio"/> Yes / No	<input checked="" type="radio"/> Bus / Train / TAXI	
Road Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	<input checked="" type="radio"/> Yes / No	Hotels	
Lifeline	<input type="checkbox"/> Electricity	<input type="checkbox"/> Potable Water	<input type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input type="checkbox"/> Hospital	<input type="checkbox"/> Police	<input checked="" type="checkbox"/> Bank
	<input checked="" type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others (Azerbaijani )	





<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b> Japan International Cooperation Agency (JICA)	No. 5
	Date: 20/ 11/ 2016
	Surveyor: Hiroyoshi WATANABE

### 1. Site Classification

Code No.	AZ-5
Site Name	Yanar Dag
Country	<input checked="" type="checkbox"/> Azerbaijan <input type="checkbox"/> Georgia <input type="checkbox"/> Armenia
GPS coordination	40°30'06.7"N 49°53'28.6"E(40.501837, 49.891207)

### 2. General Description

Yanar Dag is located 15km north of Baku. Yanar Dag is Azerbaijani, meaning "burning mountain" is a natural gas fire which blazes continuously on a hillside on the Absheron Peninsula on the Caspian Sea near Baku, the capital of Azerbaijan which itself is known as "the Land of Fire". Flames jet into the air 3 metres from a thin, porous sandstone layer. Yanar Dag belongs to Absheron District of Azerbaijan. The Yanar Dag flame burns fairly steadily, as it involves a steady seep of gas from the subsurface. There is no explanatory board in this site at the moment.



### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input checked="" type="checkbox"/> Others (Absheron District)	( )
Registration	<input type="checkbox"/> UNESCO World Heritage	<input checked="" type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	0.5 hours from Baku		
Public Transport	<input checked="" type="radio"/> Yes / <input type="radio"/> No	<input checked="" type="radio"/> Bus / <input type="radio"/> Train / <input checked="" type="radio"/> TAXI	
Road Condition	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	Yes / <input checked="" type="radio"/> No      Hotels		
Lifeline	<input type="checkbox"/> Electricity	<input type="checkbox"/> Potable Water	<input type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input type="checkbox"/> Hospital	<input type="checkbox"/> Police	<input type="checkbox"/> Bank
	<input checked="" type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input checked="" type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input type="checkbox"/> Russian	<input type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others (Azerbaijani)	














<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 10
	Date: 26 / 11/ 2016
	Surveyor: Hiroyoshi WATANABE

### 1. Site Classification

Code No.	AZ-10
Site Name	Shaki
Country	<input checked="" type="checkbox"/> Azerbaijan <input type="checkbox"/> Georgia <input type="checkbox"/> Armenia
GPS coordination	41°12'02.6"N 47°09'47.6"E (41.200719, 47.163232)

### 2. General Description

Shaki is located in northern Azerbaijan, 325 km from Baku. The population of town is 63,000. Shaki train station is south 17 km far from Shaki town. Shaki has a lot to offer by way of historic attractions. In particular, the Palace of the Shaki Khans (Khansarai) is a magnificent work of Islamic architecture. There are many churches and mosques in the city and beautifully forested mountains and tiled-roof old houses.

 Summer palace of the Shaki Khans	 Tourist information center	 welcome board of Shaki
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### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input checked="" type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input type="checkbox"/> Others ( )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	2 hours from Ganja		
Public Transport	<input checked="" type="radio"/> Yes / No	<input checked="" type="radio"/> Bus / Train / TAXI	
Road Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	<input checked="" type="radio"/> Yes / No	Hotels	
Lifeline	<input type="checkbox"/> Electricity	<input type="checkbox"/> Potable Water	<input type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input checked="" type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Police	<input checked="" type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input checked="" type="checkbox"/> Tourist Information	<input checked="" type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input checked="" type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others (Azerbaijan, Turkey )	



<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 11
	Date: 26/ 11 / 2016
	Surveyor: Go KIMURA

### 1. Site Classification

Code No.	AZ-11		
Site Name	Nij		
Country	<input checked="" type="checkbox"/> Azerbaijan	<input type="checkbox"/> Georgia	<input type="checkbox"/> Armenia
GPS coordination	38T 724679 4536083		

### 2. General Description

Nij Town is located 40 km south west of Gabala district in Azerbaijan, is the world's only settlement of Udi people. Udi people are members of one of the 26 Caucasian Albanian tribes who played an important role in the creation of the state of Caucasian. People in Nij are still using their own Udi language (Udi alphabet uses 52 letters) and they are the only ethnic minority retaining their affiliation to Christianity in Azerbaijan. Population of Nij Town is about 4,000. They still preserving their language and religion. There is the Albanian-Udi Jotari Church in Nij. The Church was originally wooden structure built in 1723 and later reconstructed in stone structure. Deteriorated Church was restored by Norwegian humanitarian enterprises in 2006. Udi people are today involved in a variety of vocations, which include farming, cattle breeding, rice cultivation, sericulture, horticulture, poultry farming and craftsmanship. They are also considered successors of the rich religious and cultural heritage of the Apostolic Autocephalous Church of Albania. Nij Town will be one of unique tourist destinations in Gabala with combination of local festival to attract domestic and foreign tourists.



External View of Albanian-Udi Jotari Church



Internal View of Albanian-Udi Jotari Church



Stained Glass of Albanian-Udi Jotari Church

### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input checked="" type="checkbox"/> Others (Albanian-Udi Christian Community)	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input checked="" type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	1.0 hours from		Shaki
Public Transport	Yes	Taxi	
Road Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	No		Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input checked="" type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Police	<input checked="" type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others (Azerbaijani )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 12
	Date: 27/ 11/ 2016
	Surveyor: Go KIMURA

### 1. Site Classification

Code No.	AZ-12
Site Name	Qafqaz Tufandag Hotel and surroundings, Duruca village, Qabala district
Country	<input checked="" type="checkbox"/> Azerbaijan <input type="checkbox"/> Georgia <input type="checkbox"/> Armenia
GPS coordination	41°02'29.4"N 47°54'35.4"E (41.041510, 47.909844)

### 2. General Description

Qafqaz Tufandag Hotel is a 5-star hotel, and located at the foot of the south-western hills of the great Caucasus Chain, on the bank of the river Demiraparanchay in Gabala city and 20 km from Gabala international airport. The distance from Gabala to Baku is only 225 km. The hotel has a total of 53 rooms and 3 cottages, restaurants, spa and fitness facilities, and meeting rooms. There are ski slopes and gondolas going up to the top of mountain near the hotel. This area has been developed as sport and recreational resort area for all year around in Gabala. There are 5 other hotels (3 to 5-star hotels) in this area. Ski facility is open from December of each year. Guests at this hotel are local people from Baku, those from European countries, US and Japan. According to the hotel, room booking has been done by travel agents (30%), website (20%), phone (20-30%) and walk-in (20%). 8 of 13 hotels in Gabala are Qafqaz hotels groups, which were developed by Gilan Tourism (Local travel agent). Gabala was the capital of ancient Caucasian Albania for 600 years and has abundant of nature (forests, river, waterfalls, lakes, and hot mineral spring), sport and recreational facilities, various local food products (wine, juice, jams, chestnut honey, kabab, etc.) and festivals and events (Gabala International Music Festival, Jam Festival). Also there are various tourism resources and attraction with sufficient tourism infrastructure. Gabala should be promoted as one of regional tourist destination combining other tourist destinations for foreign tourists.

		
Ski slope in Gabala	Qafqaz Tufandag Hotel	Room in Qafqaz Tufandag Hotel

### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input checked="" type="checkbox"/> Private/Individual	<input type="checkbox"/> Others ( )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	5 hours from		Baku
Public Transport	Yes	Bus	
Road Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	Yes	13 Hotels	
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input checked="" type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input checked="" type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Police	<input checked="" type="checkbox"/> Bank
	<input checked="" type="checkbox"/> Super Market	<input checked="" type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input checked="" type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input checked="" type="checkbox"/> Museum	<input checked="" type="checkbox"/> Others (Gabala Airport, Gabala Olympic Sports Center, Gabala shooting complex, Heydar Aliyer Congress Center )
Information Material	<input type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others (Azerbaijani )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 13
	Date: 27/ 11/ 2016
	Surveyor: Go KIMURA

### 1. Site Classification

Code No.	AZ-13		
Site Name	Lahij, Ismayilli district		
Country	<input checked="" type="checkbox"/> Azerbaijan	<input type="checkbox"/> Georgia	<input type="checkbox"/> Armenia
GPS coordination	40°51'11"N 48°23'35"E (40.853056, 48.393056)		

### 2. General Description

Lahij is well-known as a medieval village of coppersmith and preserved traditional rural life in Azerbaijan, located on the southern slopes of the Greater Caucasus Mountain Range at a height of 1211 meters. Stone and wooden structure of houses and cobbled street create unique and attractive landscape of Lahij. In addition to copper crafts, the village's carpet, rug and leather crafts are also known in Azerbaijan. At present, there are only 10 copper craftsmen in Lahij. Copper workshops are found along the main street. Tourists are able to see process of making copper craft in the workshop. Many copperwares and copper crafts are places in workshop. Lahij has an old sewage system (some experts claim that it was built 1000 – 1500 years ago). From 2011 to 2012, improvement of existing old sewage system and development of water reservoir in the village were conducted with financial support of Japanese government. Due to frequent earthquakes, stone structured houses were reinforced applying authentic technique with using wood materials by local people. Signboards for showing tourism resources and facilities installed in the village are only Azerbaijani language. Access road to the village is not paved and poor conditions. It is necessary to improve the road to village by paving road. Buses operate between Ismayilli and Lahij (3 times/day, 2\$) and Baku to Lahij (4 hours).



Cobbled street



Copper craftsman



Direction sign and tourism Signboard

### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input checked="" type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input type="checkbox"/> Others ( )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	4.0 (1.0) hours from		Baku (Ismayilli)
Public Transport	Yes	Bus	
Road Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input checked="" type="checkbox"/> To be Improved
Accommodation	Yes	2	Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Police	<input type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input checked="" type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others ( Azerbaijani )	



<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 14
	Date: 27/ 11/ 2016
	Surveyor: Go KIMURA

### 1. Site Classification

Code No.	AZ-14		
Site Name	Yeddi Gumbaz Mausoleum		
Country	<input checked="" type="checkbox"/> Azerbaijan	<input type="checkbox"/> Georgia	<input type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

Yeddi Gumbaz Mausoleum is a cemetery located 1.5 km south of Shamakhi district. The name of Yeddi Gumbaz means "Seven Domes". The monument was named after the number of Shirvan rulers' mausoleums-tombs built here in 18<sup>th</sup> and 19<sup>th</sup> centuries. Specifically, in the seven tombs, there are the remains of Mustafa Khan (King)' family, the last Shamakhi Khan. Each tomb has 3-4 graves with massive tombstones. Mausoleum was damaged by earthquakes over the centuries. This ancient monument is protected by the state. Yeddi Gumbaz Mausoleum is situated on the hill and easy access from the main road. This site has a nice viewing point of surrounding landscape for tourists. There is no tourism signboard on the site.



Dome shapes architectural monument



Tombs of Mustafa King' family



View of town from the site

### 3. Status

Operation & Management	<input checked="" type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input type="checkbox"/> Others ( )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input checked="" type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	2 hours from		Baku
Public Transport	Yes	Bus	
Road Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	No		Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity	<input type="checkbox"/> Potable Water	<input type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input checked="" type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Police	<input checked="" type="checkbox"/> Bank
	<input checked="" type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input type="checkbox"/> Russian	<input type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input type="checkbox"/> Others ( )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 15
	Date: 27/ 11/ 2016
	Surveyor: Go KIMURA

### 1. Site Classification

Code No.	AZ-15		
Site Name	Juma Mosque		
Country	<input checked="" type="checkbox"/> Azerbaijan	<input type="checkbox"/> Georgia	<input type="checkbox"/> Armenia
GPS coordination	40° 18'31"N, 49° 49' 13" E (40.308611, 49.820278)		

### 2. General Description

Juma Mosque is located in Shamakhi district. This mosque is also called "Friday Mosque". The mosque was constructed in 743-744. Juma Mosque was reconstructed 4 times due to the damage of strong earthquakes in the past. Some parts of the initial Mosque were still remained and preserved in front of the reconstructed Mosque. This mosque is registered as the state historical and architectural monument. The central cupola and various internal areas of the main hall resemble the Derbent Mosque, which is the main one in the country. Its rectangular floor plan is divided into three, square chambers communicating with each other through large wall openings. The most significant architectural interventions were carried out by Architect Josef Plosko in the early 1900's. With his project, the Architect created three monumental chambers of the same size internally to the mosque, thus adding some typical oriental traits to the traditional basics of Islamic architecture.



Juma Mosque



Inside of Juma Mosque



Garden and pond

### 3. Status

Operation & Management	<input checked="" type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input type="checkbox"/> Others ( )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input checked="" type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	2 hours from		Baku
Public Transport	Yes	Bus	
Road Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	No		Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Police	<input checked="" type="checkbox"/> Bank
	<input checked="" type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 16
	Date: / 11/ 2016
	Surveyor: Hiroyoshi WATANABE

### 1. Site Classification

Code No.	GE-1		
Site Name	Signagi		
Country	<input type="checkbox"/> Azerbaijan	<input checked="" type="checkbox"/> Georgia	<input type="checkbox"/> Armenia
GPS coordination	41.610369, 45.927958		

### 2. General Description

A town is located around 110 km away from Tbilisi, and the administrative center of the Signagi municipality. The town is called city of wine and love as well because the city council accepts 24/7 marriage registration. The architecture looks like Italian town.

This region offers picturesque landscapes, pastel houses, wineries and natural reserves. Also, there are two Georgian orthodox churches in the town and Bodbe monastery where remains of St. Nino are enshrined. This are is a famous for a felt hand craft as well.

 Church	 Souvenir	 View of Signagi
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### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input type="checkbox"/> Others ( )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	2 hours from		Tbilisi
Public Transport	Yes	Bus	
Road Condition	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	Yes		hotels
Lifeline	<input type="checkbox"/> Electricity	<input type="checkbox"/> Potable Water	<input type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input type="checkbox"/> Hospital	<input type="checkbox"/> Police	<input type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input checked="" type="checkbox"/> Tourist Information	<input checked="" type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input checked="" type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input checked="" type="checkbox"/> Brochure	<input checked="" type="checkbox"/> Map	<input type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input type="checkbox"/> Others ( )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No.18
	Date: 11/ 30/ 2016
	Surveyor: S. Usui

### 1. Site Classification

Code No.	GE-2		
Site Name	Walking old town of Tbilisi		
Country	<input type="checkbox"/> Azerbaijan	<input checked="" type="checkbox"/> Georgia	<input type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

Approx. two hours walking from the Monument of mother of Georgian to town including Narikala Fortress, Public bath area, called Abanotubani, and shopping & restaurant district in Tbilisi. Even though there is some steep slope toward to old town from the fortress, both young and senior tourists are able to enjoy its atmosphere and panoramic view of Tbilisi.



### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input type="checkbox"/> Others ( )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	hours from		
Public Transport	Yes / No	Bus / Train	(TAXI)
Road Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input checked="" type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input checked="" type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Polis	<input checked="" type="checkbox"/> Bank
	<input checked="" type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input type="checkbox"/> Russian	<input type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input type="checkbox"/> Others ( )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 19
	Date: 11/ 30/ 2016
	Surveyor: S. Usui

### 6. Site Classification

Code No.	GE-3		
Site Name	Uplistsikhe		
Country	<input type="checkbox"/> Azerbaijan	<input checked="" type="checkbox"/> Georgia	<input type="checkbox"/> Armenia
GPS coordination			

### 7. General Description

Uplistsikhe Cave Town-Fortress is situated on a rocky massif in 15 km of Gori. It contains various structures dating from the Early Iron Age to the Late Middle Ages. Uplistsikhe is one of unique tourist site for both young and senior tourists. The light in the women's toilet was off. It needs to check regularly.

		
Ticket office	Explanatory board	Site

### 8. Status

Operation & Management	<input checked="" type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input checked="" type="checkbox"/> Others (Patriarchate of Georgia )	
Registration	<input checked="" type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 9. Infrastructure around the site

Access	1.5 hours from Tbilisi		
Public Transport	Yes / No	Bus / Train / <u>(TAXI)</u>	
Road Condition	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	Yes / <u>No</u>		Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input checked="" type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Polis	<input checked="" type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 10. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input checked="" type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input checked="" type="checkbox"/> Museum	<input checked="" type="checkbox"/> Others ( 3GEL )
Information Material	<input type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input type="checkbox"/> Others ( )	



<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 20
	Date: 11/ 30/ 2016
	Surveyor: S. Usui

### 6. Site Classification

Code No.	GE-4		
Site Name	Bagrati Cathedral		
Country	<input type="checkbox"/> Azerbaijan	<input checked="" type="checkbox"/> Georgia	<input type="checkbox"/> Armenia
GPS coordination			

### 7. General Description

Bagrati Cathedral started the end of 10<sup>th</sup> century and was completed in the early 11<sup>th</sup> century. In 1692, it was devastated in an explosion by the Ottoman troops but was gradually restored in the 1950s and later, the 2000s. Tourists can visit in the night and day time.



Light up in the night



Inside cathedral



External view

### 8. Status

Operation & Management	<input checked="" type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input checked="" type="checkbox"/> Others (Patriarchate of Georgia )	
Registration	<input checked="" type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 9. Infrastructure around the site

Access	3.5 hours from Tbilisi		
Public Transport	Yes / No	<input checked="" type="checkbox"/> Bus	<input type="checkbox"/> Train / TAXI
Road Condition	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	Yes / No	Hotels	
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input checked="" type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Polis	<input checked="" type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 10. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input checked="" type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input checked="" type="checkbox"/> Brochure	<input checked="" type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others (Georgian, Polish )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 21
	Date: 12/ 1/ 2016
	Surveyor: S. Usui

### 1. Site Classification

Code No.	GE-5		
Site Name	Gelati Monastery		
Country	<input type="checkbox"/> Azerbaijan	<input checked="" type="checkbox"/> Georgia	<input type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

Gelati Monastery is located 12km east of Kutaisi in Western Georgia. The monastery consists of a group of well-preserved historical monuments. It's dating from the early 12<sup>th</sup> and 13<sup>th</sup> centuries. Tourists will be amazed of fresco. Step to the monastery is a little slippery. It might need to lay the mat when it's raining. Explanatory board is better to be changed due it is too old.



### 3. Status

Operation & Management	<input checked="" type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input checked="" type="checkbox"/> Others (Patriarchate of Georgia )	
Registration	<input checked="" type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	3.5 hours from Tbilisi		
Public Transport	Yes / No	Bus / Train / TAXI	
Road Condition	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	Yes / No	Hotels	
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input checked="" type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Polis	<input checked="" type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input checked="" type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input checked="" type="checkbox"/> Brochure	<input checked="" type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others (Georgian, Polish )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 22
	Date: 12 /1/ 2016
	Surveyor: S. Usui

### 1. Site Classification

Code No.	GE-6		
Site Name	Mostameta Church		
Country	<input type="checkbox"/> Azerbaijan	<input checked="" type="checkbox"/> Georgia	<input type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

Motsameta church is located 6 km from Kutaisi, building of cross-domed type. All four sides of the cross are equal. The Church was built in commemoration of brothers avid and Konstantine who sacrificed their lives to Georgia in the battle against Arabians. Tourists can enjoy great view on the way to approach the church.



Approach to the church



View on the way to the church



External view

### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input checked="" type="checkbox"/> Others (Patriarchate of Georgia )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input checked="" type="checkbox"/> Others (H.M.*)
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

\*Historic monument

Access	3.5 hours from Tbilisi		
Public Transport	Yes / No	<input checked="" type="checkbox"/> Bus	<input type="checkbox"/> Train / TAXI
Road Condition	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	Yes / <input checked="" type="checkbox"/> No	Hotels	
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input checked="" type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Polis	<input checked="" type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input checked="" type="checkbox"/> Brochure	<input checked="" type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others (Georgian, Polish )	



<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 23
	Date: 12/ 2/ 2016
	Surveyor: S. Usui

### 1. Site Classification

Code No.	GE-7		
Site Name	Rabati Castle		
Country	<input type="checkbox"/> Azerbaijan	<input checked="" type="checkbox"/> Georgia	<input type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

Rabati Castle is a medieval castle complex located in Akhaltsikhe, Georgia. The Castle was built in the 13th century. According to The Georgian Chronicles the city was established in the 9th century by Guaram Mampal, son of the King of Tao. It convenient for tourists to join guided tour in multilingual or use audio guide equipment. Hotel is located inside of the castle.



### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input checked="" type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input type="checkbox"/> Others ( )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input checked="" type="checkbox"/> Others (H.M.)
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

\*Historic monument

Access	3 hours from Tbilisi		
Public Transport	Yes / No	<input checked="" type="checkbox"/> Bus	<input type="checkbox"/> Train / TAXI
Road Condition	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	Yes / No hotels		
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input checked="" type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Polis	<input checked="" type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input checked="" type="checkbox"/> Tourist Information	<input checked="" type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input checked="" type="checkbox"/> Museum	<input type="checkbox"/> Others (7GEL, 20GEL for guide service)
Information Material	<input checked="" type="checkbox"/> Brochure	<input checked="" type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input checked="" type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input checked="" type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others (German, Turkish, Georgian )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 24
	Date: 12 / 3 / 2016
	Surveyor: S. Usui

### 1. Site Classification

Code No.	GE-8		
Site Name	Svetitskhoveli Monastery		
Country	<input type="checkbox"/> Azerbaijan	<input checked="" type="checkbox"/> Georgia	<input type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

The Svetitskhoveli Monastery is located in the historic town of Mtskheta, the biggest ecclesiastic construction of medieval Georgia. The monastery of built in early 9<sup>th</sup> century by the initiative of Catholicos Patriarch Melkisedic. Svetitskhoveli Monastery is one of must to go site. Tourists can enjoy walking in the town.



Tourist information center



External view



Old town surround monastery

### 3. Status

Operation & Management	<input checked="" type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input checked="" type="checkbox"/> Others (Patriarchate of Georgia )	
Registration	<input checked="" type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	0.6 hours from Tbilisi		
Public Transport	Yes / No	Bus / Train / <u>TAXI</u>	
Road Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	<u>Yes</u> / No		Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input checked="" type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input checked="" type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Polis	<input checked="" type="checkbox"/> Bank
	<input checked="" type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input checked="" type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input checked="" type="checkbox"/> Brochure	<input checked="" type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input checked="" type="checkbox"/> Others (Video Information )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others ( Georgian )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 25
	Date: 12/ 3/ 2016
	Surveyor: S. Usui

### 6. Site Classification

Code No.	GE-9		
Site Name	Jvari Monastery		
Country	<input type="checkbox"/> Azerbaijan	<input checked="" type="checkbox"/> Georgia	<input type="checkbox"/> Armenia
GPS coordination			

### 7. General Description

Jvari Monastery is a sixth century Georgian Orthodox monastery near Mtskheta, eastern Georgia. Jvari Monastery stands on the rocky mountaintop at the confluence of the Mtkvari and Aragvi rivers, overlooking the town of Mtskheta. The monastery was formerly the capital of the Kingdom of Iberia. Tourists can enjoy great view of Mtskheta town. Need to clean the public toilet even it may charge certain amount of money. There are several beggars at the entrance.

 Signage on the road	 Beggars at the entrance	 View of Mtskheta from the monastery
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### 8. Status

Operation & Management	<input checked="" type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input type="checkbox"/> Others (Patriarchate of Georgia )	
Registration	<input checked="" type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 9. Infrastructure around the site

Access	0.8 hours from		Tbilisi
Public Transport	Yes / No		Bus / Train / <u>TAXI</u>
Road Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	<u>Yes</u> / No		Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input checked="" type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input checked="" type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Polis	<input checked="" type="checkbox"/> Bank
	<input checked="" type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 10. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input checked="" type="checkbox"/> Brochure	<input checked="" type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others (Georgian )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 26
	Date: 12/ 4/ 2016
	Surveyor: S. Usui

### 1. Site Classification

Code No.	AR-1		
Site Name	Haghbat Monastery		
Country	<input type="checkbox"/> Azerbaijan	<input type="checkbox"/> Georgia	<input checked="" type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

Haghpat Monastery was founded by Saint Nishan in the 10<sup>th</sup> century, during the region of King Abas. The monastery was built nearby at Sanahin at the same time. Great panoramic view from the Monastery site will be memorable for all tourists. Explanatory board in braille is amazing; but need to change ordinary explanatory board due it is too damaged.



Explanatory board



Inside monastery



External view

### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input checked="" type="checkbox"/> Others (Armenian Apostolic Church )	
Registration	<input checked="" type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	4 hours from Yerevan		
Public Transport	Yes / No	<input checked="" type="checkbox"/> Bus	<input type="checkbox"/> Train / <input type="checkbox"/> TAXI
Road Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input checked="" type="checkbox"/> To be Improved
Accommodation	Yes / No	Hotels	
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input type="checkbox"/> Hospital	<input type="checkbox"/> Polis	<input type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input checked="" type="checkbox"/> Brochure	<input checked="" type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input checked="" type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input type="checkbox"/> Others (Italian, Armenian )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 27
	Date: 12 / 4 / 2016
	Surveyor: S. Usui

### 1. Site Classification

Code No.	AR-2		
Site Name	Monastery of Sanahin		
Country	<input type="checkbox"/> Azerbaijan	<input type="checkbox"/> Georgia	<input checked="" type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

Monastery of Sanahin is founded in the 10<sup>th</sup> century in the Lori Province of Armenia. The name Sanahin literally translates from Armenian as “this one is older than that one”, presumably representing a claim to having an older monastery than Haghbat Monastery, located near Sanahin. Monastery is simple but good to see with combine of Haghbat. Need to melt icy ground of car parking after snowing due some part of car parking area is being shade.



Inside monastery



Explanatory board



Souvenirs at parking area

### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input checked="" type="checkbox"/> Others (Armenian Apostolic Church )	
Registration	<input checked="" type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	4 hours from Yerevan		
Public Transport	Yes / No	<input checked="" type="checkbox"/> Bus / <input checked="" type="checkbox"/> Train / <input checked="" type="checkbox"/> TAXI	
Road Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input checked="" type="checkbox"/> To be Improved
Accommodation	Yes / No	Hotels	
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input type="checkbox"/> Hospital	<input type="checkbox"/> Polis	<input type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input checked="" type="checkbox"/> Brochure	<input checked="" type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input type="checkbox"/> Russian	<input type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input type="checkbox"/> Others ( )	



<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 28
	Date: 12/ 4/ 2016
	Surveyor: S. Usui

### 1. Site Classification

Code No.	AR-3		
Site Name	Sevanavank		
Country	<input type="checkbox"/> Azerbaijan	<input type="checkbox"/> Georgia	<input checked="" type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

Sevanabank is monastic complex located on a peninsula at the northwestern shore of Lake Sevan. The monastery was founded in 874 by Prince Mariam, the daughter of Ashot I who became a king a decade later. Sevanavank is one of most beautiful touristic site with view of Lake Sevan.



Signage and explanatory board



External view



Toilet

### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input checked="" type="checkbox"/> Others (Armenian Apostolic Church )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	2.5 hours from		Yerevan
Public Transport	Yes / No	Bus / Train / TAXI	
Road Condition	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	Yes / No		Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input type="checkbox"/> Hospital	<input type="checkbox"/> Polis	<input type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input checked="" type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input checked="" type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input type="checkbox"/> Others (Italian, Armenian )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 29
	Date: 12/ 4/ 2016
	Surveyor: S. Usui

### 1. Site Classification

Code No.	AR-4		
Site Name	Noratus Cemetery		
Country	<input type="checkbox"/> Azerbaijan	<input type="checkbox"/> Georgia	<input checked="" type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

Noratus Cemetery is a medieval cemetery with a large number of khachkars located in the village of Noratus, 90km north of Yerevan. Over 800 Khachkars carved between 9<sup>th</sup> and 17<sup>th</sup> centuries. This site will be interested in the senior tourists than young tourists.



External view



Inside the cemetery



Traditional souvenir pavilion?

### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input type="checkbox"/> Others ( )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	2.5 hours from Yerevan		
Public Transport	Yes / No	Bus / Train / <u>TAXI</u>	
Road Condition	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	<u>Yes / No</u>		Hotels
Lifeline	<input type="checkbox"/> Electricity	<input type="checkbox"/> Potable Water	<input type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input type="checkbox"/> Hospital	<input type="checkbox"/> Polis	<input type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input checked="" type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input checked="" type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input type="checkbox"/> Others (Italian, Armenian )	

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	Date: 12/ 7/ 2016
	Surveyor: S. Usui

### 1. Site Classification

Code No.	AR-5		
Site Name	St. Hripsime Church		
Country	<input type="checkbox"/> Azerbaijan	<input type="checkbox"/> Georgia	<input checked="" type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

St. Hripsime Church is a seventh century Armenian Apostolic church in the city of Echmiadzin. It is the oldest surviving churches in Armenia. The church was erected by Chatholicos Komitas to replace the original mausoleum built by Chatholicos Sahak the Great in 395 AD. The current structure was completed in 618 AD. This church can be one of the sites to visit with Echmiadzin Cathedral.



### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input checked="" type="checkbox"/> Others (Armenian Apostolic Church )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	0.5 hours from Yerevan		
Public Transport	Yes / No Bus / Train / <u>TAXI</u>		
Road Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	<u>Yes</u> / No Hotels		
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input checked="" type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input checked="" type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Polis	<input checked="" type="checkbox"/> Bank
	<input checked="" type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others (shop )
Information Material	<input checked="" type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input type="checkbox"/> Others ( )	



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	Date: 12/ 7/ 2016
	Surveyor: S. Usui

### 1. Site Classification

Code No.	AR-6		
Site Name	Echmiadzin Cathedral		
Country	<input type="checkbox"/> Azerbaijan	<input type="checkbox"/> Georgia	<input checked="" type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

Echmiadzin Cathedral is the mother church of Armenian Apostolic church. According to scholars, it was the first cathedral built in ancient Armenia and is considered the oldest cathedral in the world. The original church was built in the early 4th century, by Armenia's patron St. George the Illuminator, following the adoption of Christianity as a state religion by King Tiridates III. Echmiadzin is the must see site for all tourists. The dome of the cathedral is now under rehabilitation.



External view



Reliquary-containing of a fragment of Noah's Ark



Inside cathedral

### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input checked="" type="checkbox"/> Others (Armenian Apostolic Church )	
Registration	<input checked="" type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	0.5 hours from Yerevan		
Public Transport	Yes / No	Bus / Train / <u>TAXI</u>	
Road Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	<u>Yes</u> / No Hotels		
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input checked="" type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input checked="" type="checkbox"/> Hospital	<input checked="" type="checkbox"/> Polis	<input checked="" type="checkbox"/> Bank
	<input checked="" type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input checked="" type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others (1000AMD)
Information Material	<input checked="" type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input type="checkbox"/> Russian	<input type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input type="checkbox"/> Others ( )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 32
	Date: 12/ 7/ 2016
	Surveyor: S. Usui

### 1. Site Classification

Code No.	AR-6		
Site Name	Ruins of Zvartnods		
Country	<input type="checkbox"/> Azerbaijan	<input type="checkbox"/> Georgia	<input checked="" type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

Ruins of Zvartnods, was dated from the 7<sup>th</sup> century and built to surpass the Echmiadzin Cathedral in grandeur. This complex consists of a temple and the palace of Chtholicos Nerses III. The ruins are located at the edge of the city of Etchiiadzin in Armavir Province. There is souvenir shop at the parking area, but it seems closed.



Approach to the ruins



Inside the ruins



Souvenir shop

### 3. Status

Operation & Management	<input checked="" type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input type="checkbox"/> Others ( )	
Registration	<input checked="" type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	0.8 hours from Yerevan		
Public Transport	Yes / No	Bus / Train / <u>TAXI</u>	
Road Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	Yes / <u>No</u>		Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input type="checkbox"/> Hospital	<input type="checkbox"/> Polis	<input type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input checked="" type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input checked="" type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input type="checkbox"/> Others (Italian, Armenian )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 33
	Date: 12/ 7/ 2016
	Surveyor: S. Usui

### 1. Site Classification

Code No.	AR-7		
Site Name	Garni Temple		
Country	<input type="checkbox"/> Azerbaijan	<input type="checkbox"/> Georgia	<input checked="" type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

Garni Temple is a classic Hellenistic temple that one of the oldest settlements in Armenia. It was probably built by King Tiridates I in the first century AD as a temple to the sun god Mihr. Garni Temple is situated approx. 30 km from Yerevan, at a foot of the Gehama Mountains, on the right bank of the Azat River, on a picturesque, triangular terrace. Garni is one of unique site with panoramic mountain and river view. Also tourists can buy local food products at car parking area.



Ticket office



Approach to the temple



Local products vender

### 3. Status

Operation & Management	<input checked="" type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input type="checkbox"/> Others ( )	
Registration	<input type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access		hours from	Yerevan
Public Transport	Yes / No	Bus / Train / TAXI	
Road Condition	<input type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	Yes / No		Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input type="checkbox"/> Hospital	<input type="checkbox"/> Polis	<input type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input checked="" type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input checked="" type="checkbox"/> Others (1200AMD )
Information Material	<input checked="" type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input checked="" type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input type="checkbox"/> Others (Italian, Armenian )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 34
	Date: 12/ 7/ 2016
	Surveyor: S. Usui

### 1. Site Classification

Code No.	AR-8		
Site Name	Geghard Monastery		
Country	<input type="checkbox"/> Azerbaijan	<input type="checkbox"/> Georgia	<input checked="" type="checkbox"/> Armenia
GPS coordination			

### 2. General Description

**Geghard** is a unique architectural construction in the Kotayk province, being partially carved out of the adjacent mountain, surrounded by cliffs at the entrance to the Azat Valley. It is believed a monastery was established on the site at the beginning of the 4<sup>th</sup> century by the first Catholicos St. Gregory, the Illuminator and became known as “Aiyrivank” or “Monastery of Caves”. This monastery is one of must to see site. Tourists can buy local products at the parking area.



Slope to the monastery



External view



Inside monastery

### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual	<input checked="" type="checkbox"/> Others (Armenian Apostolic Church )	
Registration	<input checked="" type="checkbox"/> UNESCO World Heritage	<input type="checkbox"/> National Monument	<input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access		hours from	Yerevan
Public Transport	Yes / No	Bus / Train / <u>TAXI</u>	
Road Condition	<input type="checkbox"/> Good	<input checked="" type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	Yes / No		Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity	<input checked="" type="checkbox"/> Potable Water	<input checked="" type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet	<input type="checkbox"/> Others ( )	
Public Service	<input type="checkbox"/> Hospital	<input type="checkbox"/> Polis	<input type="checkbox"/> Bank
	<input type="checkbox"/> Super Market	<input type="checkbox"/> Others ( )	

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking	<input type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets	<input type="checkbox"/> Museum	<input type="checkbox"/> Others ( )
Information Material	<input checked="" type="checkbox"/> Brochure	<input type="checkbox"/> Map	<input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance	<input type="checkbox"/> Others ( )	
Language	<input checked="" type="checkbox"/> Russian	<input checked="" type="checkbox"/> English	<input checked="" type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input type="checkbox"/> Others (Italian, Armenian )	

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b> Japan International Cooperation Agency (JICA)	No. 35
	Date: 06 / 12 / 2016
	Surveyor: Akira OHARA

### 1. Site Classification

Code No.	AR-9
Site Name	Yerevan Opera Theatre
Country	<input type="checkbox"/> Azerbaijan <input type="checkbox"/> Georgia <input checked="" type="checkbox"/> Armenia
GPS coordination	38 T, 458723.00 m E, 4448515.00 m N

### 2. General Description

The Yerevan opera theatre has been established since 1933. It consists of two concert halls: the Aram Khatchaturian concert hall with 1,400 seats and the Alexander Spendiaryan theatre with 1,200 seats. Since it was opened, the Armenian national opera and ballet theatre has performed more than 200 different operas and ballets by Armenian, Russian and western European composers. Several Operas and concerts are performed during the season of the 4<sup>th</sup> Khatchaturian International festival in 2016-2017.



### 3. Status

Operation & Management	<input checked="" type="checkbox"/> State Ministry <input type="checkbox"/> Local Government <input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual <input type="checkbox"/> Others ( )
Registration	<input type="checkbox"/> UNESCO World Heritage <input type="checkbox"/> National Monument <input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	City Center	hours from	Yerevan
Public Transport	Yes	Bus / Subway / TAXI	
Road Condition	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> To be Improved		
Accommodation	Yes	296	Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity <input checked="" type="checkbox"/> Internet	<input checked="" type="checkbox"/> Potable Water <input type="checkbox"/> Others ( )	<input checked="" type="checkbox"/> Sewer System
Public Service	<input checked="" type="checkbox"/> Hospital <input checked="" type="checkbox"/> Super Market	<input checked="" type="checkbox"/> Polis <input type="checkbox"/> Others ( )	<input checked="" type="checkbox"/> Bank

### 5. Facilities & Materials

Facility	<input type="checkbox"/> Car Parking <input type="checkbox"/> Public Toilets	<input type="checkbox"/> Tourist Information <input type="checkbox"/> Museum	<input type="checkbox"/> Ticketing Office <input type="checkbox"/> Others ( )
Information Material	<input type="checkbox"/> Brochure <input type="checkbox"/> AV Guidance	<input type="checkbox"/> Map <input type="checkbox"/> Others ( )	<input type="checkbox"/> Explanatory Board
Language	<input checked="" type="checkbox"/> Russian <input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> English <input checked="" type="checkbox"/> Others ( Armenian )	<input type="checkbox"/> French



<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b> Japan International Cooperation Agency (JICA)	No. 36
	Date: 08 / 12 / 2016
	Surveyor: Akira OHARA

### 1. Site Classification

Code No.	AR-10
Site Name	History Museum of Armenia
Country	<input type="checkbox"/> Azerbaijan <input type="checkbox"/> Georgia <input checked="" type="checkbox"/> Armenia
GPS coordination	38 T, 458633.00 m E, 4447713.00 m N

### 2. General Description

The History Museum of Armenia located on Republic Square in Yerevan has been established since 1920. The museum has 400,000 collections of archaeology, ethnography, and history. The museum provides an integral perspective of the history and culture of Armenia, from prehistory to the present day. A part of museum related materials were granted by the Japanese government. Exhibition quality is relatively high including audio guidance with Multilanguage.



### 3. Status

Operation & Management	<input checked="" type="checkbox"/> State Ministry <input type="checkbox"/> Local Government <input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual <input type="checkbox"/> Others ( )
Registration	<input type="checkbox"/> UNESCO World Heritage <input type="checkbox"/> National Monument <input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	City Center	hours from	Yerevan
Public Transport	Yes	Bus / Subway / TAXI	
Road Condition	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> To be Improved		
Accommodation	Yes	296	Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity <input checked="" type="checkbox"/> Internet	<input checked="" type="checkbox"/> Potable Water <input type="checkbox"/> Others ( )	<input checked="" type="checkbox"/> Sewer System
Public Service	<input checked="" type="checkbox"/> Hospital <input checked="" type="checkbox"/> Super Market	<input checked="" type="checkbox"/> Polis <input type="checkbox"/> Others ( )	<input checked="" type="checkbox"/> Bank

### 5. Facilities & Materials

Facility	<input type="checkbox"/> Car Parking <input type="checkbox"/> Public Toilets	<input type="checkbox"/> Tourist Information <input type="checkbox"/> Museum	<input type="checkbox"/> Ticketing Office <input type="checkbox"/> Others ( )
Information Material	<input type="checkbox"/> Brochure <input checked="" type="checkbox"/> AV Guidance	<input type="checkbox"/> Map <input type="checkbox"/> Others ( )	<input checked="" type="checkbox"/> Explanatory Board
Language	<input checked="" type="checkbox"/> Russian <input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> English <input checked="" type="checkbox"/> Others (Armenian, Germany)	<input type="checkbox"/> French

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 37
	Date: 08 / 12 / 2016
	Surveyor: Akira OHARA

### 1. Site Classification

Code No.	AR-11
Site Name	ARARAT Museum
Country	<input type="checkbox"/> Azerbaijan <input type="checkbox"/> Georgia <input checked="" type="checkbox"/> Armenia
GPS coordination	38 T, 457194.00 m E, 4447484.00 m N

### 2. General Description

The ARARAT Museum is located inside Yerevan Brandy Company's building. Every hour, from 9am to 8pm, 7 days a week, museum tours with guide in English, Russian, French and German are conducted. Visitor can taste two or three brandies at the end of museum tour. The Prime minister Winston Churchill loves one of ARARAT's products, "DVIN". When he was 90 years old, he was asked a question "What is the secret of your long life?" He answered "Cuban cigar, Armenian brandy and no sports".

		
Exterior view	Interior view	Tasting room

### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry <input checked="" type="checkbox"/> Private/Individual <input type="checkbox"/> Local Government <input type="checkbox"/> Others ( ) <input type="checkbox"/> Private/Foundation
Registration	<input type="checkbox"/> UNESCO World Heritage <input type="checkbox"/> National Monument <input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	City Center	hours from	Yerevan
Public Transport	Yes	TAXI	
Road Condition	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> To be Improved		
Accommodation	Yes	296	Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity <input checked="" type="checkbox"/> Internet <input checked="" type="checkbox"/> Potable Water <input type="checkbox"/> Others ( ) <input checked="" type="checkbox"/> Sewer System		
Public Service	<input checked="" type="checkbox"/> Hospital <input checked="" type="checkbox"/> Super Market <input checked="" type="checkbox"/> Polis <input type="checkbox"/> Others ( ) <input checked="" type="checkbox"/> Bank		

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking <input type="checkbox"/> Public Toilets <input type="checkbox"/> Tourist Information <input checked="" type="checkbox"/> Museum <input checked="" type="checkbox"/> Ticketing Office <input type="checkbox"/> Others ( )
Information Material	<input checked="" type="checkbox"/> Brochure <input checked="" type="checkbox"/> AV Guidance <input type="checkbox"/> Map <input checked="" type="checkbox"/> Others ( Shop ) <input checked="" type="checkbox"/> Explanatory Board
Language	<input checked="" type="checkbox"/> Russian <input type="checkbox"/> Spanish <input checked="" type="checkbox"/> English <input checked="" type="checkbox"/> Others (Armenian, Germany ) <input checked="" type="checkbox"/> French





<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b> Japan International Cooperation Agency (JICA)	No. 39
	Date: 09 / 12 / 2016
	Surveyor: Akira OHARA

### 1. Site Classification

Code No.	AR-13
Site Name	Areni
Country	<input type="checkbox"/> Azerbaijan <input type="checkbox"/> Georgia <input checked="" type="checkbox"/> Armenia
GPS coordination	38 S, 516009.00 m E, 4397638.00 m N

### 2. General Description

Armenia is one of the oldest wine producing regions of the world. Areni village is located 2 hours, about 120 km, from Yerevan. At the entrance to the village, Areni Wine Factory Closed Joint-Stock Company (CJSC) founded in 1994 is located which tourist can see production process and taste local wines. In 2011, the world's oldest wine production facility dated to about 4,000 BC was discovered in a cave near the village. A traditional wine festival is celebrated in Areni on 1<sup>st</sup> and 2<sup>nd</sup> of October every year.



### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry <input type="checkbox"/> Local Government <input type="checkbox"/> Private/Foundation <input checked="" type="checkbox"/> Private/Individual <input type="checkbox"/> Others ( )
Registration	<input type="checkbox"/> UNESCO World Heritage <input type="checkbox"/> National Monument <input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	2.0 hours from Yerevan
Public Transport	Yes Bus / TAXI
Road Condition	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> To be Improved
Accommodation	No Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity <input checked="" type="checkbox"/> Potable Water <input checked="" type="checkbox"/> Sewer System <input checked="" type="checkbox"/> Internet <input type="checkbox"/> Others ( )
Public Service	<input type="checkbox"/> Hospital <input type="checkbox"/> Polis <input type="checkbox"/> Bank <input type="checkbox"/> Super Market <input type="checkbox"/> Others ( )

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking <input type="checkbox"/> Tourist Information <input type="checkbox"/> Ticketing Office <input type="checkbox"/> Public Toilets <input type="checkbox"/> Museum <input type="checkbox"/> Others ( )
Information Material	<input type="checkbox"/> Brochure <input type="checkbox"/> Map <input type="checkbox"/> Explanatory Board <input checked="" type="checkbox"/> AV Guidance <input type="checkbox"/> Others ( )
Language	<input type="checkbox"/> Russian <input checked="" type="checkbox"/> English <input type="checkbox"/> French <input type="checkbox"/> Spanish <input checked="" type="checkbox"/> Others ( Armenian )

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b> Japan International Cooperation Agency (JICA)	No. 40
	Date: 09 / 12 / 2016
	Surveyor: Akira OHARA

### 1. Site Classification

Code No.	AR-14
Site Name	Noravank complex
Country	<input type="checkbox"/> Azerbaijan <input type="checkbox"/> Georgia <input checked="" type="checkbox"/> Armenia
GPS coordination	38 S, 519970.00 m E, 4392797.00 m N

### 2. General Description

Noravank (13<sup>th</sup> century) is a monastery located 122 km from Yerevan between Areni and Yeghegnadzor. The monastery is known for the complex of three churches such as Surb Astvatsatsin, Surb Karapet and Surb Grigor Chapel. In the 13<sup>th</sup>-14<sup>th</sup> centuries the monastery became a residence of Syunik's bishops and a cultural center of Armenia. The complex was restored in recent years and its conservation status is relatively good.



### 3. Status

Operation & Management	<input checked="" type="checkbox"/> State Ministry <input type="checkbox"/> Local Government <input type="checkbox"/> Private/Foundation <input type="checkbox"/> Private/Individual <input type="checkbox"/> Others ( )
Registration	<input type="checkbox"/> UNESCO World Heritage <input checked="" type="checkbox"/> National Monument <input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	2.5 hours from Yerevan
Public Transport	Yes TAXI
Road Condition	<input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> To be Improved
Accommodation	Yes / No Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity <input checked="" type="checkbox"/> Potable Water <input type="checkbox"/> Sewer System <input type="checkbox"/> Internet <input type="checkbox"/> Others ( )
Public Service	<input type="checkbox"/> Hospital <input type="checkbox"/> Polis <input type="checkbox"/> Bank <input type="checkbox"/> Super Market <input type="checkbox"/> Others ( )

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking <input type="checkbox"/> Tourist Information <input type="checkbox"/> Ticketing Office <input checked="" type="checkbox"/> Public Toilets <input checked="" type="checkbox"/> Museum <input type="checkbox"/> Others ( )
Information Material	<input type="checkbox"/> Brochure <input type="checkbox"/> Map <input checked="" type="checkbox"/> Explanatory Board <input type="checkbox"/> AV Guidance <input type="checkbox"/> Others ( )
Language	<input checked="" type="checkbox"/> Russian <input checked="" type="checkbox"/> English <input checked="" type="checkbox"/> French <input type="checkbox"/> Spanish <input checked="" type="checkbox"/> Others (Armenian, Germany)

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b> Japan International Cooperation Agency (JICA)	No. 41
	Date: 09 / 12 / 2016
	Surveyor: Akira OHARA

### 1. Site Classification

Code No.	AR-15
Site Name	Zorats Karer
Country	<input type="checkbox"/> Azerbaijan <input type="checkbox"/> Georgia <input checked="" type="checkbox"/> Armenia
GPS coordination	38 S, 588395.00 m E, 4378492.00 m N

### 2. General Description

Zorats Karer is a prehistoric archaeological site near the town of Goris in the Syunik Province. The monument consists of several sets of standing stones. In total registered 223 stones. About 80 of the stones feature a circular hole. Some archeologist has suggested that the standing stones could have been used for astronomical observation. Seventeen of the stones were associated with observations of sunrise or sunset at the solstices and equinoxes, and 14 with the lunar extremes.

		
General view	Artificial circle stone	Information board by USAID

### 3. Status

Operation & Management	<input checked="" type="checkbox"/> State Ministry <input type="checkbox"/> Local Government <input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual <input type="checkbox"/> Others ( )
Registration	<input type="checkbox"/> UNESCO World Heritage <input checked="" type="checkbox"/> National Monument <input type="checkbox"/> Others ( )
Conservation Status	<input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	4.0 hours from Yerevan
Public Transport	No
Road Condition	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> To be Improved
Accommodation	No Hotels
Lifeline	<input type="checkbox"/> Electricity <input type="checkbox"/> Potable Water <input type="checkbox"/> Sewer System
	<input type="checkbox"/> Internet <input type="checkbox"/> Others ( )
Public Service	<input type="checkbox"/> Hospital <input type="checkbox"/> Polis <input type="checkbox"/> Bank
	<input type="checkbox"/> Super Market <input type="checkbox"/> Others ( )

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking <input type="checkbox"/> Tourist Information <input type="checkbox"/> Ticketing Office
	<input type="checkbox"/> Public Toilets <input type="checkbox"/> Museum <input type="checkbox"/> Others ( )
Information Material	<input type="checkbox"/> Brochure <input type="checkbox"/> Map <input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance <input type="checkbox"/> Others ( )
Language	<input checked="" type="checkbox"/> Russian <input checked="" type="checkbox"/> English <input checked="" type="checkbox"/> French
	<input type="checkbox"/> Spanish <input checked="" type="checkbox"/> Others (Armenian, Germany)

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 42
	Date: 10 / 12 / 2016
	Surveyor: Akira OHARA

### 1. Site Classification

Code No.	AR-16
Site Name	Tatev
Country	<input type="checkbox"/> Azerbaijan <input type="checkbox"/> Georgia <input checked="" type="checkbox"/> Armenia
GPS coordination	38 S, 607609.00 m E, 4359678.00 m N

### 2. General Description

The Tatev monastery (9<sup>th</sup> century) is located on an edge of gorge of the Vorotan River in the Tatev village in Syunik province. Tatev is known as the bishopric seat of Syunik and the monastery hosted the University of Tatev which contributed to the advancement of science, religion and philosophy during the 14<sup>th</sup>-15<sup>th</sup> centuries. The Wings of Tatev, a ropeway, has been established since October 2010 listed in the Guinness Book as the world's longest ropeway. Access road to the Tatev village is still unpaved.



### 3. Status

Operation & Management	<input checked="" type="checkbox"/> State Ministry <input type="checkbox"/> Local Government <input type="checkbox"/> Private/Foundation
	<input type="checkbox"/> Private/Individual <input type="checkbox"/> Others ( )
Registration	<input type="checkbox"/> UNESCO World Heritage <input checked="" type="checkbox"/> National Monument <input type="checkbox"/> Others ( )
Conservation Status	<input type="checkbox"/> Good <input checked="" type="checkbox"/> Fair <input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	5.5 hours from Yerevan
Public Transport	Yes TAXI / Ropeway
Road Condition	<input type="checkbox"/> Good <input type="checkbox"/> Fair <input checked="" type="checkbox"/> To be Improved
Accommodation	Yes 5 Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity <input checked="" type="checkbox"/> Potable Water <input checked="" type="checkbox"/> Sewer System
	<input checked="" type="checkbox"/> Internet <input type="checkbox"/> Others ( )
Public Service	<input type="checkbox"/> Hospital <input type="checkbox"/> Polis <input type="checkbox"/> Bank
	<input type="checkbox"/> Super Market <input type="checkbox"/> Others ( )

### 5. Facilities & Materials

Facility	<input checked="" type="checkbox"/> Car Parking <input type="checkbox"/> Tourist Information <input type="checkbox"/> Ticketing Office
	<input checked="" type="checkbox"/> Public Toilets <input type="checkbox"/> Museum <input type="checkbox"/> Others ( )
Information Material	<input type="checkbox"/> Brochure <input type="checkbox"/> Map <input checked="" type="checkbox"/> Explanatory Board
	<input type="checkbox"/> AV Guidance <input type="checkbox"/> Others ( )
Language	<input checked="" type="checkbox"/> Russian <input checked="" type="checkbox"/> English <input checked="" type="checkbox"/> French
	<input type="checkbox"/> Spanish <input checked="" type="checkbox"/> Others (Armenian, Germany)

<b>Data Collection and Confirmation Survey on Tourism Development in the Caucasus</b>  Japan International Cooperation Agency (JICA)	No. 43
	Date: 10 / 12 / 2016
	Surveyor: Akira OHARA

### 1. Site Classification

Code No.	AR-17
Site Name	Malkhas Jazz Club
Country	<input type="checkbox"/> Azerbaijan <input type="checkbox"/> Georgia <input checked="" type="checkbox"/> Armenia
GPS coordination	38 T, 458355.82 m E, 4448314.88 m N

### 2. General Description

The Malkhas Jazz Club is one of famous jazz clubs located in the heart of Yerevan that presents concerts of Armenian jazz band, musicians and as well as jam sessions every night from 21:00 to 02:30. The total number of seats in the club is about 100 seats. The Malkhas Jazz Club is the non-official residence of Yerevan's jazz Godfather, Mr. Levon Malxasyan. The club serves a wide range of cigars, drinks, and delicious Armenian and European cuisines.



### 3. Status

Operation & Management	<input type="checkbox"/> State Ministry <input type="checkbox"/> Local Government <input type="checkbox"/> Private/Foundation <input checked="" type="checkbox"/> Private/Individual <input type="checkbox"/> Others ( )
Registration	<input type="checkbox"/> UNESCO World Heritage <input type="checkbox"/> National Monument <input type="checkbox"/> Others ( )
Conservation Status	<input checked="" type="checkbox"/> Good <input type="checkbox"/> Fair <input type="checkbox"/> To be Rehabilitated

### 4. Infrastructure around the site

Access	City center	hours from	Yerevan
Public Transport	Yes	Bus / Subway / TAXI	
Road Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Improved
Accommodation	Yes	296	Hotels
Lifeline	<input checked="" type="checkbox"/> Electricity <input checked="" type="checkbox"/> Internet	<input checked="" type="checkbox"/> Potable Water <input type="checkbox"/> Others ( )	<input checked="" type="checkbox"/> Sewer System
Public Service	<input checked="" type="checkbox"/> Hospital <input checked="" type="checkbox"/> Super Market	<input checked="" type="checkbox"/> Polis <input type="checkbox"/> Others ( )	<input checked="" type="checkbox"/> Bank

### 5. Facilities & Materials

Facility	<input type="checkbox"/> Car Parking <input type="checkbox"/> Public Toilets	<input type="checkbox"/> Tourist Information <input type="checkbox"/> Museum	<input type="checkbox"/> Ticketing Office <input type="checkbox"/> Others ( )
Information Material	<input type="checkbox"/> Brochure <input type="checkbox"/> AV Guidance	<input type="checkbox"/> Map <input type="checkbox"/> Others ( )	<input type="checkbox"/> Explanatory Board
Language	<input type="checkbox"/> Russian <input type="checkbox"/> Spanish	<input type="checkbox"/> English <input type="checkbox"/> Others ( )	<input type="checkbox"/> French





## (2) Results of Workshop (SWOT Analysis)

### 1) Azerbaijan

#### SWOT: Group A Tourism Product/Product Development

Strengthen	Weakness
<ul style="list-style-type: none"> <li>• Full of natural, historical, cultural resources</li> <li>• Tolerance</li> <li>• Unique tourism attractions (Naftalan, Thermal resource, mud volcanos)</li> <li>• Low Seasonality factors (health tourism, MICE)</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of complex B to B tour package systems</li> <li>• Lack of Infrastructure&amp;attractions in regions</li> <li>• Lack of transportations</li> <li>• Expensive airlines</li> <li>• Lack of supports on innovative products</li> <li>• Lack of Budget Accommodations</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Devaluation (in the list of countries to travel during devaluation in Code Nast List)</li> <li>• Safety in country (crime index)</li> <li>• Government Support</li> </ul>	<ul style="list-style-type: none"> <li>• Complicated visa system in comparison with Caucasus and other competitor countries</li> </ul>

#### Group B: Tourism Promotion

Strengthen	Weakness
<ul style="list-style-type: none"> <li>• Top raising destination</li> <li>• High good security</li> </ul>	<ul style="list-style-type: none"> <li>• Law service</li> <li>• High prices</li> <li>• High monopoly</li> <li>• No Low cost accommodations</li> <li>• Image of 'Land of fire'</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Resort beach hotels(5stars)</li> <li>• Promotion in CIS, MICE</li> <li>• Young&amp; dynamic staff</li> </ul>	<ul style="list-style-type: none"> <li>• War</li> </ul>

#### Group C: Tourism Institution/organizations

Strengthen	Weakness
<ul style="list-style-type: none"> <li>• Establishments of Tourism Council</li> <li>• Tourism Promotional Information Bureau</li> <li>• Azerbaijan Convention bureau</li> <li>• Azerbaijan Tourism and Management University</li> <li>• Vocational School</li> <li>• AZTA,Rural tourism Association</li> </ul>	<ul style="list-style-type: none"> <li>• Standards should be on relevant level</li> <li>• Legal basis should be on relevant level</li> <li>• Hotels and travel agencies should define price policy</li> <li>• No monitoring and supervision mechanism over the sector</li> <li>• Bureaucratic procedures</li> <li>• Absence of 1-2star hotels</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Cooperation with Turkey,CIS countries</li> <li>• Initial legal basis in place</li> <li>• Relations with International organization (WTO, UN etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Economic crisis</li> <li>• War condition in region</li> <li>• Economic and political situation in neighboring countries</li> </ul>

#### Group D: PPP of tourism sector

Strengthen	Weakness
<ul style="list-style-type: none"> <li>• Government will</li> <li>• Preferential financing mechanism</li> <li>• Variety of Tourism Products (recreational, ski, etc.)</li> <li>• Licensing elimination</li> </ul>	<ul style="list-style-type: none"> <li>• Weak currency rate (not attractive for FDI)</li> <li>• Lack of the long term forecast</li> <li>• Low level of professionals</li> <li>• Weak data analysis and data mining</li> <li>• Weak follow-up procedures for approved laws and decisions</li> <li>• Lack of equal business conditions for every player</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Attractive field for internal investments</li> <li>• Minimum double GDP increase (current 2.2%, world practice 4%)</li> <li>• Stimulating activities from part of the Government</li> <li>• Privatization opportunity in tourism</li> </ul>	<ul style="list-style-type: none"> <li>• Freezed conflict (Nagarno Garabagh)</li> <li>• Regional security issues</li> <li>• Regional Competition</li> <li>• Wrong strategy</li> </ul>

## 2) Georgia

### SWOT: Group A Tourism Product/Product Development

Strengthen	Weakness
<ul style="list-style-type: none"> <li>• Cultural heritage, natural biodiversity</li> <li>• Sport opportunities</li> <li>• Existing of touristic roads/sites</li> <li>• National Strategy in Tourism Development</li> <li>• Agricultural tourism sources</li> <li>• World Heritage sites in Georgia</li> </ul>	<ul style="list-style-type: none"> <li>• Undeveloped infrastructures</li> <li>• Low quality of services</li> <li>• Lack of Infrastructure&amp;attractions in regions</li> <li>• Lack of Private Initiative</li> <li>• Lack of site Management and knowledge</li> <li>• Lack of experience of stuff involved in the tourism sector</li> <li>• Lack of the communication and collaboration between stakeholders</li> <li>• Unused potential of the country and limited established touristic roads</li> <li>• Lack of offers for different target groups</li> <li>• Lack of reliable data/statistic</li> <li>• Current Legislation of tax and revenue system</li> <li>• Less developed services at regional level</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Participating in the process and international support of donor organizations</li> <li>• Sharing of experience</li> <li>• Increasing demands from foreign and domestic visitors</li> <li>• Increase of visibility of the touristic spots</li> <li>• State policy on development of tourism in Georgia</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of involvement of the Government and international organizations</li> <li>• Unsecured financial policy</li> <li>• Lack of the risk management</li> <li>• Lack of financing in the sectors related to tourism (sport, cultural heritage, etc.)</li> </ul>

### Group B: Tourism Promotion

Strengthen	Weakness
<ul style="list-style-type: none"> <li>• Financial support from Government and Private Sector</li> <li>• Tourism Fairs (more than 20)</li> <li>• Press and Info tourist</li> <li>• Printing Materials</li> <li>• Marketing Campaigns</li> <li>• Check in Georgia</li> </ul>	<ul style="list-style-type: none"> <li>• Improving share vision of tourism promotion between tourism stakeholders (Private and State)</li> <li>• Target markets(fail of targeting market)</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• New Markets</li> <li>• New markets with high spending markets</li> <li>• Promotion for each regions on tourist fairs</li> <li>• Promotion for tourist products (MICE, health...)</li> </ul>	<ul style="list-style-type: none"> <li>• Regional conflicts</li> </ul>

### Group C: Tourism Institution/organizations

Strengthen	Weakness
<ul style="list-style-type: none"> <li>• Existence of Strategy</li> <li>• Sector priority</li> <li>• Liberal visa regulation</li> <li>• Government incentives for tourism development</li> <li>• Liberal regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of awareness</li> <li>• Infrastructure</li> <li>• Low quality services</li> <li>• Seasonal fluctuation plan</li> <li>• Undiversified market safety standards</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• 4 season resorts</li> <li>• Regional hub/MICE tourism</li> <li>• Attractive sector for FDI</li> <li>• Underdeveloped potential searching for new market</li> </ul>	<ul style="list-style-type: none"> <li>• Security</li> <li>• Regional risks/challenges</li> <li>• Conflict regions</li> <li>• Competition with neighboring countries</li> </ul>

### Group D: PPP of tourism sector

Strengthen	Weakness
<ul style="list-style-type: none"> <li>• Access to the information</li> <li>• Regional personnel</li> </ul>	<ul style="list-style-type: none"> <li>• Technical level skills in hotel/lodging sector</li> <li>• Not high level of diversity of regional events</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Promotion of Georgian products</li> <li>• Developing of regional government employment skills</li> <li>• Exchange skills with other countries (Japan, German)</li> <li>• Stimulating activities from part of the Government</li> </ul>	<ul style="list-style-type: none"> <li>• Different view of private sectors and governmental sector</li> </ul>



### 3) Armenia

#### SWOT: Group 1: Tourism Product/Product Development/Promotion

Strengthen	Weakness
<ul style="list-style-type: none"> <li>• Resources (historical, cultural, natural)</li> <li>• Hospitality</li> <li>• Traditions</li> <li>• Small surface with a lot of sightseeing etc.</li> <li>• Safety</li> <li>• No discrimination for tourists</li> <li>• Hidden resources</li> <li>• Younger generation (good skills on IT etc.)</li> <li>• Mono country</li> <li>• Legends, Stories</li> <li>• Scientific information</li> <li>• Relatively free visa regime</li> </ul>	<ul style="list-style-type: none"> <li>• Bad infrastructure</li> <li>• Human resources(Language and interpretation)</li> <li>• Awareness of the new generations</li> <li>• Transportation (accessibility)</li> <li>• Land locked country</li> <li>• Scientific justification</li> <li>• Lack of targeting and segmentation</li> <li>• Standard tours (visiting historical site only)</li> <li>• Lack of printed (tangible)promotional materials</li> <li>• Lack of entertainment for tourists</li> <li>• Underdeveloped winter tourism</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Good relationship with Iran</li> <li>• Cooperation with regional countries</li> <li>• Diaspora</li> <li>• FAM trip for journalists</li> </ul>	<ul style="list-style-type: none"> <li>• Artsakh conflict</li> <li>• Internal situation</li> <li>• Land road (the only one through Georgia)</li> </ul>

#### Group 2: PPP of tourism sector

Strengthen	Weakness
<ul style="list-style-type: none"> <li>• Improvement of legal system</li> <li>• More effective and transparent cooperation between state and private sector</li> <li>• Awareness raising</li> </ul>	<ul style="list-style-type: none"> <li>• Poor schedule of events</li> <li>• Licensing of guides</li> <li>• Ineffective legal system</li> <li>• Insufficient cooperated and coordination</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• DMOs</li> <li>• Thematic tourism</li> <li>• Service quality improvement</li> <li>• Certification of guides</li> <li>• Capacity building</li> </ul>	<ul style="list-style-type: none"> <li>• Airport taxes</li> <li>• High taxes (20% VAT)</li> <li>• fewer tourism-lower quality service (motivation for licensed guides, tour operators etc.)</li> </ul>

### (3) List of Collected Documents

#### 1) Caucasus Region

	Title	Languages	Form	Published	Date of Publication
1	Private Development in South Caucasus	German	Leaflet	GIZ	

#### 2) Azerbaijan

	Title	Languages	Form	Published.	Date of Publication
1	Museums, reserves, galleries of Baku	EG	Booklet	Ministry of Culture and Tourism of the Republic of Azerbaijan	2015
2	Reasons for travelling to Sheki	EG	Guidebook	Ministry of Culture and Tourism of the Republic of Azerbaijan	
3	Sheki Khans Palace	EG/AZ	Leaflet	Sheki Khans Palace	
4	Ganja City 2016	EG	Leaflet	Ministry of Culture and Tourism of the Republic of Azerbaijan	2016
5	Ganja City 2016	EG	Leaflet	Ministry of Culture and Tourism of the Republic of Azerbaijan	2016
6	Karabagh	EG	Booklet	Ministry of Culture and Tourism of the Republic of Azerbaijan	2016
7	Azerbaijan City & Region Info Guide	EG	Guidebook	Ministry of Culture and Tourism of the Republic of Azerbaijan	
8	Materpieces of Azerbaijani Cultural Heritage in the UNESCO Lists	EG	Guidebook	Ministry of Culture and Tourism of the Republic of Azerbaijan	2015
9	Patterns of Azerbaijan The Great Silk Road & Azerbaijan	EG	Pamphlet	Ministry of Culture and Tourism of the Republic of Azerbaijan	2014
10	Parks of Baku	EG	Booklet	Ministry of Culture and Tourism of the Republic of Azerbaijan	2015
11	BakuGuide	EG	Magazine	Ministry of Culture and Tourism of the Republic of Azerbaijan	Nov, 2016
12	Karabakh	JP	Map	Ministry of Culture and Tourism of the Republic of Azerbaijan	
13	Shusha	JP	Map	Ministry of Culture and Tourism of the Republic of Azerbaijan	
14	Baku City map	EG	Map	Ministry of Culture and Tourism of the Republic of Azerbaijan	

	Title	Languages	Form	Published.	Date of Publication
15	Information for Tourists Azerbaijan	EG	Guidebook	Ministry of Culture and Tourism of the Republic of Azerbaijan	2015
16	Azerbaijan Photo Album	EG	Booklet	Ministry of Culture and Tourism of the Republic of Azerbaijan	2012
17	Sun & Beach in Azerbaijan	EG	Pamphlet	Ministry of Culture and Tourism of the Republic of Azerbaijan	
18	Azerbaijani Cuisine	JP	Booklet	Ministry of Culture and Tourism of the Republic of Azerbaijan	2012
19	Azerbaijani Cuisine	EG	Booklet	Ministry of Culture and Tourism of the Republic of Azerbaijan	2016
20	Land of Fire Azerbaijan	EG	Pamphlet	Ministry of Culture and Tourism of the Republic of Azerbaijan	2016
21	IRS Heritage	JP	Magazine	IRS Publishing House	2013
22	IRS Heritage	JP	Magazine	IRS Publishing House	2014
23	Baku Information	JP	Paper	Embassy of Japan in Azerbaijan	Sep, 2015
24	Discover Gabala	AZ/RU/EG	Booklet	Gilan Tourism	
25	Azerbaijan tourism and hospitality	EG	Pamphlet	AZPROMO	
26	AZPROMO Azerbaijan Export & Investment Promotion Foundation	EG	Pamphlet	AZPROMO	
27	Doing Business in Azerbaijan	EG	Booklet	AZPROMO	2016
28	Catalogue of Investment Projects in Azerbaijan	EG	Booklet	AZPROMO	2015
29	Improtex Travel	JP	Leaflet	Improtex Travel	
30	Song and Dance Forklore of Azerbaijan Minority People	AZ/EG/RU/FR/DE	Booklet/CD	Ministry of Culture and Tourism of the Republic of Azerbaijan	2016
31	"Azerbaijan – My Native Country" V National Minorities Festival	AZ/EG	Booklet	Ministry of Culture and Tourism of the Republic of Azerbaijan	
32	Azerbaijan – My Native Land The Catalog of Photo Exhibition of the National Minorities	AZ/EG	Booklet	Ministry of Culture and Tourism of the Republic of Azerbaijan	2016
33	Industrial Estates	EG	Pamphlet	Azerbaijan Investment Company	

### 3) Georgia

	Title	Languages	Form	Published	Date of Publication
1	TBILISI SURROUNDINGS Tourist guide	EG	Guidebook/ Map	Tbilisi City Hall Economic Policy Agency	
2	Caucasus university	EG	Pamphlet	Caucasus university	
3	DEGREE PROGRAMS IN English	EG	Pamphlet	Caucasus university	
4	FIELD TRIPS DOING BUSINESS IN GEORGIA	EG	Leaflet	Caucasus university	
5	QUICK FACTS Caucasus University	EG	Leaflet	Caucasus university	
6	EXCHANGE PROGRAMS IN ENGLISH	EG	Leaflet	Caucasus university	
7	Caucasus university	GE	Guidebook	Caucasus university	
8	GEORGIAN TOURISM IN FIGURES	EG	Guidebook	Ministry of Economy And Sustainable Development of Georgia	2016
9	BATUMI CARD	EG/GE	Card book	Tourism Product Development Agency	
10	Win Route	EG	Guidebook	Tourism Product Development Agency	
11	BIKE ROUTE BATUMI-MIRVETI-BATUMI	EG	Guidebook	Tourism Product Development Agency	
12	BIKE ROUTE BATUMI-MIRVETI-BATUMI	GE	Guidebook	Tourism Product Development Agency	
13	KOBULETI Tourist Map	EG/GE	Map	Tourism Product Development Agency	
14	BATUMI TOURIST MAP	EG/GE	Map	Tourism Product Development Agency	
15	BATUMI Ajara Georgia Tourist Map	EG/GE	Map	Tourism Product Development Agency	
16	BATUMI AJARA GUIDEBOOK Easy Travel!	EG	Map	Tourism Product Development Agency	2016
17	BATUMI AJARA GUIDEBOOK Easy Travel!	RU	Guidebook	Tourism Product Development Agency	2016
17	BATUMI AJARA GUIDEBOOK Easy Travel!	GE	Guidebook	Tourism Product Development Agency	2016
18	BATUMI AJARA GUIDE	RU	Guidebook	Tourism Product Development Agency	2016
19	Ajara Batumi	EG	Guidebook	Tourism Product Development Agency	2016
20	TASTY AJARA	GE/EG	Guidebook	Tourism Product Development Agency	2016

	Title	Languages	Form	Published	Date of Publication
21	Saro Meshhian Darbazi	EG	Leaflet	National Agency for Cultural Heritage	
22	Promet Heus Cave	EG	Map	Agency for Protected Areas of Georgia	
23	Akhaltshikhe Castle	GE/EG/RU	Leaflet		
24	Saataplia	EG	Map	Agency for Protected Areas of Georgia	
25	Mtskheta-The Ancient Capital City		CD	National Agency for Cultural Heritage Preservation of Georgia	
26	Georgia	EG	Map	Agency for Protected Areas of Georgia	
27	Lagodekhi Protected Areas	EG	Trekking Map	Agency for Protected Areas	
28	Uplistsikhe Historical-Architectural Museum-Reserve	GE/EG	Booklet	National Agency for Cultural	2013
29	Georgia World Cultural Heritage	GE/EG	Pamphlet	National Agency for Cultural Heritage	
30	Trialeti	GE/EG	Pamphlet	National Agency for Cultural Heritage Preservation of Georgia	
31	Georgia (Winery map)	GE	Map	Ecotourism Development Centre	
32	Georgian Wine	EG	Leaflet	National Wine Agency	
33	8000 Wintages	EG	Leaflet	National Wine Agency	
34	Georgian Wine Guide	GE/EG	Booklet	Tskheli Shokoladi Ltd.	2016
35	Georgian Wine Culture	GE/EG	Booklet	National Wine Agency	2016
36	The Ancient Georgian Traditional Qvevri Winemaking Method	GE/EG	Booklet	National Agency for Cultural Heritage Preservation of Georgia	2013
37	Okatse Canyon	EG	Map	Agency for Protected Areas	
38	Javakheti Protected Areas	EG	Map	Agency for Protected Areas	
39	SME Development and DCFTA in Georgia	EG	Leaflet	giz	
40	Mtskheta City & Mtskheta Mtianeti Tourist Guide	EG	Leaflet	Mtskheta Municipality	
41	Georgian Wine Tourism Guide	EG	Booklet	Georgian Wine Association	2016
42	Mtiral National Park	EG	Map	Agency for Protected Areas	
43	Akhaltshikhe-Centre of Samtskhe-Javakheti	GE/EG	Pamphlet	Akhaltshikhe City Hall	2016
44	Industrial Heritage of Georgia	GE/EG	Pamphlet	National Agency for Cultural Heritage Preservation of Georgia	2015
45	Rehabilitation of	GE/EG	Booklet	National Agency for	

	Title	Languages	Form	Published	Date of Publication
	Monuments in Georgia 2004-2012			Cultural Heritage Preservation of Georgia	
46	The Guidebook of Intangible Cultural Heritage of Georgia	GE/EG	Guidebook	National Agency for Cultural Heritage Preservation of Georgia	2016
47	Kyiv Initiative Regional Programme-Pilot Project on The Rehabilitation of Cultural Heritage in Historic Towns	GE/EG	Pamphlet	National Agency for Cultural Heritage Preservation of Georgia and EU	
48	Map of Borjomi	EG	Map	GNTA	2015
49	Georgia	EG/JP	Map	GNTA	2014/2016
50	Mtskheta-Mtianeti	EG	Map	GNTA	2014
52	Shida Kartli	EG	Map	GNTA	2014
52	Kvemo-Kartli	EG	Map	GNTA	2014
53	Kakheti	EG	Map	GNTA	2014
54	Imereti	EG	Map	GNTA	2014
55	Samegrelo	EG	Map	GNTA	2014
56	Guria	EG	Map	GNTA	2014
57	Svaneti	EG	Map	GNTA	2014
58	Samtskhe-Javakheti	EG	Map	GNTA	2014
59	Summer	EG/JP	Pamphlet	GNTA	2015/2016
60	Winter	EG/JP	Pamphlet	GNTA	2015/2012
61	Adventure	EG/JP	Pamphlet	GNTA	2015/2016
62	Food & Wine	EG	Pamphlet	GNTA	2013
63	Culture	JP	Pamphlet	GNTA	2016
64	Georgia	EG/JP	Pamphlet	GNTA	2015/2016
65	Meetings & Events	EG	Pamphlet	GNTA	2015
66	Nokalakevi	GE/EG	Pamphlet	National Agency for Cultural Heritage Preservation of Georgia and EU	2011
67	Tsikhegoji-The Fortress of Triple Walls	GE/EG	Leaflet	National Agency for Cultural Heritage Preservation of Georgia and EU	
68	Khevi-Stehantsminda Museum of History	GE/EG	Pamphlet	National Agency for Cultural Heritage Preservation of Georgia and EU	2012
69	Vardzia Historical - Architectural Museum-Reserve	GE/EG	Pamphlet	National Agency for Cultural Heritage Preservation of Georgia and EU	2015
70	From Ujarma to Alaverdi	GE/EG	Pamphlet	National Agency for Cultural Heritage Preservation of Georgia and EU	2013

	Title	Languages	Form	Published	Date of Publication
71	Mutso	GE/EG	Pamphlet	National Agency for Cultural Heritage Preservation of Georgia and EU	
72	Protected Areas of Georgia	GE/EG	Photobook	Agency of Protected Areas	
73	Museum, History, Artifact Niko Piroshmanashvili State Museum	GE/EG	Booklet	National Agency for Cultural Heritage Preservation of Georgia and EU	
74	Gialia Georgian Monastery on Cyprus	GE/EG	Booklet		2014
75	Georgia	JP/EG	Tour pamphlet & Map	Concord Travel	
76	Georgia	EG/JP	Tour pamphlet & Map	Georgian DMC	
77	Georgia	EG/JP	Tour pamphlet & Map	VisitGeorgia Ltd.	
78	Country of Georgia	EG/HEB/RUS, etc	Tour pamphlets	Caucasus Travel Ltd.	
79	South Caucasus	JP/Korean/Italian/EG	Tour pamphlets	Caucasus Travel Ltd.	
80	Title unknown due to Georgian (related to Private Sector Development South Caucasus)	GE	Booklet	giz	2016

#### 4) Armenia

	Title	Languages	Form	Published	Date of Publication
1	Guidebook Tavush	EG	Guidebook	USAID	
2	Guidebook Gegharkunik	EG	Guidebook	USAID	
3	Guidebook Ararat	EG	Guidebook	USAID	
4	Armenia: The Land of Noah	EG	CD-ROM	Ministry of Economy of RA	2013
5	Armenia	JP	Guidebook	Armenian Bridge For International Cooperation	
6	Guidebook Syunik	EG	Guidebook	USAID	2012
7	Asya Ararat Travel Armenia	JP	Leaflet	Asya Ararat Travel	
8	Armenia Yerevan Map	EG	Map	Hyr Service	2016
9	Yerevan State Armenian-Greek College of Tourism, Service and Food Industry	AM/EG	Leaflet	Yerevan State Armenian-Greek College of Tourism, Service and Food Industry	
10	Restaurant Guide	EG	Pamphlet	Yerevan Resto	Oct, 2016
11	Armenia A Country of Legends...	EG	Pamphlet	Amistad Tour Agency	
12	Armenia Ancient ~ Amiable	EG	Booklet	National Competitiveness Foundation of Armenia	2012
13	Profession Based Education and Training in Hospitality and Tourism	EG	Booklet	Armenian Institute of Tourism	2016
14	Armenia Intimacy with Ancient Civilization	JP	Pamphlet	ATDA	2008
15	Armenia	JP	Pamphlet	Armintour	
16	Understanding Armenia	EG	Booklet	Initiatives Development for of Armenia	Dec, 2014



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- [4] WTTC, “*Travel& Tourism Economi Impact 2015 Aremenia*”(2015)
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