

Azerbaijan's regional tourism strategy 2020-2023



STATE TOURISM AGENCY OF
THE REPUBLIC OF AZERBAIJAN

April 2020

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Acronyms and abbreviations

ABAD	ASAN Support to Family Business
AHA	Azerbaijan Hotel Association
ASAN	State Agency for Public Service and Social Innovations
ATAA	Association of Travel Agencies in Azerbaijan
ATB	Azerbaijan Tourism Board
ATGA	Azerbaijan Tourist Guides Association
ATMU	Azerbaijan Tourism Management University
CHRTD	Cultural Heritage and Regional Tourism Department
DMO	Destination Management Organisation
DMP	Destination Management Plan
JICA	Japan International Cooperation Agency
MICE	Meetings, Incentives, Conventions and Events
N	Northern tourism route
NAR	Nakhchivan Autonomous Region
NGO	Non-Government Organisation
NW	North western tourism route
PPP	Public-Private Partnership
RDP	Regional Development Programme
RMC	Reserves Management Centre
RTD	Regional Tourism Department
S	Southern tourism route
SMB	Small- and Medium-sized Enterprises Development Agency of Azerbaijan
SME	Small and Medium Enterprises
STA	State Tourism Agency
TIC	Tourist Information Centre
TIP	Tourist Information Point
TRZ	Tourism Recreation Zone
TVO	Tourism Volunteer Organisation
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNWTO	United Nations World Tourism Organisation
VAT	Value Added Tax
W	Western tourism route
WC	Water cistern (toilet)

Introduction

The regional tourism opportunity

The State Tourism Agency of Azerbaijan (STA) was established on the 20th of April, 2018 as a central executive body implementing state policies and regulations in the field of tourism. The Azerbaijan Tourism Board (ATB) is a public legal entity under the STA and represents the tourism marketing body.

Azerbaijan has an immense amount of intangible heritage assets, historical monuments and buildings as well as astonishing natural landscapes and excellent hospitality that are of interest to domestic and international visitors. As of today, this great tourism potential is underutilized, particularly in its regional areas.

Across the world rural areas frequently find themselves in situations of economic decline as a consequence of the fall in agricultural production, the loss of a part of their human resources (who emigrate to the cities), and the thin infrastructure endowment.

The promotion of sustainable tourism in rural areas can act as an instrument for development that permits not only protection of heritage and promotion of the cultural identity of the community, but also leads to increases in income, living standards and productive employment opportunities for the population, ensures competitiveness of the private sector, enhances safety, and prevents exorbitant migration while maintaining ecological balances, traditional patterns and cultural features.

The regional tourism challenges

Despite the opportunities that rural tourism offers, there exists a disparity between the level of visitation between Baku and the rest of Azerbaijan. In 2018, Baku received almost twice as many tourists as all other parts of the country - 1.1 million against 600,000. Behind these figures are a number of significant challenges that hinder the development and positioning of Azerbaijan's regional areas as competitive tourism destinations. These challenges are summarized below:

Transition to new institutional framework at the regional level

Up until 2019, tourism functions in the regional areas were handled by the STA's tourist information centres (TICs) which had responsibility for providing and collecting tourism information and, to a limited extent, also advising on tourism planning and development, marketing, finance and administration.

With the first Destination Management Organizations (DMOs), in Azerbaijan being created in 2019, a new institutional framework for the management of tourism in the country's regional areas is being established. Presently, there are two well-established DMOs in Azerbaijan, one in the Sheki-Balaken region and one in the Guba-Gusar region and an additional two newly-established DMOs launched in late 2019 – early 2020 covering the Lankaran-Astara region and the Ganga-Qazakh region.

With plans to establish a further two DMOs in 2020, STA and ATB shall reach its national target of six DMOs in Azerbaijan.

To be sustainable, further support is required to help formalise and institutionalise the DMOs and to establish a structure for regional tourism development in Azerbaijan, and to foster multi-stakeholder engagement that enables greater participation and benefits to the private sector and local communities.

Unrealised potential of regional areas

Azerbaijan's regional areas have the potential to be positioned as important destinations for nature, adventure, culture, health and wellness and special interest experiences. They offer a significant array of assets including mountains, national parks, historical and archaeological sites, thermal springs, cultural villages and colourful ethnic people. The vast majority of these natural, cultural and man-made resources are however undeveloped and their potential to become places of learning, leisure and recreation for the local community as well as visitors remains unrealised. Moreover, while developing attractions is important, experiences surrounding the attractions must be developed and supporting services and infrastructure developed. The opportunity exists to expand nature activities such as hiking, boating and cycling, develop cultural experiences such as festivals, cooking classes and handicraft products, expand on the range of wellness and health experiences such as hamams, spas and traditional herbal products, and increase specialist activities such as rock climbing, birdwatching and fishing.

Inadequate human capacities

While co-ordination, products and marketing are all critical factors in establishing competitive regional tourism destinations, if the human resources do not have the capacity then quality standards will be low and visitors will not have a satisfactory experience. STA has embarked on conducting a training needs analysis of the tourism industry in Azerbaijan's regional areas focusing primarily on accommodation, restaurants and wineries. This information should form the foundation of a strong, strategic and targeted capacity building and training programme. Technical skills such as front desk, customer service, housekeeping and food service need strengthening as well as business management skills such as marketing and accounting. Further to this, the programme will need to be expanded to include other sub-sectors such as handicrafts, local guides and transport. Communities need to be made aware of the opportunities and benefits of working in tourism, students should be encouraged to select hospitality and tourism for their further education and career path and quality of tourism education should be improved.

Insufficient tourism infrastructure

A sustainable regional tourism industry can only be successfully established if it is supported by sound infrastructure including buildings, transportation, energy, water and waste management systems. At present visitor facilities along the tourism corridors, in key rural tourism areas, and along priority hiking trails are highly limited or non-existent. There are only simple walking tracks, viewing points, camping or day use areas, and little or no waste management facilities, toilets or car parks. Upgrades to this infrastructure are critically needed in order to make positive experiences for visitors as well as for the local community.

Limited awareness and promotion of regional tourism destinations

The Azerbaijan Tourism Board is making significant progress in building awareness amongst priority international markets of Azerbaijan as an attractive holiday destination in the region. Much of the attention of international marketing efforts and subsequent travel itineraries of visitors tends to focus on spending most time in Baku, and relatively limited time in the country's regional areas. Moreover, there is significant potential to bolster regional visitation by untapping the domestic market primarily based in Baku who are crying out for great quality places to see and experiences to enjoy outside the nation's capital.

72 regional tourism challenges: a summary

In 2019 the State Tourism Agency implemented a series of meetings with the tourism industry across the regional areas of Azerbaijan to understand key challenges. As a result, 72 key challenges were identified. These have been summarised below.

Infrastructure

- Poor road infrastructure including street lighting, road condition and tourism signage
- Limited supply of WCs, safety and health care services, and infrastructure for people with disabilities
- Limited range and poor-quality public leisure, entertainment, coastal and wellness, picnic or camping grounds, poor resources and infrastructure

Utilities

- Uneven supply of electricity, water, gas and telecommunications across regional areas
- Limited provision of waste management services including wastewater treatment

Accessibility

- Scope for improvement in professionalism and efficiency at border control points including accessibility to e-visa systems at land border crossings, presence of State Migration Services in regions and streamlining of procedures for obtaining permits for hiking in natural areas close to certain borders
- Inadequate presence of the State Migration Service in regions
- Lack of public transportation as: low frequency of flights to regional airports, no transportation from borders/regional airports to city centres and vice versa
- Tickets problems: short supply of airplane tickets to regions, expensiveness of tickets to/from Azerbaijan, no ticket offices in regions, impossible to buy tickets online, etc.
- No international rent-a-car service

Ancillary services

- Currency exchange points problems on borders, in regions at weekends
- Banking issues: No ATM's or payment terminals, high bank fees for using local payment systems or booking.com transactions.
- Ungrounded police inspections in hotels, security check at borders, harassment of tourists who travelled to Armenia, personal safety issues on the streets at night and to particular wild animals (e.g. dogs, snakes)

Laws, policies, regulations & incentives

- High customs duties on the import of various tourism related goods
- Inefficient procedures affecting visitors from purchasing and taking home cultural products that are not affected by heritage protection regulations
- Excessive demands on food safety standards
- Lack of trust by state authorities in entrepreneurs and non-governmental organizations operating in tourism sector
- Lack of official regulations in tourism market: unclear regulations in tour companies, dumping, unofficial payments, chaotic process of star classification, guide regulations, unfair competition
- Lack of consumer rights: no protection, no insurance proposals in line with the requirements.
- Artisans problems: no incentive policies toward already existing tourism industry players, not satisfactory ABAD proposals, problems with reserving special areas for artisans and providing them with necessary means, poor networking among artisans, disability to compare with cheap Chinese souvenirs market
- Limited access of soft loans and grants for artisans, not knowing VAT calculations, no tax, land or property privileges for accommodation activities, high charges for AD

Human resources and service quality

- Lack of qualified personnel in the regions (particularly fluent in foreign languages), certified tourism workers, low salaries, no certification of tourism products

Tourism promotion and tourism products

- Poor promotion of regional tourism potential: poor hotel marketing policies, no development of tourism products & routes in regions, not actual information for tour guides, no low-budget hotels, no infoboards in tourist locations, on borders, etc.
- Seasonality, university exams till August, bad conservation of monuments

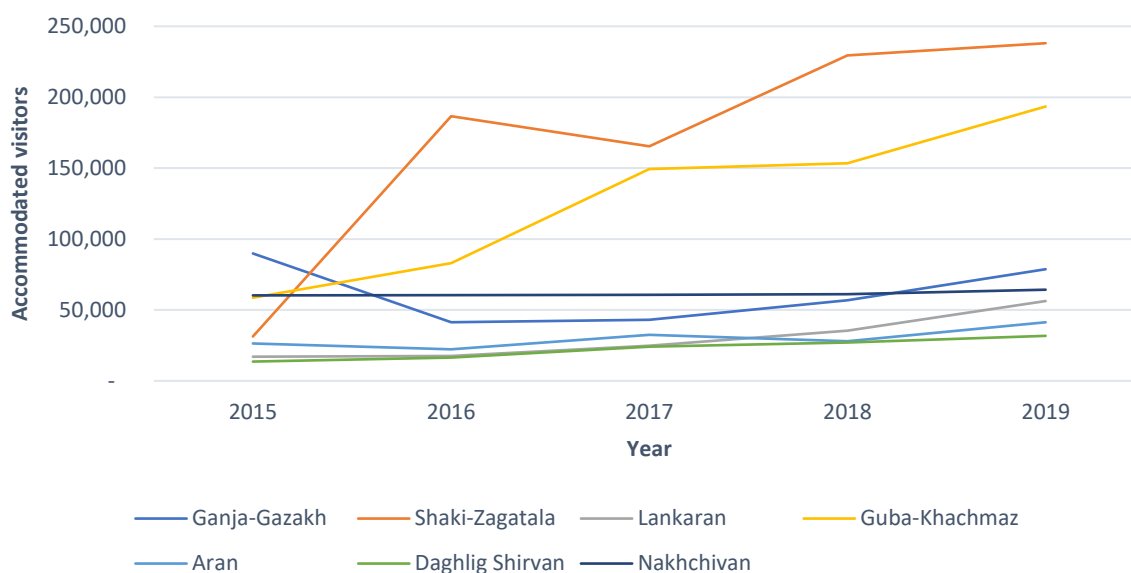
Market analysis of tourism in Azerbaijan’s regional areas

Trends in visitation to regional areas

According to the State Statistical Committee of the Republic of Azerbaijan, the number of accommodated visitors staying in regional area hotels and similar establishments¹ grew an impressive 137 percent over the five years from 2012-2019, from almost 300,000 accommodated visitors in 2015, to more than 700,000 accommodated visitors in 2019.

The regions that received the most accommodated visitors in 2019 were the Sheki-Zagatala region (240,000 visitors), the Guba-Khachmaz region (195,000 visitors), and the Ganja-Gazakh region (80,000 visitors). The region which received the least number of accommodated visitors in 2019 was Daghlig-Shirvan (32,000 visitors).

Figure 1. Number of accommodated visitors in regional areas 2015-2019



Trends over the past five years indicate the strongest growth in regional accommodated visitors is the Sheki-Zagatala region (up 661 percent) followed by the Guba-Khachmaz region and the Lankaran region (both up 230 percent respectively). The Ganja-Gazakh region performed worst, with the total number of accommodated visitors decreasing 12 percent over the past five years.

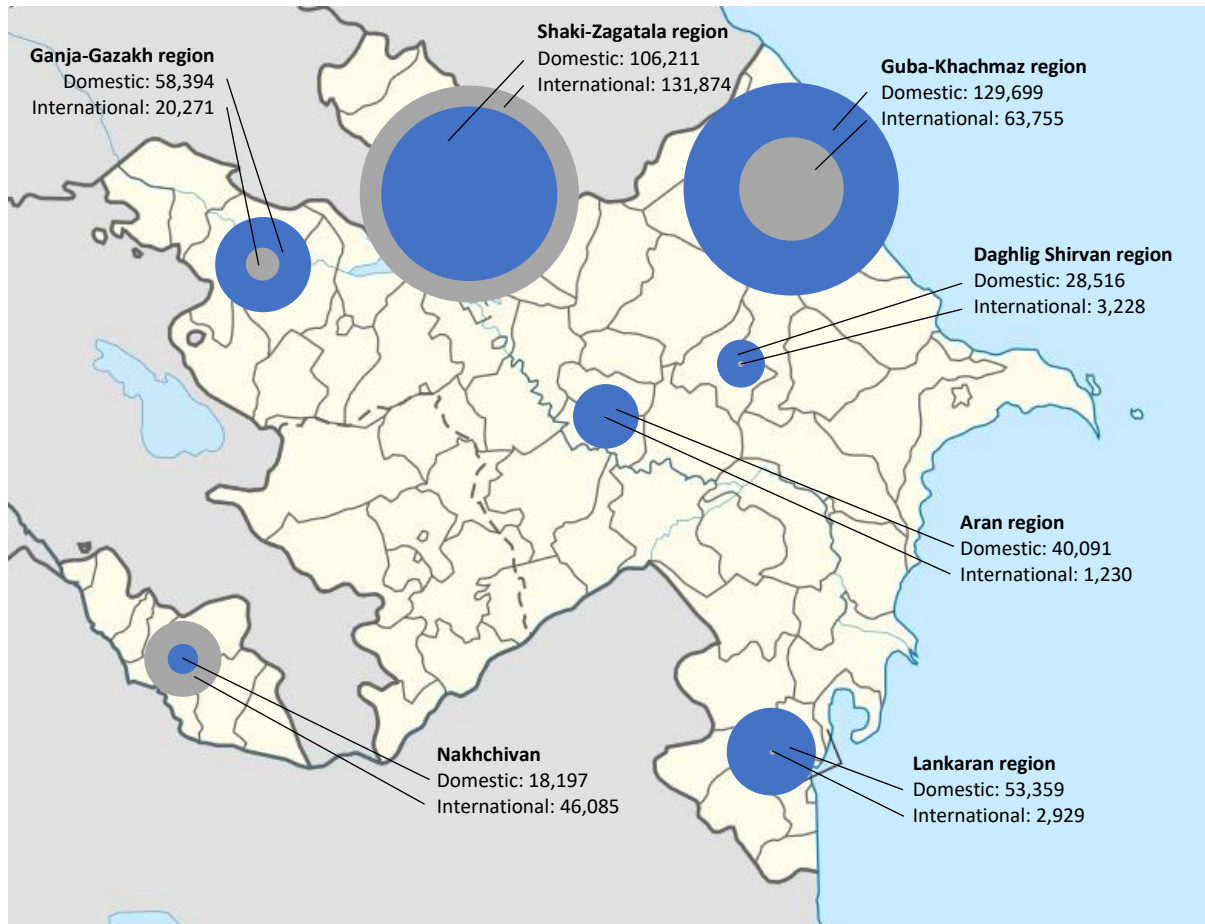
In 2019, almost two-thirds of regional accommodated visitors were domestic (435,634 visitors, 62 percent of regional share), and just over one-third were international (269,372 visitors, 38 percent of regional share).

The regions with the highest number of international accommodated visitors in 2019 were the Sheki-Zagatala region, which received almost 50 percent of all international regionally accommodated visitors, followed by the Guba-Khachmaz region which received almost 25 percent of all international regionally accommodated visitors.

¹ For the purpose of this report, “regional areas” includes all regions of Azerbaijan except the Baku-Absheron economic zone. These regions are: Ganja-Gazakh, Shaki-Zagatala, Lankaran, Guba-Khachmaz, Aran, Daghlig Shirvan, and Nakhchivan

The Sheki-Zagatala and Nakhchivan regions receive more international than domestic accommodated visitors, with all other regions being the opposite, with far more domestic than international accommodated visitors.

Figure 2. Number of accommodated visitors according to regional area 2019



International markets to regional areas

Based on the results of a destination survey of visitors to key regional tourism cities in Azerbaijan in 2019, the following international markets are most prominent:

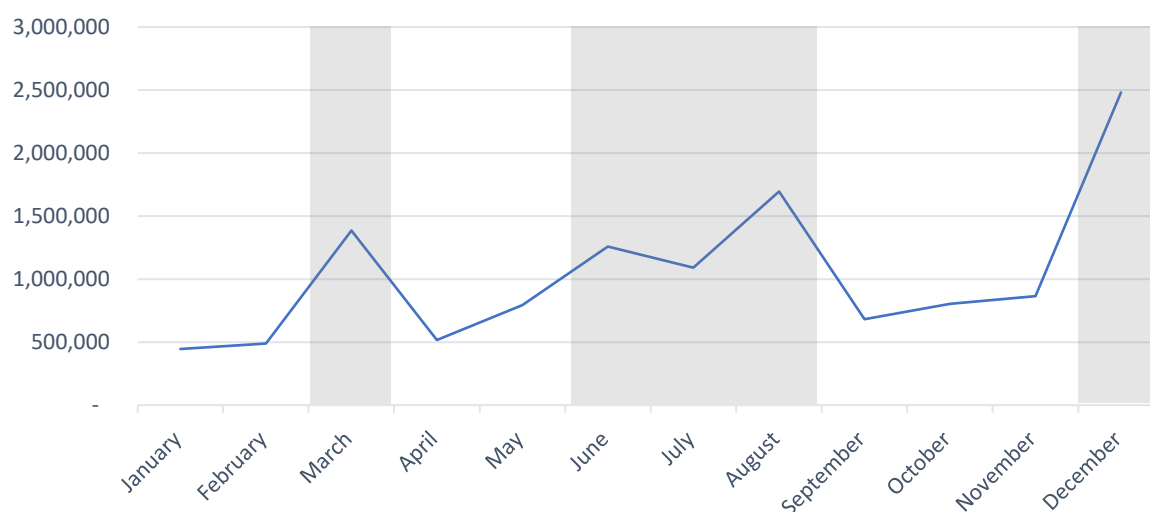
- **Lankaran:** Russia (68 percent), Europe (16 percent), in particular Germany and Ukraine, Middle East (16 percent), in particular Turkey.
- **Sheki:** Saudi Arabia and UK (9 percent each), Germany (8 percent) and Netherlands (6 percent). International regions that feature prominently in Sheki are Europe (France, Italy, Poland), Russia, the Americas and the Middle East (UAE, Oman).
- **Ganja:** Russia (21 percent), Turkey (18 percent), Saudi Arabia and Iran (10 percent each). Other nationalities that also feature prominently are Poland, Bahrain and UAE.
- **Guba:** Saudi Arabia (55 percent), UAE (9 percent), Kuwait (8 percent). Other international markets of some importance include Oman, Pakistan, Poland, Russia, India and Egypt.

Seasonality of visitation to regional areas

Based on 2019 State Statistics Committee data, there are three main tourism “seasons” in Azerbaijan’s regional areas which combined constitute more than 60 percent of the total number of visits to regional areas in the year. All regional areas show very similar pattern of visits according to different times of the year.

Period	% regional visits	Cause
March	11 percent	Start of Spring; Novruz public holiday
June – August	32 percent	Summer season
December	20 percent	Coincides with Christmas and New Year

Figure 3. Seasonality of visitation to regional areas 2019



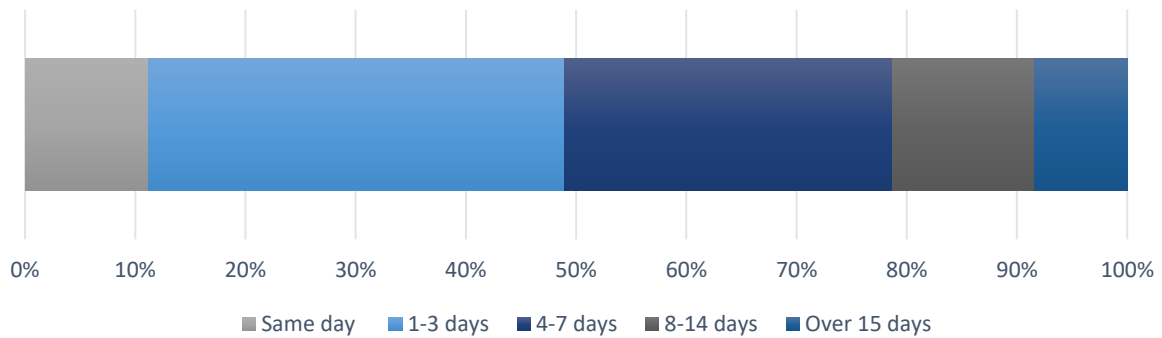
Length of stay in regional areas

The State Statistical Committee reports on the length of the domestic market in Azerbaijan’s regional areas. Based on 2019 figures, domestic visitors make short trips of less than seven days with there being relative homogeneity in the length of stay of visitors across all regions.

The most popular length of stay in 2019 was 1-3 days (4,6 million visitors, 38 percent of regional share), followed by 4-7 days (3,6 million visitors, 30 percent of regional share) and then 8-14 days (1,6 million visitors, 13 percent of regional share). Same-day visitors accounted for 11 percent of domestic visitors to regional areas in 2019 (1,4 million).

It can be expected that the length of stay of international visitors is significantly shorter than domestic visitors, with the majority likely to be at the lower end of the 1-3 day range.

Figure 4. Length of stay of domestic visitors to regional areas 2019



Purpose of travel to regional areas

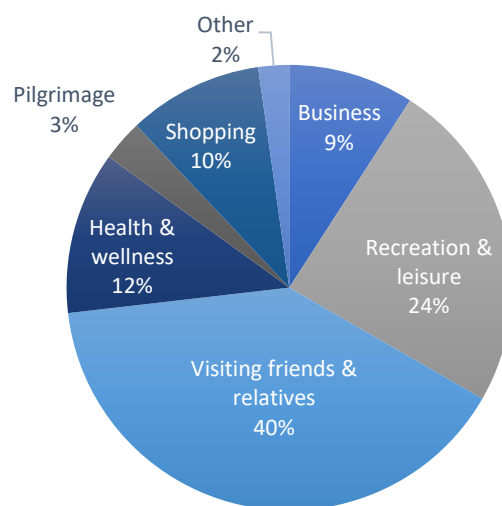
Available information on the purpose of travel to regional areas produced by the State Statistical Committee is only available for domestic visitors.

According to 2019 data, there is a general consistency in the purpose of travel to Azerbaijan’s regional areas with the most common purpose being to visit friends and relatives (5 million visitors, 40 percent of regional share), followed by recreation and leisure (3 million visitors, 24 percent of regional share).

Pilgrimage and other reasons for travel were least common constituting 3 percent or less of all visitors to Azerbaijan’s regional areas (0.6 million visitors).

It may be expected that the majority of international visitors will also be travelling either for recreation and leisure or to visit friends and relatives.

Figure 5. Purpose of travel to regional areas for domestic market 2019



Accommodation preferences in regional areas

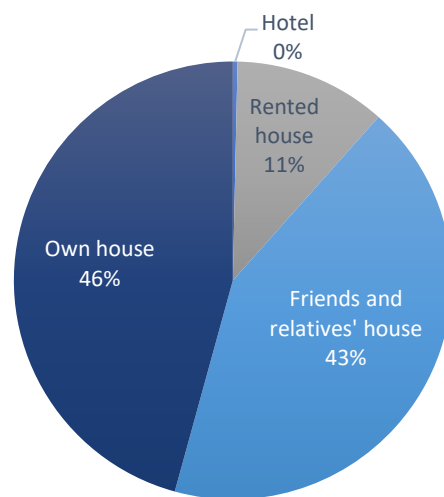
Available information on accommodation preferences in regional areas produced by the State Statistical Committee is only available for domestic visitors.

According to State Statistics Committee data, in 2019 visitors to Azerbaijan’s regional areas normally stayed in either one of two places – their own home (i.e. “holiday house”; 46 percent), or a friend or relative’s house (43 percent). The next most popular option for traveller is to rent a house (11 percent).

The use of hotels as a proportion of all types of accommodation used by travellers to regional areas is incredibly low (less than 1 percent). It may be guessed that proportionate use of hotels and similar establishments would be much stronger for international travellers.

There is very little variation in domestic travellers’ preferences across different regional areas with the exception of Nakhchivan which has significantly more visitors staying in their own house (63 percent) and fewer staying with friends and relatives (27 percent), renting a house (10 percent) or staying in a hotel (less than 1 percent).

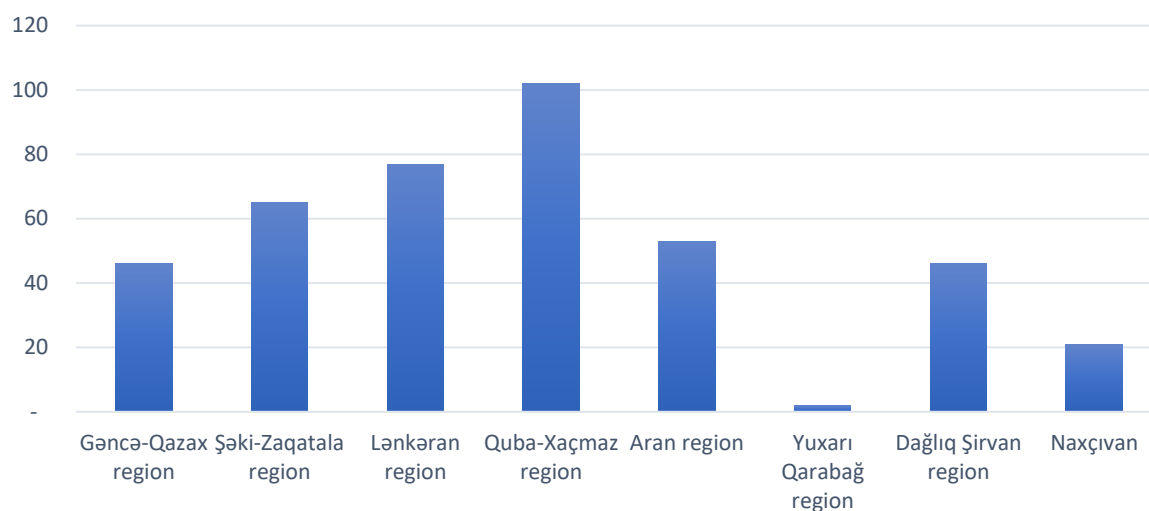
Figure 6. Accommodation preferences of domestic market in regional areas 2019



Accommodation supply in regional areas

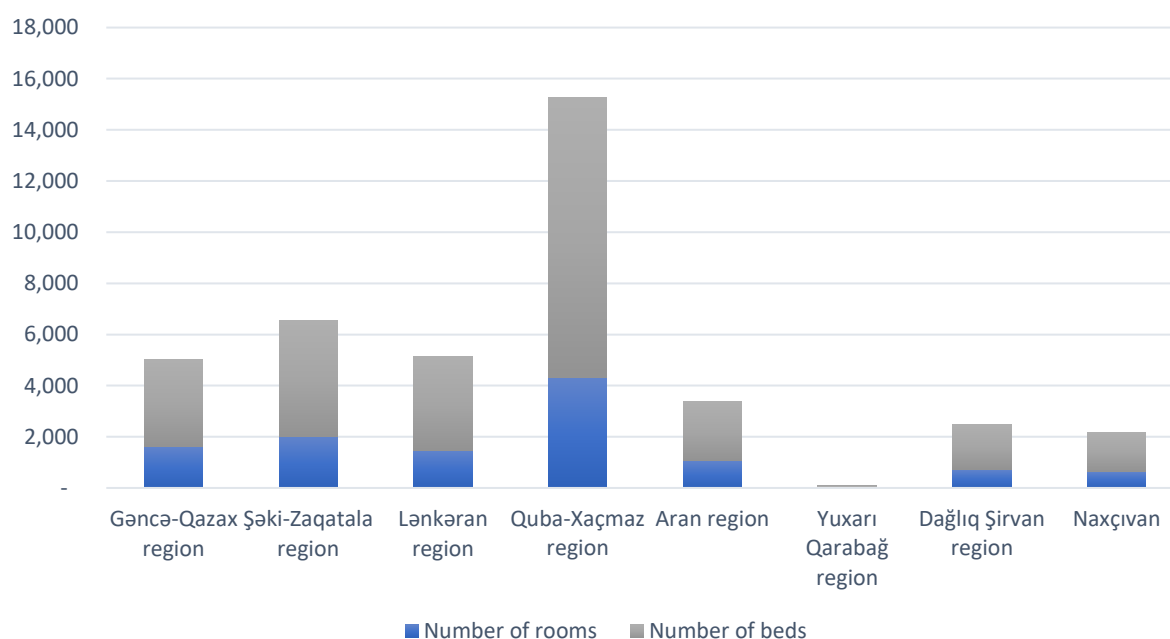
In relation to the number of hotels and similar establishments in Azerbaijan’s regional areas, State Statistics Committee data of 2019 indicates the greatest supply is by far in the Guba-Khachmaz region, which contains more than 100 hotels (25 percent of hotels in all regional areas), followed by Lankaran region with 77 hotels (19 percent) and then Şəki-Zaqatala region with 65 hotels (16 percent). The least number of hotels is found in Yuxarı Qarabağ region, which has only two hotels (less than 1 percent of all hotels in all regional areas).

Figure 7. Number of hotels in regional areas 2019



In terms of room supply, again the Guba-Khachmaz region is the top performer, with more than 4,300 rooms (36 percent of rooms in all regional areas) and over 10,900 beds (39 percent of beds in all regional areas). Second is the Şəki-Zaqatala region which has almost 2,000 rooms (17 percent) and more than 4,500 beds (16 percent). Gəncə-Qazax region and Lənkəran region are both fairly closely matched for rooms and beds.

Figure 8. Number of rooms and beds in regional areas 2019



Framework for regional tourism development

Tourism governance

As an interrelated industry, tourism is representing a complex governance model in Azerbaijan.

State Tourism Agency

At the highest level exists the STA whose overall purpose is to work towards the improvement of public administration in the field of tourism. Activities undertaken by STA include setting and implementing tourism related policies and regulations and organising activities either alone or with other agencies, enterprises and organisations for the purpose of developing tourism.

Azerbaijan Tourism Board

The ATB is a public legal entity within STA whose main goal is to strengthen the competitiveness of the country in the global tourism market by forming the tourism brand of Azerbaijan and promoting it both locally and internationally. ATB is also actively working to promote the development of tourism products and industry development.

Destination Management Organisations

Within the regional areas, STA / ATB have established Destination Management Organisations (DMOs). The DMOs act as representative offices of STA / ATB at the regional level. The overall purpose of the DMOs is to lead, co-ordinate, promote, and manage the long-term sustainable economic growth and marketing of Azerbaijan's regional tourism destinations.

Currently DMOs have been established in the following regions:

DMO office	Administrative area
Guba DMO	Guba, Gusar
Sheki DMO	Sheki, Gakh, Zagatala, Balaken
Ganja DMO	Ganja, Shamkir, Dashkasen, Goygol, Gadabay, Naftalan ² , Mingechevir ³
Lankaran DMO	Lankaran, Masali, Lerik, Astara

In late 2020, it is planned for a new DMO to be established in Gabala (covering Gabala, Oghuz).

Further down the track (from 2021 onwards), the opportunity to establish DMO offices will be explored in the following areas: İsmayilli (covering Agsu, Shamakhi, İsmayilli), Sumgayit or Khizi (covering Sumagayit, Khizi), Mingachevir or Yevlakh (covering Mingachevir, Yevlakh, Agdash, Barda, Goychay) and Shamkir (covering Agstafa, Gadabey, Shamkir, Tovuz, Samukh, Gazakh).

Regional Tourism Departments

In 2021 STA plans to establish Regional Tourism Departments (RTD) across Azerbaijan. The RTDs will be the main organisation of STA to support destination development through local and regional official channels.

² DMO extension support

³ See previous

The main objectives of the RTDs are:

- To ensure better coordination between STA and regional public entities in tourism-related matters in region areas (government to government)
- To support entities under STA in regions in relationship with regional and local public stakeholders
- To provide advice and guidance to local and regional communities and businesses on tourism related laws, policies, plans and regulations and support with the implementation of actions in response to relevant issues and requests

The RTDs differ from the DMOs in that they are primarily focussed in the areas of policy, planning and regulations using a government-to-government approach, while the DMOs are focussed on implementation of destination development actions in the areas of product and business development, marketing and communications and human resource development and standards using a public-private partnership approach.

It is planned that the administrative boundaries of each RTD office will align with the Ministry of Economy's economic zones.

Reserves Management Centre

The Reserves Management Centre (RMC) is a public legal entity established under STA that deals with implementation of scientific, historical and cultural study and additionally preservation, development and purposeful use of elements of historical tangible and intangible cultural heritages.

The Reserves are all located within Azerbaijan's regional areas and include:

- Yanar Mountain State Historical-Cultural and Natural Reserve
- Ateshgah Temple State Historical-Architectural Reserve
- Basgal State Historical-Cultural Reserve
- State Historical, Architectural and Ethnographic Reserve Khinalig
- Lahij Historical-Cultural Reserve
- Yukhari Bash Historical-Architectural Reserve ("Caravanserai" historical complex in Sheki)
- Kish State Historical-Architectural Reserve

Apart from protecting Azerbaijan's heritage, the RMC aims to "monetise" the Reserves for the purpose of tourism in order to support the creation of jobs, income and strengthen the economies of regional areas.

Subordinate agencies of STA

Other subordinate agencies of STA supporting the development of tourism in Azerbaijan's regional areas include:

- Mingachevir Tourism College

- Tourist Information Centres in Baku, Guba,⁴ Khachmaz, Shamakhi, Ismayilli, Gabala, Zagatala, Ganja⁵, Barda, Lankaran⁶ and Sheki⁷

Executive Powers and tourism officers

In addition, the current Social Economic Regional Development Programme (RDP) mentions 30 rayons /cities where STA and local executive administration should develop the tourism sector.

STA and ATB are currently exploring the opportunity of tourism officers being established in local Executive Powers. The officers would be responsible for implementing the Regional Development Program with the DMOs.

The rayons where tourism officers are proposed cover the administrative areas of the DMOs and other prioritised areas in Azerbaijan's regional areas (see Annex 1).

Tourism officers are also proposed within the Executive Powers of rayons outside DMO administrative areas when they are situated within a tourism corridor, for example at the Gobustan Mud Volcanoes in Absheron.

Other public sector stakeholders

Other public stakeholders connected to tourism at the regional and / or local level include:

- *Ministry of Culture* – regulates and manages cultural heritage (except STA Reserves) in regional areas. Departments are established at the regional level with representatives also allocated at the local (rayon) level
- *Ministry of Ecology and Natural Resources* – regulates and manages National Parks under the Department of Special which are the main resources for ecotourism activities in the regions
- *Ministry of Education* – in charge of regulating the education system in Azerbaijan. Has departments at the regional level as well as local (rayon) level
- *Public infrastructure agencies* – such as Azeravtoyol (roads), Azersu (water), Azerişiq (electricity), and Azeriqaz (gas)

Non-government and industry organisations

A number of Non-Government Organisations (NGOs) and industry associations are involved in the development of tourism in Azerbaijan with the most notable being:

- *Azerbaijan Hotel Association (AHA)* – A membership organisation representing the hospitality industry. Involved with the implementation of international standards, the classification of hotels, advocacy and the promotion of members
- *Azerbaijan Tourist Guides Association (ATGA)* – A public association that protects the legal status of professionals working as tourist guides in Azerbaijan and aims to implement their training / certification process.

⁴ The Tourist Information Centre also operates as a DMO

⁵ See previous

⁶ See previous

⁷ See previous

- *Association of Travel Agencies in Azerbaijan (ATAA)* – Aims to promote professional and operational approaches in the tourism sector in accordance with the orders and instructions of the Head of State
- *Azerbaijan Tourism Volunteer Organization (TVO)* – Aims to raise awareness in tourism education in the regions and engage young people to tourism projects in order to enhance their capacity. The majority of members are currently studying in tourism programs

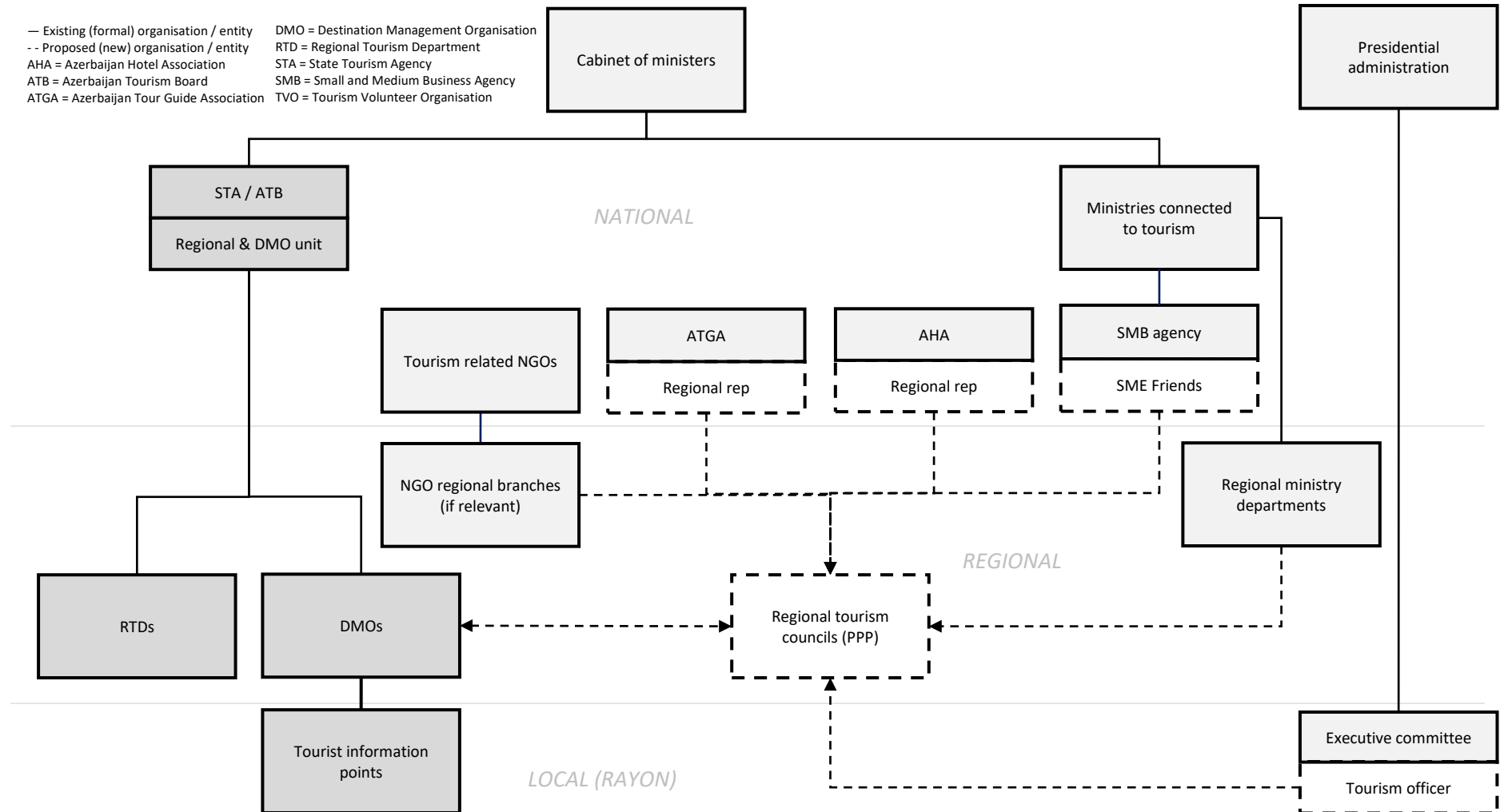
Table 1. Overview of key direct and indirect public sector actors supporting regional tourism development

	Direct stakeholders		Indirect stakeholders			
	STA	ATB	Ministry of Economy	SMB Agency	Executive Powers	Ministry of Agriculture
Department	Cultural Heritage and Regional Tourism department	Destination management	Regional Development and State programs; State Investments	SMB Regulation and Promotion	Deputy head	Agro Procurement and Supply Company
Regional branch	DMOs		Regional departments	SME House SMB Friend	-	-
Policy document	Regional Strategy; Regional Tourism Program; ⁸ TRZ Charter	Destination Management Plans	State Investment Program	Laws; Presidential Orders	Laws; Presidential orders; Charter ⁹	Strategic Road Map;
Regional Development Program 2019-2023 (RDP)						
Projects / Tools	TRZ; RDP actions; Topic based Working Groups; STA Action Plan	Tourism product development projects; Regional tourism awareness etc.	Direct budget allocation through Investment Program; Investment Promotion Document	Direct legal aid; Trainings; Providing public services.	Tasks given from Presidential Administration	“To Village” (agritourism project)

⁸ There is a possibility to design specific Regional Tourism Program

⁹ Some rayons have informal Rayon Development Plans prepared by GIZ in Ganja-Gazakh region that include tourism

Figure 9. Indicative organisational structure of Azerbaijan's tourism sector



Tourism policy and planning

Tourism policies

There are a number of ongoing projects at the national level that relate to policies impacting on regions. These projects are detailed in the proceeding 9 Pillars action plans (in particular, Pillar 4). The most important regional tourism policy related projects include:

- Adoption of new tourism law by the parliament
- Introduction of tax reductions and incentives for tourism service providers and investors
- Introduction of a consumer protection and public liability insurance mechanism for tour operators and travel agents
- Optimisation of land border crossing procedures and visa facilitation for core markets
- Creation and /or upgrading of hiking, health, adventure tourism standards
- Installation of subsidy mechanisms for businesses in the tourism industry
- Adoption of STA grant regulations
- Implementation of certification for tour guides extended to regional areas
- Introduction of bank guarantees for tour operators

Tourism Law

The key policy instrument governing the development of tourism in Azerbaijan – including its regional areas is the Azerbaijan Tourism Law.

The new law which is in the process of being approved and adopted mentions Azerbaijan’s regional areas in two key areas:

- **Article 5** states that it is the duty of public administrations to create the necessary conditions for the development of tourism infrastructure in the regions for the development of regional tourism and the formation of various tourism products
- **Article 23** states that grant funding for tourism projects will be provided for national tourism agencies in the State Budget for the development of tourism infrastructure, improving the quality of tourism services, development of regional tourism, creating special tourism products for priority tourism markets and encouraging innovation and research in tourism

STA and the Cultural Heritage and Regional Tourism Department

STA is the leading policy making central governmental body in tourism. Currently the Cultural Heritage and Regional Tourism Department (CHRTD) is co-ordinating regional tourism related projects and policies with other departments within STA and ATB. STA designs one-year Action Plans covering regional tourism related projects and tasks each year. CHRTD is the main communicator with other state agencies and local executive bodies in regional tourism related issues and projects.

Regional Development Programme

The Government’s regional development policy framework is based on a 5-year State Programme called “Socio-economic development of regions of the Republic of Azerbaijan”, or Regional Development Programme (RDP).

Co-ordinated by the Ministry of Economy, the last adopted programme covers the period of 2019-2023 and also matches Regional Strategy 2023. The RDP contains general and specific tourism related tasks that have been identified for implementation by STA (as main or secondary implementer).

In the RDP, STA is assigned with developing projects in several tourism fields, such as rural and ecotourism, or developing specific projects in specific rayons. STA also included some important directions and tasks into the RDP for achieving better co-ordination and implementation of tourism projects that reflect its 9-Pillar strategy. The current RDP includes the following activities related to tourism in Azerbaijan's regional areas are shown below.

Table 2. RDP actions related to regional tourism in Azerbaijan

Code	Action	Year	Responsibility
Infrastructure			
7.1.49	Development of priority tourism demonstration facilities possessing high value in terms of tourist attraction in the suburbs of Baku and regions	2019-2021	State Tourism Agency; Local Ex Coms; Municipalities
7.1.53	Establishment of exemplary farm models (beekeeping, fishing, winemaking) that offers tourism services	2019-2020	Ministry of Agriculture; State Tourism Agency; Ministry of Economy
7.1.54	Development of existing tourism routes and promotion of new tourism routes	2019-2023	State Tourism Agency; Local Ex Coms
7.1.56	Implementation of measures to improve access to tourism services for vulnerable social groups in the regions	2019-2023	State Tourism Agency; Ministry of Labor and Social Protection of Population
7.1.57	Creation of ecotourism infrastructure in the National Parks of the Republic of Azerbaijan, involvement of rural people in tourism development activities	2019-2023	Ministry of Ecology and Natural Resources; State Tourism Agency; Local Ex Coms
Capacity building			
7.1.52	Organization of short-term courses to promote number of traditions including baking, carpet weaving etc., as well as taking measures for branding of specialized agricultural products	2019-2023	State Tourism Agency; Ministry of Agriculture; Ministry of Economy; State Agency for Public Service and Social Innovations under the President of the Republic of Azerbaijan (ASAN); "Azercarpet" ASC
7.1.55	Implementation of measures to improve tourism services in the regions	2019-2023	State Tourism Agency; Local Ex Coms
Tourism experience			
7.1.50	Taking appropriate measures to develop different types of tourism in the regions including rural tourism, ethno-tourism, ecotourism, winter tourism, trans-border tourism, etc.	2019-2023	State Tourism Agency; Ministry of Agriculture; Local Ex Coms; Municipalities
Supporting industry			
7.1.51	Taking appropriate measures to provide loans and grants to businessmen engaged in rural and green tourism	2019-2023	State Tourism Agency; Ministry of Agriculture; Ministry of Economy





DMO Action Plans and Destination Management Plans

The DMOs are guided by one-year Action Plans. In 2020, it is planned for the DMOs to develop medium term (3 year) Destination Management Plans (DMPs) for each of their regional areas of administration which the one-year Action Plans shall directly connect to. High-level adopted state programmes such as RDP and possibly the creation of a National Programme based for regional tourism based on the DMPs will help ensure all stakeholders work towards a common goal for tourism in Azerbaijan's regional areas.

Tourism corridors and clusters

The framework for the development of tourism in Azerbaijan's regional areas is based upon the identification and development of clusters of regional tourism products that integrate culture, nature, health and wellness and special interest.

The clusters are inter-linked via a network of tourism corridors that run to / from Baku to the country's outer regions (and onwards to neighbouring countries):

	Name	Start	End	Connecting country	
	Corridor 1	Northern route	Baku	Gusar	Russia
	Corridor 2	North western route	Baku	Balaken	Georgia
	Corridor 3	Western route	Baku	Gazakh	Georgia
	Corridor 4	Southern route	Baku	Astara	Iran

The combination of product clusters that can be thematically positioned according to the unique product mix of each together with the facilitation of interconnectivity for travel facilitates the packaging of itineraries by tour operators and the regulation of tourist flows by destination planners.

The identification of rural tourism clusters in Azerbaijan's regional areas has been defined as a result of grouping relevant nature, culture, health and wellness and special interest resources and products as well as the existence of other necessary factors for destination success such as accommodation, means for accessibility and ancillary services.

In particular, the following criteria have been used to assess the qualities of destinations in order to define tourism cluster areas:

1. *Attractions* – Existence of natural, cultural, health and wellness attractions or resources required by various types special interest groups, e.g. birdwatching, camping, hiking, diving, etc.
2. *Amenities* – Existence of supporting services to support / enhance the visitor experience in the destination, e.g. restaurants, bars, ATMs, general stores, pharmacies, etc.
3. *Accessibility* – Existence of good transport system to enable visitors to access the destination (includes existence of scheduled transportation services, pricing, trip time from key tourist gateways / hubs, scheduling, etc.)
4. *Accommodation* – Existence of a sufficient range of different accommodation types that are also consistent with the preferences of the destination's target markets

Based on the above assessment, the priority tourism clusters according to their related corridors are shown in the map and tables below.

Figure 10. Priority regional tourism corridors, clusters and DMO administrative areas

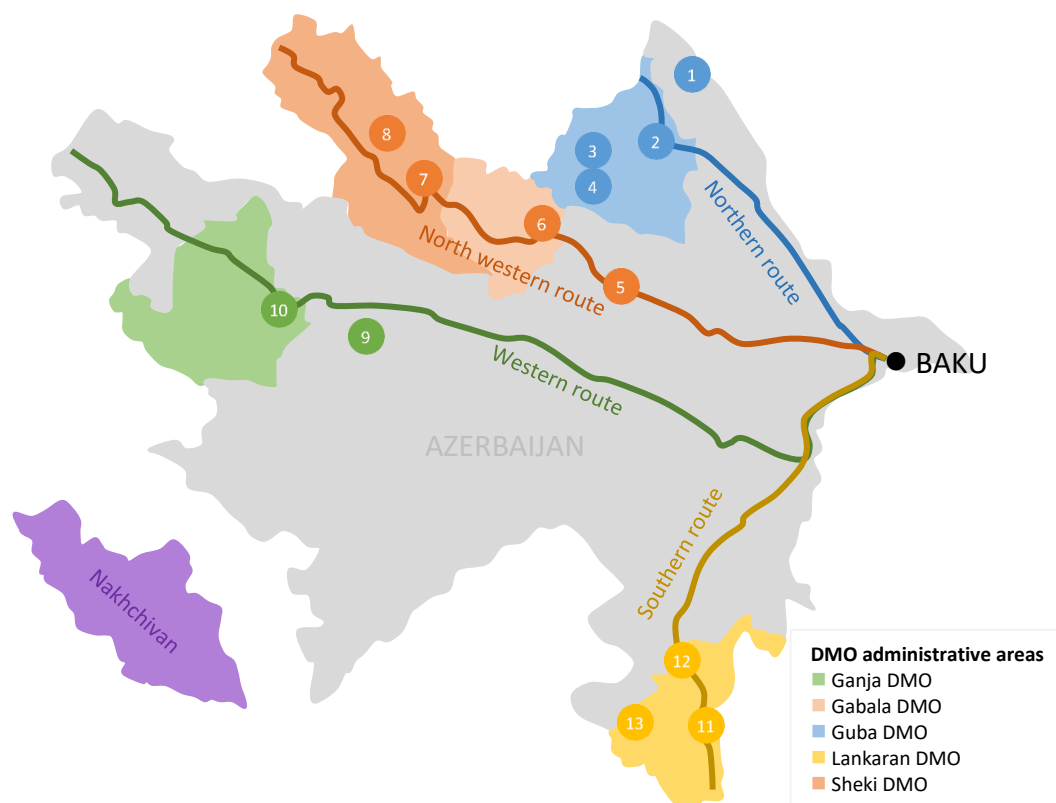


Table 3. Priority tourism corridors and clusters in Azerbaijan

Corridor 1:	Northern route
Tagline:	“Between mountain and sea”
Themes:	<ul style="list-style-type: none"> • Alpine • Great outdoors • Adventure • Ethnic culture
Clusters	Experiences
1: Khachmaz beaches	<ul style="list-style-type: none"> • Swim in the Caspian Sea • Relax at the beach • Let the kids go wild in a kid’s zone at a beach resort
2: Guba city-Red Village	<ul style="list-style-type: none"> • Learn about the Mountain Jews at Red Village’s ethnic museum, walk its streets and visit a local synagogue • Visit a carpet making workshop producing UNESCO intangible heritage Guba carpets • Play a round at the National Azerbaijan Golf Club
3: Shahdag mountain resort	<ul style="list-style-type: none"> • Go skiing on world class slopes or take on other winter sports • Enjoy alpine hikes and camping in summer • Relax in luxury spas
4: Khinaliq-Jek-Giriz	<ul style="list-style-type: none"> • Hike alpine landscapes • Be amazed by frozen waterfalls • Stay with local families and learn traditional ways of life • Experience unique culture of Khinaliq mountain people • Wander the narrow streets of Khinaliq stone village • Enjoy the simple but hearty mountain food

Corridor 2: North western route	
Tagline:	"Spirit of the Silk Road"
Themes:	<ul style="list-style-type: none"> • History • Arts and culture • Village life • Nature • Wine and gastronomy
Clusters	Experiences
5: Shamakhi-Ismayilli	<ul style="list-style-type: none"> • Visit a coppersmith or kalaghay silk workshop in Lahij Reserve • Experience the local culture of the Ivanovka (Russian) village • Enjoy a tour and sample the wine at Chabiant winery • Watch the stars and planets at the Shamakhi observatory
6: Gabala rayon	<ul style="list-style-type: none"> • Ski world class slopes or simply enjoy an alpine cable car ride at Tufandag • Let the kids go wild at Gabaland • Test your skills at the Gabala Shooting Club • Take a tour and enjoy a glass of wine at Savalan winery • Explore the history and culture of ethnic Nij village
7: Sheki city-Kish	<ul style="list-style-type: none"> • Take a tour of the historic Khans' Palace • Explore the atmospheric streets and architecture of UNESCO World Heritage Sheki • Enjoy a quintessential Silk Road experience at a kalaghayi silk-production workshop or buy yourself a scarf as a souvenir • Learn about Alban history at the pretty Kish Temple and village • Taste the region's famous gastronomy like Sheki khalva, piti, and dobu dolma
8: Gakh city-Illisu	<ul style="list-style-type: none"> • Enjoy the colourful frescoes and history at St. George Church • Wander around Gakh's recreated Ichari Bazar • Explore the crumbling streets of Saribash mountain village • Climb to Illisu lookout tower and take in the panoramic regional views • Enjoy the history and architecture of historic Illisu Village • Relax in a radon bath at the Uludag tourism and recreation complex

Corridor 3: Western route	
Tagline:	"History and heritage"
Themes:	<ul style="list-style-type: none"> • Azeri history • German cultural heritage • Mountains and lakes • Wine and gastronomy
Clusters	Experiences
9: Naftalan	<ul style="list-style-type: none"> • Relax in a famous Naftalan oil bath to treat various medical conditions or simply enjoy one of the spa facilities of the city's many hotels and resorts • Browse the city library with its 32,711 books • Learn about national traditions and cultural services at one of the city's two Houses of Culture or the Naftalan Museum and Music School
10: Ganja-Goygol	<ul style="list-style-type: none"> • Admire the historical red brick architecture of Ganja's city centre, in particular the Shah Abbas complex, puppet theatre and the historic Javadkhan walking street • Socialise and enjoy the local cuisine in one of Ganja's city's many lively restaurants or cafes • Take a tour and join a wine degustation in one of the region's many wineries • Follow the Goygol German heritage city trail taking in German style houses, an historic Lutheran church and local museum • Go hiking to lakes and waterfalls at spectacular Goygol National Park

Corridor 4: Southern route	
Tagline:	"Gateway to the subtropics"
Themes:	<ul style="list-style-type: none"> • Sun, sand and sea

	<ul style="list-style-type: none"> • Thermal springs – health and wellness • Attractive agricultural landscapes
Clusters	Experiences
11: Lankaran rayon	<ul style="list-style-type: none"> • Explore by foot the cool and leafy Hirkan National Park • Enjoy tea with local jams at pretty Khanbulan Lake • Visit Hazi Aslanov museum to learn about this local military hero who was nominated twice as a “Hero of Soviet Union” • Relax at the black sand Lankaran beach known in Azerbaijan for its clean water and sensitively zoned for families, women (only), and men (only)
12: Istisu	<ul style="list-style-type: none"> • Relax and restore your energy in the warm waters of one of the region’s many natural thermal spas • Tour the lush green hilly hinterland covered with rows of perfectly manicured tea trees and stop at a plantation to learn about the tradition of natural tea cultivation
13: Lerik rayon	<ul style="list-style-type: none"> • Enjoy spectacular drives and hikes through forests and pretty agricultural landscapes • Explore atmospheric traditional rural villages • Enjoy a meal in one of the region’s thematic restaurants • Quench your thirst from the cool, clean waters of one of the region’s many natural springs

Special cluster:	Nakhchivan
Tagline:	TBD
Themes:	<ul style="list-style-type: none"> • Adventure • History • Nature • Culture • Health and wellness
Experiences:	<ul style="list-style-type: none"> • Hike or simply take in the views of the iconic rocky mountain, Ilan Dag, a symbol of the region • Enjoy a drive along the stark, sharply eroded geology of the Nakhchivan-Ordubad Road with its contrasting green oasis villages • Take in the history of the region in two of its highlights, Alinja Castle and the Ordubad Old Town • Appreciate the 12 century Momina Xatun Mausoleum monument, an icon and focus of Nakhchivan City • Soak up Azerbaijani history at the Karabakh Tomb Complex, the Tomb of Youseef-Ibn-Quseyir, the Ordubad Caeseria Complex, Yezidabad Fortress, Ordubad ice-house, or Noah’s Complex • Reflect at the sacred Askhab-UI-Kahf Cave or Ordubad Juma Mosque, sacred Islamic pilgrimage sites • Camp or hike around the Batabat and Shahbuz district lakes or Ordubad Goygol • Try an active winter sport at the Aghbulaq ski complex • Refresh and rejuvenate at the Duzdagh Salt Cave and Complex or sample the pure mineral waters at the Darydagh mineral springs complex

Objectives

The objectives of tourism development in Azerbaijan's regional areas is to retain the economic and social advantages of tourism while reducing or mitigating any undesirable impacts on the natural, historic, cultural or social environment. It means establishing an equilibrium of needs of visitors and its hosts. With the tourism development agenda, we are eager to create sustainable value chains for local actors without generating economic dependencies on international arrivals. That is the reason why domestic tourism plays a vital role in all our considerations.

In line with the national tourism strategy, the objective is to create and promote quality tourism with unique experiences that are available to everyone.

The tourists to Azerbaijan's regional areas are invited to follow the routes of the Caucasus shepherds, to see the life of the sub-tropical citrus fruit and rice plantation farmers, ride horses with Chovgan players, experience the artwork of the intangible cultural heritage of carpet weaving and traditional silk making, taste tandir bread as well as locally produced çay and wines, learn how to make a Qutab, listen to Mugham and maybe speak some words in Azerbaijani or Lesgi when they go back home again.

The main quantitative objectives for tourism in Azerbaijan's regional areas are:

- To increase the total number of overnight stays in regional hotels
- To increase the share of international overnight stays in regional hotels

The main qualitative objective for tourism in Azerbaijan's regional areas is:

- To position Azerbaijan's regional areas as attractive destinations for holidays compared to key international competitors

The regional tourism strategy is directed at helping to reduce rural-to-urban shift and give local communities opportunities to be directly and indirectly involved in the tourism industry through private activities or employed jobs. This will contribute to the general improvement of social livelihood since the economic value chain within the tourism industry is very broad.

Azerbaijan regional areas will become significant destinations in their own right that offer direct road, rail, sea and air access, world-class tourist facilities and products that meet the demands of tomorrow's tourist.

These aims will be achieved through the sustainable development of tourism products and environmental protection underpinned by adequate infrastructure with rational management of regional destinations, capacity building, investment promotion, effective marketing and an improved business environment.

The 9-pillar strategy for tourism

The regional tourism strategy is built on Azerbaijan's long-term strategic tourism road map specified by 9-pillars determining tourism policy and industry planning. Azerbaijan's capacity to benefit from tourism growth depends on linkages both within the local and global tourism industries. These linkages are stimulated by several factors, such as:

- The development level of the tourism sector.

- Governmental support in planning for tourism growth by facilitating cooperation with related institutions, improving infrastructure and management capabilities, as well as support from global tourism players, i.e. tour operators and airlines.

The 9-pillar strategy, therefore, aims to support growth and upgrading of the tourism value chain through:

- The product: upgrading all direct tourism service providers to a higher level of services.
- The process: enabling individuals and businesses to enter the tourism industry.
- The functions: supporting individuals and businesses to upgrade to a higher value-chain function within the tourism industry.
- Inter-sectoral exchange: helping tourism businesses to adopt state-of-the-art IT business functions.

The following section lists all 9 strategic pillars and the key projects that will be carried out in 2020, special attention is given to key projects for regional tourism development.

Regional Tourism Strategy 2023

Strategic pillar 1: Improvement of the institutional framework / tourism policy

The dimensions of an interrelated and integrating tourism policy cover national socio-economic, industry oriented and ecological topics as well as international subjects such as visa, connectivity, and cooperation with donor agencies. Successful policy formulation needs vision, strategy and tools such as law, regulations and soft law, networks and communication.

Tourism policy-making is necessary on several fronts in order to reduce tourism seasonality, unemployment, poverty in rural areas and to create mechanisms to improve the SME-structure of the private sector, regional development, government subsidies and for capacity building in tourism.

The role of the Government in relation to tourism can be largely balanced by a network of DMOs combined with industry associations with self-regulatory powers. As mentioned above, the RDP provides a legal basis to prepare and implement projects in regions. All rayons of the regional tourism corridors and clusters are covered by the RDP up to 2023.

Table 4. Institutional framework / tourism policy activities supporting regional tourism development

#	Action	Mechanism	Year	Route	RDP link
1.1	Establish or strengthen public sector, private sector and community organisations / groups for development of tourism in regional areas				
1.1.1	Complete opening of DMOs in all key tourism regions	DMO Action Plan	2020-2021	NW, S, W	7.1.55
1.1.2	Establish regional tourism (or guesthouse) association / PPP framework	UNDP regional tourism development project	2021-2023	All	7.1.55
1.1.3	Establish Regional Tourism Departments	STA Regional Development Action Plan	2021-2023	All	7.1.55
1.1.4	Establish regional-level representatives within tourism related associations including Ex Coms	DMO Action Plans; STA Regional Development Action Plan	2021-2023	All	7.1.55

1.1.5	Establish Regional Tourism Advisory Councils including public sector, private sector and community	UNDP regional tourism development project; DMO Action Plans	2021-2022	All	7.1.57
1.1.6	Implement activities to improve environmental management in key regional areas	ATB Action Plan	2021-2023	All	7.1.55
1.1.7	Establish Nakhchivan AR Tourism Working Group/s	Nakhchivan Action Plan	2020	NAR	7.1.55
1.1.8	Establish tourism industry associations in Nakhchivan AR	Nakhchivan Action Plan; AHA Action Plan; ATGA Action Plan; ATAA Action Plan	2020-2023	NAR	7.1.55
1.1.9	Link Nakhchivan AR to Azerbaijan Tourism Support Centre	Nakhchivan Action Plan	2021-2023	NAR	7.1.55
1.2	Implement activities to encourage improvement of region tourism industry standards				
1.2.1	Establish regional accommodation quality label	UNDP regional tourism development project	2021-2023	All	7.1.55
1.2.2	Mobile menu bus to improve quality of local restaurant menus	STA Regional Development Action Plans	2020-2021	All	7.1.55
1.2.3	Establish and implement Clean Tourism Programme to ensure compliance with approved hygiene standards in tourism establishments	STA Regional Development Action Plans; DMO Action Plans	2020	All	7.1.55
1.3	Investigate financial mechanisms to support tourism MSME development				
1.3.1	Develop framework for Regional Tourism Fund	UNDP regional tourism development project	2021-2023	All	7.1.51
1.4	Improve procedures for road and air access				
1.4.1	Optimise land border crossing procedures and visa facilitation for core markets	STA Regional Development Action Plan	2020-2021	All	7.1.50
1.4.2	Optimise air access to Nakhchivan	NAR Action Plan	2021-2023	NAR	7.1.50 7.1.54
1.5	Establish co-operation platform between STA and National Park Authorities				
1.5.1	Establish cooperation project between STA and National Parks to improve visitor satisfaction and upgrade tourist services	STA Regional Development Action Plan	2020-2021	N, S	7.1.57
1.6	Develop strategic plans and management plans for key tourism areas				
1.6.1	Create long-term action plans for health, rural, eco, and beach tourism activities	ATB Product Development Action Plan	2020-2023	All	7.1.50
1.6.2	Draft heritage conservation manual for Khinaliq Reserve	Reserves Management Centre Action Plan	2020	N	7.1.50
1.6.3	Develop Destination Management Plans for each DMO administrative area as well as Nakhchivan AR	UNDP regional tourism development project DMO Action Plans; NAR Action Plan	2020-2023	All, NAR	7.1.55
1.7	Implement activities to protect and sensitively promote regional tangible and intangible heritage for tourism				
1.7.1	Develop craftsman / artisan workshops in the Reserves of Sheki, Basgal, Lahic and Xinaliq	Reserves Management Centre Action Plan	2020-2021	N, NW	7.1.52 7.1.55

	including souvenir product design competition				
1.7.2	Transform German heritage towns of Göygöl and Shamkir into National Reserve Areas	Reserves Management Centre Action Plan	2020-2023	W	7.1.50 7.1.54 7.1.55 7.1.57
1.7.3	Create Beshbarmag Reserve	Reserves Management Centre Action Plan	2020-2023	N	7.1.50 7.1.54 7.1.55 7.1.57

N=Northern route, NW=North western route, S=Southern route, W=Western route, NAR=Nakhchivan Autonomous Region

Strategic pillar 2: Research and statistics

Research and statistics need to underpin tourism policy, industry development and the marketing of Azerbaijan. Accurate statistics are vital to understand market developments, labour market trends and industry performance and to anticipate the impacts of shifting consumer preferences and demography.

STA ensures the provision of comprehensive, reliable and timely statistics to meet the information needs of the Government and the whole tourism industry. In a highly competitive and increasingly globalized industry, destinations need to base strategic decisions in tourism policy on in-depth analyses of the market situation and future developments. Research needs to focus on identifying potentially competitive market segments in order to develop more target-oriented tourism strategies and monitoring.

Such research also aims at achieving a more regionally balanced distribution of tourism income, thus not only supporting sector but also regional diversification of the economy which is a precondition for sustainable development.

Table 5. Research and statistics activities supporting regional tourism development

#	Action	Mechanism	Year	Route	RDP link
2.1	Conduct destination surveys with visitors in Sheki, Guba, Ganja, Lankaran, Gabala, Nakchavan	STA Regional Development Action Plans	2020-2023	All	7.1.55
2.2	Conduct tourist departure surveys at airports, border crossings and main train stations	STA Regional Development Action Plans	2020-2023	All	7.1.55
2.3	Conduct visitor satisfaction surveys at selected Reserves such as Sheki, Yanardag and Ateshgah	Reserve Management Centre; STA Regional Development Action Plans	2020-2023	N, NW	7.1.55
2.4	Conduct visitor satisfaction surveys at selected popular festivals in the regions	STA Regional Development Action Plans	2021-2023	All	7.1.55
2.5	Partner with UNWTO International network of sustainable tourism observatories for measuring sustainability in Sheki	UNWTO INSTO; STA Regional Development Action Plan	2020	NW	7.1.55

N=Northern route, NW=North western route, S=Southern route, W=Western route, NAR=Nakhchivan Autonomous Region

Strategic pillar 3: Innovation and technology

The fast-changing technological shifts in the tourism industry from booking facilities to marketing tools and the tourist experience need to be considered in order to play a role in the highly competitive global tourism market.

Just as information and travel technology have progressed very fast in recent years, so did the traveller need and expectations rise up to new frontiers. Technology trends in the travel industry are complex: they involve content aggregation, new distribution channels and standards, user engagement and convenience, intelligent agents, mobile payment, etc.

Some new technologies are designed to improve the user experience, others to contribute to business performance and service delivery. But all innovations need to work within the context of a rapidly evolving technology environment in which travellers are changing the way they interact with devices and in which suppliers can deliver new capabilities faster and cheaper than ever before.

Therefore, Azerbaijan intends to enhance big data management leading to a better understanding of tourist flows, customer behaviour and prediction of trends in the tourism market. Further investment will be done in cloud technology and in emerging business models, novel marketing approaches, customer management, distribution channels and discovery tools.

Table 6. Innovation and technology activities supporting regional tourism development

#	Action	Mechanism	Year	Route	RDP link
3.1	Set-up of a Think-Tank about travel technology and innovation in tourism	STA Regional Development Action Plan	2020	All	7.1.50 7.1.55
3.2	Smart DMO and smart regional destination assessment	STA Regional Development Action Plan; DMO Action Plan	2020-2023	All	7.1.55
3.3	DMO office technology upgrade	STA Regional Development Action Plan	2020-2023	All	7.1.55
3.4	Include regional tourism sector in national online tourism registry	STA Regional Development Action Plan	2020	All	7.1.55
3.5	Include regional hotels in online guest registration system	STA Regional Development Action Plan	2020-2021	All	7.1.55

N=Northern route, NW=North western route, S=Southern route, W=Western route, NAR=Nakhchivan Autonomous Region

Strategic pillar 4: Legal framework and taxation

The objective of pillar 4 is to compile a state-of-the-art legal tourism framework fostering sustainable tourism industry development. The framework contains a new tourism law which helps incoming tourists to explore Azerbaijan and encourages Azerbaijani people to travel within their country and abroad. The tourism law is the basis for determining the principles of cooperation and co-ordination of regional and entrepreneurial activities. Moreover, consumer rights and obligations, safety and security for domestic and international tourists, and procedures for setting and maintaining standards of tourism services are considered.

Improving consumer protection is an important part of the legal framework. In tourism, consumer protection means taking care of domestic and foreign travellers regarding the use and purchase of products/services that are of high-risk or dangerous for health. In addition, compensation schemes for delays or cancellations in the transportation sector are being elaborated. Implementing such regulations will strengthen the consumer rights of travellers vis-a-vis airlines, ground handlers and tour operators.

As a good practice and also in terms of competitiveness, certain tariff reductions create considerable advantages for destinations. The catering and hospitality sectors are very price sensitive. A reduction in the price of restaurants and hotel services in Azerbaijan would have a higher impact on consumption than the average effect of a price reduction in most other sectors. Implementing VAT reductions for accommodation facilities and restaurants would boost demand, generate more profit and increase the need for employees in the capital city and even more so at destinations in the regions.

STA can provide best practices and suggestions to the Government, specially Ministry of Economy for bringing a regional approach in applying taxes and incentives for the tourism industry. Indeed, current Investment Promotion Document is applying to three different regions with different conditions (excluding Baku city and Absheron district). It will be preferable however, to adapt the document to the real performance and needs of regional tourism market and industry.

Table 7. Legal framework and taxation activities supporting regional tourism development

#	Action	Mechanism	Year	Route	RDP link
4.1	Provide country-wide tourism regulations with regional focus				
4.1.1	Adopt new tourism law by the parliament	STA Action Plan	2020-2021	All	7.1.55
4.1.2	Introduce tax reductions and incentives for tourism service providers and investors	STA Action Plan	2020-2021	All	7.1.51 7.1.55
4.1.3	Consumer protection and public liability insurance mechanism for tour operators and travel agents	STA Action Plan	2020-2021	All	7.1.55
4.2	Facilitate and support tourism business in the regions				
4.2.1	Create and upgrade hiking, health, adventure tourism activities standards (zipline, canoe, kayak, boating etc.)	STA Action Plan	2020-2021	All	7.1.50 7.1.55
4.2.2	Develop subsidy and / or financial support mechanisms for businesses in the tourism industry	STA Action Plan; Ministry of Economy Action Plan	2021-2023	All	7.1.51 7.1.55
4.2.3	Adopt STA grant regulations	STA Action Plan	2021	All	7.1.51

N=Northern route, NW=North western route, S=Southern route, W=Western route, NAR=Nakhchivan Autonomous Region

Strategic pillar 5: Strengthen infrastructure development

The development of infrastructure refers to the planning and construction of basic physical and organizational structures needed for the smooth operation of a society or enterprise, or the services and facilities which are essential for an economy to function. In terms of tourism infrastructure, the essential facilities include transport, energy, water management, solid waste management, information and communications technology as well as directly related tourism infrastructure such as accommodation, cultural, sports and recreational structures.

Successful management of tourism destinations is based on effective and trustful cooperation between public and private stakeholders and investors. The supply-sided considerations and activities have to be driven by customer's needs and tourism demand. The effort to increase tourist arrivals is affected by many factors like access, infrastructure and products.

The State Investment Program is the main implementation tool to allocate state budget for developing tourism infrastructure across the country, especially in the regions. Infrastructure upgrading suggestions are collected by the Ministry of Economy and the final budget for each project is approved by the President of Azerbaijan.

STA shall include tourism infrastructure projects to the State Investment Program by means of the RDP which creates a legal basis. After an assessment, the DMPs can reflect several infrastructure related projects and STA can include the regionally approved projects to the State Investment Program through the RDP.

Table 8. Infrastructure activities supporting regional tourism development

#	Action	Mechanism	Year	Route	RDP link
5.1	Co-ordinate state investments for improving regional infrastructure				
5.1.1	“Beautiful village” project: upgrade social and tourism infrastructure in key regional tourism villages	STA Action Plan; UNDP regional tourism development project	2021-2023	All	7.1.50
5.1.2	Upgrade sanitation facilities along the main tourism corridors	STA Action Plan	2021	NW	7.1.55
5.1.3	Install way-finding and signage along the main tourism corridors, main transport routes and to certain destinations of tourist attractions	STA Action Plan	2021-2022	All	7.1.55 7.1.54
5.1.4	Reconstruct and restore works at Basqal Reserve	RMC Action Plan	2020-2023	NW	7.1.50 7.1.55
5.2	Develop facilities for new tourism experiences				
5.2.1	Upgrade nature trail infrastructure in mountainous areas and National Parks	STA Action Plan; UNDP regional tourism development project; PD Action Plans	2021-2023	N, NW, S, W, NAR	7.1.57 7.1.55
5.3.2	Provide in-kind support to new tourism MSME start-ups	UNDP regional tourism development project	2021-2023	N, NW	7.1.50 7.1.51 7.1.55
5.3	Improve tourist satisfaction in key tourism sites				
5.3.1	Assess visitor safety at the seven cultural reserves under STA	STA Action Plan	2020	N, NW	7.1.50
5.3.2	Address safety gaps at STA cultural Reserves	RMC Action Plan	2021-2022	N, NW	7.1.50
5.3.3	Assess visitor safety in tourist attractions in the regions	STA Action Plan	2020-2021	All	7.1.50

N=Northern route, NW=North western route, S=Southern route, W=Western route, NAR=Nakhchivan Autonomous Region

Strategic pillar 6: Public-Private-Partnership

More inclusive law making and law enforcement techniques will contribute to improving the business environment for the tourism industry. Tourism as a cross-cutting economic sector requires the proven benefits of public-private partnership (PPP). Effective and modern mechanisms of dialogue between government authorities and tourism industry associations will be developed. Furthermore, PPP contributes to civil society development and to regional cooperation among public authorities and private businesses.

Multi-level co-operation among regional key players is one of the success factors in promoting co-operation and innovation in tourism. Actions needed to improve performance include better dialogue between regional stakeholders, developing smart specialisation strategies as well as information sharing and dissemination practices.

The majority of tourism enterprises are SMEs, many of them with relatively low-quality standards. All over Azerbaijan there is a need for improvement and an additional supply of high-quality products and services. The PPP strategy focuses on developing a tourism support structure facilitating the efforts of enterprises and investors to implement new tourism projects, attractions, products and services.

Table 9. Public-private partnership activities supporting regional tourism development

#	Action	Mechanism	Year	Route	RDP link
6.1	Implement activities to encourage membership in tourism related industry associations as well as the improvement of standards of members				
6.1.1	Implement tour guide training and certification system	ATGA Action Plan	2020-2023	All	7.1.52 7.1.55
6.1.2	Implement roadshow to increase hotel association membership	AHA Action Plan	2020-2023	All	7.1.55
6.2	Implement activities to facilitate tourism private sector investment / development				
6.2.1	Establish Regional Tourism Business Development Support Programme	DMO Action Plans	2020-2021	All	7.1.50 7.1.55
6.2.2	Establish Regional Tourism Entrepreneurs programme	DMO Action Plans; UNDP regional tourism development project	2020-2023	All	7.1.52
6.2.3	Establish a government investment portal to promote opportunities for private sector investment in tourism	ATB Action Plan; STA Action Plans	2020-2021	All	7.1.50
6.2.4	Regional private sector participate in "Travel Business Azerbaijan 2020"	ATB Action Plan; DMO Action Plan	2020-2023	All	7.1.55
6.3	Implement activities involving local communities, businesses and the government to protect the environment				
6.3.1	Establish a Tidy Town Clean Up Day with local communities	DMO Action Plans; STA Action Plans	2021-2023	All	7.1.55
6.3.2	Support the implementation of the EU funded Slow Food related Project COVCHeg	EU and Slow Food Italy	2020-2021	NW	7.1.50

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Strategic pillar 7: Diversification of the tourism experience in Azerbaijan

Successful tourism development focuses on customer experiences. To meet their needs, desires and expectations, developing attractive destinations and creating and/or optimising touristic products and activities are essential.

Regarding the creation of attractive destinations, it is fundamental to encourage regional governments to cooperate over developing tourism plans using coordinated, efficient and sustainable planning processes. The Destination Management Organisations will be of utmost

importance regarding the communication and implementation of tourist destinations with private and public stakeholders in the regions.

The generation, advancement and optimisation of touristic products will be based on customer demand instead of a supply-side approach.

The products will be further developed in accordance with well-defined and specific “themes”: theme management is the consequent and logical way to meet expectations to “fulfil the customer’s dreams through the creation of experiences”, by studying their motives, interests and wishes. These themes must meet the expectations of defined specific target groups as well as collecting, arranging and bundling the existing strengths of the tourism supply.

Hence, ATB develops a new strategic approach of developing tourism experiences in Azerbaijan linked to the main experience zones / touristic themes such as: health and wellness, culture, nature experiences and mountain development (including ski resorts), certain affinity groups and the MICE segment.

Table 10. Tourism experience activities supporting regional tourism development

#	Action	Mechanism	Year	Route	RDP link
7.1	Stimulate development of new wine and gastronomy experiences				
7.1.1	Create new experiences regarding gastronomy and niche gastronomy with Slow Food, cooking master classes, etc.	STA Reserves Centre Action Plans; ATB Product Development Action Plans	2020-2023	NW, W, S	7.1.50 7.1.53
7.1.2	Introduce new activities along Iter Vitis wine route such as wine-hiking and a wine festival	ATB Product Development Action Plans	2020-2021	NW, W	7.1.54 7.1.55
7.1.3	Develop Slow Food Travel destinations and promote at the International Exhibition Salone del Gusto	EU funded and implemented with Slow Food Italy	2020-2021	NW	7.1.50 7.1.53
7.2	Encourage development of new regional cultural experiences				
7.2.1	Upgrade entertainment activities in the German heritage towns of Göygöl and Shamkir	ATB Product Development Action Plans	2020-2021	W	7.1.50 7.1.55
7.2.2	Create German, Jewish, Alban and Polish heritage cultural routes	ATB Product Development Action Plan	2020	N, NW, W	7.1.54
7.2.3	Develop / promote development of regional city night tourism experiences	DMO Action Plan	2021-2023	N	7.1.50
7.2.4	Identify and map new local trails and promote to tour operators	DMO Action Plan	2020-2023	All	7.1.54
7.2.5	Pilot test a traditional Lezgi wedding tourism experience	DMO Action Plan	2020-2021	N	7.1.50
7.2.6	Develop Silk Road tourism plan	ATB Product Development Action Plan	2020	NW	7.1.50 7.1.54
7.2.7	Development of historic, cultural, heritage and archaeological sites	ATB Product Development Action Plan	2020	N, NW, W	7.1.50

7.2.8	Develop intangible heritage-based workshop experiences	ATB Product Development Action Plan	2020	NW	7.1.50
7.3	Encourage development of new nature-, agro- and sport tourism experiences				
7.3.1	Upgrade services and facilities for hiking, birdwatching, camping, waterfall and other outdoor activities	ATB Product Development Action Plans; STA Regional Development Action Plans	2020-2023	All	7.1.57 7.1.50
7.3.2	Develop trails and routes for hiking, cycling, mountain biking and horse riding	ATB Product Development Action Plans	2020-2021	All	7.1.57 7.1.50
7.3.3	Support establishment of farmgate experiences with local producers	DMO Action Plans; USAID project	2021-2023	All	7.1.53
7.3.4	Development of Ivanovka village as Eco Gastronomy village	ATB Product Development Action Plans	2020	NW	7.1.50
7.3.5	Enhance golf tourism product	ATB Product Development Action Plans	2020	N	7.1.50
7.4	Encourage development of new health and wellness experiences				
7.4.1	Develop new activities for health and wellness such as mineral springs, hamams, herbal products, duzdag salt and other therapy treatments	ATB Product Development Action Plans	2020	All	7.1.50
7.4.2	Upgrade entertainment activities in Naftalan with bike lanes, open-air cinema, and others	Naftalan Tourism Development Plan; ATB Product Development Action Plans; DMO Action Plans	2021-2023	W	7.1.50 7.1.55
7.5	Strengthen quality and range of regional events				
7.5.1	Support existing regional tourism-related festivals or events under other organisations	DMO Action Plans	2020-2023	All	7.1.50
7.5.2	Establish programme of regional tourism festivals that can sit on national events calendar	DMO Action Plans	2021-2023	All	7.1.50
7.5.3	Conduct assessment of tourism products and resources in Nakhchivan AR	NAR Action Plan; DMO Action Plan	2020-2021	NAR	7.1.50

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Strategic pillar 8: Professionalize the marketing and communication of Azerbaijan as a tourism destination

The main objective of marketing is to promote products and communicate a brand's core message. ATB's long-term goals are that its brand becomes the top destination brand in the larger Caucasus region and that tourism represents the second biggest industry in Azerbaijan. Consequently, ATB raises awareness of Azerbaijan as a tourist destination and gives a clear and coherent image of tourism experiences in Azerbaijan. ATB's marketing strategy sets strong thematic priorities. These priorities reflect the main touristic markets and target groups on the one hand and focus on the communication of specific tourism experiences in line with core themes on the other. Good communication among stakeholders, a strong image, and always having a new story to tell are ATB's key factors to successfully selling the products and services of the destination Azerbaijan.

Table 11. Marketing and communications activities supporting regional tourism development

#	Action	Mechanism	Year	Route	RDP link
8.1	Actively promote tourism in the regions through new website azerbaijan.travel	STA Action Plan; NAR Action Plan	2020-2023	All, NAR	N/A
8.2	Create digital marketing activities and responsive digital consumer platforms helping visitors to imagine and plan their own travel experiences in the regions	STA Action Plan; NAR Action Plan	2020-2023	All, NAR	N/A
8.3	Produce visitor maps and destination brochures for all DMO regions	DMO Action Plan	2020	All	N/A
8.4	Support implement Gabala Islamic Cultural Capital programme	STA Action Plan	2020	NW	7.1.50
8.5	Implement domestic tour operator and media fam trips to present new or improved tourism products / experiences to the industry	DMO Action Plans; NAR Action Plan	2020-2023	All, NAR	7.1.52 7.1.55
8.6	Develop videos to promote regional experiences along key tourism corridors / destinations as well as to promote volunteering in tourism	DMO Action Plan; ATB Marketing and Branding Action Plan; TVO Action Plan	2020	All	N/A
8.7	Develop and disseminate Nakhchivan brand	NAR Action Plan	2020	NAR	N/A
8.8	Conduct assessment to establish Nakhchivan sales offices in Baku	NAR Action Plan	2020	NAR	N/A
8.9	Develop Naftalan tourism destination website	ATB Product Development Action Plan	2020	W	N/A
8.10	Implement domestic tourism campaign with strong focus on regional areas	Branding & Marketing Action Plan; DMO Action Plans; AHA Action Plan	2020-21	All	N/A

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Strategic pillar 9: Ensure quality in tourism education and training facilities

Responsibility needs to be taken for the next generations of tourism professionals in the various fields of the industry. Top quality in education and training institutes for subjects in tourism (hospitality, tour operating, management, research, etc.) are the basis for well-trained managers, operators, workers and service employees. This is also an important factor for the tourist host culture of a country which contributes to satisfied guests. Sound tourism development requires a continuous supply of skilled basic, intermediate and academic professionals who are responsive to the specific needs of the tourism industry. The SME sector requires multi-skilled staff with good language and cross-cultural skills. The objectives of pillar 9 are to make the Azerbaijan Tourism Management University (ATMU) an internationally well-known institute for tourism education and research, and to provide an excellent vocational school and training institute for jobs in the tourism sector.

Azerbaijan's tourism industry itself needs to contribute to the process of educating young professionals by cooperating with the Government over providing even more internships, in-house

trainings and entry-level training arrangements or apprenticeships. Further collaboration with educational and training institutions specialised in other subjects, e.g. language, finance and management, can be reinforced and used to create a positive spill-over effect into the tourism industry.

STA will continue to collaborate with STA on vocation education which manages several vocational schools and training centres. Some schools are located within priority regional tourism cluster areas and have good relations with the local tourism industry.

As tourism plays an important role to provide employment in the regions, STA cooperates with State Employment Service under the Ministry of Labour and Social Protection of Population in order to put all efforts together for responding the human resources needs of local tourism industry.

Table 12. Quality tourism education and training activities supporting regional tourism development

#	Action	Mechanism	Year	Route	RDP link
9.1	Strengthen Mingechevir tourism vocational college				
9.1.1	Conduct qualifications' needs assessment for Mingechevir Tourism College (MTC)	STA Action Plans; ATB Action Plans	2020-2023	W	N/A
9.1.2	Support curriculum development of MTC	UNDP regional tourism development project	2021-2023	W	N/A
9.1.3	Develop organizational financial model for MTC	STA Action Plans; ATB Action Plans	2020-2023	W	N/A
9.1.4	Support capacity building to MTC	UNDP regional tourism development project	2021-2023	W	7.1.52
9.2	Strengthen and develop formal tourism vocational education short courses in regional areas				
9.2.1	Conduct vocational education occupational needs assessment	STA Action Plans; ATB Action Plans; SAVE / GIZ Projects	2020	All	N/A
9.2.2	Support develop tourism vocational education content	STA Action Plans; ATB Action Plans; SAVE / GIZ Projects	2021-2023	All	7.1.52
9.2.3	Organise Training of Trainers (TOTs) for VET lecturers	STA Action Plans; ATB Action Plans; SAVE / GIZ Projects	2021-2021	All	7.1.52
9.2.4	Develop implementation procedures for <i>Dual VET</i> education	STA Action Plan; SAVE Project	2020-2023	All	N/A
9.2.5	Support regional PPP model for vocational employment and internships including development of Regional VET Clusters Programme	STA Action Plans; DMO Action Plans; SAVE Projects	2020-2021	All	N/A
9.3	Develop and implement tourism industry trainings				
9.3.1	Conduct training needs assessment for vocational education	STA Action Plans; ATB Action Plans; SAVE / GIZ Projects	2020-2023	All	7.1.55
9.3.2	Develop short-term tourism vocational courses for unemployed citizens and industry members	STA Action Plan; SAVE / SES Action Plans	2020-2023	All	7.1.52 7.1.55
9.3.3	Implement trainings and language courses for tourism service providers in regions	STA Action Plan; ATB Action Plan; SAVE / GIZ Projects	2020-2023	All	7.1.52 7.1.55
9.3.4	Implement vocational tourism trainings in the regions	STA Action Plan; ATB Action Plan; UNDP regional tourism	2020-2023	All	7.1.52 7.1.55

		development project; SAVE / GIZ Projects			
9.4	Tourism awareness and engagement of volunteers				
9.4.1	Provide capacity building trainings for tourism volunteers in the regions	STA Action Plan; ATB Action Plan; TVO Action Plan	2020-2023	All	7.1.52
9.4.2	Engage trained volunteers in festivals and other events happening in the regions	STA Action Plan; ATB Action Plan; TVO Action Plan	2021-2023	All	7.1.50
9.4.3	Implement regional tourism awareness campaigns in regional schools and villages around National Parks	STA Action Plan; ATB Action Plan; TVO Action Plan	2020-2021	All	7.1.52 7.1.56
9.4.4	Implement tourism awareness trainings for various stakeholders including governmental organizations and private business owners	STA Action Plan; DMO Action Plan; TVO Action Plan	2020-2021	All	7.1.52

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Annex

Annex 1. Regional Executive Powers proposed for allocation of tourism officers

Nr	Executive Power	Tourism corridor	DMO connectivity
1	Absheron rayon	-	-
2	Agstafa rayon	Western route	-
3	Astara rayon	Southern route	Lankaran DMO
4	Balakan rayon	North western route	Sheki DMO
5	Dashkasan rayon	Western route	Ganga DMO
6	Gabala rayon	North western route	Gabala DMO
7	Gadabay rayon	Western route	Ganga DMO
8	Gakh rayon	North western route	Sheki DMO
9	Ganja city	Western route	Ganja DMO
10	Gazakh rayon	Western route	-
11	Goygol rayon	Western route	Ganja DMO
12	Guba rayon	Northern route	Guba DMO
13	Gusar rayon	Northern route	Guba DMO
14	Ismailli rayon	North western route	Ganja DMO
15	Lankaran rayon	Southern route	Lankaran DMO
16	Lerik rayon	Southern route	Lankaran DMO
17	Masalli rayon	Southern route	Lankaran DMO
18	Mingachevir city	Western route	Ganja DMO (extension)
19	Naftalan city	Western route	Ganja DMO (extension)
20	Nakhchivan rayon	-	-
21	Oguz rayon	North western route	Gabala DMO
22	Shabran rayon	Northern route	-
23	Shamakhi rayon	North western route	Gabala DMO
24	Shamkir rayon	Western route	Ganja DMO
25	Sheki rayon	North western route	Sheki DMO
26	Siyazan rayon	Northern route	-
27	Tovuz rayon	Western route	-
28	Yardimli rayon	Southern route	-
29	Yevlakh rayon	Western route	-
30	Zagatala rayon	North western route	Sheki DMO

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