

Data Collection Survey
on
Tourism Development
in
Azerbaijan

Final Report

February 2017

Japan International Cooperation Agency (JICA)

Joint Venture

JTB Corporate Sales

INGÉROSEC Corporation

KRI International Corp.

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JR
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Data Collection Survey on Tourism Development
In Azerbaijan

Final Report

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Abbreviations

Abbreviations	Official names
ADB	Asian Development Bank
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
DMO	Destination Management Organization
EU	European Union
FDI	Foreign Direct Investment
FIT	Foreign Independent Tour
GIZ	Deutschen Gesellschaft fur Internationale Zusammenarbeit
ICC	International Chamber of Commerce
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
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 Programme
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 Azerbaijan		Azerbaijan			
		Political system	Republic	Surface	86,600 km ²
		Capital	Baku	Population	9.6 Million
		Main Religion	Islam	GDP (M USD)	53,050

【Map】



Source: United Nations

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1. Outline of the Survey

(1) Background of the Survey

1) Current State of Tourism Development in Azerbaijan

Azerbaijan is located on the ancient Silk Road which connected Europe and Asia. The country possesses abundant tourism resources, combining a wide variety of cultural and natural attractions including: majestic natural scenery overlooking the Greater Caucasus Mountains, cultural and historical monuments listed as UNESCO World Cultural Heritage, beach resorts alongside of the Caspian Sea as well as Spa/wellness resorts. Ever since Azerbaijan became independent in 1991, they have shown remarkable economic growth. This has been due to largely to the progress of economic reforms and due to the success of economic activities centered on natural resources such as oil and natural gas. However, following the sharp fall in oil price, Azerbaijan government has now attempted to break away from natural resource-dependent economic structure. In this context, the development of tourism sector has become a priority issues for generating national economy as an alternative industry to natural resource.

Unfortunately, most of the tourists who visit the country are coming from neighboring countries such as Russia, Turkey, and CIS countries who spend relatively little per person and stay a short period of time compared with those from Western Europe and USA. Therefore, attracting tourists from the US, Europe, Asia and the Middle East has become a key issue. In Japan, people still have a deep-rooted image of Azerbaijan as a war-torn region, and the country are very little known since any useful materials that give necessary and accurate information to tourist have not been well developed in Japan.

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.

Japanese government continues to provide assistance to Azerbaijan 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 country’s basic policies of “Sustainable Economic Growth” and “Stability of Society” was evaluated highly in terms of feasibility, but tourism development was mentioned as an issue to be tackled.

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 Azerbaijan, in order to further national economy as well as to mitigate disparities of regional economy by promoting tourism sector; to suggest certain actions for enhancing tourism promotion and marketing to attract tourists to the country based on the examination of the current situation of the country; and to make a suggestion for boosting tourism sector development.

3) Targeted Regions






- All of Azerbaijan (excluding Nagorno-Karabakh and vicinity)

4) Counterparts

- Ministry of Culture and Tourism

(2) Survey Schedule

1) Work Plan

Title	Name	Year 2016				Year 2017					
		November		Decembe		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 Marketing Expert 2	Mr. Hiroyoshi WATANABE										
Reports		▲	Inception Report		▲	Interim Report		▲	Draft Final Report	▲	Final Report


 Mission in Azerbaijan

Figure 1-1: Work Plan

2) Mission Schedule

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		Site Visit Baku and surrounding Areas <ul style="list-style-type: none"> • Old City (Shirvanshakh Palace, Maiden's Tower etc.) • Heydar Aliyev Center • Bazaar • Ateshgah Tempe (Fire Temple) / Yanar Dag 		
4	21-Nov	Mon		Nigar-san JICA		Meeting with relevant private sectors • Azerbaijan Convention Bureau • Azerbaijan Tourism Association • Tour Operators (ecotours, GRANITAS etc) • Azerbaijan Airline
			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		• Baku: National Museum of History of Azerbaijan/Carpet and Applied Arts
			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"> • Meeting with Sheki Tourism Information Center/Local government • Site Visit (Sheki Khan's Palace, Caravan Serai etc.) • Meeting with local operators • Inspections of hotels 		
				Sheki to Sighnagi Kakheti /Georgia	Sheki to Ismailli drop by Niji/Gabala	
				On the way pass by Zagtala/Balakan	«Niji/Gabala» • Visit town • Inspection of hotels/ Amusement park etc. Gabala to Ismailli	
10	27-Nov	Sun		Departure from Azerbaijan		Departure from Azerbaijan
					Ismailli to Baku drop by Lahic/Shemakha «Lahic» visit City «Shemakha» • the Juma mosque, the mausoleum Shahihandan, the tomb of Shirvan Khans etc. • Visit wine making/weaver etc.	
11	28-Nov	Mon		Baku-Doha (03:50/05:40)		
				Doha-HND(06:50/22:30)		

3) Visited Organizations/ Institutions during the mission

Table 1-2: 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 • JICA Study Team: Ms. Matsuzaki, Mr. Kimura, Mr. Watanabe
2	21.November (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 • JICA Study 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 • JICA Study 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 • JICA Study 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 • JICA Study 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 • JICA Study 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 • JICA Study Team: Ms. Matsuzaki, Mr. Kimura, Mr. Watanabe
8	23. November (Wed) 12:00-13:00	State Statistical Committee, Tourism Statistic Section	Mr. Gulbala Guliyev, Director of Tourism Statistics Section, Mr. Rauf Aliyev, Assistant • JICA Study 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 • JICA Study 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. Guliyev, 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 • JICA Study 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

4) Outline of the results of Workshops

① Agenda of the Workshop

Time	Contents/Activities	Presented by
8 : 30~9 : 00	Entry of Participants	
9 : 00~9 : 10	Opening Address	JICA
9 : 10~9 : 20	Address from the Government	C/P
9 : 20~9 : 30	Purpose/Objective of the Workshop	JICA Study Team
9 : 30~10 : 00	Tourism Strategy/Tourism Development Plan as well as implementing projects by States	C/P
10 : 00~10 : 15	Coffee	
Part 1. Identifying Issues related tourism industry		
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	
Part 2. Knowledge Sharing		
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	
Part 3:Recommendations		
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

The workshop was held in 31 January, 2017 at the Hotel Park Inn by Radisson. The number of participants was recorded as 38. The duration of the Workshop was from 9:30 to 17:45.

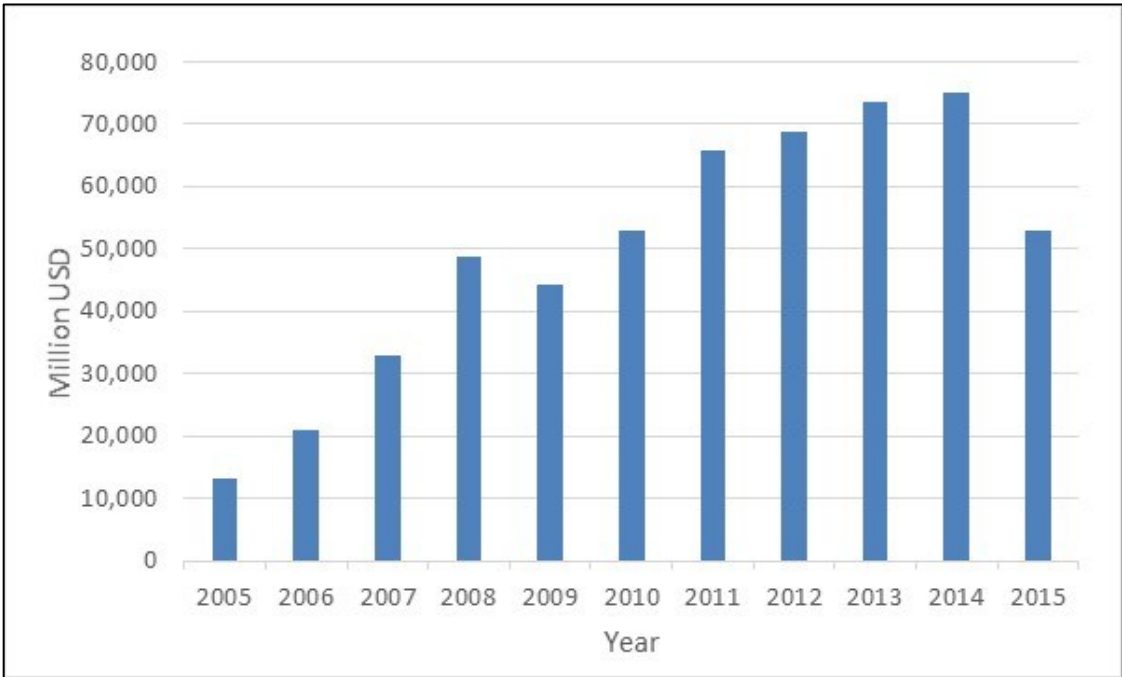
During the Working Group session, active discussions were hold and each group wrapped up the actual situation of tourism industry in the country by using matrix of the SWOT analysis method (See Annex).

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 GDP¹ 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

¹ 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

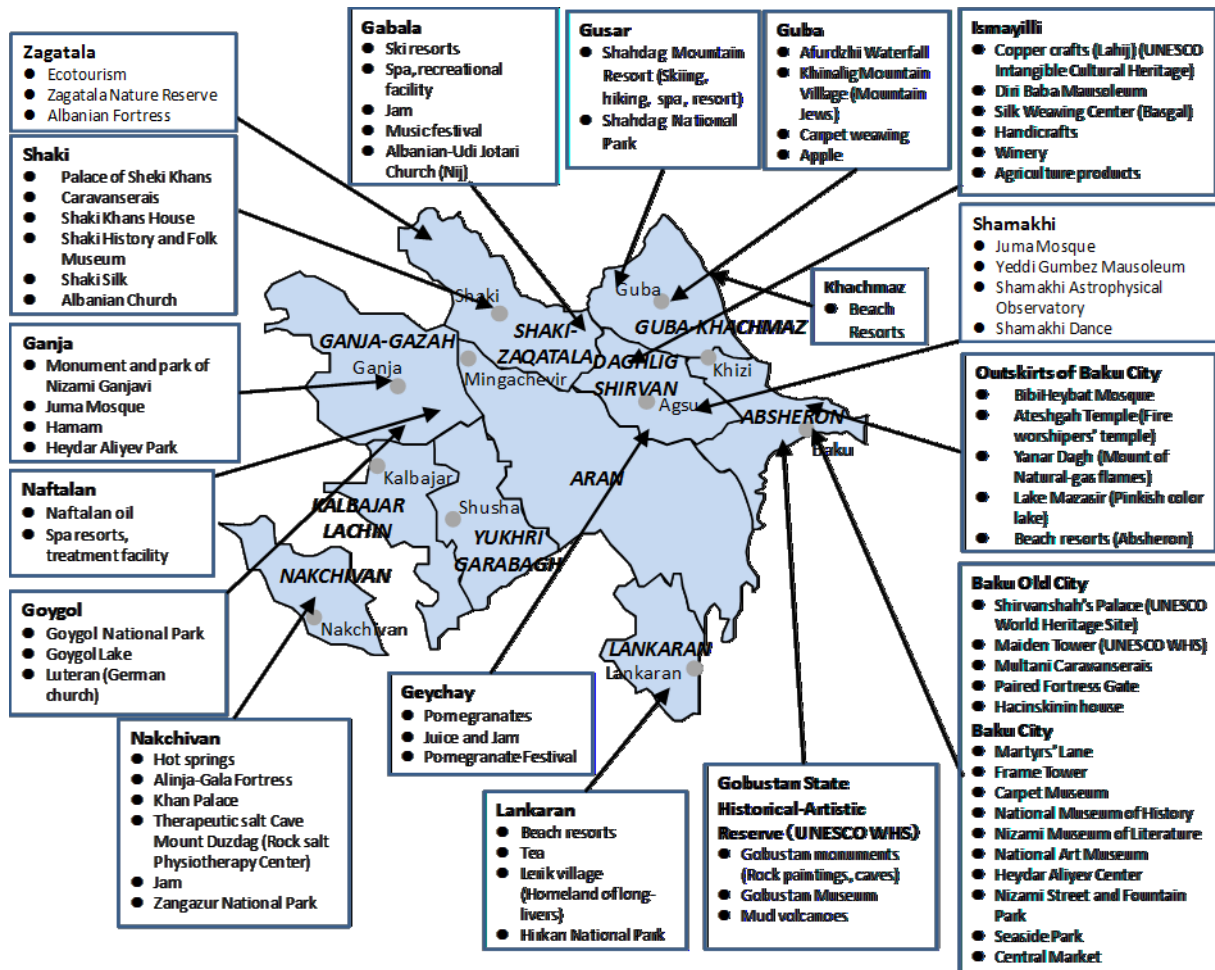


Figure 2-2: Tourism Resources in Azerbaijan

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 Shirvan Shah’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.

In regional area of Azerbaijan, there are various tourism resources. In the northern region, Shaki (the capital of Shaki Khans country from the 18th to 19th 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.

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

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 th century. The palace was built in the 15 th 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 a 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 th to 6 th centuries. BC when a tower was first built as a worship temple in this place. The current tower was reconstructed in the 12 th 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 th - 14 th 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, 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 Heydar 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, Ateshgah Temple (Fire worshipers' temple), Yanar Dag (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 th 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 Heydar 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 the 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 volcanoes 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 th and 19 th 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 recently 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. Gabbala 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.

			
Stone structure of Albanian-Udi Jotani Church in Nij Village, Gabala	Inside of Albanian-Udi Jotani Church	Qafqaz Tufandag Resort Hotel located adjacent to the ski resort in Gabala	Ski resort in Gabala opened in 2014

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, Nimiza 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.

			
Mausoleum of Nimiza Ganjavi in Ganja	Sculptures of five great poetries in Nizami Ganjavi Park	Treatment and recreation facilities using Naftalan oil at Chinar Hotel & Spa in Naftalan	Naftalan oil bath (Chinar Hotel & Spa)

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.

			
Stone structured traditional houses along the cobbled street in Lahij village located in the mountainous area with altitude of 1200 meters (Ismayilli)	Information boards installed with the support of the EU fund in Lahij village	Copper craftsman in Lahij village (Registered Crafr (Copper Crafts in Lahij registered as UNESCO intangible cultural heritage in 2015)	Vineyard in Ismayilli

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 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 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.



Exhibit space of folk costume in Heydar Aliyev Center

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



Copper products displayed and sold at souvenir shops in Lahij village

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. Novruz 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.



Pomegranate of Azerbaijan

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.

⑧ Azerbaijan Cuisine

Azerbaijan is situated on an important trading point of the Silk Road. In food culture, Azerbaijan is influenced by the Central Asia, Russia, Turkey and Iranian cuisine because it is geographically a crossroad of Oriental and Western culture.

Major Azerbaijan cuisine are such as “*Kebabs*”; grill of skewered mutton, chicken, beef, fish and various vegetables, “*Saj*”; cooked meats and vegetables in a flat round shape cast iron pan, “*Dolmah*”; Minced lamb, rice, vegetables wrapped in grape leaves and stewed, “*Kyufra Bozbash*”; meatball soup boiled with dried fruits such as prunes together with potato, “*Pilaf*”; rice cooked with lamb and dried fruits such as chestnut, apricot and grape, “*Merci*”; lentils soup, “*Piti*”; soup prepared with mutton and chickpeas and add the soup on bread, “*Gyurza*”; meat (mutton or lamb) stuffed dumpling, and “*Levenghi*”; grilled chicken, fish stuffing with walnuts, cherry plums, sweet white onions and spices (Lankaran dish in the southern region).

Typical Azerbaijani sweets are “*Pakhlava*”; diamond shaped walnut pastry, and “*Shakerbura*”; crescent shaped cookie dough packed with nuts.

			
“Saj”, grilled meat and vegetables on a round shape cast iron pan	Lentil soup	“Kebab” known for Azerbaijan's typical dish	Typical Azerbaijan sweets, “Pakhlava”

⑨ Other Local Products

Wine is one of local products in Azerbaijan. In Azerbaijan, 200 to 300 kinds of grapes are cultivated with a total 17 wineries, and various wines are produced and sold now. Also, Azerbaijan is also known as the caviar production area because of facing the Caspian Sea. The caviar is sold in the market. Other local products are black tea and pomegranate juice, various fruit jams, honey, bath salt and so on.



Azerbaijan Tea

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), Tbili

si (Georgia) in CIS countries, 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, respectively². 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

² 2014 World Airport Traffic Report, Airport Council International

Industries, ④ Airline.

On domestic flights, state-owned Azerbaijani Airlines uses the Haydar 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)³. 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 than 1,000 buses a day. According to the online reservation of the Baku International Bus Terminal (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.

³ 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.

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-Rostow, 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 cost⁴.

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

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

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 Survey⁵, 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

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

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.

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 day⁶.

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

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

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 “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 6th 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
<p>State Program on Socio Economic Development of Regions of the Republic of Azerbaijan (2014-2018)</p>	<p>【Positioning of tourism development】</p> <ul style="list-style-type: none"> • Tourism development is a priority development sector of regional development in the non-oil sector. <p>【Strategy】</p> <ul style="list-style-type: none"> • Implementation of regional tourism infrastructure development to meet international standards • Stimulation of tourism activities in all regions utilizing the latest information and technology to attract investment in the tourism sector, expand tourism promotion activities • Development of tourism infrastructure in tourism and recreation zones, development of various tourism in each region, development of new tourist routes • Implementation of appropriate activities to improve the quality of tourism services in regions by upgrading the level of professional standards of tourism human resources • Support for development of various types of accommodation and tourism service facilities • Enhancement of activities related to conservation and restoration of intangible and tangible historical and cultural heritage <p>【Action plan】</p> <ul style="list-style-type: none"> • Target area: 9 economic regions (region, district, city) • The number of projects (measures) in charge of the Ministry of Culture and Tourism and local governments is 58.
<p>Development Concept, "Azerbaijan2020: Looking into the Future"</p>	<p>【Positioning of tourism development】</p> <ul style="list-style-type: none"> • Tourism is one of the important industries within the non-petroleum sector <p>【Direction for tourism development in the framework of the concept】</p> <ul style="list-style-type: none"> • 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 <p>【Measures for tourism development】</p> <ul style="list-style-type: none"> • 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. such as social economy in Azerbaijan
<p>National Strategy for Tourism Development for Azerbaijan (2010-2014)</p>	<p>【Goal】</p> <ul style="list-style-type: none"> • Structural reform of tourism administration system and organization • Contribution to the development of the national economy through implementation of measures for tourism development <p>【Strategy】</p> <ul style="list-style-type: none"> • Improvement of tourism infrastructure meeting international standards • Improvement of investment promotion and business environment for attracting domestic and foreign investment in tourism sector, business environment • Creation of efficient regulation and operational mechanisms utilizing international experience in tourism sector, formulation of management system • Improvement of the quality of tourism services meeting international standards and competitiveness of Azerbaijan's tourism in the international tourism market <p>【Action plan】</p> <ul style="list-style-type: none"> • Improvement of tourism related laws and regulations (4) • Conservation of cultural and historical heritage and development of tourism facilities in tourism and recreation zones (3) • Development of various tourism products and tourism facilities (8) • Attraction and promotion of domestic and foreign investment in the tourism sector (4) • International tourism marketing (2) • Human resource development and capacity building for tourism sector (7) • Improvement of tourism statistics data collection and management system,

Name of Plan	Positioning of tourism development, related plans, measures
	improvement of statistical system (3) • Tourism marketing and promotion (2) Remark: () is the number of project/program
National Strategy for Tourism Development for Azerbaijan (2016-2025) (Tourism Strategic Roadmap)	<p>【Strategic View till 2020】</p> <ul style="list-style-type: none"> • Obtain fully transformation of Baku into main tourism center • Realization of tourism potential in the country • Development of favorable environment and infrastructure in the country • Increase the level of tourists satisfaction <p>【Target Indicators by 2020】</p> <ul style="list-style-type: none"> • Real GDP of Azerbaijan: Increase to 315 million AZN in 2020 • Increase in employment in tourism industry: 12,600 people by 2020 • Number of tourist night spent: 1.2 million in 2015 → 3.2 million in 2020 • Average length of stay of tourist: 2days in 2015 → 3 days in 2020 • Number of foreign tourists: 0.4 million in 2015 → 0.6 million in 2020 • Number of foreign visitors: 1 million in 2015 → 1.2 million in 2020 • Number of low budget foreign tourists: 225 thousand in 2020 • Usage of health care facilities: 40% → 60% (e.g. Naftalan health care facilities) • Number of tourists to participate tours of “Great Silk Road” and other cultural routes: more than 180 thousand <p>【Strategic Objectives by 2020】</p> <ul style="list-style-type: none"> • 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 • 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 country, improving the means of communication, establishment of coordination among different participants of tourism sector and establishment of tourism and recreation zones • 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 • 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 <p>【Long Term View for 2025】</p> <ul style="list-style-type: none"> • Achieve transformation of Azerbaijan into one of attractive tourism destinations both among region and world countries <p>【Target Vision after 2025】</p> <ul style="list-style-type: none"> • 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 <p>【Strategic Targets (by 2020)】</p> <ul style="list-style-type: none"> • Strategic target 1: Realization of full tourism potential of Baku city by attracting more international tourists • Strategic target 2: Formation of suitable environment for development of the tourism sector • Strategic target 3: Development of regional tourism types for local and regional tourists • Strategic target 4: Creation of national quality system in order to increase tourists satisfaction <p>【Action plan】</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 (http://azerbaijan.travel/)
	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 (meetings, incentive tours, conventions, and exhibitions).
	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 FDI⁷. 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

⁷ 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.

AzCB are private companies such as hotels, Destination Management Organizations (DMOs)⁸, 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, and 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 (IMAX⁹ 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.

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.

⁸ 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.

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

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.¹⁰

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.

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

¹⁰ 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.

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 process¹¹. 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.

¹¹ 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.

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).

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 cooperated with MoCT in 2015. The project target area is the regions from the norther 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 Government II Program"¹², 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 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).

¹² 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).

"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 system¹³ 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.

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.

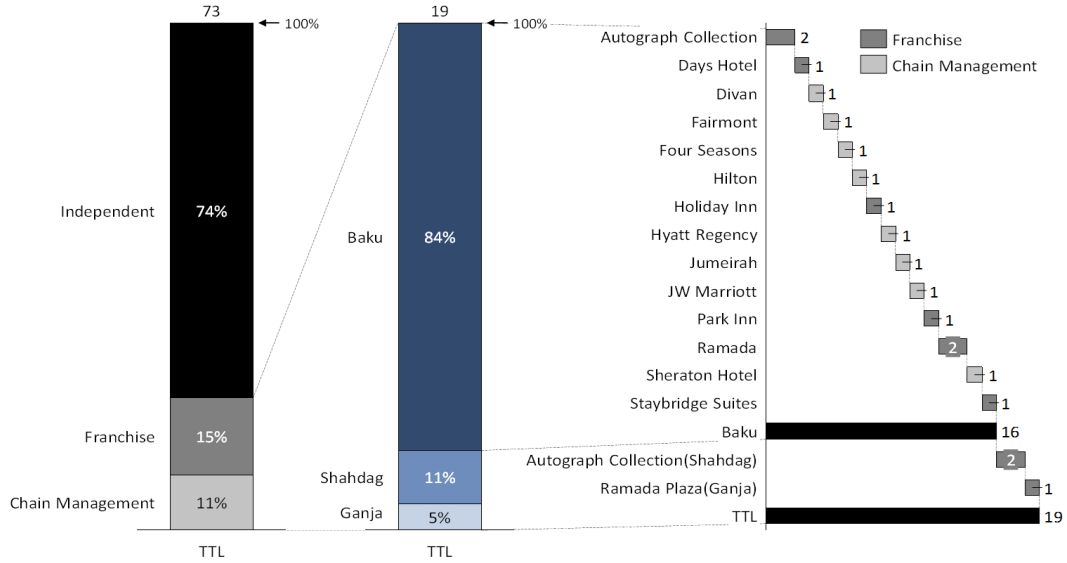
According to the Travel and Tourism Economic Impact 2015 report for Azerbaijan prepared by the World Travel and Tourism Council (WTTC), the total contribution of travel and tourism to GDP was AZN 5,081 million (6,470 USD) in 2014. It is estimated to increase by 6.3% to AZN 9,658 million (1,231 USD) in annual growth rate¹⁴.

¹³ 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>)

¹⁴ WTTC, "Travel& Tourism Economic Impact Azerbaijan 2015", 2015

Foreign chain hotels in Azerbaijan by operation

In terms operation, franchise and chain management are accounted for 26%. The 84% of franchised and chain management hotels are in Baku.



Source : STR Global, Team analysis.

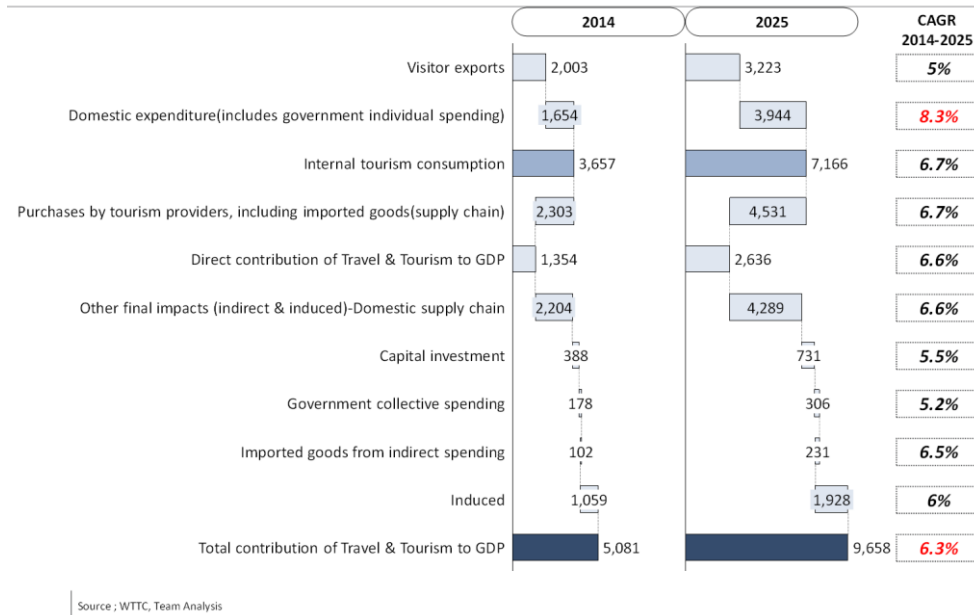
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Figure 2-3: Foreign hotels in Azerbaijan by operation

Source: STR Global, JICA Study Team analysis

The economic contribution of Travel & Tourism: Real 2014 prices and forecast in 2025 in Azerbaijan (Unit ; Million manats)

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



Source : WTTC, Team Analysis

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

Source : WTTC, JICA Study Team analysis

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 2015¹⁵. Also, those unprecedented increases brought with them a lack of hotel room capacities, especially in Baku in high season.

Incoming tourists to Azerbaijan

Azerbaijan shows a sharp increase from 2009 to 2013.

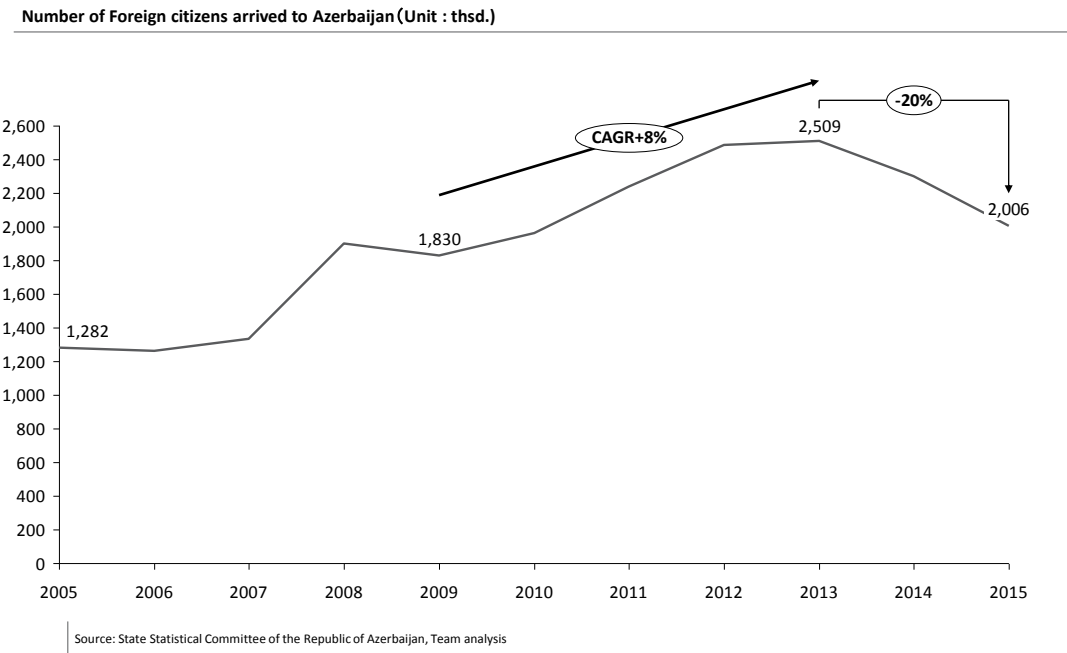


Figure 2-5: Foreign tourist flows to Azerbaijan

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

¹⁵ Source: interviews

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.

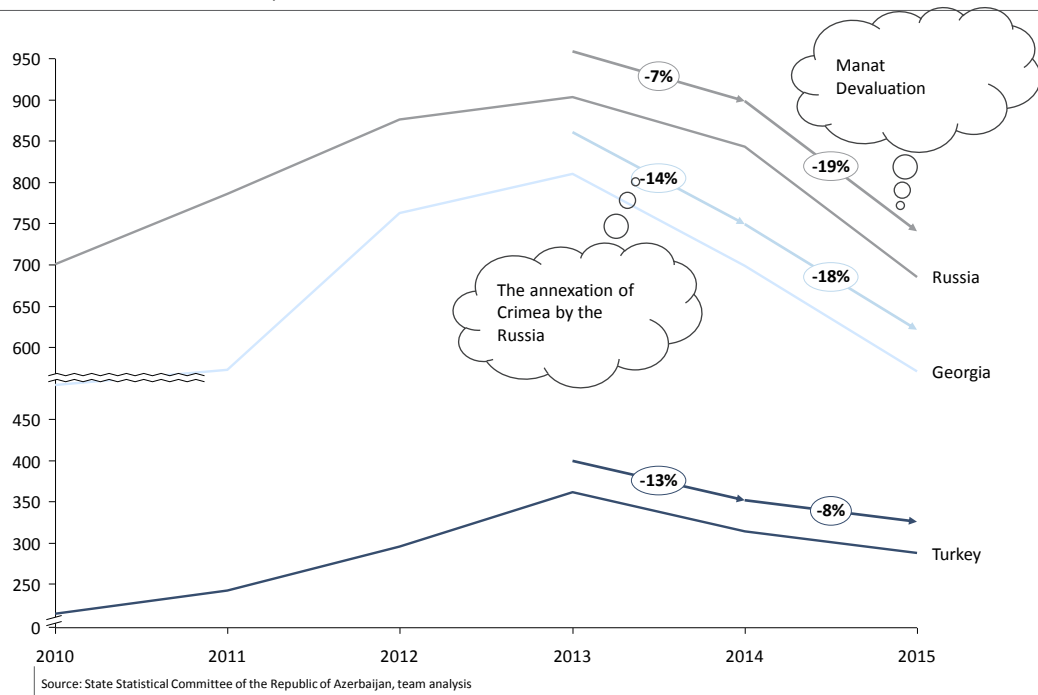


Figure 2-6: Number of incoming tourists from Russia, Georgia, and Turkey

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

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.

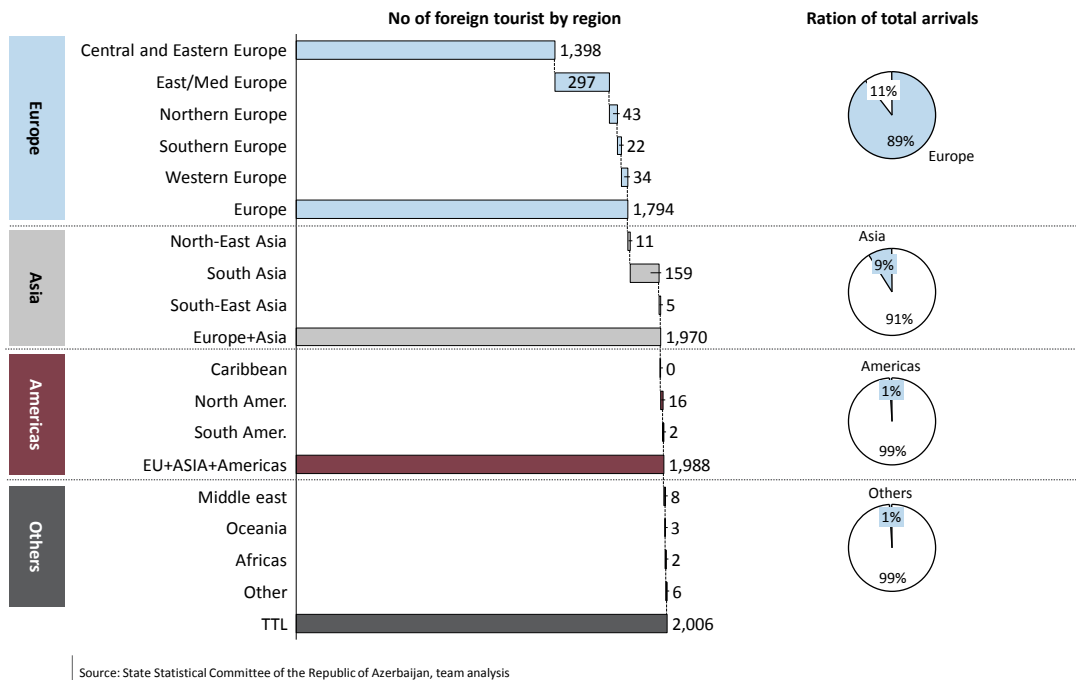


Figure 2-7: Composition of foreign tourists to Azerbaijan in 2015

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

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

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

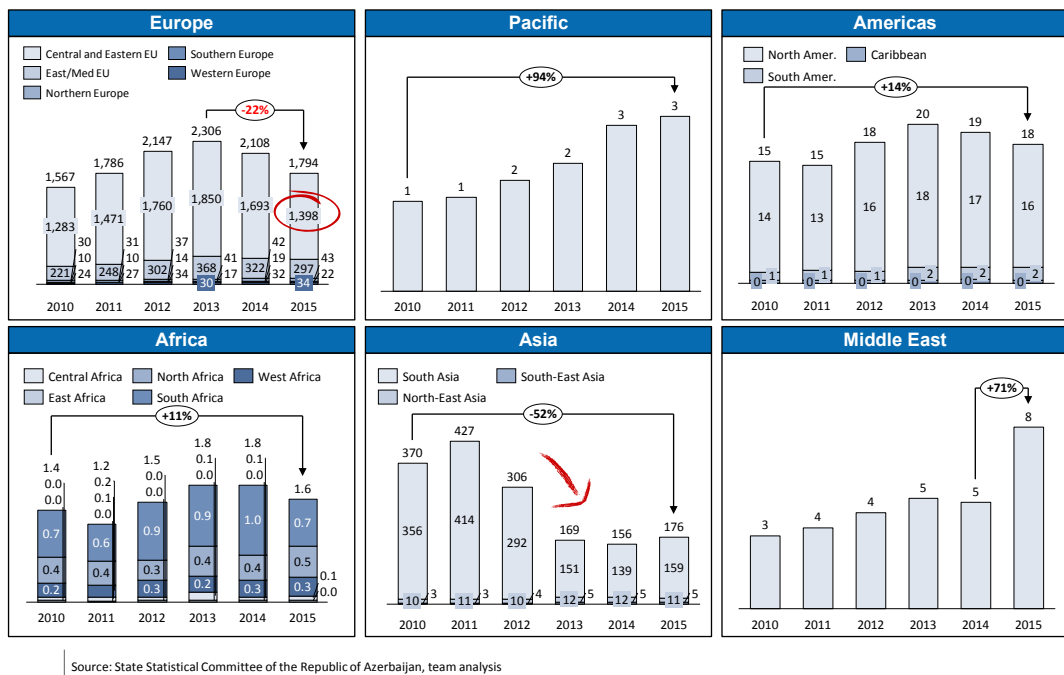
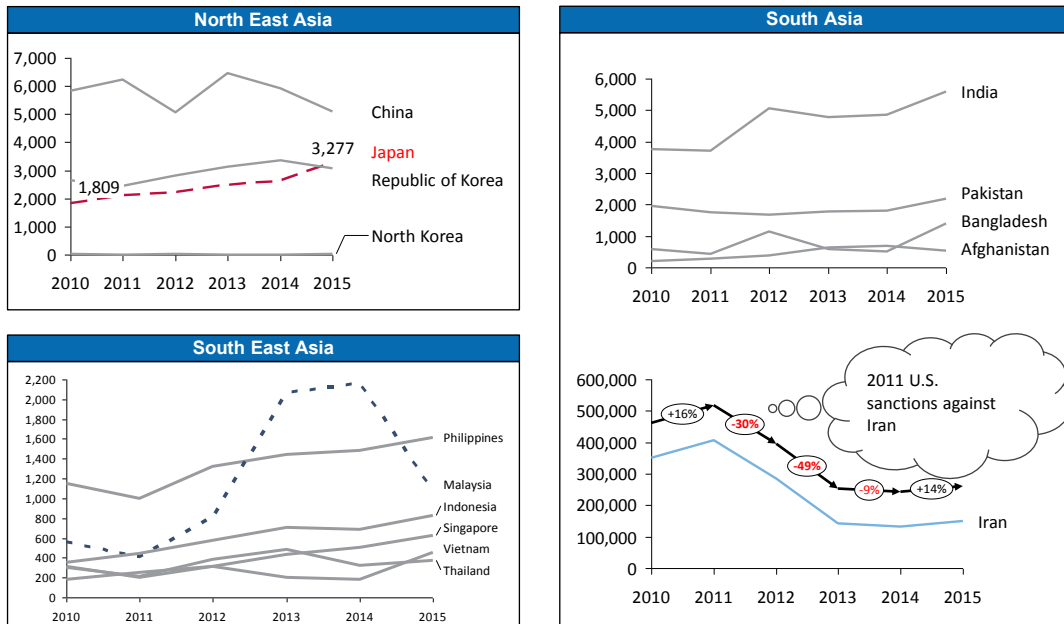


Figure 2-8: Number of tourists to Azerbaijan by region

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

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

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

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

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.

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

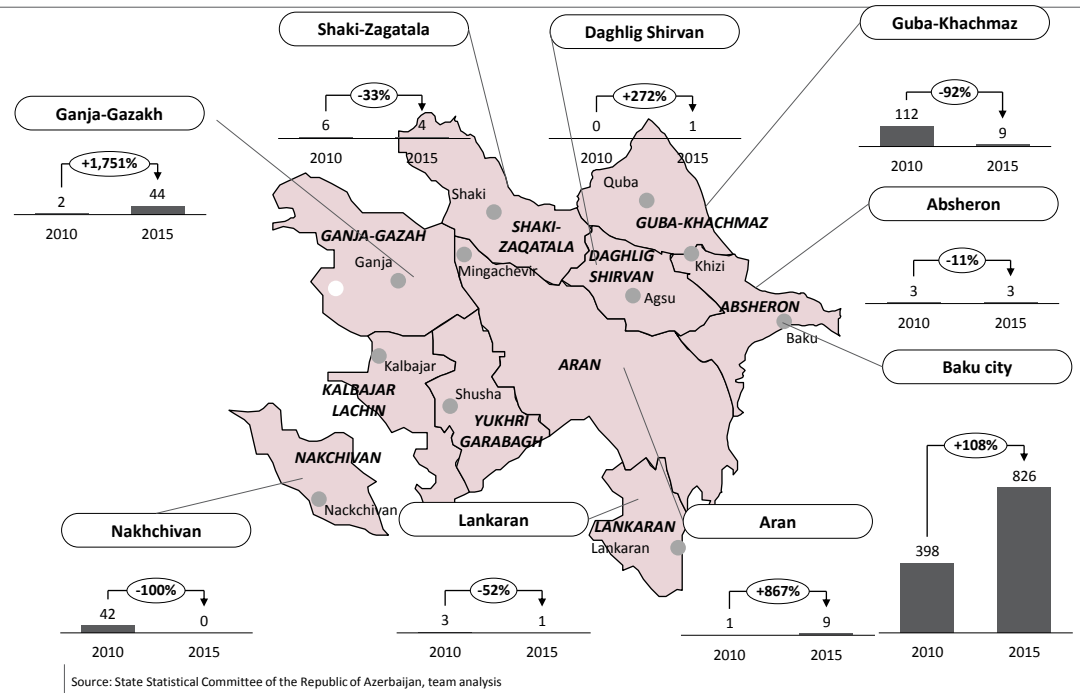


Figure 2-10: The number of overnights of foreign citizens in hotels and similar establishments by economic regions

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

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.

Domestic tourists a showed sharp decrease in Baku city.

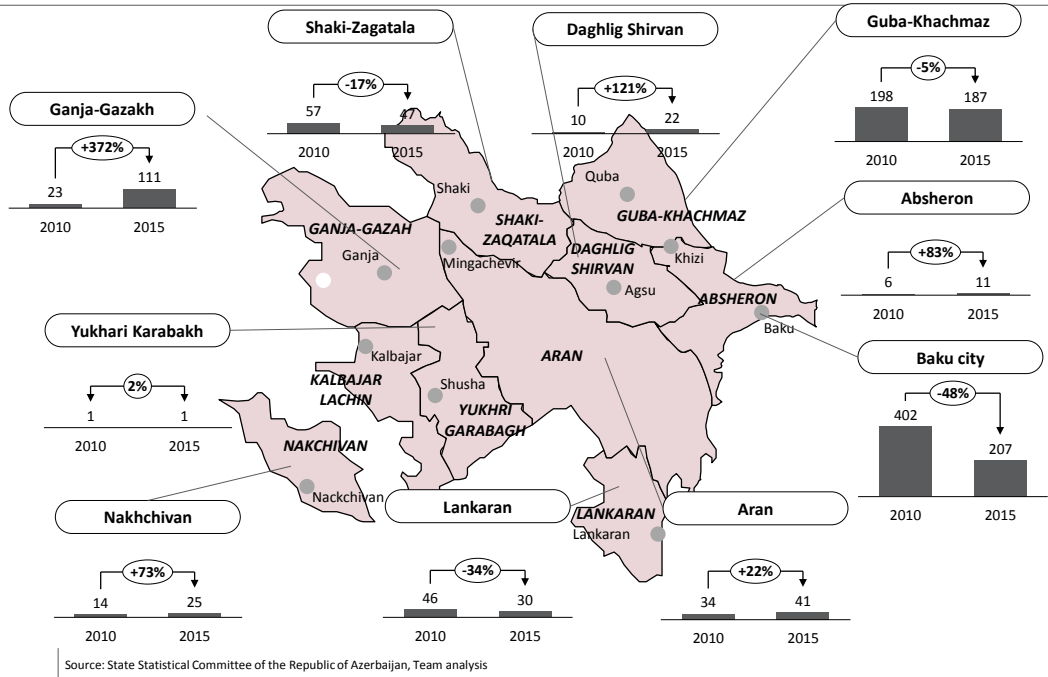


Figure 2-11: The Number of Azerbaijan citizen overnights in hotels and similar establishments by economic regions

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

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.

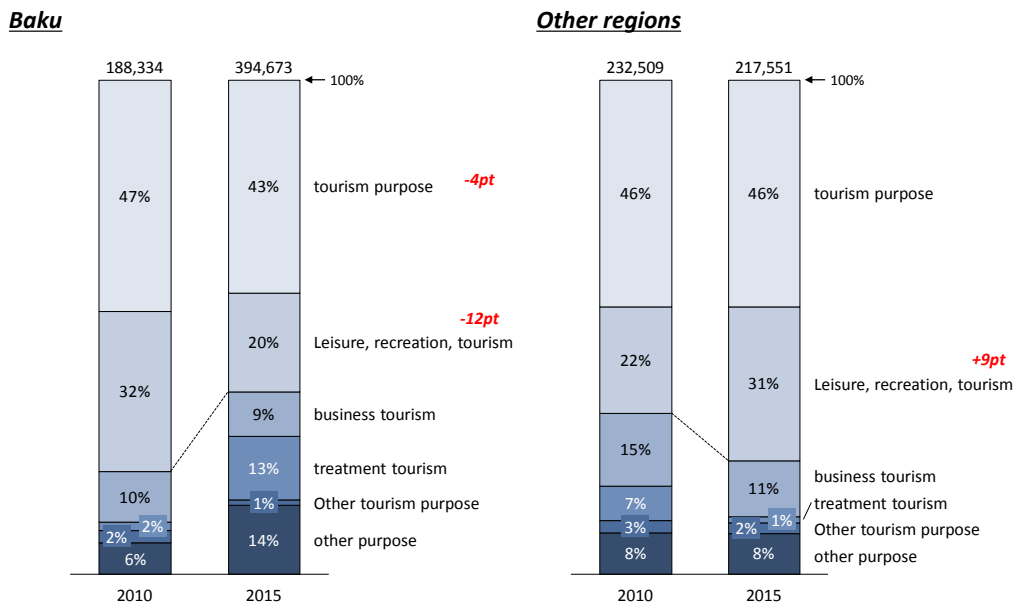
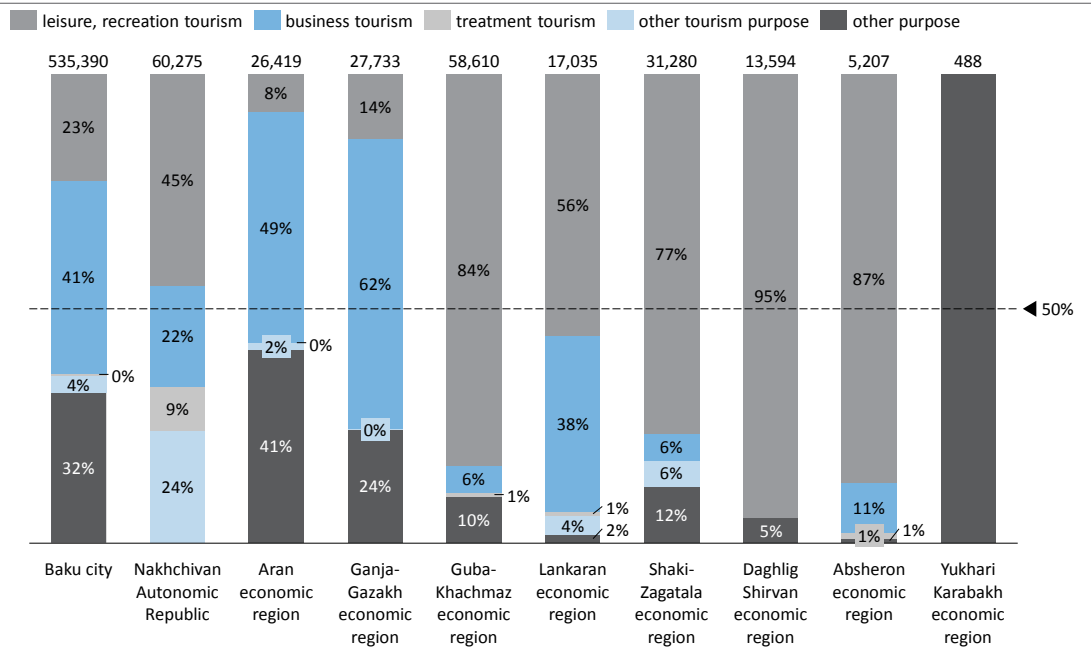


Figure 2-12: The composition of accommodated country citizens in hotel and similar establishments in Baku and other regions by purpose of travel

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

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

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

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

③ MICE¹⁶

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.

¹⁶ 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.

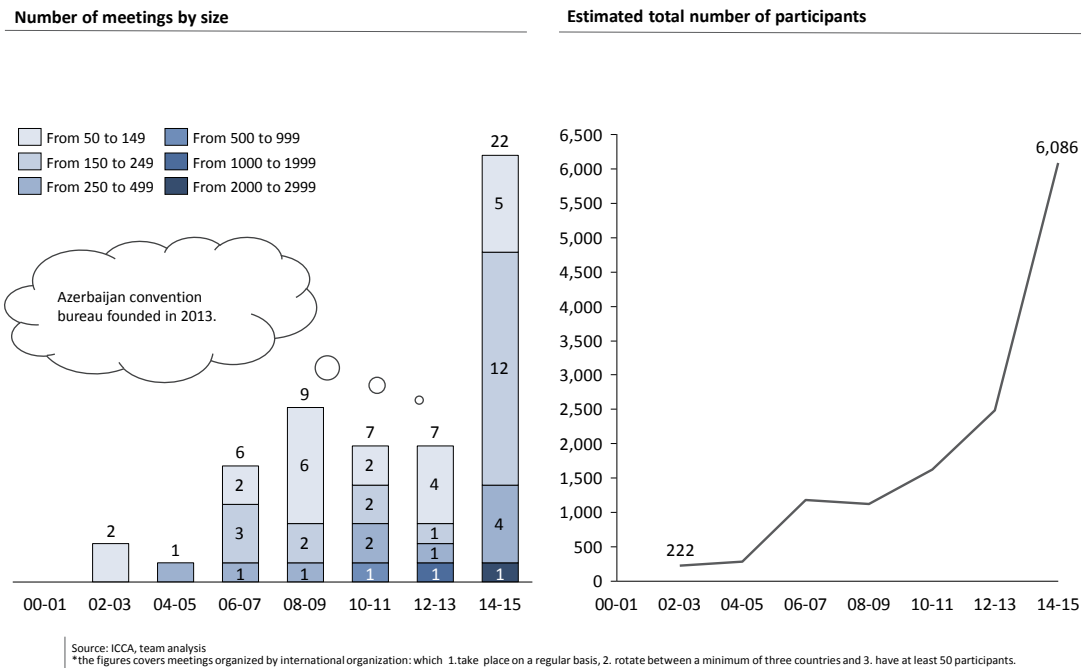


Figure 2-14: The number of meetings and its participants which Azerbaijan attracted

Source : ICCA, JICA Study Team analysis

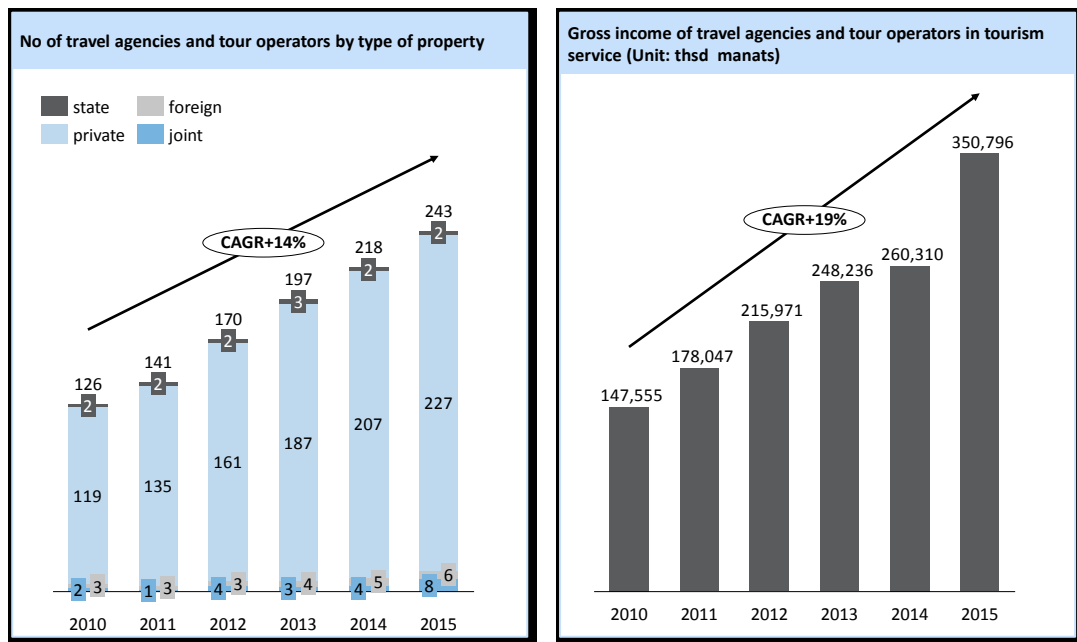
3) Tourism Related Industries

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.

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

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

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

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%.

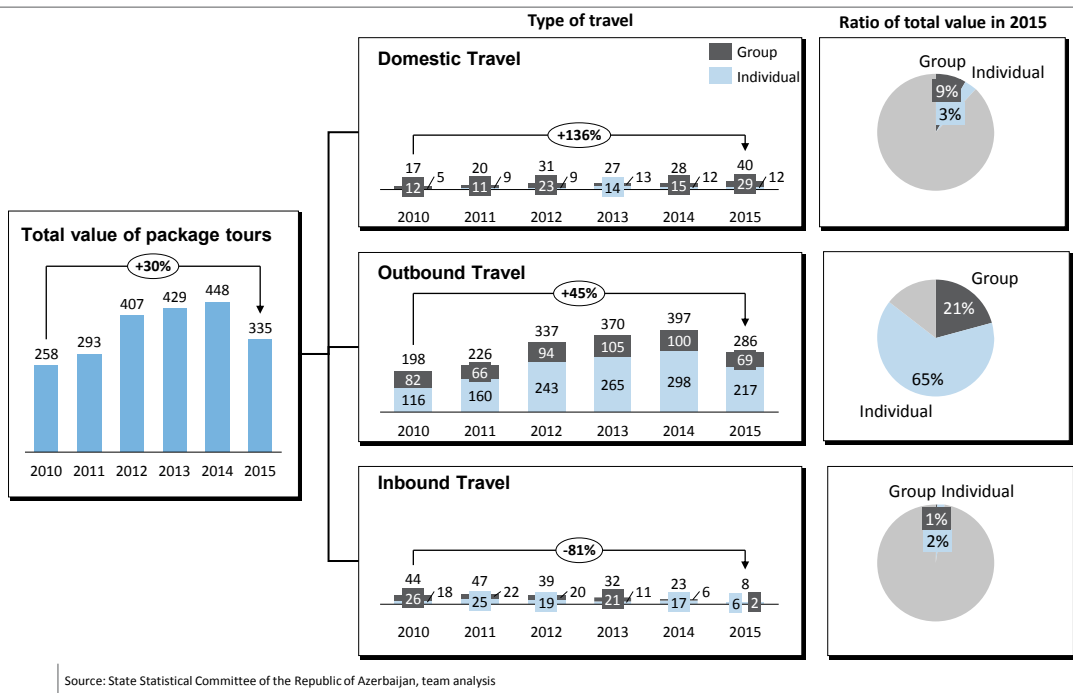


Figure 2-16: The number and value of package tours sold to the population by travel agencies and tour operators

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

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.

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.

With respect to distribution of the products, 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.

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

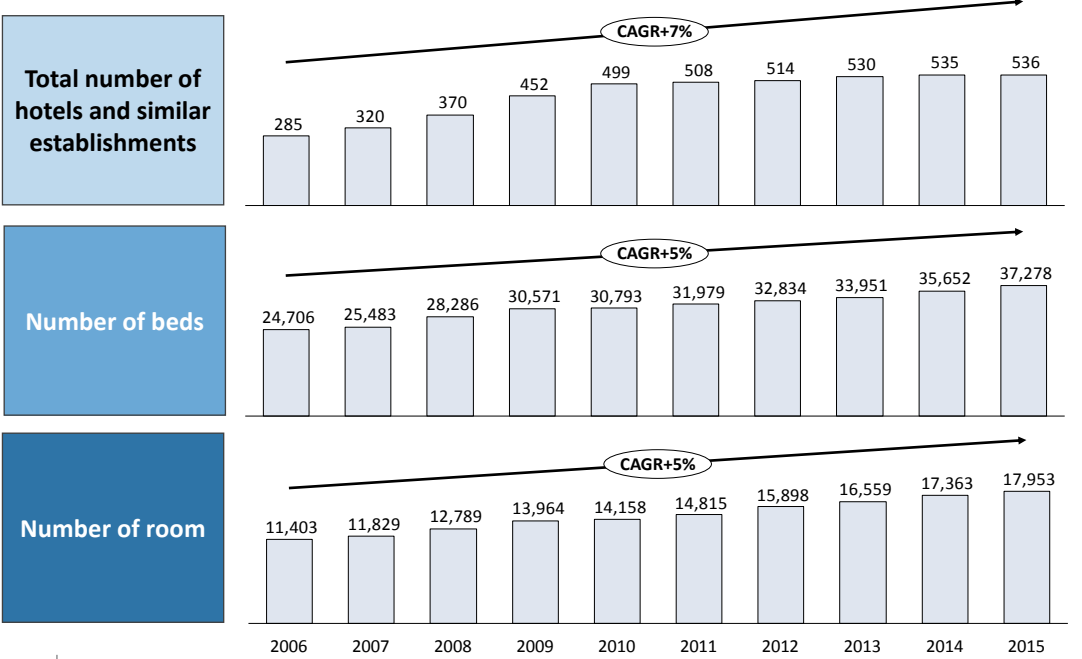
arranging tours not only general sightseeing mentioned above, but also tourist for special interest (SIT) that are interested in spa experiences and wedding dinners. Besides, they are preparing incentive tours and handling small-scale exhibitions.

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

Figure 2-17: The number of hotels and similar establishments, beds and rooms in Azerbaijan

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

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.

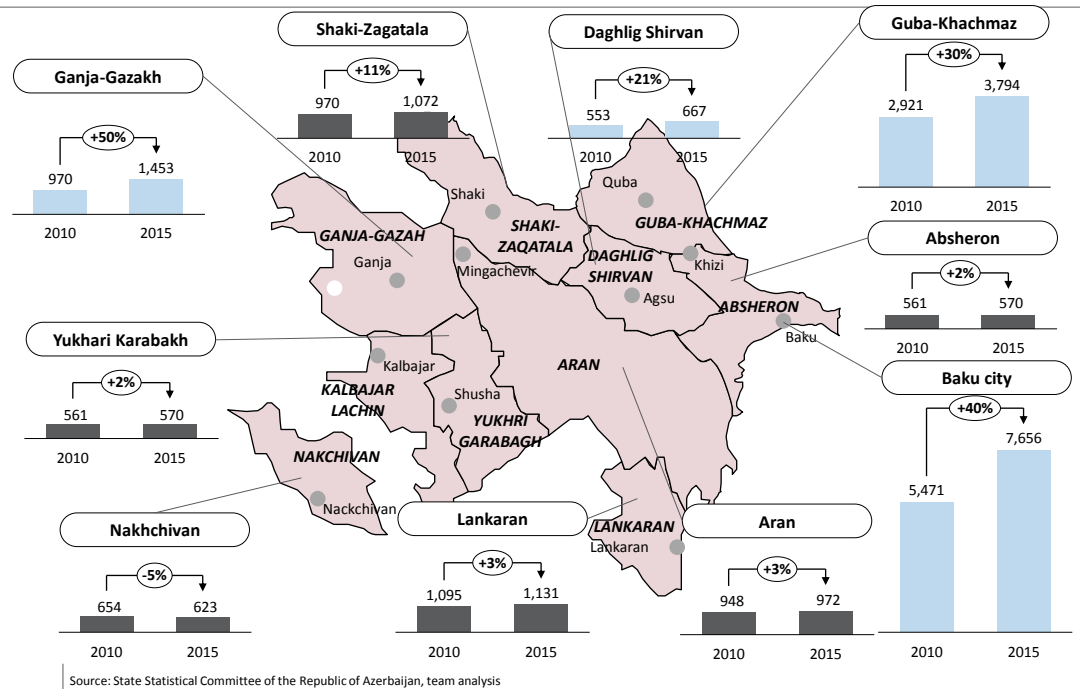


Figure 2-18: The Number of rooms in hotels and similar establishments by economic regions in Azerbaijan in 2010 and 2015

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

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 Azerbaijan¹⁷.

¹⁷ 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...

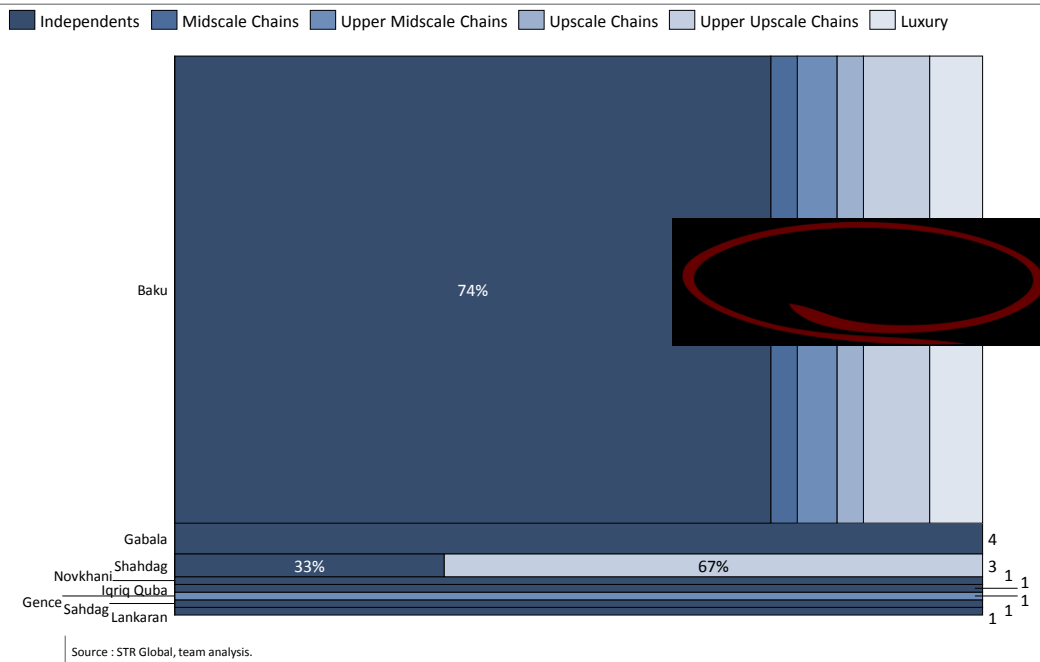


Figure 2-19: The Distribution of hotels by chain scale segments in Azerbaijan

Source : STR Global, JICA Study Team analysis

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.

Frequency and the cumulative percentage of hotels by average price ranges in BAKU

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

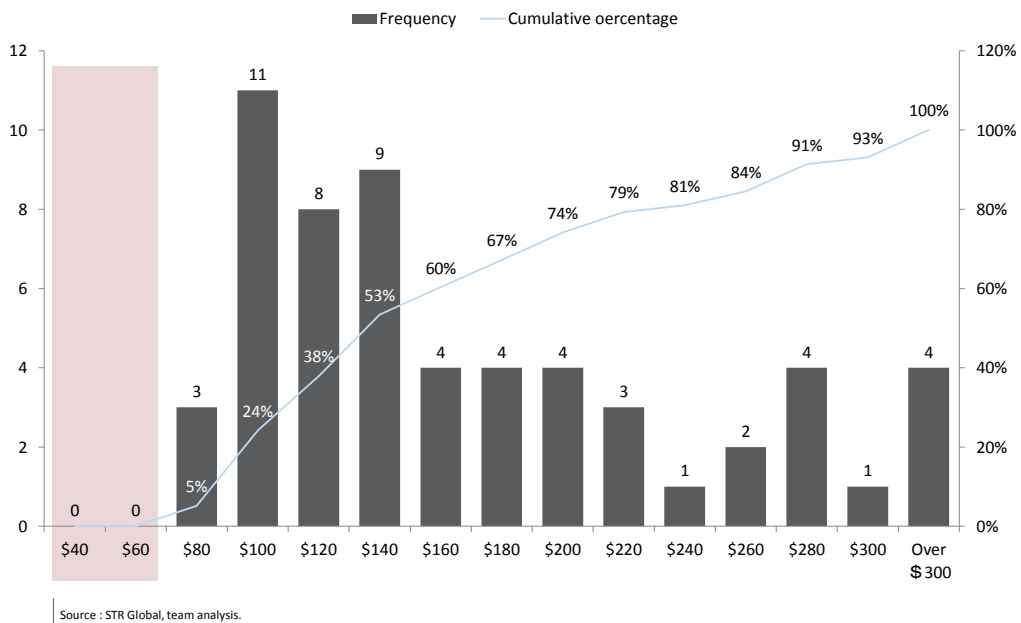


Figure 2-20: Frequency (right axis) and cumulative percentage of hotels (left axis) by average price ranges in Baku

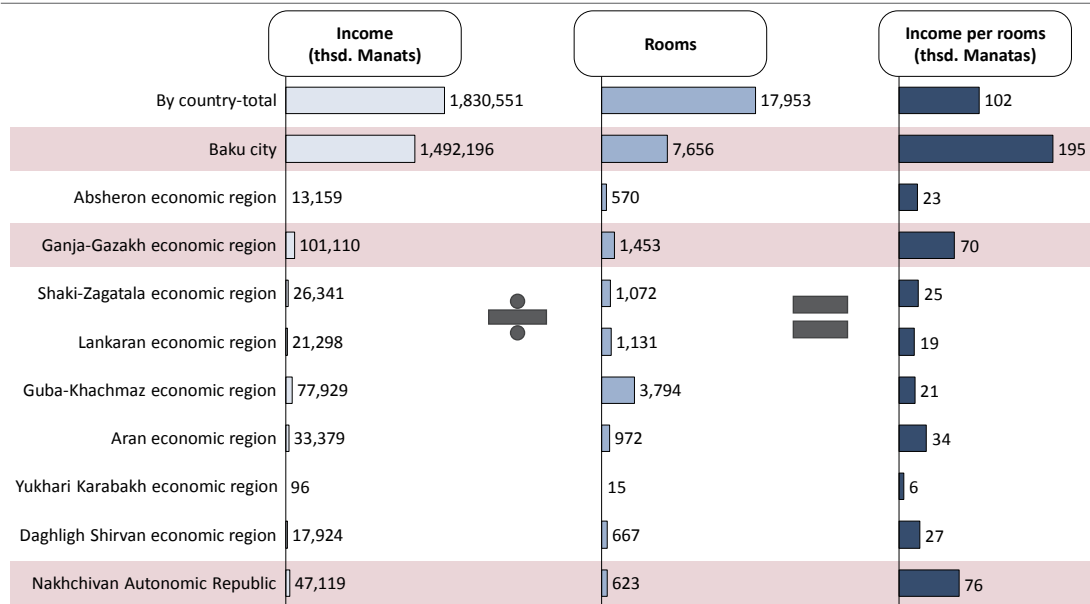
Source : STR Global, JICA Study Team analysis

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

Figure 2-21: Income of hotels and similar establishments per room by region

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

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%.

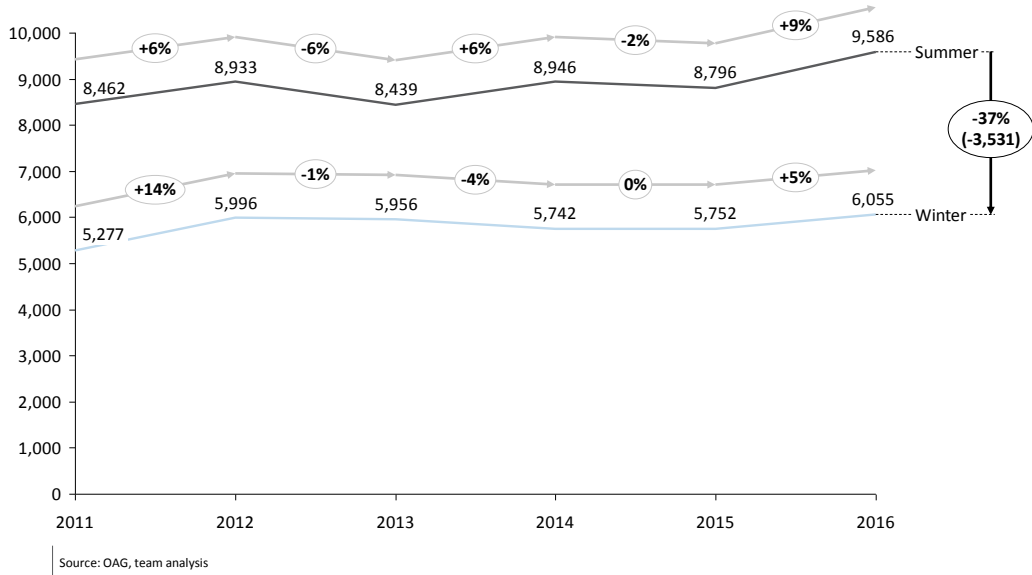


Figure 2-22: The total number of international scheduled flights per week from/to Azerbaijan (weekly)

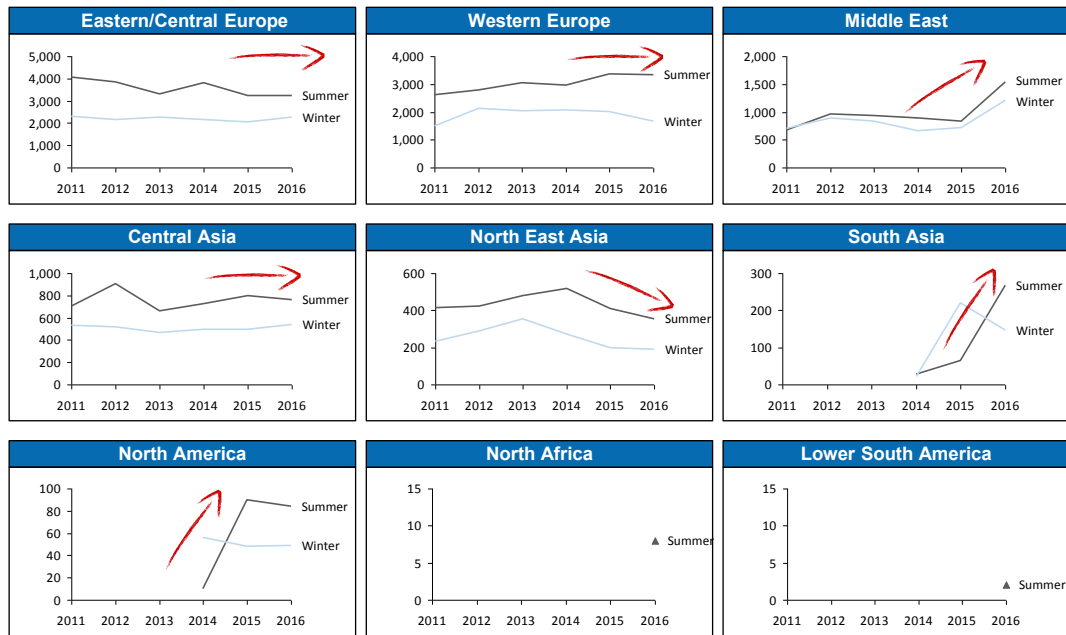
Source : OAG, JICA Study Team analysis

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 destinations¹⁸

¹⁸ 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

Figure 2-23: The total number of international flights from/to Azerbaijan from regions
(Unit: weekly flights)

Source : OAG, JICA Study Team analysis

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.

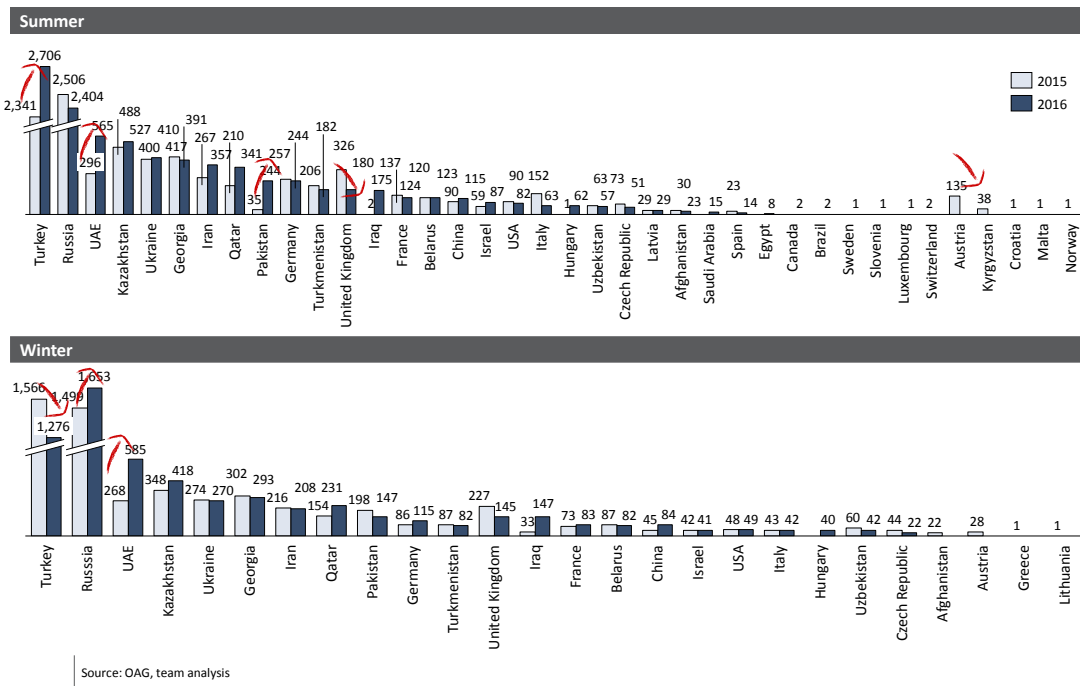


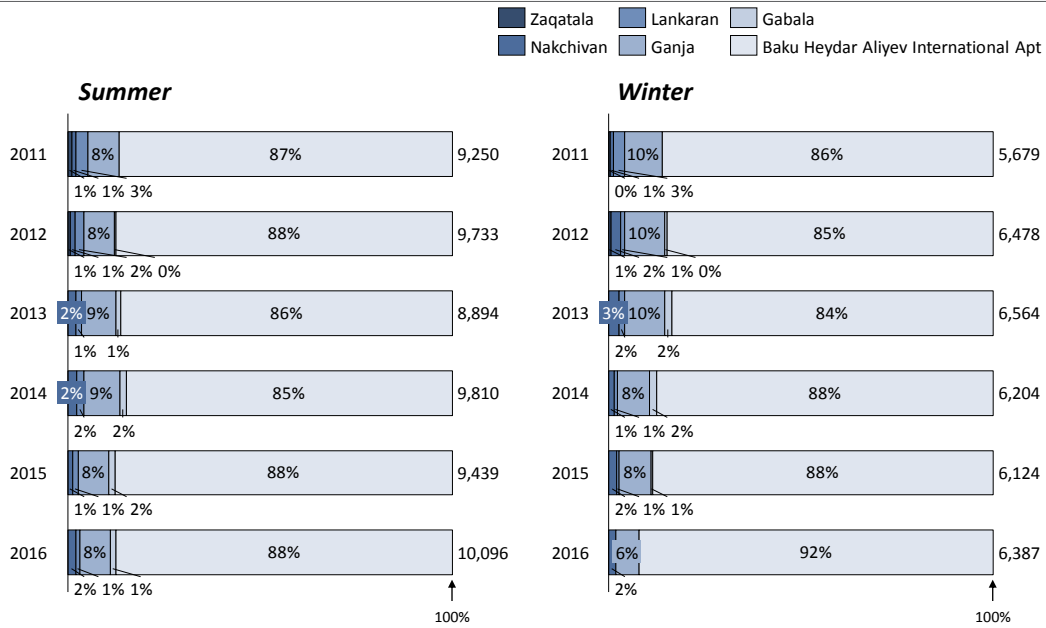
Figure 2-24: Total number of international flights from/to Azerbaijan from countries (unit: weekly flights)

Source : OAG, JICA Study Team analysis

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

Figure 2-25: Composition ratio of international scheduled flights from/to Azerbaijan by airports (weekly)
Source : OAG, JICA Study Team analysis

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.

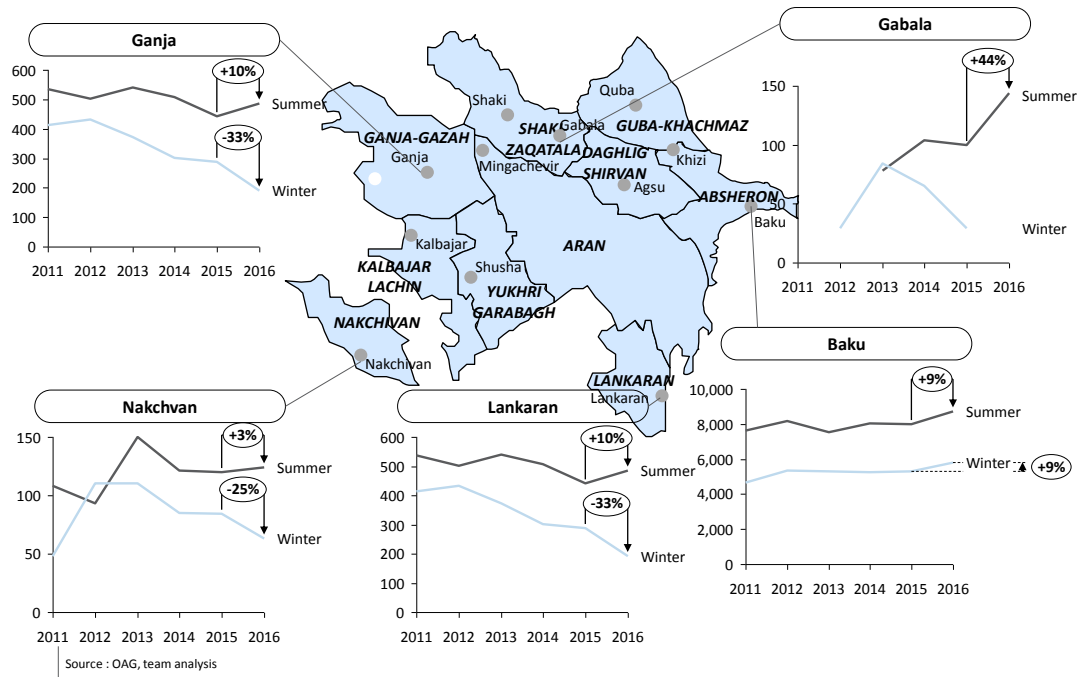


Figure 2-26: Total number of international scheduled flights from/to Azerbaijan by airports

Source : OAG, JICA Study Team analysis

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.

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

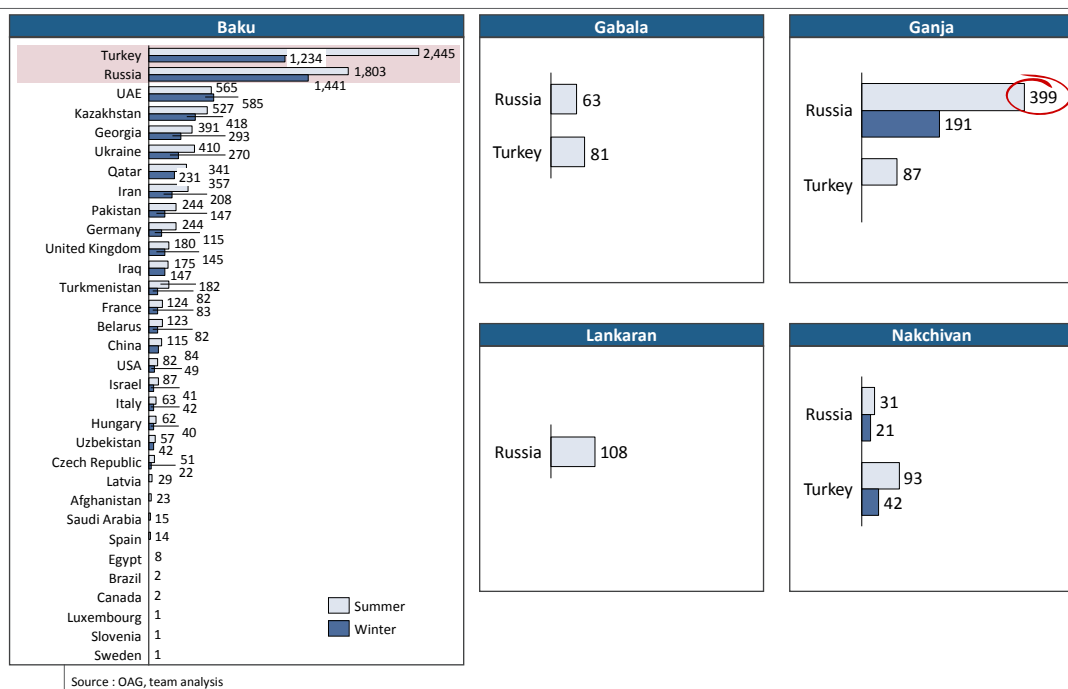


Figure 2-27: The total number of international scheduled flights from/to Azerbaijan by airports in 2016

Source : OAG, JICA Study Team analysis

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 offer 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 needs 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).

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

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

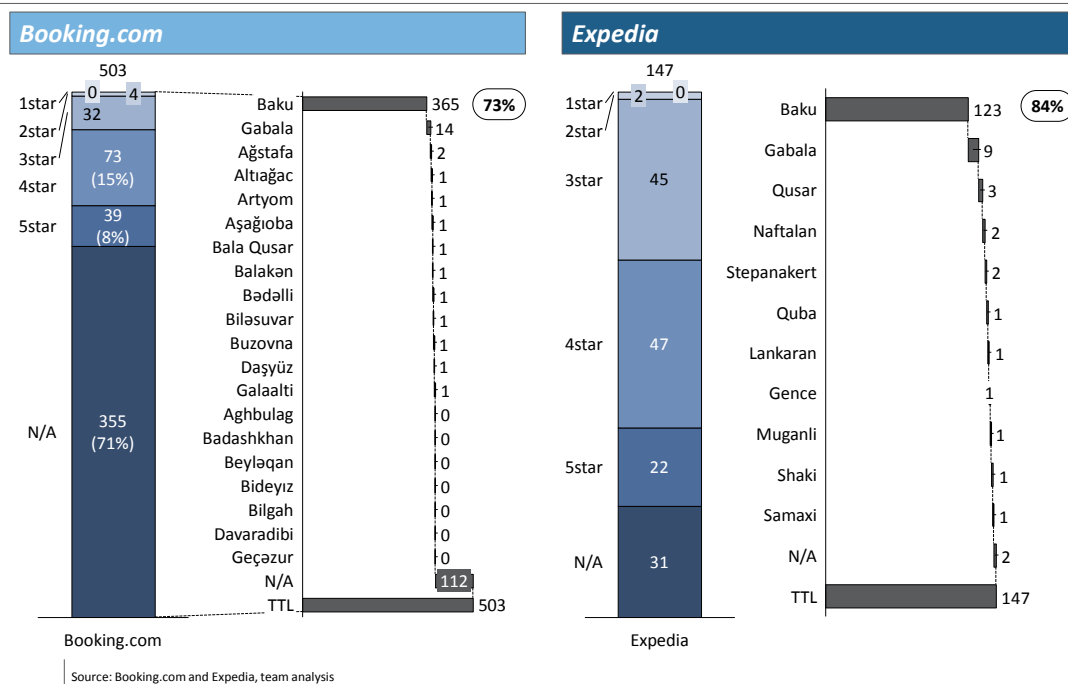


Figure 2-28: The Number of accommodations in Azerbaijan listed in Booking.com and Expedia

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

B) Japanese Market

As mentioned before, travel products which Japanese travel agents create are mainly round tour which make tourists possible to travel around in the South Caucasus region. As mentioned previous part of this report, those tours are dealt with by Georgian tour operators.

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
Consumer adverting programs and campaigns		
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
Personal selling		
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.
Digital marketing and promotions	· 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"> • It has abundant natural scenery: from the Caspian Sea and volcanic landforms to the East, to the Caucasus Mountains to the West. • 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. • 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. • 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. • The business licensing system of hotels, travel agencies etc has been abolished (few barriers to entering the tourism industry). 	<ul style="list-style-type: none"> • Its tourism resources are concentrated around its capital Baku, and tourism development in rural areas lag behind. • Public transportation and transport infrastructure to rural areas are weak. • It lacks organizations and facilities to provide local information to tourists, such as tourist information centers (TIC), and materials such as tourist attraction maps. • Training of tourism industry personnel lags behind, and there are no specialized local travel agencies and tour guides. • Public transportation such as domestic airline routes, railways, and buses is poor quality and underdeveloped. • There are few middle-class hotels and business hotels such as 3 to 4 stars.
External factors	Opportunities	Threats
	<ul style="list-style-type: none"> • It is located in the center of Eurasia, making it a potential hub to Europe, Asia, Russia, and the Near Middle East. • As it is the only Muslim country in the Caucasus region, it has different culture and food than the other Caucasus countries, so a wide variety of tourism products can be developed by differentiating from and partnering with other countries. 	<ul style="list-style-type: none"> • It has a disputed region with its neighbor, landlocked Armenia (Nagorno-Karabakh). • Terrorism attacks by the Islamic State (ISIS) have resulted in increasing negative stereotypes of Muslim countries. • 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.

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 11 TICs across the country and dispatched official as a director of 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.
- In terms of the railway network, the railway was developed in the former Russian era and nowadays it is managed by the state-own company named Azerbaijan State Railways. However, due to the railway tracks and carriages becoming obsolete, the railway speed is slow and it 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 MoCT has been promoted 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 are 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, hotels and buses for touring are insufficient in the high season. In addition, it is getting difficult for Asian markets such as Japan and Korea who stay only for 1 to 2 nights in Baku to get accommodation facilities in high season, since tourists from Arab tend to have long holiday and stay in the country for a long period of 1-2 months during the same season.
- Sufficient number of English and Russian guides, but lack of Japanese guide.

② Issues on Handicraft

- Various handicrafts in Azerbaijan can potentially be considered as souvenirs. From the viewpoint of sales to Japanese tourists, a small effort would be required for selling methods of those product. For example, some Japanese would be interested in buying Azeri tea. In this case, the product could be more attractive to them if they are informed that there is a cultural way of enjoying Azeri chai (having a sip of tea while putting a spoon of jam in a mouth). The consumer would have more interests in the products if they found the products has some kind of uniqueness and cultural significance.

For other products also, creative display and packaging are needed in order to make tourists have a desire to pick them up. In particular, many of the Azerbaijani specialty products such as silk, wool, and embroidery are for home use and often starkly exhibited, however, they have the potential to become high-quality souvenirs once certain improvement of products get done in terms of its size, packaging and displaying. Also, dividing and packaging nuts, dry fruits, and spices such as sumac into small amounts could make them easier for tourists to buy.

3. Recommendation on Tourism Promotion

As mentioned above, at present, majority of tourist from Japanese travel the country as part of round-Caucasus tours. In view of this fact, some recommendation made in this chapter is not only mentioning about Azerbaijan but also about the whole South Caucasus. Given the low visibility of the country among the Japanese market, it can be said that promoting Azerbaijan in parallel with the entire South Caucasus would be one of effective and efficient way to enhance its visibility and to attract more Japanese tourist in the country.

(1) Issues and Bottlenecks on Tourism Promotion toward the Japanese market

1) Strengthen competitiveness in the international tourism market

In regard to the competitive strength of the tourism sector in the country, Azerbaijan ranked 84th (2.16 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 Azerbaijan as their travel destination. Therefore, firstly it is essential to boost in the overall recognition of the country, differentiation with the neighboring region, and greater competitiveness through high added value of tourism products.

Table 3-1 : Awareness on the South Caucasus regional countries in Japan market (excerpt)

Contents	
Local tour operators	
Tour operator A	<u>The low awareness of the South Caucasus regional countries is a bottleneck for Japanese tourists.</u> 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, <u>it is important to raise awareness with Japanese consumers through media exposure.</u>
Japanese travel agent	
Travel agent C	About the South Caucasus regional countries, <u>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.</u>

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 of the Japanese market, active seniors, who are age of 60+ and eager to travel, are the main segment of tourists visiting the South 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 3-2 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 who 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 Figure 3-1, 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.

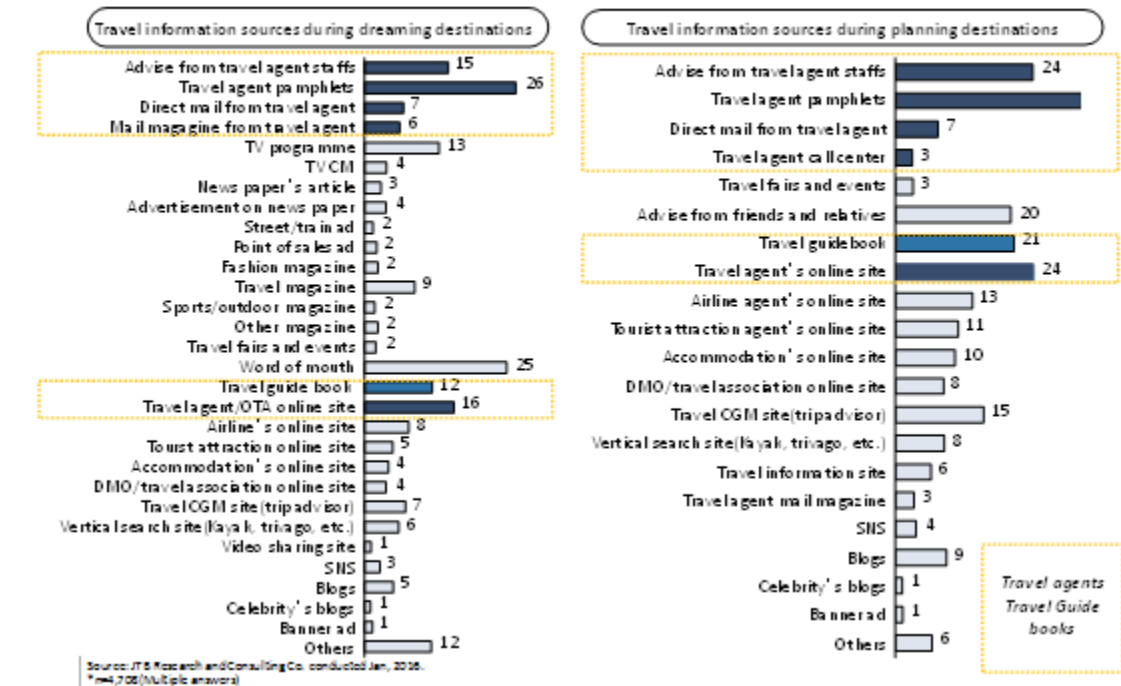


Figure 3-1: Overseas travel information sources when Japanese travelers dream and plan

Source: JTB Research and Consulting.co conducted in Feb 2016, JICA Study Team analysis

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, 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 country.

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 Japanese 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 3-3 : Actual condition of tours to the South Caucasus region in Japanese market

Actual condition of tours to Caucasus regions in Japan market	
■	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 as well as Azerbaijan in the Japan 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 is 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 including Azerbaijan. 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 Azerbaijan and the South Caucasus region, its culture and local peoples' lives
- To female in their 30s-40s, providing information on safety in Azerbaijan and whole 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 Japanese 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 3-2, 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, 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...

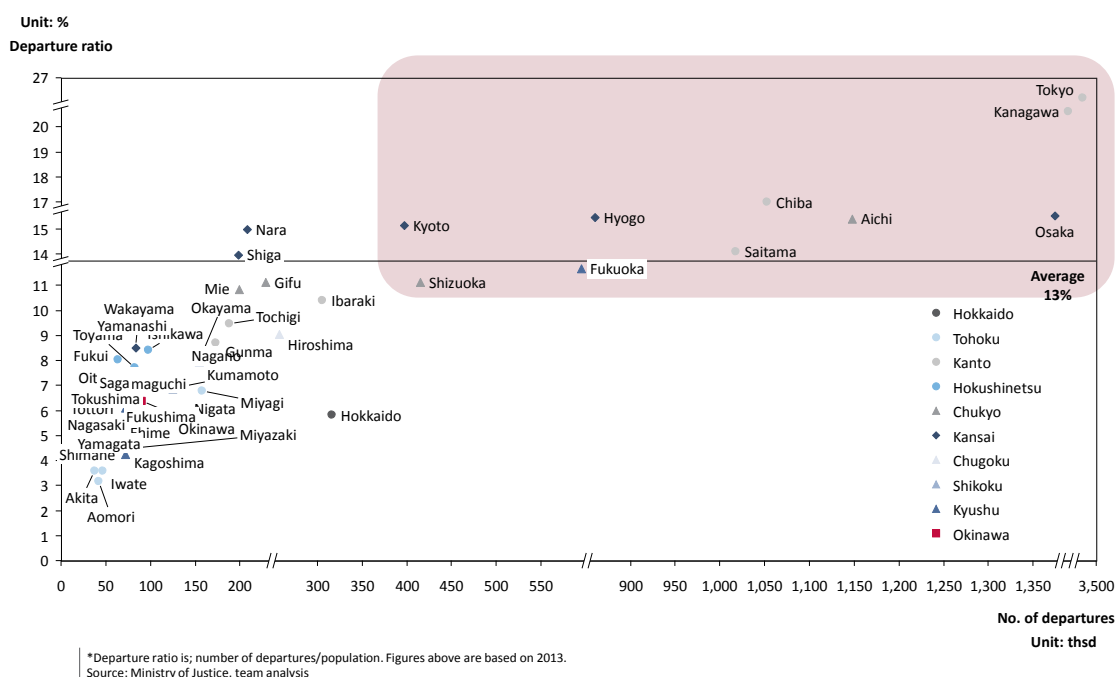


Figure 3-2: Departure ratio and number of departures by prefecture in 2013

Source: Ministry of Justice, JICA Study Team analysis

Step2: Narrow down outbound travelers who purchase package tours

- As mentioned in the characteristics of the Japanese 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 this 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.

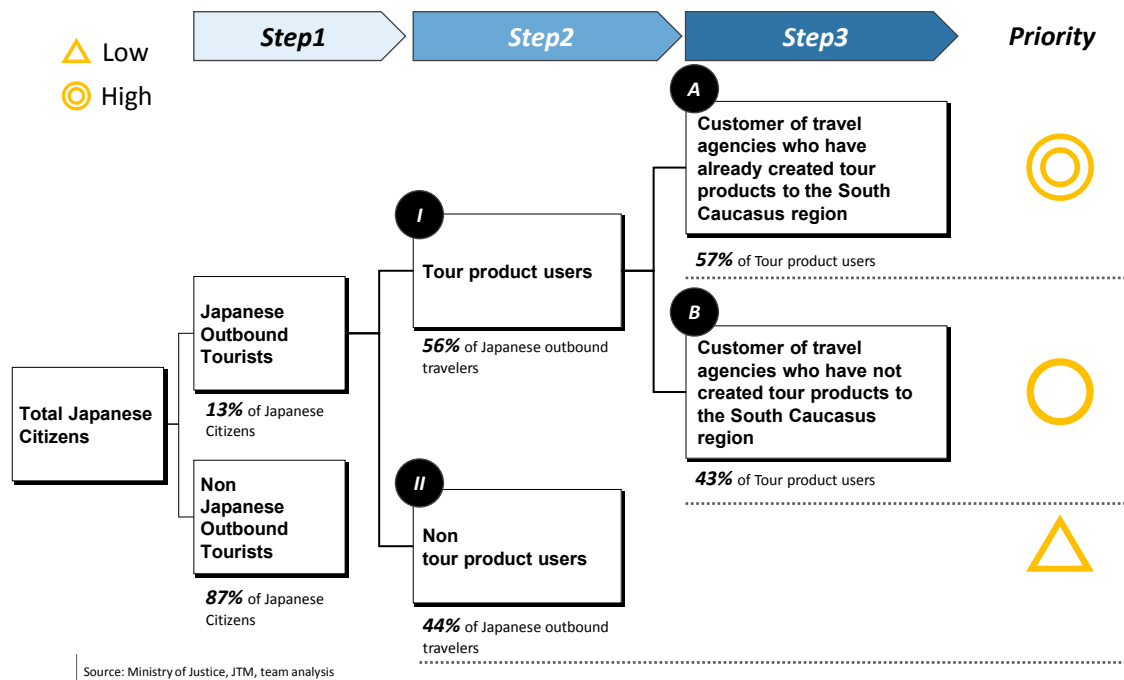


Figure 3-3 Segmentation and its process

Source: JICA Study Team

Segment I-A is considered short term and high volume effects.

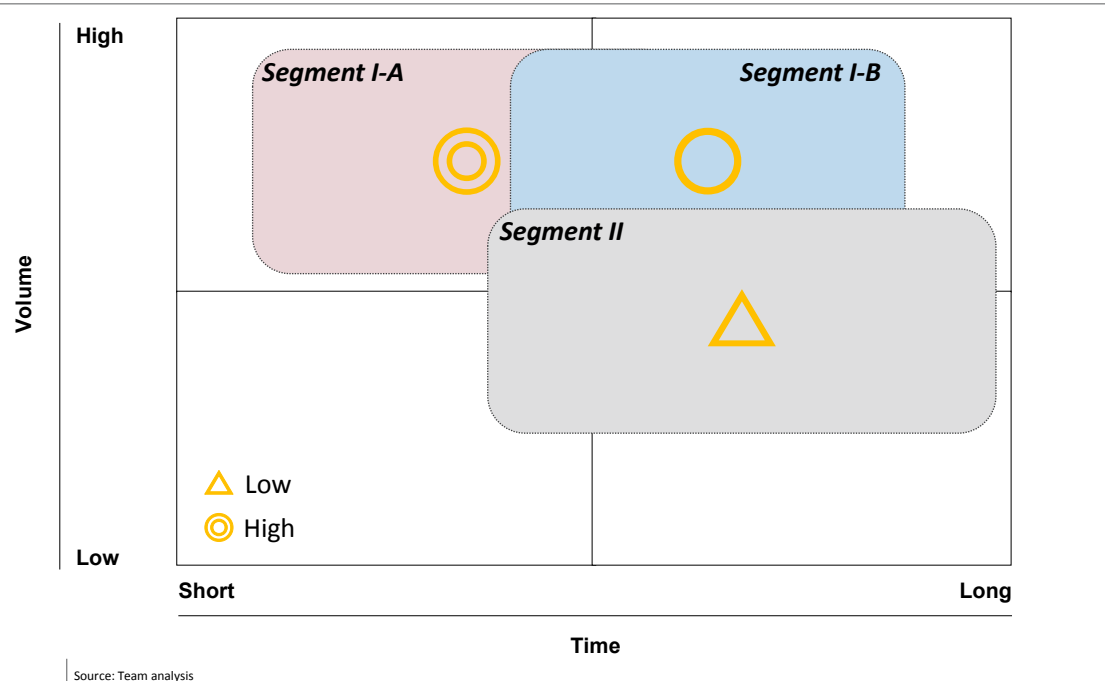


Figure 3-4: Conceptual diagram of market segmentation for Japanese tourists

Source: JICA Study Team

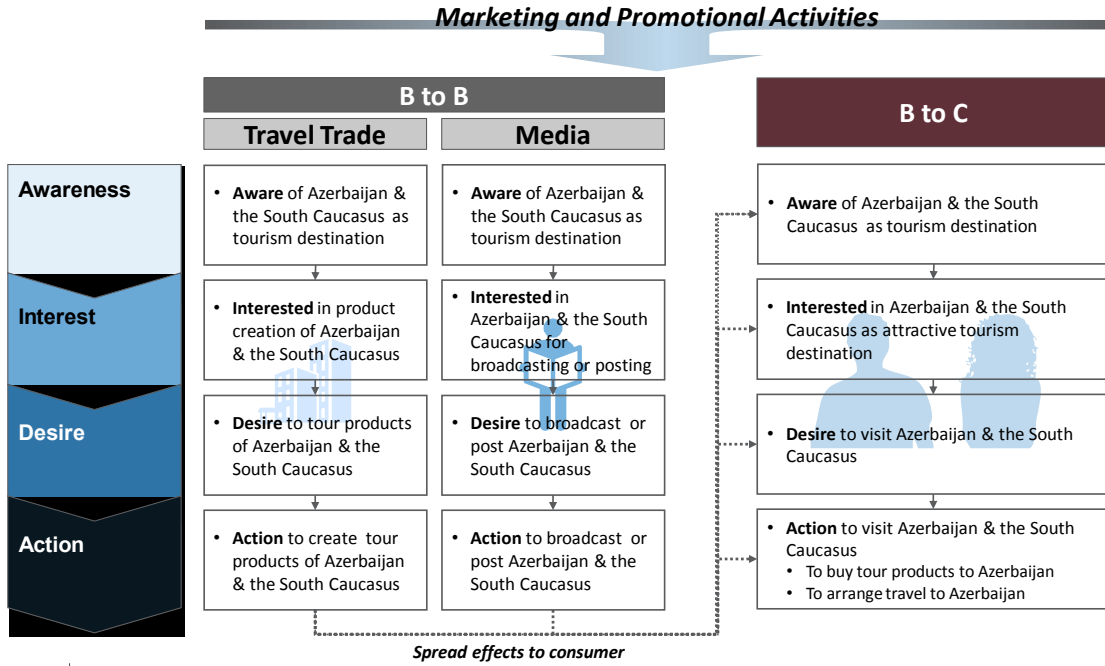
② Basic principle of marketing and promotion strategy

As mentioned (1), it would be better to put prioritize promotional activities on B to B, the reasons are;

- 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.
- 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.

It is effective and efficient to approach travel agencies and media because their influences result in consumers.

B to B marketing and promotion spreads effects to consumer in each stages of customer journey.



Source : Team analysis

Figure 3-5: Relationship between B to B marketing and promotion

Source: JICA Study Team

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 3-4 Objectives of marketing and promotion plan

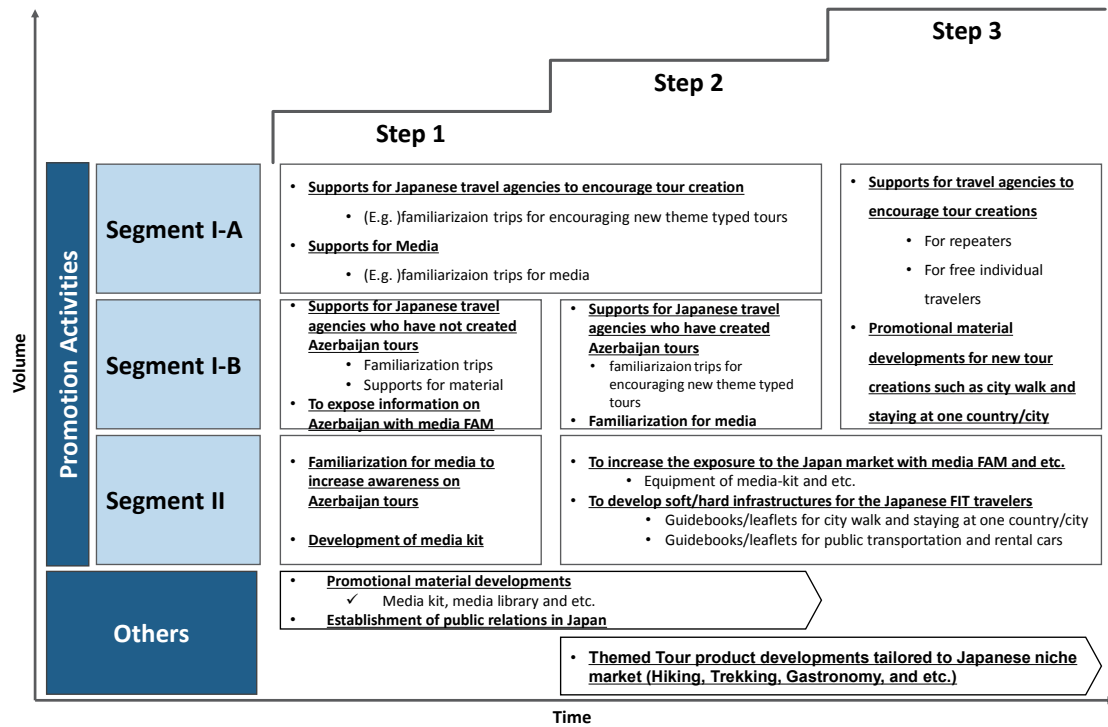
	Short term	Mid term	Long term
Segments			
Segment I-A	<ul style="list-style-type: none"> To increase the quantities and improve the qualities of tour products with increasing awareness on Azerbaijan as well as the South Caucasus region and the number of Japanese visitors via Japanese travel agencies 		<ul style="list-style-type: none"> To increase FIT types and repeat Japanese travelers by facilitating hard/soft infrastructures and products tailored to them.
Segment I-B	<ul style="list-style-type: none"> To increase awareness among Japanese consumers To increase the quantity of tour products to the South Caucasus region especially product on Azerbaijan, by encouraging Japanese travel agencies to produce more 	<ul style="list-style-type: none"> To increase the quantities and improve the qualities of tour products with increasing awareness on Azerbaijan as well as the South Caucasus region and the number of Japanese visitors via Japanese travel agencies 	
Segment II	<ul style="list-style-type: none"> To increase awareness on the South Caucasus region and Azerbaijan among Japanese consumers via related media 	<ul style="list-style-type: none"> 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. 	
Others			
Promotional Material Development	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

Figure 3-6 Plan of promotional activities for each segment

Source: JICA Study Team

Demographic features of market segmentation for Japanese tourists

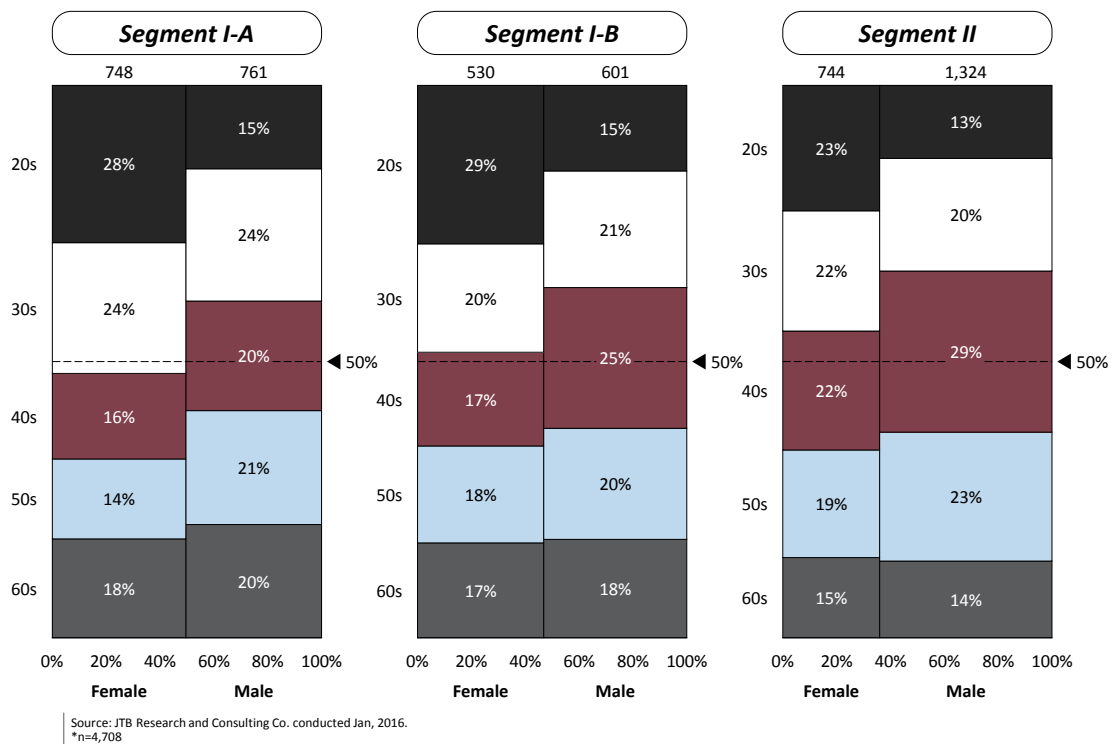


Figure 3-7: Demographic features of market segmentation for Japanese market

Source: JICA Study Team

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 a 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 tourist 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 the gastronomy can be sited.

(3) Suggestion for promotional activities toward the European market

1) Positioning of European outbound markets for Azerbaijan

European countries are one of the major target countries. With looking at the statistic, as mentioned in the previous chapter, approximately 90% of the total number of tourists who come from Europe and those from Central and Easter Europe accounts for 89% among them. 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.

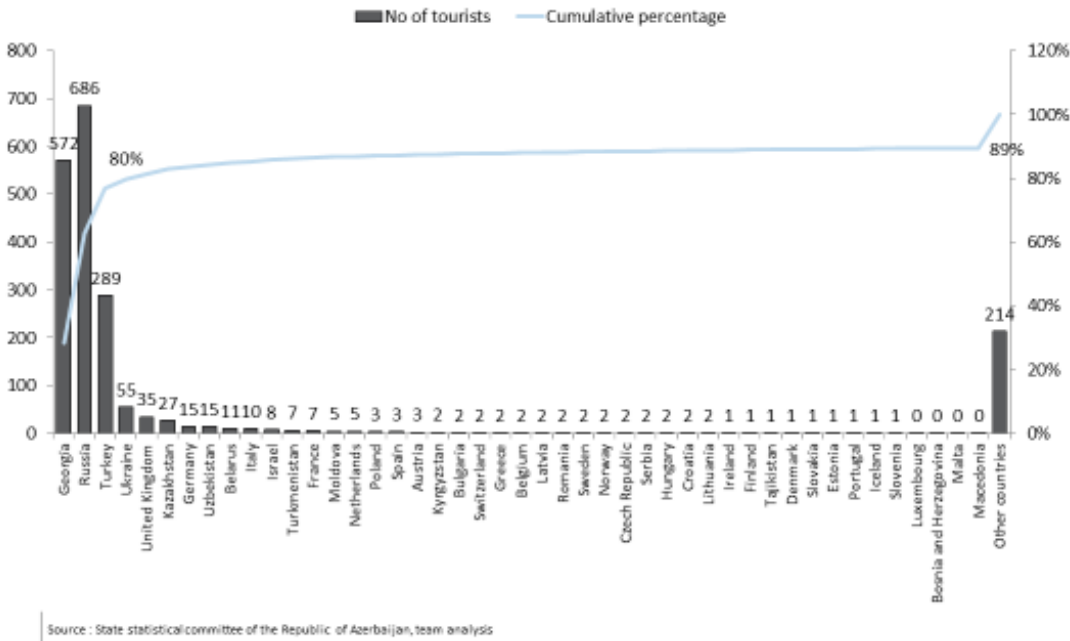
Table 3-5 : Positioning of European outbound markets for Azerbaijan

Azerbaijan	
Positioning of tourists from European market	<ul style="list-style-type: none"> ● Tourists from Europe account for <u>around 89% of the total incoming foreign tourists</u> <ul style="list-style-type: none"> ➢ 80% of the total incoming tourists are from Russia, Georgia, Turkey and Ukraine.
Positioning of tourists from European market for promotional activities	<ul style="list-style-type: none"> · The European market is positioned <u>as mass tourist market.</u> · Russia, Georgia, Turkey and Iran are placed as neighboring country markets. Also, Kazakhstan, Ukraine and Uzbekistan are positioned as CIS countries.

Source : Governmental report and interviews, JICA Study Team analysis

Incoming tourists to Azerbaijan in 2015

Incoming tourists to Azerbaijan from Europe account for 89% of total incoming tourists.



Source : State statistical committee of the Republic of Azerbaijan, team analysis

Figure 3-8 : Number of foreign tourists from European countries to the South Caucasus region (2015)

Source : Governmental statistics and interviews, JICA Study Team analysis

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;

1. The volume of the market (=number of outbound tourists)
2. 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 Azerbaijan, 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.

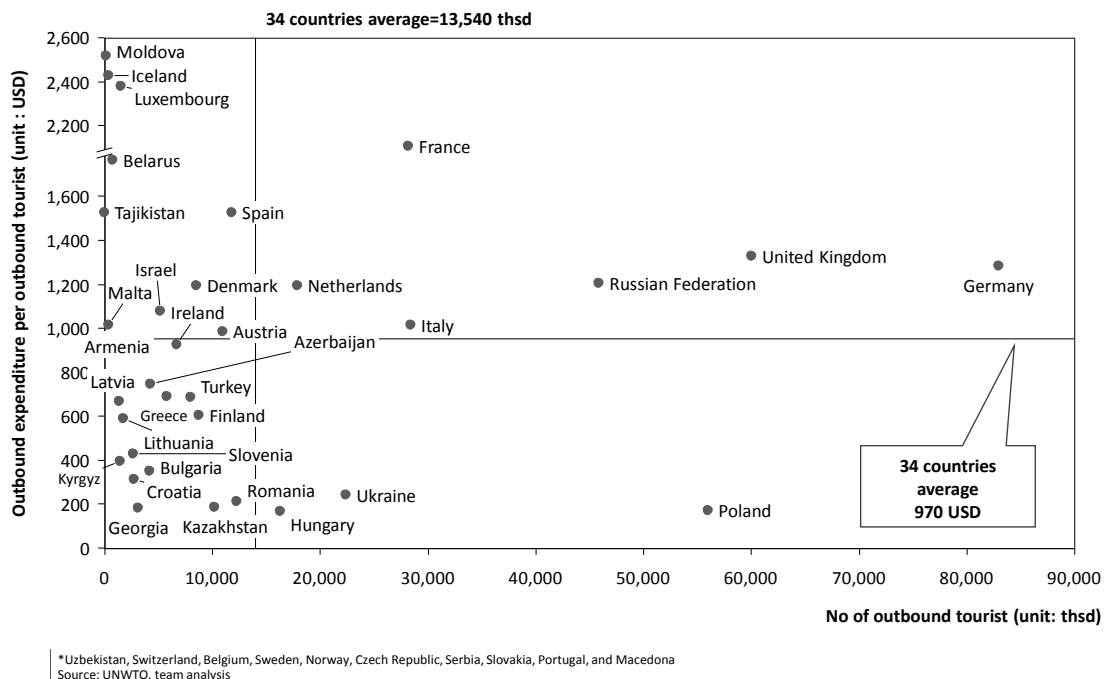


Figure 3-9 : Number of outbound tourists (right axis) and outbound expenditure per outbound tourist (right axis) in 2014

Source : UNWTO, JICA Study Team analysis

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.

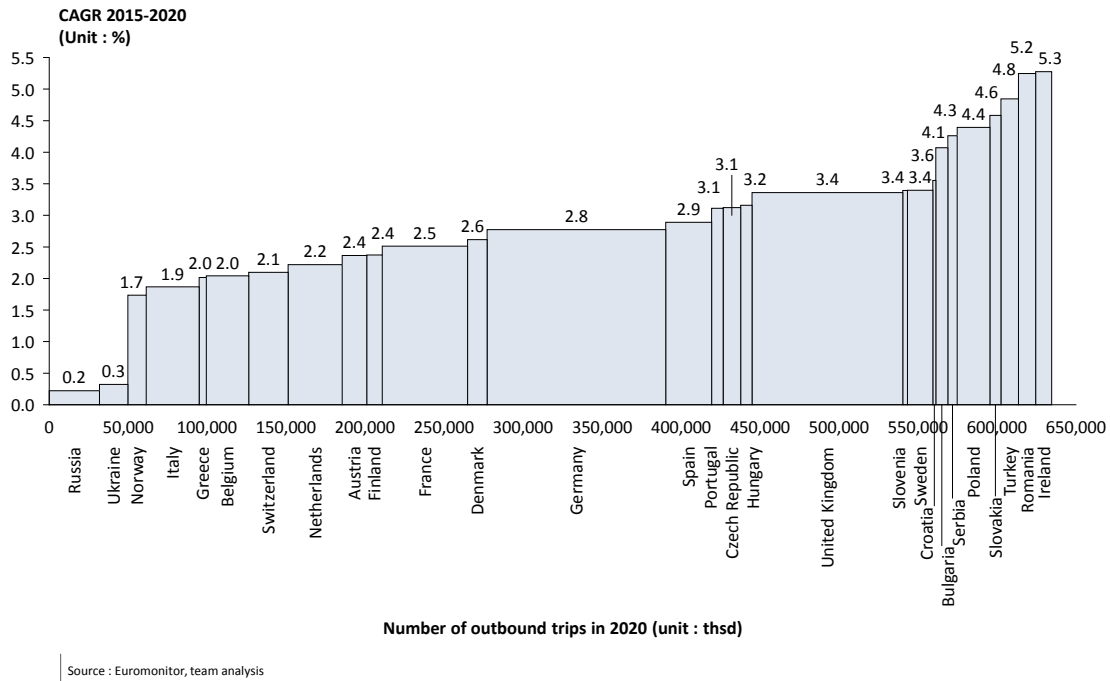


Figure 3-10 : The projected number of outbound trips in European countries (right axis) and CAGR 2015-2020 (right axis)

Source : Euromonitor, JICA Study Team analysis

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 both governmental organization as well as the private sector. 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.

1. 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

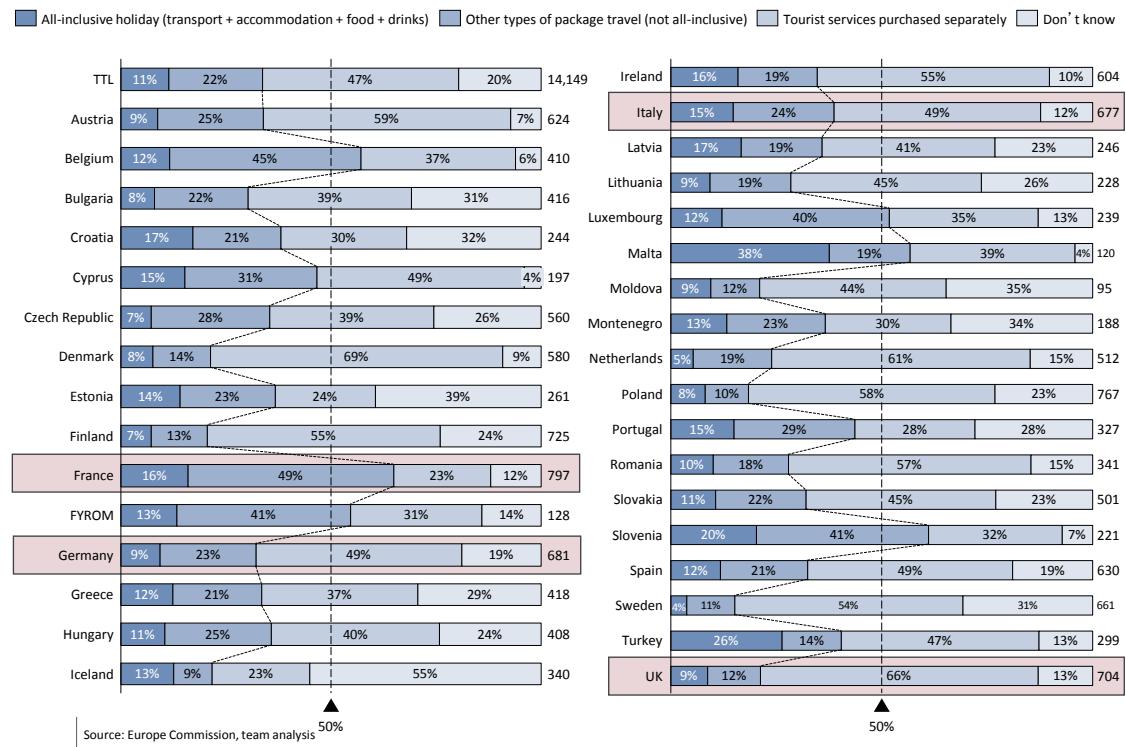


Figure 3-11 : Travel arrangement for European countries

Source : European Commission, JICA Study Team analysis

- 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 nd highest				
	Austria	Denmark	France	Germany	Italy	Netherlands					
n=	812	841	1162	1154	999	779					
Other online commercial services such as tour operators, airline companies, etc.	46%	60%	33%	28%	22%	44%					
Over the counter at a travel agency	26%	4%	10%	27%	15%	9%					
Over the phone	17%	9%	16%	13%	10%	9%					
Through someone you know	15%	16%	19%	11%	13%	9%					
On-site (place of holidays)	14%	5%	10%	10%	6%	8%					
Over the counter of a transportation company (airline company, railway company, etc.)	6%	2%	7%	3%	5%	2%					
Don't know	0%	1%	2%	2%	1%	1%					
	Poland						Portugal	Spain	Sweden	Turkey	United Kingdom
n=	994	501	971	845	445	1,064					
Other online commercial services such as tour operators, airline companies, etc.	19%	22%	31%	47%	22%	52%					
Over the counter at a travel agency	10%	14%	23%	11%	9%	15%					
Over the phone	24%	12%	9%	10%	11%	26%					
Through someone you know	21%	19%	10%	8%	17%	20%					
On-site (place of holidays)	13%	8%	4%	3%	11%	11%					
Over the counter of a transportation company (airline company, railway company, etc.)	8%	3%	2%	6%	4%	12%					
Don't know	2%	5%	2%	3%	3%	1%					

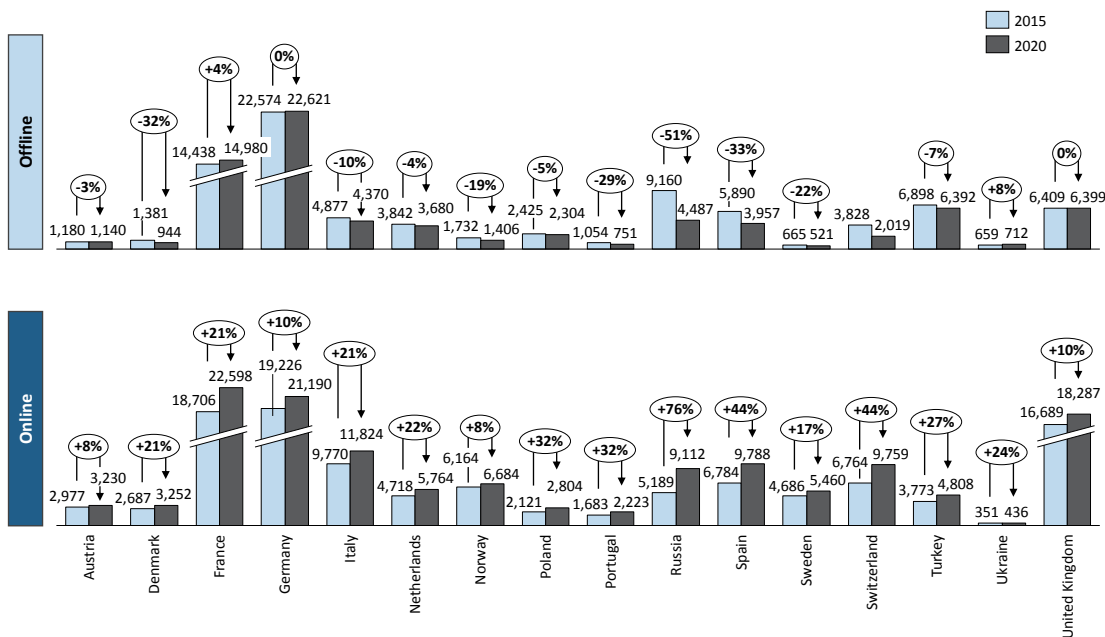
Source: European Commission, team analysis

Figure 3-12 : Booking methods for holidays for European countries

Source : European Commission, JICA Study Team analysis

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

Figure 3-13 : Travel intermediaries' sales-retail value in 2015 and 2020 in European countries

Source : European Commission, JICA Study Team analysis

- 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		2 nd highest		3 rd 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

Figure 3-14 : Most important sources when deciding travel plans in European countries

Source : European commission, JICA Study Team analysis

2. 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 Azerbaijan, 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.

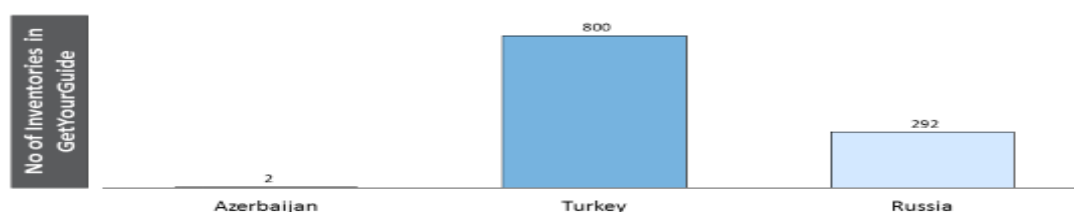


Figure 3-15 : Number of inventories on GetYourGuide¹⁹

Source : GetYourGuide, JICA Study Team analysis

¹⁹ Figures are as of 8th of February 2017

4. Recommendation on the Tourism Sector Development in Azerbaijan

(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 the country. It was also verified that each of the donors had set points of demarcation. As mentioned in the current situation of the support from donors described in the first part of this report, in general, tourism-related infrastructure developments (large-scale/medium-scale) are being carried out by the Bank organizations such as ADB and the World Bank, with other technical support for small-to-medium-sized tourism employers and entrepreneurs being provided by UNDP, USAID and GIZ.

As seen above, the development of tourism infrastructure and support to strengthen the capacity of private sector have been done by donors, while it can be said that the outcomes and achievements gained from projects have not always 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 and government organizations 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)²⁰ 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 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 Azerbaijan, it is important to create a framework which makes it possible to carry on

²⁰ 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."

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 country.

3) Strengthening the promotion capacity intended for the Japanese market

Through the first mission, it was confirmed that the country have given high priority to the development of the tourism sector as the policy. Particularly, in terms of promotional activities, the country has shown a strong desire to develop aggressive promotional activities toward attracting more international tourists. It is also noticed that the Azerbaijan 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, the governmental organization, the Tourism Council, whose responsible is to implement tourism policy, to coordinate all tourism related stakeholders and to advance 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.

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 Azerbaijan. Also, given that the Japan is considered as one of new market that Azerbaijan 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 Azerbaijan 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 Azerbaijan is a country which has attractive tourism resources 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 number of Japanese tourists still chooses to go to counters of tour companies/travel agencies for collecting that information²¹. 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 Azerbaijan.

Although the country has 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

Based on all collected information, data, analysis and the currents issues face to the country, an idea of technical assistance are proposed as below.

(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

²¹ 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.

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 technical assistant project named “Destination Management Organization (DMO) Project for Silk Road Route Tourism Development and Promotion in Azerbaijan”, proposed as a technical cooperation project for tourism sector will be high.

(b) Selection of Target Areas

The proposed 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.

Existing and planned regional tourism development areas historical culture tourist routes are summarized in the below table. Tourist routes linked with Baku are Silk way 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, 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 4-1 : 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 4-2 : 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"> Capacity Building of the Azerbaijan Tourism and Management University (UNDP) Support to MoCT for the modernization of its policy management system in the cultural sector (EU) 	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	N/A	

	Waterfall, recreation facilities, Albanian Church (Nij)		
Zagatala	Albanian Fortress, ecotourism, mountain resort, hunting, Nature reserve	N/A	

Remark: * The project is completed in 2006.

Source: JICA Study Team

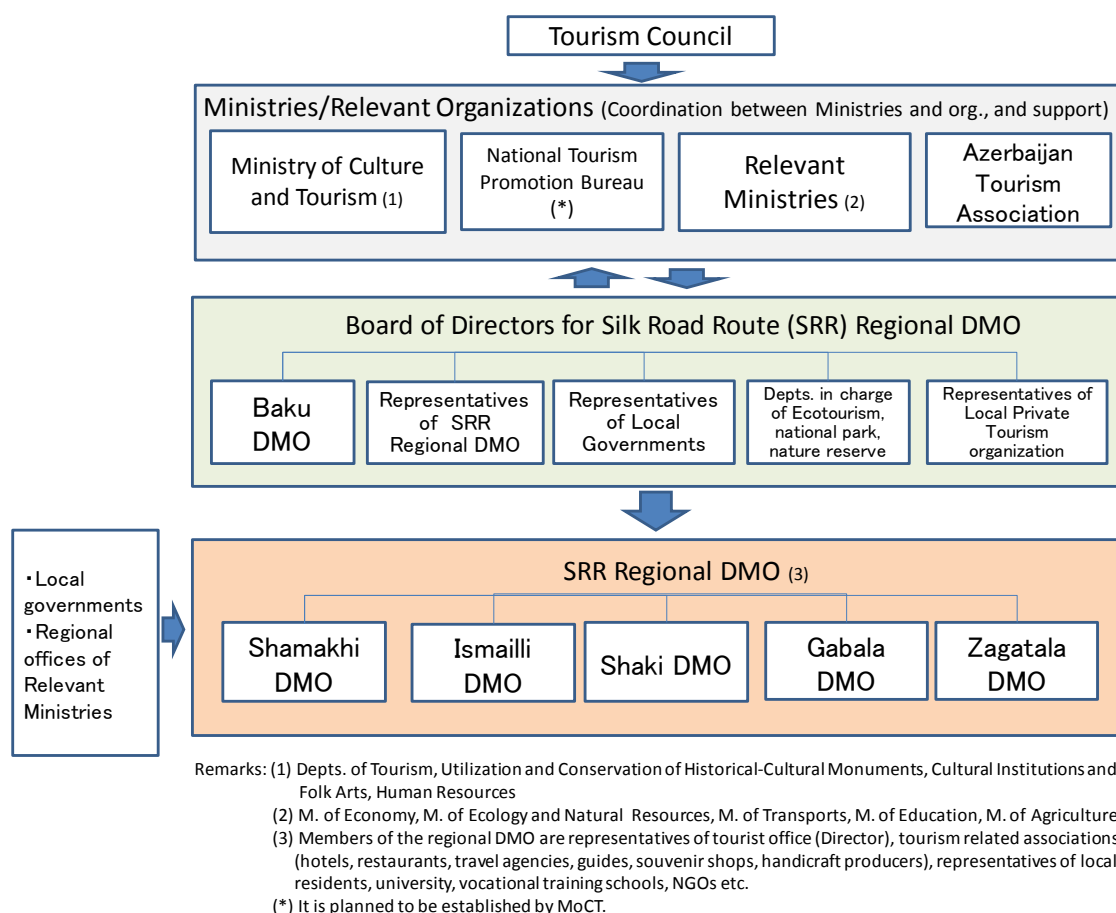
(c) Outline of the Project

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, 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 advises 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 4-1 : Implementation Structure (Planned)

Table 4-3 : PDM : 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 st 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, 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 nd 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 rd 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>

		2-5 Review and revise the destination development strategy and the action plan based on the results of 1-6
Input	Japanese side	<p>【Japanese experts】 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 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) Total: 48.0 M/M</p> <p>【Sub-contract/Local consultants】 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】 Training in Japan and third country (5-8 people/year)</p> <p>【Equipment, etc】 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"> • Priority for tourism development is maintained. • Local residents in the target area do not oppose the project.

Source: JICA Study Team

ANNEX

(1) Survey Sheet

Data Collection Survey on Tourism Development in Azerbaijan Japan International Cooperation Agency (JICA)	No. 1
	Date: 20/ 11/ 2016
	Surveyor: Hiroyoshi WATANABE

1. Site Classification

Code No.	AZ-1
Site Name	Old city
Country	<input checked="" type="checkbox"/> Azerbaijan
GPS coordination	40°22'00.9"N 49°50'15.4"E(40.366908, 49.837616)

2. General Description

Baku's historic heart is İçərişəhər, the Unesco-listed, walled Old City. Contrasting with the developing new city, Old city is a beautiful and calm stone street, is including the Palace of the Shirvanshahs and Maiden Tower, became the first location in Azerbaijan to be categorized as a World Heritage Site by UNESCO. It contains the city's historic sights.

There are Caravanserais, covered with several stones, have been changed into restaurants and many carpet shops around the Maiden's Tower are colorfully alluring. To see and learn much more there are self-guided audio tours and group walking tours (in English) in the information booths outside the Maiden's Tower and Vahid Sq.



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 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 Baku	
Public Transport	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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 type="checkbox"/> To be Improved
Accommodation	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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 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 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 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(Azerbaijan)	

Data Collection Survey on Tourism Development in Azerbaijan 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
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-droppingly 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)

Data Collection Survey on Tourism Development in Azerbaijan 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
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.

 Entrance	 Vegetables	 Fishes
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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 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)	

Data Collection Survey on Tourism Development in Azerbaijan Japan International Cooperation Agency (JICA)	No. 4
	Date: 20/ 11/ 2016
	Surveyor: Hiroyoshi WATANABE

1. Site Classification

Code No.	AZ-4
Site Name	Ateshgah Temple (Fire Temple)
Country	<input checked="" type="checkbox"/> Azerbaijan
GPS coordination	40°24'56.4"N 50°00'32.3"E(40.415662, 50.008980)

2. General Description

The Baku Ateshgah is a castle like religious temple in Surakhani, a suburb in Baku, Azerbaijan. It is often called the "Fire Temple of Baku". "Atash" is the Persian word for fire. It was built during the 17th and 18th centuries. The four holy factors of their ideal were: ateshi (fire), badi (air), abi (water), and heki (earth). The temple was changed into a museum in 1975. The annual number of visitors is 15,000. The Temple of Fire "Ateshgah" was listed for List of World Heritage Sites, UNESCO in 1998 by Gulnara Mehmandarova (president of Azerbaijan Committee of International Council on Monuments and Sites (ICOMOS)). It was insisted a state historical-architectural by the President of Azerbaijan on 19 December 2007. There is a restaurant in the building, which can deal with group tours.



Overview1



Overview 2



Display

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 checked="" 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	0.5 hours from		Baku
Public Transport	<input checked="" type="radio"/> Yes <input type="radio"/> No	<input checked="" type="radio"/> Bus / <input checked="" type="radio"/> Train / <input checked="" type="radio"/> TAXI	
Road Condition	<input type="checkbox"/> Good	<input 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 type="checkbox"/> Others ()	

Data Collection Survey on Tourism Development in Azerbaijan 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
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.



Yanar Dag



Overview of Yanar Dag



Welcome board

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 <input type="radio"/> 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)	

Data Collection Survey on Tourism Development in Azerbaijan Japan International Cooperation Agency (JICA)	No. 6
	Date: 24/ 11/ 2016
	Surveyor: Hiroyoshi WATANABE

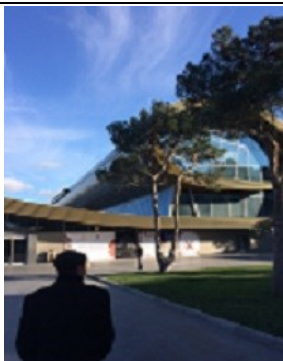
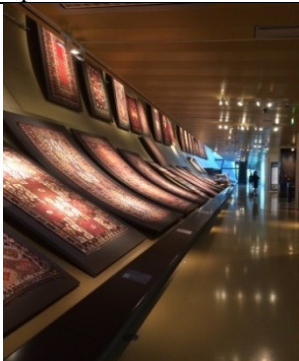
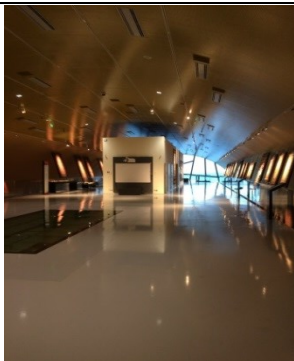
1. Site Classification

Code No.	AZ-6
Site Name	Carpet museum
Country	<input checked="" type="checkbox"/> Azerbaijan
GPS coordination	40°21'35.3"N 49°50'07.8"E(40.359809, 49.835500)

2. General Description

The Museum is a treasury of Azerbaijani national culture. Displaying and explaining a collection of Azerbaijani rugs. Its traditional collection includes about 14 000 traditional carpets, embroideries, costumes, copper artworks, jewelry art, glass, wood, and felt. It is located in 10 km south west of Baku. Even though the museum opened in 1967, the new building of the Carpet Museum was rebuilt and opened in 2014. The exhibition contains three floors: 1st floor - Development of Azerbaijan carpet and its role in traditions. ; 2nd floor - Azerbaijani carpet weaving schools and 3rd floor – Modern carpet weaving.

There is a cloak room and souvenir shop for tourists.

 Façade of the museum	 Inside 1	 Inside 2
--	--	--

3. Status

Operation & Management	<input type="checkbox"/> State Ministry	<input type="checkbox"/> Local Government	<input checked="" 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	0.5 hours from Baku	
Public Transport	<input checked="" type="checkbox"/> Yes / No	<input checked="" type="checkbox"/> Bus / <input checked="" type="checkbox"/> Train / <input checked="" type="checkbox"/> TAXI
Road Condition	<input checked="" type="checkbox"/> Good	<input type="checkbox"/> Fair <input type="checkbox"/> To be Improved
Accommodation	<input checked="" type="checkbox"/> 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 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 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)	

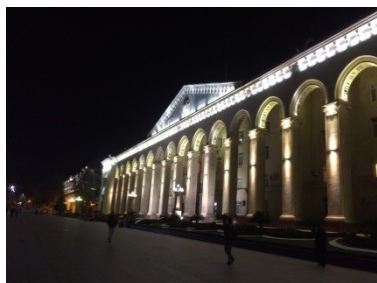
Data Collection Survey on Tourism Development in Azerbaijan Japan International Cooperation Agency (JICA)	No. 7
	Date: 25/ 11/ 2016
	Surveyor: Hiroyoshi WATANABE

1. Site Classification

Code No.	AZ-7
Site Name	Ganja
Country	<input checked="" type="checkbox"/> Azerbaijan
GPS coordination	40°41'13.3"N 46°22'18.4"E(40.687033, 46.371765)

2. General Description

Ganja is Azerbaijan's second largest city with a population close of about 325,200. It was named Elisabethopol (one of the Russian empire) in the Russian Empire period. Ganja has many monuments of ancient culture, the center of western Azerbaijan. One of them is Juma mosque. The city's museum tell about the path of historical development of the Ganja. And 21 century reinvention is starting to make the most of its surviving heritage. Reconstruction has led to dramatic changes in the city's urban development, the old Soviet city into a hub of high buildings. There is a tourism information center at Ramada hotel and dispatches some leaflets.



City-hall



Monument of Nizami Ganjavi



Nizami Ganjavi Mausoleum

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 type="checkbox"/> Good	<input type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

4. Infrastructure around the site

Access	4 hours from		Baku
Public Transport	<input checked="" type="radio"/> Yes / No	<input checked="" type="radio"/> Bus / <input checked="" type="radio"/> Train / <input checked="" type="radio"/> 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 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 checked="" type="checkbox"/> Super Market	<input type="checkbox"/> Others ()	

5. Facilities & Materials

Facility	<input type="checkbox"/> Car Parking	<input checked="" type="checkbox"/> Tourist Information	<input type="checkbox"/> Ticketing Office
	<input 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 checked="" type="checkbox"/> Others (Flyer)	
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)	


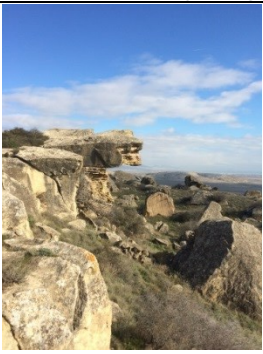

Data Collection Survey on Tourism Development in Azerbaijan Japan International Cooperation Agency (JICA)	No. 8
	Date: 25/ 11/ 2016
	Surveyor: Hiroyoshi WATANABE

1. Site Classification

Code No.	AZ-8
Site Name	Gobustan(National park)
Country	<input checked="" type="checkbox"/> Azerbaijan
GPS coordination	40°05'14.3"N 49°24'19.5"E(40.087304, 49.405405)

2. General Description

Gobustan National Park, officially Gobustan Rock Art Cultural Landscape, is a hill and mountain site occupying the southeast end of the Greater Caucasus mountain ridge in Azerbaijan. Located 60 km from Baku. It's listed in the UNESCO World Heritage List as "outstanding universal value" for the quality and weight of its rock art engravings in 2007. There are a lot of rock art pieces more than 6,000 drawings on 1,000 rocks, more than 100,000 artefacts and others. Petroglyphs reflecting the culture, economy, philosophy, customs and traditions of ancient people. In addition to this there is a Latin inscription dating, which declares to the presence of Roman legions near Baku. The territory of Gobustan is upset with numerous, sometimes rather deep ravines (in Azerbaijani: gobu).

 Notice board 4 tourists	 Scenery	 Rock art
---	---	--

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 type="checkbox"/> Fair	<input type="checkbox"/> To be Rehabilitated

4. Infrastructure around the site

Access	1.0 hours from		Baku
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 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 type="checkbox"/> Tourist Information	<input checked="" type="checkbox"/> Ticketing Office
	<input 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 type="checkbox"/> Russian	<input type="checkbox"/> English	<input type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others (Azerbaijan)	



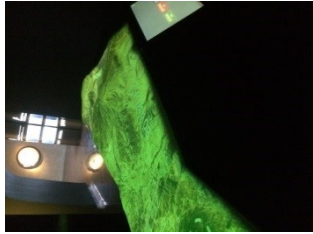
Data Collection Survey on Tourism Development in Azerbaijan Japan International Cooperation Agency (JICA)	No. 9
	Date:25 / 11/ 2016
	Surveyor: Hiroyoshi WATANABE

1. Site Classification

Code No.	AZ-9
Site Name	Gobustan museum
Country	<input checked="" type="checkbox"/> Azerbaijan
GPS coordination	40°06'42.1"N 49°22'43.7"E(40.111701, 49.378804)

2. General Description

It is located in same place with the Gobustan National Park. There are different topics every hall. For example, introduce to museum and petroglyphs, Displays the Gobustan Rock Art Cultural Landscape and about animals and hunter. In addition to the museum having a cinema hall different from Gobustan National Park. The cinema hall demonstrates films about Gobustan, the history and culture of our country, and lifestyle of people in the ancient period. It is possible to watch movies in 3D format too. The audience capacity of the cinema hall is 32 people. The cost for the museum is adults 2 AZN, children 0.20 AZN, parking 1 AZN. And if you want, 6 AZN for an English-speaking guide.

 Entrance	 Exhibit1	 Exhibit2
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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 checked="" 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	1.0 hours from Baku		
Public Transport	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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 type="checkbox"/> To be Improved
Accommodation	Yes / <input checked="" type="checkbox"/> 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 type="checkbox"/> Tourist Information	<input checked="" type="checkbox"/> Ticketing Office
	<input type="checkbox"/> Public Toilets	<input checked="" 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 type="checkbox"/> French
	<input type="checkbox"/> Spanish	<input checked="" type="checkbox"/> Others (Azerbaijani)	

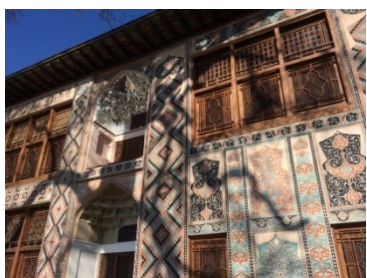


Data Collection Survey on Tourism Development in Azerbaijan Japan International Cooperation Agency (JICA)	No. 10
	Date: 26 / 11/ 2016
	Surveyor: Hiroyoshi WATANABE

1. Site Classification

Code No.	AZ-10
Site Name	Shaki
Country	<input checked="" type="checkbox"/> Azerbaijan
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)	

Data Collection Survey on Tourism Development in Azerbaijan Japan International Cooperation Agency (JICA)	No. 11
	Date: 26/ 11 / 2016
	Surveyor: Go KIMURA

1. Site Classification

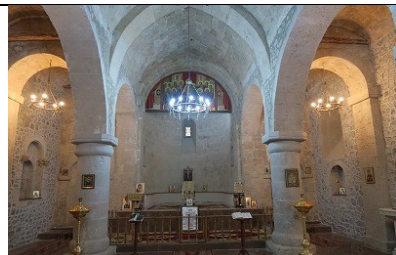
Code No.	AZ-11
Site Name	Nij
Country	<input checked="" type="checkbox"/> Azerbaijan
GPS coordination	38T 724679 4536083

2. General Description

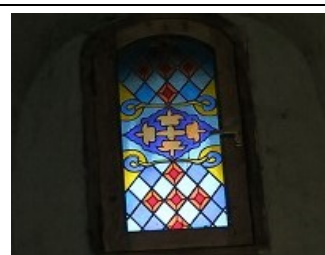
Nij Town is located 40 km south west of Gabala district in Azerbaijan, is the world's only settlement of Udi people. Udi people are members of one of the 26 Caucasian Albanian tribes who played an important role in the creation of the state of Caucasian. People in Nij are still using their own Udi language (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)	

Data Collection Survey on Tourism Development in Azerbaijan 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
GPS coordination	41°02'29.4"N 47°54'35.4"E (41.041510, 47.909844)

2. General Description

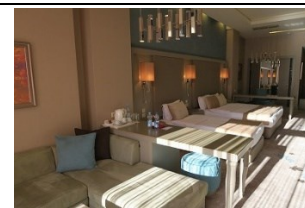
Qafqaz Tufandag Hotel is a 5-star hotel, and located at the foot of the south-western hills of the great Caucasus Chain, on the bank of the river Demiraparanchay in Gabala city and 20 km from Gabala international airport. The distance from Gabala to Baku is only 225 km. The hotel has a total of 53 rooms 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). Qabala was the capital of ancient Caucasian Albania for 600 years. Gabala has abundant of nature (forests, river, waterfalls, lakes, 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). Galaba has 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)	

Data Collection Survey on Tourism Development in Azerbaijan 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
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)	

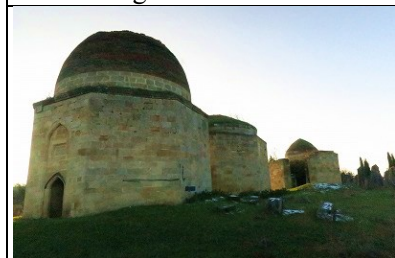
Data Collection Survey on Tourism Development in Azerbaijan Japan International Cooperation Agency (JICA)	No. 14
	Date: 27/ 11/ 2016
	Surveyor: Go KIMURA

1. Site Classification

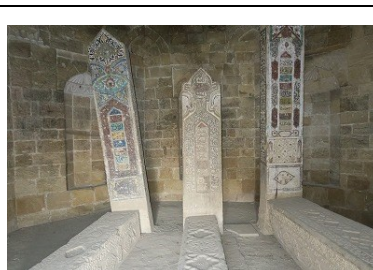
Code No.	AZ-14
Site Name	Yeddi Gumbaz Mausoleum
Country	<input checked="" type="checkbox"/> Azerbaijan
GPS coordination	

2. General Description

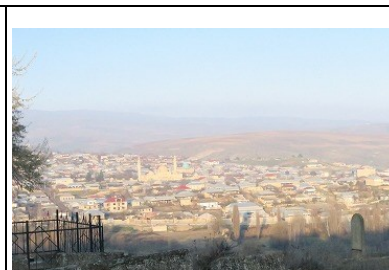
Yeddi Gumbaz Mausoleum is a cemetery located 1.5 km south of Shamakhi district. The name of Yeddi Gumbaz means "Seven Domes". The monument was named after the number of Shirvan rulers' mausoleums-tombs built here in 18th and 19th centuries. Specifically, in the seven tombs, there are the remains of Mustafa 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 ()	

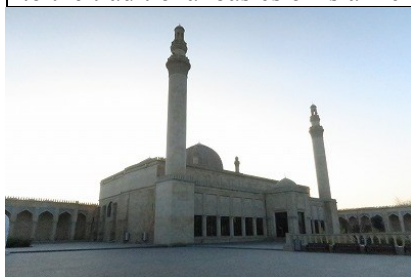
Data Collection Survey on Tourism Development in Azerbaijan Japan International Cooperation Agency (JICA)	No. 15
	Date: 27/ 11/ 2016
	Surveyor: Go KIMURA

1. Site Classification

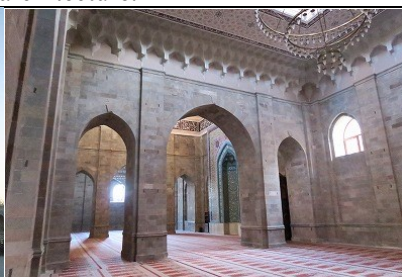
Code No.	AZ-15
Site Name	Juma Mosque
Country	<input checked="" type="checkbox"/> Azerbaijan
GPS coordination	40° 18'31"N, 49° 49' 13" E (40.308611, 49.820278)

2. General Description

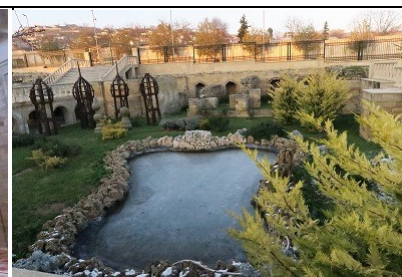
Juma Mosque is located in Shamakhi district. This mosque is also called "Friday Mosque". The mosque was constructed in 743-744. Juma Mosque was reconstructed 4 times due to the damage of strong earthquakes in the past. Some parts of the initial Mosque were still remained and preserved in front of the 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 ()

(2) Results of Workshop (SWOT Analysis)

SWOT: Group A Tourism Product/Product Development

Strengthen	Weakness
<ul style="list-style-type: none"> • Full of natural, historical, cultural resources • Tolerance • Unique tourism attractions (Naftalan, Thermal resource, mud volcanos) • Low Seasonality factors (health tourism, MICE) 	<ul style="list-style-type: none"> • Lack of complex B to B tour package systems • Lack of Infrastructure&attractions in regions • Lack of transportations • Expensive airlines • Lack of supports on innovative products • Lack of Budget Accommodations
Opportunities	Threats
<ul style="list-style-type: none"> • Devaluation (in the list of countries to travel during devaluation in Code Nast List) • Safety in country (crime index) • Government Support 	<ul style="list-style-type: none"> • Complicated visa system in comparison with Caucasus and other competitor countries

Group B: Tourism Promotion

Strengthen	Weakness
<ul style="list-style-type: none"> • Top raising destination • High good security 	<ul style="list-style-type: none"> • Law service • High prices • High monopoly • No Low cost accommodations • Image of 'Land of fire'
Opportunities	Threats
<ul style="list-style-type: none"> • Resort beach hotels(5stars) • Promotion in CIS, MICE • Young& dynamic staff 	<ul style="list-style-type: none"> • War

Group C: Tourism Institution/organizations

Strengthen	Weakness
<ul style="list-style-type: none"> • Establishments of Tourism Council • Tourism Promotional Information Bureau • Azerbaijan Convention bureau • Azerbaijan Tourism and Management University • Vocational School • AZTA,Rural tourism Association 	<ul style="list-style-type: none"> • Standards should be on relevant level • Legal basis should be on relevant level • Hotels and travel agencies should define price policy • No monitoring and supervision mechanism over the sector • Bureaucratic procedures • Absence of 1-2star hotels
Opportunities	Threats
<ul style="list-style-type: none"> • Cooperation with Turkey,CIS countries • Initial legal basis in place • Relations with International organization (WTO, UN etc.) 	<ul style="list-style-type: none"> • Economic crisis • War condition in region • Economic and political situation in neighboring countries

Group D: PPP of tourism sector

Strengthen	Weakness
<ul style="list-style-type: none"> • Government will • Preferential financing mechanism • Variety of Tourism Products (recreational, ski, etc.) • Licensing elimination 	<ul style="list-style-type: none"> • Weak currency rate (not attractive for FDI) • Lack of the long term forecast • Low level of professionals • Weak data analysis and data mining • Weak follow-up procedures for approved laws and decisions • Lack of equal business conditions for every player
Opportunities	Threats
<ul style="list-style-type: none"> • Attractive field for internal investments • Minimum double GDP increase (current 2,2%, world practice 4%) • Stimulating activities from part of the Government • Privatization opportunity in tourism 	<ul style="list-style-type: none"> • Freezed conflict (Nagarno Garabagh) • Regional security issues • Regional Competition • Wrong strategy

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