

Rapid Tourism Assessment

for the

Azerbaijan Tourism Sector Development Program

presented by

Citizens Development Corps

to

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1. INTRODUCTION

Citizens Development Corps, under the auspices of the Organization for Security and Cooperation in Europe (OSCE), is implementing the Azerbaijan Tourism Sector Development Project (ATSDP). The goal of ATSDP is to foster significant growth in the tourism sector in Azerbaijan through the implementation of the three following phases:

- Phase One: Rapid Assessment of the Tourism Sector;
- Phase Two: Pilot Implementation Phase; and,
- Phase Three: Replication and Roll-out of Lessons Learned.

Phase One of the project was funded by OSCE. The purpose of this report is to present the findings of the Rapid Assessment that was completed in November and December 2003. To complete the assessment, CDC assembled a three-person team led by Susan Snelson, an international tourism development expert with over 20 years of industry-specific experience. Ms. Snelson was supported by Jennifer Raymond, one of CDC's resident MBA Enterprise Corps volunteers, and Arif Heirullazade, an Azerbaijani tourism consultant. Short bios of these individuals have been included in Appendix A.

The assessment team's findings were based on existing documents and data available on the sector; meetings with key government officials, donors, tourism sector and cluster representatives; and observations made while visiting key facilities and destinations in Baku, Sheki, Ganja, and Guba. Originally, CDC proposed to assess five different regions in Azerbaijan, but due to a heavy schedule of meetings, the team did not make it to Lenkoran.

2. SECTOR OVERVIEW

The tourism industry in Azerbaijan is currently undergoing a revitalization and rejuvenation process. Prior to independence, central planners from the Soviet Union made significant investments in the Azerbaijani tourism sector – primarily in hotels, transport facilities, museums, and other tourist attractions. As a key tourist destination within the Soviet Union, Azerbaijan benefited from the tangible assets acquired from this investment. However, the central planning approach did little to promote or encourage the development of the non-tangible assets (such as innovation, creativity, flexibility, customer service, etc.) that are needed to be competitive in the global tourism market. Thus, after Azerbaijan gained its independence, the key players in the industry did not have the capacity or knowledge needed to market the country and its attractions as a unique tourist destination.

After the fall of the former Soviet Union and a protracted war with Armenia, the tourism industry stagnated due to a significant reduction in their traditional tourist market, damaged infrastructure, and a lack of investment. Despite the setbacks to the industry, the CDC team believes that the tourism sector has a number of positive factors that will help increase its productivity, marketability, and competitiveness over the next five years.

A larger than normal expatriate community, an influx of short-term business travelers, and increased investment in infrastructure are the results of a very active oil sector and are key factors that will positively impact the Azerbaijan tourism industry in the short-term, giving them the needed resources to develop a healthy tourism industry in the regions. The business traveler will require and demand high quality hotels, restaurants, and services. The largest communities impacted will be Baku and those communities targeted by the oil industry. There will be some impacts on the tourism sector in other areas that double as weekend and destination getaways for the business traveler that wants to see more of the country.

Over the long-term, however, the team felt that Azerbaijan has the potential to attract a large number of international tourists. The country is blessed with ingredients that will create good memories for tourists, including natural or interesting scenery, people, an historically rich religious diversity, interesting cities to explore, unusual foods, exotic smells, opportunities to bring home memories they have purchased, and above all, safety in the country. Having these attributes will go a long way to enable Azerbaijan to redevelop its tourism industry more broadly.

2.1 Key Country Factors for Tourism

Mountains, forests, farmlands, coastal areas, and nine out of a possible eleven distinct climate zones from subtropical to alpine climates provide Azerbaijan with a broad range of natural environments that can be used to develop a range of tourism activities and to attract a diverse group of tourists.

Azerbaijan is rich with natural resources, including oil, natural gas, and mineral reserves as well as large areas of farmland. It is these areas of farmland, and more broadly, the rural areas of Azerbaijan, which could best offer and support unique tourism products. Many parts of Azerbaijan have good weather conditions and fertile soil that are favorable to many different types of crops, including: fruits (apples, cherries, grapes, olives, lemons, persimmons, melons, raspberries, strawberries, currants, plums, peaches, pears, and pomegranates); vegetables (tomatoes, potatoes, carrots, beets, cabbage, cucumbers and onions); grains (wheat, maize, barley); tea; nuts; tobacco; and cotton. Thus, these areas could attract the international tourists who are looking for more remote getaways that will allow them to view traditional cultures and sample local cuisine.

The country also has 4,300 species of plants and more than 18,000 animal species. Of these, fourteen species of mammals, thirty-six species of birds, and thirteen species of amphibians and reptiles are listed as endangered in the Red Book, which was last updated in the early 1990s. The Caspian Sea coast is a key north-south migratory corridor for mammals and birds and has a unique hydro fauna – including at least one endangered marine mammal species. There are attempts to protect, preserve and enhance this rich fauna by the establishment of 'protected areas' and national parks.¹

¹ World Tourism Organization Report, June-July 2002

In addition to the natural and rural attractions, Azerbaijan has a rich history that resulted from its incorporation into the strongest of early empires; it had been ruled by the Persians, Romans, Arabs, and Seljuk Turks. Beginning around 1050, under the Seljuk Turks, the country enjoyed a cultural renaissance that witnessed many of its greatest architectural and artistic achievements. In addition to its rich history, Azerbaijan also has a diverse artisan base and a number of religious attractions both ancient and modern that would be of interest to Muslims, Christians, and Jews, as well as those fascinated by the ancient religion of Zoroastrianism.

There are many destinations in Azerbaijan that would be of interest to tourists. Baku is the preeminent example of an ancient city gone modern. Baku has a unique architecture that ranges from grand mansions inspired by the turn-of-the-century oil boom to a walled Old City that houses the ancient Shirvanshah's Palace as well as the 12th century Maiden's Tower. While history is evident everywhere, Baku remains Azerbaijan's most cosmopolitan city with a wide choice of restaurants and active nightlife. Short excursions from Baku yield such sites as Gobustan, where 30,000 year-old rock carvings are preserved, and Yanar Dag where natural gas perpetually burns along the mountainside. Further west, beautiful Sheki will also be sure to impress with its wooded-mountain backdrop set at the foot of a mountainside. Its most impressive buildings are the Khan's Palace with its intricately crafted windows and the atmospheric Caravanserai hotel. Moving further west is Azerbaijan's second city, Ganja which most visitors could use as a base to explore the Lesser Caucasus. In the northeast part of the country, Guba is a quaint town with 19th century architecture. Across the river from Guba is the Mountain Jew town of Krasnaya Sloboda, perhaps the largest all-Jewish town outside of Israel. In the south lies the city of Lenkoran, home of the Talysh ethnic group and Azerbaijan's tea production.

In spite of the enormous natural tourism potential economic potential, there are still many challenges that need to be overcome. The infrastructure and transportation system will need a significant overhaul. The telecommunications industry needs to improve and expand connectivity and service availability in smaller urban and rural areas. In spite of the potential in the oil and energy sector, the full benefits of petroleum revenues will likely not be realized by the great majority of the population for five to eight years. Thus, efforts to support local economic development initiatives to reduce poverty and unemployment need to be continued and expanded. The development of a strong tourism cluster would help in this regard.

3. DATA and DOCUMENTATION

3.1 Review of Previous Reports

Over the last few years, only a handful of reports about tourism development in Azerbaijan have been prepared. The best of these was the one drafted by the World Tourism Organization (WTO) in June/July 2002. This report, titled a "Mission Report on Tourism Marketing," contains the most complete analysis done on the current state of tourism in Azerbaijan, as the author of this report was given access to the highest levels

of government and information. This is an excellent report on Azerbaijan with complete background information on the country, some of which was included in this report. Finally, and most importantly, this report outlined recommendations for further tourism development that should be acted upon by the Ministry of Youth, Sport and Tourism. These recommendations are found in Appendix B. The assessment team was able to ascertain a few of the recommendations that have since been implemented:

- visa prices have been reduced for short-term visitors to Azerbaijan (#9)
- 7 tourism routes have been identified and are on the list to receive Tourist Information Centers (#10)
- the Ministry is working closely with UNDP to implement their tourism development plan (#17)
- a new official tourism website has been launched (#18)

Other than the WTO report, there was a regional tourism development report drafted by and for the Eurasia Foundation. The report focused on Azerbaijan, Georgia, and Armenia. This report, while not including much additional information on the tourism sector in Azerbaijan itself, does contain helpful information about the possibility for joint marketing of the three Caucasus countries in the future.

By and large, there has been very little analysis of the tourism sector in Azerbaijan. The lack of strong statistical and market research data has made it difficult to provide a detailed and concrete analysis on the potential economic and employment contributions for the sector in the near term. Thus, a comprehensive impact evaluation and monitoring system should be developed and implemented for any future tourism projects. This will ensure that the appropriate statistics are being captured and that the participating groups are accurately researching and tracking tourism market development opportunities.

3.2 Current Tourist Profiles

Before discussing the statistics on tourists that have been found, it must be stated that what statistics are available are quite difficult to interpret or verify for accuracy. For example, any non-permanent resident, no matter how long their length of stay, is considered a tourist despite the fact that a sizable number of entrants are arriving for business or trade purposes.

The future success of marketing campaigns for the industry will depend on the country's ability to more accurately track the incoming visitors and their purpose for travel. As the industry needs to re-build and re-brand itself, it is the Assessment Team's opinion that surveys of former tourists are of limited use in planning the future of the industry.

In 2003, Azerbaijan expected to host more than one million visitors². Most of these visitors can be broken down by the following countries/regions of origin: other CIS countries, Iran, Turkey, Europe, and Japan, though a nominal percentage of travelers are

² Gleaned from interviews with the Deputy Minister of Tourism and the American Express Travel Agency

expected from North America.³ A significant number of visitors are from Iran and this is reflected in the countries' reciprocity agreement which allow visitors to spend fifteen days in either country without a visa.

While there are a significant number of foreign visitors arriving in Azerbaijan, past experience has demonstrated that the majority of them never leave the city limits of Baku. Thus, the regions are largely underutilized assets for the tourism sector.

In addition to the foreign traveler, there is a sizable expatriate community living in Azerbaijan. As of 2003, there are an estimated 5,000 – 10,000 foreigners living and working in Azerbaijan.⁴ The expatriate community is more likely to take advantage of weekend destinations in the regions. CDC Azerbaijan Staff has observed that most of this travel is privately organized, through friends at the office or other personal connections, as opposed to through more formal tour agencies and operators. This is an attractive market for the local tourism industry that has been largely untapped by local tourism agencies. With a little effort and innovation, there is a lot that could be done to pro-actively develop and cultivate this lucrative target market.

³ WTO Report, June-July 2002

⁴ A common statistic cited by many of the parties with whom the Assessment Team met. Unfortunately, Embassies do not give exact figures, and the official statistics were unavailable to the Team.

4. INFRASTRUCTURE ASSESSMENT

4.1 Policies and Laws

The Government of Azerbaijan Republic began implementing a strategy for the development of tourism in the Republic for 2002-2006. A top-priority of this program is the reconstruction of the tourist infrastructure of Azerbaijan. In addition to improving physical assets, the plan includes a number of strategies to improve the intangible assets that will increase the quality and competitiveness of the sector within the international tourist market. The Azerbaijani government would like to improve the training for key personnel within the sector including tour operators and guides as well as resort and other hospitality staff. To increase the competitiveness of the sector over the long-term, additional steps should be taken to strengthen the sector. In the near-term, the budget allocations suggested for achieving the tasks outlined in the strategy need to be made available.

4.2 Visas

A very attractive feature for Azerbaijan in attracting international tourists is the visa process. It is relatively easy for travelers to obtain a visa to enter Azerbaijan for tourist purposes, especially for North American, European, and Japanese visitors. A single-entry short-term visa can be purchased at the airport upon arrival in Baku for a moderate fee. Double-entry and multiple-entry visas are also available, but only through an Azerbaijani Embassy or the Ministry of Foreign Affairs.

One recommendation that the Assessment Team has on the visa front is that the Ministry could speed up the overall visa process by allowing airlines to hand out the visa forms before they land, thus permitting people to fill the forms out before they arrive at the passport control, and shortening the overall lines themselves.

4.3 Local Governments

As part of this assessment, the Team met with representatives of the local governments in Guba, Sheki, and Ganja. The meetings highlighted the different value each region placed on tourism as a part of its economic development strategy. The regional variations demonstrated will have a definite impact on tourism development in Azerbaijan as a whole.

In Guba, the local government officials and their enthusiasm for development in the region impressed the Assessment Team. Based on the Team's meetings with them, they believe that Guba has the leadership necessary to embark on a regional tourism development program. The Team first met with the local Ministry of Youth, Sport and Tourism representative, a very eager young man who was excited about tourism development, although straightforward regarding his lack of experience in this sphere. He was open to the Team's questions regarding the region and facilitated access to other officials. When the Team discussed the potential of implementing a training program in

the region, he was quick to offer his support for the idea. He even discussed the ability to bus people in from surrounding regions for the training and to provide the space for the training to take place.

The Chief of the Executive Power was extremely gracious, and spent a significant amount of time with the Team. By the way he spoke, he was obviously very proud of the region and the people, particularly the positive relationships between different ethnic groups. He talked extensively about his appreciation for outside investment (both monetary and otherwise) in the region and expressed his desire to support any type of training initiative that could be provided.

In Ganja, the Assessment Team was unable to meet directly with the Chief of the Executive Power; however they did meet with the Deputy Chief, responsible for Economic Development. The Deputy Chief, who had only held the position for 6 months, was straightforward in saying that while tourism development was on his radar, the government had other, more pressing priorities including improving the water, electricity and gas infrastructure for local residents. He did express a lot of interest and support for the idea of a tourism training initiative in the region, and recognized the impact that tourism could have on the economic development of the region (in fact, he had worked for several years as the local representative for a travel and tour agency). The team's assessment was that he would be a strong advocate of a development program in the area.

Finally, the Team's meetings in Sheki were very interesting. The local Ministry of Youth, Sport and Tourism representative first met with the Team, and expressed interest in the idea of a training program. He spoke a little about other projects currently being funded in the area, including the restoration of the church in Kish and the restoration of the Khan palace. He also made it clear that while he recognized the need for basic tourism essentials, like maps, he had no budget to do so. In fact, he said that a map had been created the year before, but they didn't have the money to print copies. The Team's assessment was that he would be supportive of a training initiative

The meeting with the Chief of the Executive Power and his deputy was brief. While interested in tourism development, the Chief tried to focus the Team's efforts on large scale projects such as new roads, hotels, and airports, rather than on activities that could be accomplished with much less investment, such as marketing and training of locals. While large scale investments are necessary in the region this was not the focus of this report but rather current and existing opportunities for Azerbaijan tourism development.

The final official meeting was with the Ministry of Culture's representative in Sheki. His enthusiasm for what Sheki has to offer and understanding of what tourism development could bring to the region led the Team to decide that he could play an important role if a training initiative was rolled out in Sheki.

4.4 Hotels and Restaurants

One of Azerbaijan's strongest assets for tourism development is its service culture – Azerbaijanis are famous for their hospitality. This culture is best reflected in the hotel and restaurant sectors.

Hotels

According to the WTO report, there are about 100 hotels located in the country, mostly concentrated in Baku; however this number may be less as many hotels in Azerbaijan are currently housing IDPs and are no longer available for tourists. The CDC Assessment Team visited seven hotels, five located in Baku, one located in Ganja, and one located in Sheki.

By and large, the five or six hotels in Baku that are marketed more towards the expatriate community are all excellent hotels, with service that matches or exceeds western standards. However, these are also the hotels that are the most expensive. These hotels include multinational chains such as the Hyatt and Radisson, as well as locally owned boutique hotels like the new Hotel Diplomat and Hotel Meridian. Rates range from \$100 to \$250 per night for standard rooms, and much higher for suites. Currently, these hotels are largely used by business travelers associated with the oil industry.

The other hotels visited by the Team, both in Baku and in the regions, did not fall within the same range of service and quality, though there is vast potential for all of them. In Ganja, despite its size, accommodations in the town itself are extremely limited. The Ganja Hotel has lots of room for improvement if it is to become competitive, although it does contain a large amount of character due to its impressive facade and grand lobby. Only one floor of the Soviet era hotel has been renovated to what it considers “3-star” standards, which means newer furniture and air conditioners. The staff is somewhat unfriendly and the rooms seem overpriced (\$50 per night and up) for the value to the guest. Additionally, a new, modern hotel was completed in the fall of 2003, but immediately signed a contract with a foreign company to be a company guest house, rather than open to the public.

Outside of Ganja, in more rural areas, there are some guesthouses and resorts, particularly in the mountains. The team was unable to travel to see these sites, due to weather concerns.

In Sheki, there are a few options for the overnight visitor. The most popular, and perhaps the most atmospheric in all of Azerbaijan, is the Caravan Sarai hotel. A former 18th century caravanserai (an inn built around a large court for accommodating caravans along trade routes in central and western Asia), this hotel was renovated in the 1980's and provides comfortable accommodations. “Luxe” rooms (with hot water) are very popular, cost \$30 per night, and are generally sold out in the summer and on weekends throughout the year. A couple of new hotels and guest houses have been opened recently to handle the overflow from the Caravan Sarai. All are clean and modern, although one requires a

walk across the yard to reach the bathrooms – a potential problem in winter. Additionally, the new Olympic center has guest houses which are often available to visitors when not being used by athletes. Outside of the city, there are a couple of cottage resorts and campgrounds.

If tourism to Sheki is developed further, there will be a need for increased accommodation space for visitors. Given the charm of the local architecture and people, the Team's assessment is that the city is ready for a Bed and Breakfast program. The local Ministry of Culture representative told us about a World Bank funded program that had tried to set up a B&B program within the last couple of years, but that after gathering a list of interested participants nothing further was done.

Finally, in Guba there are several hotels and resorts in the city and surrounding region, many up to international standards, and more than adequate for the number of visitors going to the region. These include both forest resorts with individual cabins and modern large hotels with restaurants and sanatorium activities. The most popular hotel/resort with the expatriate community is the Long Forest Chalet Resort, billed as Azerbaijan's first European holiday resort.

One recommendation that the Assessment Team has noted is that Guba and the surrounding region could benefit from an organized Bed and Breakfast program, particularly in the mountain villages. Currently, Long Forest has developed their own network of guesthouses where they send their guests, indicating that both the need and the ability exist.

Restaurants

In Baku, the restaurant industry is most developed. The international traveler can enjoy high quality food, excellent service, and most international or ethnic cuisines at reasonable prices. This is one area of the tourism sector that can readily accommodate increased international tourists.

While Baku has a large and active restaurateur population, the number and variety of restaurants drops considerably in the regions. First of all, in Ganja there are several restaurants that offer traditional Azeri fare. The restaurant in the Ganja Hotel lacks character and is a bit overpriced, but service is good. A few new restaurants have opened up in the past year that offer both indoor and outdoor seating. Based on both the Team and CDC's experience with traveling to Ganja, restaurants offer more than adequate service and food for reasonable prices. However, if the city develops its tourism industry further, diversification of menus may provide more satisfaction to foreigners.

Regarding Guba, the restaurants located there can be split into two categories: those that are attached to hotels and resorts, and those that are independent. In this first category, all of the hotels and resorts in the Guba region have their own restaurants, which serve good quality local food. Of particular note is the restaurant at the Long Forest resort, which

offers a delicious Indian menu. Hygiene and service in this category seem adequate by the Team's first hand experience as well as the experiences of others.

In the other category, there are many independent restaurants surrounding Guba in picturesque settings. While there is not much variety among these restaurants (which may lead to tourists craving some more diversity), the quality appears to be decent. Some restaurants have some potential issues with hygiene and cleanliness, and could definitely benefit from a training program.

Finally, in Sheki, the Team was only able to find one restaurant, at the Caravan Sarai hotel. While others may exist, they are not easily found. The hotel's restaurant is very good, serving up Azeri cuisine in a large garden during the summer months and inside during the winter.

4.5 Museums

While in Azerbaijan, the Team visited a number of the most prominent museums in the country, both in Baku and in the regions. What the Team found was that in spite of having significant collections, containing vibrant displays and interesting information, there was little information in English, and very few museums had tour guides (multi-lingual or otherwise).

In addition, in order to better support the Team in its research pertaining to local museums, the Ministry of Culture arranged a meeting with several of the Museum Directors, including the State Museum of Carpets and Applied Arts, State Museum of Musical Culture, Museum of Arts, Shirvanshakh Museums, Museum of Theatre and the Historical and Political Museum to discuss the biggest hurdles to developing tourist services within their museums. Across the board, the Museum Directors lamented the lack of funding that they were given for development. All had good ideas as to what they would like to do, but were not given the budget to pursue. Only the State Museum of Carpets and Applied Arts seemed to receive enough financial support from the Ministry to try out new ideas, including organizing tours to carpet making facilities. Given the low price charged to locals and in spite of the difference in price for foreigners, the museums themselves were just scraping by because there was little in the way of museum shops or cafes where tourists could buy souvenirs or other fares.

4.6 Signage

One area that could have an immediate impact on the tourism industry is an investment in street signs and other markers needed to point out the location of major attractions and destinations. There is a striking lack of signage for major attractions, both in Baku and in the regions. Most tourists will happen upon an attraction, hear of it by word of mouth, or find it only by asking several people for directions. For the international tourist, it is even more difficult to travel within the country independently. While the official signs in Azeri and English that have been put up in places like the airport, the majority of signs,

especially road signs, are in Azeri or Russian. In order to get tourists to featured attractions, more and better signs must be developed.

4.7 Tourist Information Centers

At present Azerbaijan has no Tourist Information Centers (T.I.C.) in Baku or in the regions, although a few hotels can provide some information on various aspects of the country. That being said, there are plans to build T.I.C.s in the center of Baku and eventually in six additional regions designated by the Ministry of Tourism in coordination with the UNDP. A head office will be established in Baku and regional branches in Guba, Nakchivan, Sheki, Mingechevir, Ganja, and Lenkoran.

On February 6th, 2004 the UNDP and the Ministry of Youth, Sport and Tourism signed a cost sharing agreement to develop a national strategy on tourism education, and to assist entrepreneurs involved in the tourism sector with potential clients. As part of this agreement training courses are being designed in the region to facilitate further employment in the tourism sector.

4.8 Tour Guides

In Azerbaijan, the Assessment Team noted that apart from one individual tour guide, who in the VA's point of view was the "very best guide [she had] enjoyed anywhere", there are virtually no professionally trained tour guides in Baku, nor in the region. This is an absolute must have for the region to capitalize on tourism monies.

4.9 Tour Operators

At this point and time, the Tour Operator/Travel Agent sector of the tourism industry in Azerbaijan is underdeveloped. Currently, it is not easy for a visitor to purchase a tour of the city or country, as no information is given to visitors at the airport and hotels display limited if any information regarding tour operators. The assessment team did meet with tour operators who will custom develop tours for groups, but these are largely targeted at company travel coordinators, not the individual tourist. In fact, some hotels have developed in-house tours to accommodate their clients, showing the dearth of options for tours of Azerbaijan. Moreover, it appears that Tour Operators and Travel Agents in Azerbaijan develop their business largely on selling tours and tickets to locals that travel outside Azerbaijan, rather than selling internal tours and tickets, or even selling packages to foreigners that could come into the country. Finally, while meeting with these local Tour Operators, the Team did not see any kind of professional material selling their products, mostly because it is too expensive for any one of them to do it independently.

4.10 Environment

According to the United States State Department, Azerbaijan faces serious environmental challenges. Soil throughout the region was contaminated by DDT and toxic defoliants used in cotton production during the Soviet era. Caspian petroleum and petrochemicals

industries also have contributed to present air and water pollution problems. All of which has led some scientists to consider the Absheron Peninsula (including Baku and Sumqayit) and the Caspian Sea to be the most ecologically devastated areas in the world. Several environmental organizations exist in Azerbaijan, yet few funds have been allocated to begin the necessary cleanup and prevention programs. Over-fishing by poachers is threatening the survival of Caspian sturgeon stocks, the source of most of the world's supply of caviar. The Convention on International Trade in Endangered Species (CITES) has listed as threatened all sturgeon species, including all commercial Caspian varieties.

4.11 Transportation

4.11.1 Air Transportation

Baku's international airport was renovated and upgraded several years ago. The airport has sufficient facilities for arriving and departing travelers and is well serviced by a variety of airlines. Major carriers include Lufthansa, Austrian Airlines, British Airways, Turkish Airlines, Aeroflot, and Emirates Airlines. In addition, Azerbaijan Airlines provides direct service to several international destinations, including Paris, London and Moscow. Newly purchased airplanes have provided a high standard of safety and quality to passengers.

Domestic air travel is limited. Currently, three regions are serviced by Azerbaijan Airlines: Ganja, Sheki, and Nakhchivan. The domestic terminals are in poor condition and tickets are difficult to purchase. The daily demand for air travel to other regions is not sufficient to warrant a significant increase in domestic flight operations at this time, but the investment and service needs in this area should be re-evaluated as part of a long-term and larger tourism development strategy.

4.11.2 Road Transportation

Road Conditions

Roads within Azerbaijan are often criticized as being of low quality. However, the current state of major arteries throughout the country is much better than other parts of the former Soviet Union. There are difficulties, particularly outside of the summer months accessing some of the more remote villages and areas that could be interesting for tourists (i.e. Lahij, Xanaliq).

Drivers in Azerbaijan are aggressive and often take what seem like, to a western visitor, extraordinary risks. They pay little heed to traffic regulations, signals, lanes, or other drivers, and often travel at high rates of speed. In Baku, traffic can often be intimidating for the foreign pedestrian.

The Assessment Team feels that major road development may be an economic development priority, but it is not a top priority for tourism development. However, efforts should be made to improve road safety and year-round access to priority areas.

Bus

There is an extensive bus network both within major cities and throughout the country. However, neither bus route maps nor schedules are readily available, making travelers reliant on local Azerbaijanis for information. The buses are often in poor condition and while traveling throughout the country; it is common to see them broken down on the side of the road. If buses are to be a more common way for transporting tourists, improvements must be made to their reliability and schedules and routes need to be made available in a few key languages.

Taxis

Taxis are readily available in Baku, but they are not easily accessible to tourists. Very few taxi drivers speak English or other key tourist languages and there is not an established fare or metering system. The availability of taxis, both official and unregistered, is more than adequate for an increase in tourism.

Cars for hire/ drivers

Most travel done in Azerbaijan is by car, and it is very common for foreigners to hire cars with drivers. Many companies provide this service for free to their ex-pat employees. Most rental agencies, both registered companies and private individuals will offer the option of using one of their drivers for an extra fee.

4.11.3 Train Transportation

There are two major train routes in Azerbaijan: one going North-South, through Baku, the other going East-West, from Baku through Ganja and into Georgia. Trains are similar in quality to those in other CIS countries and are often uncomfortable and crowded. There is one privately run train owned and operated by American Express Travel Services that runs overnight to Tbilisi, Georgia that provides close to European train comforts, including a dining car and private sleeping cars. Although the price (~\$170 each way) is expensive and the ride is rather bumpy, it remains the preferred mode of transportation to Tbilisi.

5. MARKETING

5.1 Planning

Referring to the strategic development plan that the Government recently approved (Section 4.1), there are many recommendations involving the need for improved and broader marketing so as to attract more people to the country. However, it is the Assessment Team's opinion that this plan does not fill the need for a comprehensive marketing plan to promote tourism in Azerbaijan.

5.2 Materials

Azerbaijan currently has two foreign published guidebooks in English (Mark Elliot's "Azerbaijan with excursions to Georgia" and the "Lonely Planet Georgia, Armenia and Azerbaijan"). The Ministry regularly publishes "guide books" which are largely advertising booklets, with some information about the regions and activities. Mark Elliot's book is by far the most comprehensive and useful source of information as a tourist in Azerbaijan. However, there is a complete lack of throwaway literature such as brochures, maps, post cards, and lists of eating establishments and places to shop of interest. This applies to both Baku and the rural regions visited by the Team.

5.3 Tourism Fairs

The Ministry of Tourism has represented Baku at major tourism trade shows, most recently in London Travel Trade Show. In fact, the Minister of Tourism was at the London Travel Show while the Team was in country. However, few local Tour Operators are currently attending any of these shows and it is impossible to sell package tours to a country without local Tour Operators to present the product. Furthermore, given the limited amount of funds, there have been great difficulties in developing promotional material for the attendees of these fairs. Additionally, the Ministry, in coordination with other agencies organized a successful International Tourism Fair in Baku in 2002 and 2003. These fairs included many local businesses involved in the tourism sector.

5.4 Public Relations

A general public relations program is often a useful accompaniment to a tourism marketing program. In the West, little is known about Azerbaijan and its wealth of tourism possibilities, but this is not surprising, as little is known about Azerbaijan in general terms. The country suffers from its association with the violence that has taken and is taking place in the Caucasus, from Chechnya to the still simmering conflict in Nagorno-Karabakh. Thus, any public relations campaign should emphasize that Azerbaijan is a peaceful country with a secular government.

One standard tourism marketing technique that might alleviate some of the negative associations, and more importantly, improve the knowledge base of the general public is the initiation of familiarization trips ('fam trips'). These trips would be organized and supported jointly by the private and public sectors, and would involve bringing foreign tour operators and journalists to the country to learn about what Azerbaijan would have to offer. However, since it appeared to the Team that Azerbaijan has little to no experience with such trips, the Team recommends that training on organizing and supporting such trips be implemented.

As far as any true public relations campaigns currently underway, there does not appear to be much to report. The Azerbaijani Government has recently sponsored a series of articles in the International Herald Tribune, but does not appear to be identifying itself as the source of the material.

5.5 Internet Presence

In today's world, any marketing plan has an extensive Internet component. Azerbaijan is and should be no different.

At this point and time, there are three types of web sites that provide Azerbaijani tourism information, which are assessed individually below:

- International travel search engines that provide limited information about Azerbaijan and a few links to other tourism websites;
- A handful of difficult to find Azerbaijani tourism web sites;
- A few travel agency sites that provide direct tour services to Azerbaijan.

However, none of the websites visited can be considered comprehensive by any means. Thus, in order to find information on agencies, business, and general information about Azerbaijan, along with links to valuable external resources, one has to cobble together the information found in all of these sites, making it of little use to the average potential tourist. Moreover, with the Internet still being in its infant stages, it is the Team's recommendation that it is an ideal time for the country to designate and develop one major tourism site. This site should not only contain all of the significant and important tourism links, but should also be recognized as the gateway to tourism in Azerbaijan by all other websites.

5.5.1 International Travel Search Engines

The International travel sites are all organized by region. Depending on the site, Azerbaijan can be found under either the Middle East, or Asia, or Europe, which can be a major source of confusion for foreign tourists. Also, these sites provide little substantive information or external links where tourists could find additional information about Azerbaijan. Among the sites that contain Azerbaijani tourism information in this genre are: www.travel-library.com, www.world-tourism.org, www.travelnotes.org, www.vtourist.com, www.gates96.com, www.traveldiscounts.com, www.maintour.com, travel.yahoo.com, and www.lonelyplanet.com.

5.5.2 Azerbaijani Tourism Web Sites

The Ministry of Tourism's official tourism website: www.azerbaijan.tourism.az is the easiest website to find through search engines, however it rarely appears as a link from other tourism websites. The design of the website is interesting and mildly attractive, although navigation is a bit difficult and the pages load relatively slowly even over a high-speed connection. Finally, while the website provides a lot of information for potential tourists, it can take a while to find what you are looking for.

Embassy of Azerbaijan, US: www.azembassy.com provides a small amount of tourism related information, but it is mostly related to visas and the logistics of getting to Azerbaijan. There is also a directory of hotels and museums in Baku, but little else of interest. Finally, the link to the official Ministry of Tourism's website is buried in the site and difficult to find.

A to Z of Azerbaijan: www.travel-images.com/azerb.html provides a lot of information about Azerbaijan that could be of interest to a tourist. However, the site is poorly organized, with more than 50 top level categories of information.

Baku Pages: www.bakupages.com offers general information on Baku and Azerbaijan, as well as a section devoted to travel. However, this information is of little use to potential tourists.

5.5.3 Travel Agencies:

These sites would operate wonderfully as links placed on another page, such as the global tourism websites or the official Ministry of Tourism website.

SkyLife Travel: www.skylife-travel.com is a travel agency that also provides limited in-country tour services.

Improtex: www.improlcc.in-baku.com/inbound/azeri.html is a travel and tour agency, which also participates as a member of the "Great Silk Road Tour Operators Group" (www.silkroadtog.com). Although this is one of two large and significant tour operators within the country, the site is difficult to find. That being said, the information on the site is helpful with a listing of tours offered.

SI Travel (American Express Travel Representative): www.si-travel.com is largely focused on outbound travel services, but does have some information about local arrangements and excursions.

5.6 Collaborative Marketing Efforts

At this point there is not much in the way of collaborative marketing efforts in Azerbaijan. The Azerbaijani tour operators do not cooperate with each other, even though by doing so, they could offset significant advertising and marketing costs, and grow their individual businesses. On the other hand, the aforementioned Improtex is an active participant in the Great Silk Road Tour Operators Group that also includes firms in Iran, Turkmenistan, Uzbekistan, Kyrgyzstan, Kazakhstan, and China, and appears regularly at the London and Berlin tourism fairs.

Finally, according to the WTO report, there is also a Union of Tourist Industry Development in Azerbaijan, which is a consortium of seventeen tourism facilities, agencies, banks, aviation, and insurance companies that was founded in 2001. This Union

has as its main goals to promote the tourism industry, assist public authorities in their tourism-related activities, make policy proposals, advocate an incentive system for the industry, help prepare norms, and protect the end customer. However, the Assessment team was told by both members and outside parties that the Union is not very active.

6. EDUCATION AND TRAINING

As of today, there are about 30,000 people that are employed in the tourism sector. However, the vast majority of these people have not received any formal tourism education, mostly because until just a few years ago, only one university (Baku State University) provided any tourism training at all.

With that in mind, as part of the strategic tourism development plan (Section 4.1), the Government identified one of the highest priorities as training tourism personnel in the highest international standards of customer service. From this, the plan envisioned measures that would improve the knowledge of tour guides and resort owners, as well as formalized training for all service staff in tourism establishments. In response to this call for improved training, a number of Azerbaijani institutes, colleges, and specialized secondary schools decided to begin offering a formal tourism curriculum.

That being said, considering the infancy of tourism education, there are significant challenges that exist in the training of those interested in receiving a specialized tourism degree. These are:

- lack of financing to develop curricula;
- poor technical materials;
- absence of unbiased statistics;
- lack of teachers with real-world industry experience or knowledge in tourism; and,
- lack of reference books and method school-books.

More specifically, as the number of educational institutions offering tourism education remains small, here follows a list of those institutions, and the programs found at each school.

6.1 Universities:

- **Baku State University** – One can earn a four-year bachelors degree in tourism management, and may continue for an additional two years to receive a master's degree in the same field. The faculty are excellent, have been recruited for these positions, and all have experience in the sector. At this point, there are 20 students in this program, however on average, only 5-10% of the students work in tourism after graduation.
- **Western University** (private) – One can earn a four-year bachelors degree in *Tourism and socio-cultural service*, and may continue for an additional two years

to receive a masters degree in the same field, much like at Baku State. Similarly, there are 20 students in the bachelors program and seven in the graduate program. One advantage to this program is that students have the opportunity to do practical work at a hotel that is owned by the university. However, there is also the disadvantage that only a few teachers have real-world experience in tourism.

- **Azerbaijan State Economics University** – one can earn a four-year bachelors degree in *Tourism and socio-cultural service*, however, there is little practical tourism work in the curriculum. Additionally, only a few teachers have real-world experience in the industry. As of this year, there are 20 students in this program.
- **The International University (private)** – One finds the exact same situation here as at Azerbaijan State Economics University. Specifically, one can earn a four-year bachelors degree in *Tourism and socio-cultural service*, however, there is little practical tourism work in the curriculum. Additionally, only a few teachers have real-world experience in the industry. As of this year, there are 20 students in this program.

6.2 Vocational Schools, Colleges, and Training Providers

- **Baku Vocational School of Food Industry** – trains students in *customer service management for hotels*. The program lasts for 2-3 years, depending on the level of education, but the teachers in the program do not have any real-world industry experience. There are 20 students in this program.
- **Baku Business and Cooperation College** - trains students in *customer service management for hotels*. The program lasts for 2-3 years, depending on the level of education, but the teachers in the program do not have experience in tourism, nor does the curriculum offer any practical experience in hotels. There are 20 students in this program.
- **Baku College of Sport and Tourism** – trains students in tourism management, but primarily in the sports sector, as tourism was added to the curriculum in 2002. As such, most of the teachers are sports specialists. Like most of its counterparts, the students do not do practical work in tourism organizations as part of their curriculum.
- **International College** – trains students in tourism management. Unfortunately, the students do not do practical work at tourist organizations as part of their curriculum and the teachers do not have experience in tourism.
- **“Caucasus United”** – an NGO that has developed a curriculum to train tour guides. It is a training that lasts for 150 hours, or approximately 3-4 months in length. The teachers either have professional experience as tour guides themselves, or are related specialists in the tourism industry. Upon completion of

the curriculum, Caucasus United provides a certificate to its students. Most importantly, the effectiveness of this course is shown by the fact that more than 60% of the students who have been certified are currently working for local tour operators and agencies.

7. CURRENT INDUSTRY ANALYSIS

7.1 Cultural, Historic, and Religious Tourism Potential

Culturally and historically, Azerbaijan has been at the crossroads of many important movements, with invaders and locals building many important structures over the years, including castles, walled cities, monuments, palaces, and places of worship from all periods. As a result, Azerbaijan holds a lot of potential for tourism development centered on these points.

In addition to the sites in and around Baku, there are many cultural, historic, and religious attractions that can be found in the outer regions as well. First of all, in Guba, one can visit a 16th century fortress that housed a khanate and 19th century mosque and bathhouse. However it is just outside the city where the most interesting attractions can be found. Surrounding Guba are a number of small and relatively isolated mountain villages that are very picturesque. Different ethnic groups live in these villages and provide a different and interesting view of life in Azerbaijan. However, perhaps more interesting, across the Kudyal River from Guba lies what is purported to be the largest Jewish town outside of Israel, called Krasnaya Sloboda. This community dates back hundreds of years, contains seven important synagogues, and is extremely open and friendly to visitors.

In Ganja, although it is not currently an active tourist destination and is used mainly by visitors as a transit point for trips to nearby mountains or to neighboring Georgia, does contain several potential tourist attractions. First of all, Ganja is the birthplace of many famous Azeri poets and writers, and there a few monuments to them located within the city limits. Ganja also contains a pedestrian street in the center of the city, which although not being utilized to its potential, could be a very charming shopping street with a European feel. Finally, like much of the rest of Azerbaijan, there are a significant number of mosques and other holy place, both in the center of the city, and the surrounding area.

Finally, in Sheki, there is an abundance of activities relative to much of the rest of the country, and many of the historical monuments and buildings have been preserved or restored. Of the more notable attractions are the Sheki Khan Palace, which is considered to be the most significant medieval architecture monument in Azerbaijan, as well as important museums such as the Sheki Museum of History, the Sheki Museum of Regional Handicrafts, and the Sheki Art Museum. Lastly, adding to the significant religious tourism possibilities already noted, 20 minutes outside of Sheki is located the 6th

century Caucasus Albanian Church, which has recently been restored through the help of the Norwegian Humanitarian Enterprise.

7.2 Eco-Tourism and Agro-Tourism

In addition to important cultural and historical tourism possibilities, eco-tourism and agro-tourism also have considerable potential in Azerbaijan, due to the natural and varied beauty of the country. As mentioned in Section 2.1, much of this potential is derived from the considerable climate and geographical diversity. As such, one can enjoy such activities as mountaineering, hiking, horse trekking and cross-country skiing (which are all found near Guba, Ganja, and Sheki), as well as fishing, canoeing, swimming, and rafting, especially near Ganja.

In conjunction with this climate and geographical diversity, there is also incredible diversity in the flora and fauna found in Azerbaijan. As a result, national parks and nature preserves offer and will continue to offer a unique opportunity for tourism development. According to the WTO Report, there are already 14 state reserves and 20 protected areas under the supervision of the Environment Ministry, of which some will be developed into “National Parks”. An example of one of these reserves is the Gyzl-Agach, the largest in the country, located in an area renowned for its bird watching. However, the most important national park project in development is the Shah-Dagh National Park, centered on the highest peak completely within Azerbaijan. This project, which has received support from the World Bank, envisages the establishment of a national park in an area surrounded by settlements with tourism potential (Guba, Gusar, Khachmaz, Ismayilli and Samaxi).

In terms of agro-tourism, there is a vast amount of potential to develop this sector, especially around Ganja, which is the main agricultural hub in the country. However, at this time, there is no agro-tourism taking place, and it appears that much effort in terms of outreach and convincing people of this potential would need to take place to get this sector to take off.

7.3 Arts & Crafts and Other Discretionary Spending

The arts and crafts industry is quite developed in Azerbaijan, and contains some of the most hidden potential in the country for tourism development. While Azerbaijan is well known for quality carpets, products need to be generated for different buyer groups, in a variety of different price points, in a variety of sizes so as to make it easy for tourists to transport them home, and in other hand production areas, such as ceramics, paintings, jewelry, woodcrafts, and other textiles. The Team’s meeting with the Azerbaijan Association of Handicraft Artists confirmed that these crafts have a long history in Azerbaijan, but are at risk of being lost due to poor financial incentives and the difficulty in finding a proper market for distribution. While product development is essential, it is also necessary to make items easily available to the tourist, as getting these products to the market is the principal problem faced in this sub-sector. Thus, sales venues need to be expanded and conveniently placed.

Speaking to the broader point of tourist's discretionary spending while in country, while some money can be made from the necessary spending of tourism (such as hotels, restaurants and transportation), more income for more people can be generated from their discretionary spending. Additionally, with this additional discretionary income, more broad based SMEs will be developed to account for the needs of and the opportunities from the increased number of tourists.

7.4 Donor Assistance Projects

While in Azerbaijan, the Assessment Team noted that tourism is seen by many of the donor agencies as a very high priority for economic development initiatives. The Team was able to meet with USAID, UNDP, the Eurasia Foundation, the British Council, the Council of Europe, the Israeli Embassy, and the OSCE, and they all stated their support for tourism development activities, ranging from training exchanges, to eco-tourism, to broad-based grants programs. In addition, the World Bank is actively pursuing a couple of initiatives in tourism development, and the Soros Foundation is also very likely to be interested in similar activities, based on past experience with them in other CIS countries. Needless to say, the sheer volume of positive reactions speaks to how Azerbaijan could become a very fertile market for tourism. The positive response also indicates a readiness for donor agencies to embark on major development through tourism to solve broader economic problems.

That being said, all of the donor organizations recognize that there has been little to no collaboration and coordination of their ideas for tourism development, their objectives, and their programs themselves. As a result, not only is there little to no awareness of what each organization is doing, planning, or implementing, but there is a very strong possibility that the goodwill and the plans that each group brings and develops will overlap and duplicate other agencies' efforts, thereby reducing the impact that each individual tourism program could have. Moreover, not only is the impact reduced, but resources are wasted in the process.

Specific Donor Activities

As of today, there have been a number of different tourism-related activities and programs developed by the donor organizations. Among them are the following:

- The aforementioned Visitor Information Centers being built in Baku and six other cities by the UNDP and the Ministry of Youth, Sport, and Tourism.
- A private sector organization based out of Scotland named Long Forest has begun work on a tourist destination and recreation center outside of Guba. Based in the northern region of Guba with offices in Baku, Long Forest is primarily focused on the development of tourism in Azerbaijan. The Long Forest Chalet Resort in Guba offers European standard accommodation outside of Baku. Long Forest is also active in agriculture, forestry and community development working with partners in both the private and public sector.

- The World Bank has provided assistance in building hotels as well as refurbishing and renovating the old city in Baku. Additionally, the World Bank is involved with a project to develop the aforementioned National Parks (Section 7.2)
- USAID, through CDC, is providing assistance to the carpet making industry in Guba.
- The United States Trade and Development Agency has allocated over \$300,000 to create an overall tourism plan in Azerbaijan, based on it's own assessment last year. Only American companies will be allowed to participate.
- The Norwegian Foreign Ministry and the Norwegian Humanitarian Enterprise are working on a few projects in and around Sheki, the most notable one being the restoration of the ancient Caucasus Albanian church.
- The WTO has initiated a cross-border activity (of which Azerbaijan is one of 24 countries involved) called the Silk Road Project, which is designed to establish the Silk Road as a tourist destination, creating awareness of the Silk Road in primary source markets, and to offer suggestions on how countries can develop the services and facilities along the Road. More information can be found at http://www.world-tourism.org/frameset/silk_road.html. That being said, it is unclear as to what exactly has been done in Azerbaijan at this point in this project. It should be noted, however, that the WTO is not a true donor organization, but rather a facilitator using funds from other sources.

7.5 Competitive Position

Overall Strengths and Weaknesses, Opportunities and Threats

The following table offers an S.W.O.T. analysis. The weaknesses are very serious, but there are some strengths and opportunities. Much more could be done to develop tourism, and with a relatively small budget.

STRENGTHS

Interesting history
Some attractive monuments
Safe for tourists 24 hours a day
Walled city within Baku
Good hotels and restaurants
Service Culture

WEAKNESSES

Little known about the country
Recent economic difficulties
Conflict with Armenia and tension with Iran
Expensive to get to Azerbaijan
Lack of maintenance of facilities
Tour Operators not trained to an international standard
No marketing or promotional materials
Inability to currently market as the Caucasus

OPPORTUNITIES

Cultural holidays
Religious holidays
Combined holidays with nearby states
Minor trekking holidays
Market as the Caucasus
Produce uniquely Azerbaijani items
Create employment for refugees
Start sales venues at museums and other tourist sites

THREATS

Political instability in Caucasus
Competition from other ex-Soviet states
The largest threat is not to do anything

8. CONCLUSIONS AND RECOMMENDATIONS

Given both the constraints and the opportunities afforded under this assessment, the Assessment Team would like to propose the following overall goals, followed by more specific conclusions and recommendations that should be followed to best develop the Azerbaijani tourism industry.

Overall Goals

- a) Encourage the extensive expatriate and business community in Baku to increase their personal and business travel to the regions.
- b) Develop a marketing strategy to increase the number of foreigners coming to Azerbaijan for tourism purposes.
- c) Develop a Caucasus package whereby Azerbaijan and Georgia, can cost effectively market their product together.

8.1 Recommendations based on Current Tourist Profiles

Because the statistical information about who is coming to Azerbaijan and why they are coming is both scarce and unreliable, efforts need to be undertaken, preferably using a local Azerbaijani consultant, to design a system for the Ministry for the collection of tourism statistics. This is an ideal time to design and develop this system, as it will provide the proper information needed for future tourism development projects.

Given the extensive expatriate and business community in Baku, more efforts should be undertaken to pro-actively market tourism to this lucrative group, as they are the people who have the discretionary spending that could drive much of the industry, especially in the regions.

8.2 Recommendations based on Governmental Policies and Laws

In spite of the existence of a strategic plan to develop the tourism industry, there is little to no money that has been allocated for the implementation of the recommendations found therein. This may be an opportunity for donor agencies to step in and help cost share some of the initiatives that have been proposed.

Additionally, it is clear that for any pilot project to succeed there needs to be buy-in from local governments. Moreover, the local governments have to be receptive to not only underwriting traditional infrastructure development projects, but also smaller and less ‘sexy’ projects such as developing signage, training tourism service personnel, and marketing their own regions, as it is these smaller projects that will ultimately lead to the larger, more significant projects.

8.3 Recommendations based on Tourist Infrastructure

Hotels and Restaurants

There appears to be sufficient hotel and restaurant infrastructure to supply the current demand of tourists in the country. That being said, it is clear that if the demand rises, more hotels will have to be built, especially in the regions. There is also much potential to develop a bed and breakfast program.

Museums

Regarding Azerbaijani museums and attractions, there are many improvements that could be made. Our recommendations include:

- Displays need to be evaluated and improved where necessary;
- Translation of appropriate signs explaining the contents and/or history of exhibits and displays;
- Trained guides need to be able to tell about the attraction and answer questions in English and other common languages; and
- Gift shops, cafes, and tea rooms should be installed in museums, so as to attract more of the tourists’ discretionary spending.

Moreover, in order to improve the bottom line of the museums and attractions, the Assessment Team has made two recommendations. First, a Museum and Attractions Card should be developed for Azerbaijan that would let cardholders into different attractions for a set fee. The different cultural sites could share the revenue based on their rate used by tourists. Tourists prefer this system, rather than individual fees. And second, as mentioned in the list of recommendations, the museums and other major attractions should go after more of the tourists’ discretionary spending. Specifically, install gift shops and cafes where the museums can sell books, souvenirs, and art items, as well as food and beverages to tourists while they are visiting attractions, for it is these sales venues that can provide a substantial amount of their operating budget..

Signage

Throughout Azerbaijan, more and better signage should be developed. Better signage would be an asset making all tourists feel welcome and comfortable in the country. In addition, due to the large business and expatriate community, it would be prudent to prioritize and implement strategic places to have information in English.

Tourist Information Centers

Although the UNDP is developing these centers in Baku and six other regions in Azerbaijan, it is important that UNDP bring together the major donor agencies and foundations in Azerbaijan. This way, UNDP will be able to solicit feedback on how countries around the world have developed their tourist industry and tourist centers, so that these centers are managed using best practices from around the world.

Tour Guides

Developed countries with good infrastructure for tourism have an abundance of well trained and available tour guides. Now is the time for Azerbaijan to develop the curriculum, guidelines and training programs that will supply Azerbaijan with quality guides that will give tourists the optimal memories from their trips. Moreover, it should be emphasized that these newly trained guides should be distributed throughout the country, not just concentrated in Baku.

Tour Operators

While assessing the situation of the local tour operators, the Assessment Team made the following recommendations:

1. Someone should ascertain each individual tour operator's capacity for developing itineraries for international clientele, offering tours of Baku and the regions, and handling of tours within Azerbaijan.
2. From this initial assessment, a training program should be provided to all of the tour operators to improve those areas where they need the most help. From this, it should be made clear that they can build their business by selling in-country tourism.
3. Next, the tour operators should attend some of the major tourism trade shows that are out there, such as London and Berlin. However, before they do that, they should create or have available adequate professionally designed brochures, catalogs, maps, and other tourism materials that can sell Azerbaijan to international tourists.

4. Finally, in order to reduce the cost to each tour operator, efforts should be made to help them collaborate on the development of these necessary materials.

8.4 Recommendations based on Transportation

Given the small size of Azerbaijan and easy road and train access, it is not recommended that domestic tourism flights be increased, even though it should be noted that there are difficulties in purchasing domestic tickets and the condition of the domestic terminals,

Also, in spite of the quality of the interior roads, major road development is not necessary for the development of tourism. On the other hand, a focus should be put on ensuring road safety and year-round access to priority areas. In addition, signs directing people to various attractions on the roads should be developed.

Given the extensive bus network, it would be natural for them to be used to transport tourists to various attractions. However, before doing that, improvements must be made to their reliability, and schedules and routes need to be made available, although there are more and more newer buses in use by private companies.

8.5 Recommendations based on Marketing

Plan

It is the Assessment Team's opinion that a comprehensive plan for promoting Azerbaijani tourism be developed.

Materials

Resources should be allocated to help local governments, tour operators, and the Ministry of Tourism develop adequate brochures, maps, postcards, directories of information which include lists of restaurants, hotels, museums discretionary spending places, workshops, and any other information pertinent to tourists, both for Baku and for the regions.

Tourism Fairs

As mentioned earlier, Azerbaijani tour operators should also be attending the major tourism trade fairs alongside the Ministry of Tourism. At the same time though, it is imperative that before they go, they have adequate professionally designed materials to promote Azerbaijan. Also, it would be wise to coordinate these trade show efforts with its neighbors in the Caucasus, especially Georgia.

Public Relations

A public relations campaign designed and implemented by the private sector, and assisted by the government to inform the general public about Azerbaijan would be very helpful

to develop the tourism industry and should be developed for both the domestic and international audiences. For the domestic audience, this campaign should be focused on developing tourism awareness among the locals and should be geared towards television, radio, newspapers, and any other means that they use to receive information.

For the international audience, one possible idea could be a series of ‘fam-trips’ for people working in the airline and travel industry as well as for journalists that would be able to write about Azerbaijan in their home countries. Additionally, this campaign could include educational seminars for tour operators, both domestic and international, so that people that might be interested in traveling to Azerbaijan can have the proper and actual information.

Finally, any public relations campaign that takes place, whether it is for the domestic or international audience, must emphasize that Azerbaijan is a safe and secure country, so as to dispel any stereotypes that currently exist.

Internet Presence

Azerbaijan needs to have one major tourism website. The current Ministry of Tourism’s official tourism website should be improved for ease of use, rewritten with correct English language used for the Internet, and developed so that it is the first item that comes up when key words are put into a search engine. Additionally, this website should have an efficient ‘highway’ via links that allow the reader to obtain all the information they need. Furthermore, the Ministry should provide international travel search engines with a consistent marking as to which region Azerbaijan fits in.

Collaborative Marketing Efforts

As mentioned earlier, resources should be allocated to help Azerbaijani tour operators collaborate with their competitors, to not only develop materials and offset the significant costs of promotion and advertising, but also to provide a single front and face for the promotion of the industry, both domestically and abroad. Moreover, by doing this, it will allow the operators to develop the resources that will promote Azerbaijan more quickly and more efficiently.

Also, by developing a cooperating mechanism, it would make the coordination of the recommended ‘fam trips’ and other public relations campaign that much easier, and more beneficial to the overall industry.

8.6 Recommendations based on Training

Given the infant stage of tourism departments and curricula in Azerbaijani universities and institutes, there are a large number of recommendations that the Team made. However, the Team has noted that these recommendations are secondary or tertiary to those geared towards bringing people to the regions. These recommendations are:

- The identification of specialties most needed in the tourism sector in order to meet international standards;
- The improvement of current curricula and plans taking into account these same international standards;
- The publication of textbooks and method manuals for various tourism specialties;
- The implementation of comprehensive trainings and practical experience for the students;
- An increase in the number of teachers that have hands-on tourism experience; and
- The establishment of a specialized tourist-information training center.

8.7 Recommendations based on Tourism Resources

Cultural and Historical Tourism

Apart from the individual attractions that have been mentioned, Azerbaijan's many historical and current religious artifacts and communities make it very attractive for religious tourism as well. Jewish tourists, from both Israel and the U.S. could be attracted to the centuries-old Jewish culture and the still active Jewish community in the northern town of Krasnaya Sloboda. Christian tourists could be attracted both by the Jewish history and the ancient Albanian Christian sites in Azerbaijan, which may fit well into a South Caucasus regional tour package with Georgia, especially as an alternative to the currently volatile situation in Israel. Also, given the many historical mosques found around the country, there would also be a large draw to Muslim tourists. Finally, the many temples and monuments of the ancient religion of Zoroastrianism could also be a draw.

Eco-tourism and Agro-tourism

As mentioned in the body of the report, there is tremendous potential for eco- and agro-tourism in Azerbaijan, due to the incredible diversity in terrain, climate, flora, and fauna. Efforts should be made to not only further develop the opportunities for mountaineering, bird-watching, fishing, and hiking (among others), but also to protect the opportunities themselves. Specifically, trainings should be conducted to transfer the idea of environmental sustainability of these attractions to the locals that run them, so that the sites are not destroyed by the tourists that visit them.

Arts and Crafts

Small and medium size businesses should be developed to either hand make or manufacture items for tourists of high quality with Azerbaijan identity. These businesses offer the most potential for employing people, especially in the rural areas of the country.

Moreover, to ensure quality, workshops should be held that help existing businesses expand and encourage others to start. They should cover:

- 1) Production, especially product development

- 2) Business Skills
- 3) Marketing
- 4) Joint Promotion

8.8 Recommendations based on Donor Assistance Projects

In order to increase collaboration, and prevent overlapping and duplication of efforts among the various donor agencies, information sharing meetings should be established between the donor agencies where they can share their own ideas about developing the tourism industry and cost share the implementation of these projects between them. Additionally, the minutes of these meetings should be made public, so that everyone in the tourism industry knows what is taking place in the donor community.

8.9 Next Steps

Having noted all of these recommendations, the Team sat down to prioritize them in order to develop the pilot program proposal requested by OSCE for Phase Two of the ATSDP. From these discussions, it was determined that in order to have the greatest and widest impact in the shortest amount of time, that CDC should focus its efforts on trying to draw the expatriate community and short-term business travelers out into the regions, where the need is greatest. With that in mind, accompanied with this assessment is a proposal speaking to this very goal.