

# ECONOMIC PERFORMANCE EVALUATION OF THE TOURISM RESOURCES OF THE REPUBLIC OF AZERBAIJAN

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## ABSTRACT

*The article discovers the problems of a comprehensive economic assessment of tourism resources of the Republic of Azerbaijan. The availability of natural resources, artificially created tourist (recreational) resources, objects of historical and cultural heritage form the basis of a tourist product and contribute to the development of tourist activity in a particular region. Tourism resources serve as the foundation and contribute to the socio-economic development of both tourism activities and the region in general. Azerbaijan has great potential for the development of tourism since our republic has vast and incredible natural resources as well as historical and cultural heritage. Nevertheless, unfortunately, for today, there are still no tangible results in Azerbaijan on issues regarding the potential of tourism resources. A harmonized, systematic classification and list of tourist resources were not approved. Their qualitative and quantitative features have not been standardized. Moreover, some of the unique tourism resources available in the areas of the Nagorno-Karabakh conflict are virtually excluded from the tourism complex of Azerbaijan. In this regard, the methods and conditions for assessing certain types of tourism resources that determine the tourism and recreation potential of the territories of Azerbaijan have been analyzed.*

**Keywords:** Republic of Azerbaijan, Tourism, Economic Assessment, Socio-Economic Development, Tourist Resources.

## INTRODUCTION

Above all, while analyzing the tourism industry, the critical direction is the determination of its resource potential. Tourism often acts as a catalyst in the use of natural resources, as it draws previously available natural sources, objects of cultural and historical heritage into an economic turnover. Natural tourist resources include both individual components of nature and the entire natural complex. The World Tourism Organization (UNWTO), the Quebec Declaration on Ecotourism and other international tourism agreements provide for the reasonable and rational use of nature, the conservation and development of tourism resources.

Natural resources are “*potential tourist capital*” (Ivlieva & Shmytkova, 2018). Tourist resources are a combination of the natural, climatic, socio-cultural, and infrastructural factors of the region. They are used in the development of a tourist product to meet human needs in the process and purposes of tourism (Sycheva, 2011). By the Law of the Republic of Azerbaijan “*On Tourism*” adopted on June 4, 1999, tourism resources are understood as natural, historical, socio-cultural objects, including tourist facilities as well as other objects that can satisfy the

spiritual needs of tourists, contribute to the restoration and development of their physical health (The Law of the Azerbaijan Republic On Tourism, 1999). In response to the intensive development of tourism in the world, the urgent problem of tourist nature management appears. It is associated with pollution and environmental protection while using tourist resources and with the rational establishment of tourist infrastructure facilities.

The availability of natural resources, artificially created tourist (recreational) resources, objects of historical and cultural heritage form the basis of a tourist product and contribute to the development of tourist activity in a particular region. Tourism resources are a national treasure of every country. Furthermore, as a rule, these resources should have such essential qualities as attractiveness, accessibility, uniqueness, safety, climate appropriateness, degree of development. According to their purpose, tourist resources are divided into health, educational and sports. In this case, the natural and aesthetic nature of the area is of great importance, increasing or, conversely, lowering internal qualities.

Since early 2020, COVID-19 has been the central political, social and expert matter. Domestic and international tourism have taken the whole brunt of the corona virus crisis. Usually, tourism and entertainment suffer from outside factors – events happening in destination countries, such as wars, terrorist threats, climate change, natural disasters, currency fluctuations, financial and economic crises, etc. These factors can change tourist route directions. The pandemic has demonstrated the sphere's dependence on the freedom of movement. The perception of the epidemiological situation in different countries has seriously influenced domestic and international tourism. This is important for tourism-oriented economies, and Azerbaijan is one of these.

## LITERATURE REVIEW

By territory, Azerbaijan is the largest of the republics of Transcaucasia. In essence, the country's territory is 86.6 thousand sq.km, of which 11.5% is covered by forests, 1.6% is covered by water, 50.0% by cultivated land, including 27.0% pastures and 23.0% of other lands (Azerbaijan is the correct name for the state. Where is Azerbaijan located? Republic of Azerbaijan: capital, population, currency and attractions, 2020). i.e., 63.1% of the territory of Azerbaijan is not virtually considered as a systematic resource potential of tourism. According to the World Tourism and Travel Council (WTTC), by 2028, the Republic of Azerbaijan is projected to become the first CIS country in terms of tourism revenue increase - by 6.2% per year. This will allow the republic to earn 18.2 billion manats (about \$10.6 billion). If the favorable WTTC forecasts come right, the industry will contribute almost a fifth of the revenue to the treasury - 19.3% of GDP (Sengstshmid, 2019). Thus, according to the Azerbaijan Tourism Agency, in 2018, the contribution of tourism to the country's GDP amounted to 2.2% (\$2 billion) or 2.8 billion manats (Azerbaijan earns more than its neighbors on tourism, 2019).

Azerbaijan is located on the western coast of the Caspian Sea, in the eastern part of the South Caucasus. Geographically, it is at the junction of two continents - Europe and Asia, which makes it very attractive from the tourism industry perspective. This is an amazingly beautiful land of unique natural contrasts. The natural conditions of Azerbaijan are unusually diverse - from the warm and humid subtropics of the Lankaran lowland to the snowy highlands of the Greater Caucasus. Azerbaijan has a unique geographical, climatic, and geopolitical territory, where according to the classification of Köppen's climatic zones, 9 of the 11 climatic zones can be found (Atlas of the Azerbaijan SSR, 1979). That is why flora and fauna are amazingly diverse here. Since ancient times, Azerbaijan was known as an essential stop on the Great Silk Road,

which was the cultural bridge and the country connecting the trade between East and West. Back in the Middle Ages, hundreds of caravansaries existed in Tabriz, Ganja, Nakhchivan, Ordubad, Sheki, Shamakhi, Agsu, Baku and other regions of Azerbaijan, offering their guests services. And today, one of the most popular tourist destinations is considered to be the route along the Silk Road (Baku - Gabala - Sheki). Most tourists from Southeast Asia, Japan, Malaysia, and South Korea prefer to travel along the Silk Road. Currently, within the framework of the TACIS-TRACECA program (Europe-Caucasus-Asia Transport Corridor) of the European Union, measures are being taken to restore the Great Silk Road. This will contribute not only to the strengthening of economic relations but also to the active revival of the tourism industry, with the accompanying infrastructure. Azerbaijan has considerable potential for the development of cultural and educational tourism since the country has more than 6 thousand historical, architectural, and cultural monuments, some of which are UNESCO World Heritage Sites. The key attractive places and sights of Azerbaijan are numerous palaces, monumental fortresses, mausoleums, mosques, houses of khans, museums, shopping complexes, and baths. These are the Palace of the Shirvanshahs (XV century) and the Maiden's Tower, (VII-XII centuries) which have been included in the UNESCO list since 2000, IcheriSheher (XII century) - the heart of the city, the colorful Iranian region, the embankment (one of the most beautiful in the world), various caravanserais - the SeidYahyaBakuvi Mausoleum, Multani (XV century), Bukhara (XV century), Mollahana (XIII century), numerous mosques - Muhammad ibn Abu-Bakr ("Sinikh-Gala," 1078-1079 - the oldest building in the city), Mirza-Ahmed (1345), Mollah - Ahmed (XIV century), Juma (XV-XX centuries), Tuba-Shahi (XV century). Also, there are other historical sites - "Atashgah" - Temple of Fire (XVII-XVIII centuries), Holy Myrrhbearers Cathedral of Russian Orthodox Church, Sabail Castle (1232), Ramana Fortress (XVI century), Mardakan Fortress (mid-XIV century), Shikh Fortress (XVI century), Gobustan, where images of the Stone Age and many rock paintings are painted (in 2007 was included in the UNESCO World Heritage List), Khodaafarin Bridges, historically connecting the north of Azerbaijan with the south located on the territory of Jabrail, currently occupied by Armenians, Azykh cave, the Palace of Sheki khans (in 2001 it was included in UNESCO list), Khinalig village - Guba region, Lahij village - Ismayilli region, Kish village - Sheki region, the National Museum of Art, Museum of History of Azerbaijan, unique Azerbaijan National Carpet Museum, Museum of Folk and Applied Arts, etc. (Akhundova, 2019). Moreover, the list of UNESCO's intangible cultural heritage masterpieces includes Azerbaijani mugam, the art of Azerbaijani ashugs, the traditional art of weaving Azerbaijani carpets, craftsmanship and the art of playing on tar, Chovgan, the traditional horse game on the Karabakh horses, the traditional art of making and wearing a female silk headscarf known as kalagai. It should also be mentioned that the famous Shamakhi Astrophysical Observatory named after NasreddinTusi, which is located in the beautiful part of the Shamakhi city in the village of Pirkuli. Also, the first of the largest telescopes of the former USSR was created here. Generally, on the territory of Azerbaijan, all types of relief can be found: mountains, lowlands, plains, and valleys. Mountains occupy almost half of the territory of Azerbaijan. In the north - ridge of the Caucasus, in the middle part - Kura-Araz lowland, in the southeast - Talysh Mountains and Lankaran lowland. All of these have a valuable effect on the natural development of all types of tourism in Azerbaijan. Azerbaijan is washed by the waters of the Caspian Sea - the greatest and largest lake in the world the area of which is 380,000 sq.km. There, the beach season begins in April and ends at the end of October, i.e., contributing to the excellent conditions for the development of recreational and beach tourism. Besides, all rivers of Azerbaijan flow into the Caspian Sea. There are up to 1,250 small rivers in Azerbaijan. Most of

the rivers belong to the Kura River Basin - the longest river in the Caucasus (length 1,515 km, area - 188 thousand km). Some of the rivers flow directly into the Kura, others into its large tributary Araz - the second largest river in Azerbaijan (1072 km long), and others directly flow into the Caspian Sea (Geography of Azerbaijan, 2020). A perfect addition to the beauty of Azerbaijani land is its mountain and plain lakes: Tufan (Greater Caucasus), Alagol, Goygol, Maraljol, Zaligol, Garagol (Lesser Caucasus) - about 250 lakes. All of the rivers are located in favorable climatic zones of the republic, which contributes to the active development of the tourism industry in these regions.

The nature of Azerbaijan is very diverse. Today, 13 nature reserves, 6 national parks, and 21 state-protected areas operate in Azerbaijan. On the territory of the country, even unique forests of the Cenozoic era are preserved, which are nowhere else in the world. Reserves such as Kyzylagach, Zagatala, and Shirvan are of international importance. The Girkan Reserve protects relict vegetation in the Talysh Mountains and Lankaran Lowlands. Turianchay Reserve guards the famous Eldar pine. The Ismayilli Reserve protects the natural complexes of the eastern part of the Greater Caucasus, and one of the most beautiful lakes in the world - Goygol, and the natural complexes of the Lesser Caucasus surrounding it, are protected by the Goygol Reserve. Gobustan Nature Reserve, in its turn, is an object of the natural and cultural heritage of UNESCO. In Gobustan, there is a huge collection of cave paintings dating back to the 3rd - 2nd millennia BC, as well as ancient sites of people discovered there. Gobustan Nature Reserve is also a historical and archaeological cultural monument. Currently, the total area of nature reserves, national parks, and state protected areas cover about 600,000 hectares, or 6, 9% of the territory of Azerbaijan. In Azerbaijan, over 1000 curative, mineral and thermal waters, mud and oil for treatment, which are located in Guba, Shamakhi, Ismaili, Sheki - Zagatala, Nakhichevan and Ganja regions. Also, useful mineral waters are widely distributed in the Nakhchivan Autonomous Republic, which accounts for 60% of the mineral water resources of all Azerbaijan. That is why Nakhichevan is called the natural museum of mineral waters. Mineral waters of Nakhichevan - "Badamli", "Sirab", "Vaihir", "Gulustan" are known all over the world. All this creates excellent conditions for the development of health tourism (Akhundova, 2019). Moreover, unique salt caves are located in the Nakhchivan Autonomous Republic of Azerbaijan, where visitors are treated for respiratory diseases. The physiotherapy center has underground and aboveground parts. The aboveground part is located in Duzdag itself on the territory of the Duzdag Hotel, and the underground part is located in the mountain at a depth of more than 300 meters. Physiotherapeutic Center "Duzdag" of the Nakhchivan Autonomous Republic attracts patients not only from all over the republic but also from abroad. The center successfully receives guests from Russia, Georgia, Turkey, Iran, Central Asia, etc. Besides, there are about 800 mud volcanoes in Azerbaijan, which makes Azerbaijan the first in the world in the number of mud volcanoes. In other words, the country has all the necessary conditions for rest and treatment. Regarding natural healing resources in Azerbaijan, there are such types of resorts as balneological, climatic, mud treatment, and Naftalan oil treatment. In the city of Naftalan alone, there are six sanatorium and health centers offering treatment to tourists from different countries. The right conditions for ecotourism were created in a relatively small territory of Azerbaijan. The western border of Azerbaijan - the mountains of the Lesser and Greater Caucasus, thanks to the natural complexes of Gyzylgaya, Shahdag, Bazarduzu, Bazaryurd, Tufanly, rising almost 5 thousand meters above sea level, contribute to the development of such extreme types of tourism as rock climbing, climbing and others. On the Absheron Peninsula, there are not only the rarest historical sights, but also, this area is rich in its fauna and flora. Here they are engaged in

viticulture, melon growing, and floriculture. Saffron is also grown here - this is a unique spice that combines a lot of useful properties. This is the unique herbal medicine and the most expensive spice on earth. However, the Absheron Peninsula and other coastal regions of Azerbaijan are considered one of the most environmentally unfavorable regions of the earth due to heavy air, water, and soil pollution. Soil and groundwater pollution is caused by the use of DDT and toxic pesticides in cotton cultivation. Moreover, air pollution is linked to industrial emissions in Sumgait, Baku, and other cities. All these have a negative impact on the development of the tourism industry.

### Theoretical Background and Research Questions

When doing a complex economic and ecological assessment of tourist resources, it is necessary to take into account that WTO (UNWTO) divides all tourist resources into seven groups:

- 1) Natural riches;
- 2) Energy resources;
- 3) The human factor (demographic data and cultural aspects);
- 4) Institutional, political, legal and administrative aspects;
- 5) Social aspects, specifics of social structure;
- 6) Goods and services and infrastructure;
- 7) Economic and financial work (Dzhanzhugazova, 2018).

Russian scientists – economists (Gulyaev & Selivanov, 2008), to make an assessment rating of tourist resources and territories, based on previous studies, have developed four basic evaluation criteria with a 10-point scale, which we have deemed acceptable (Table 1).

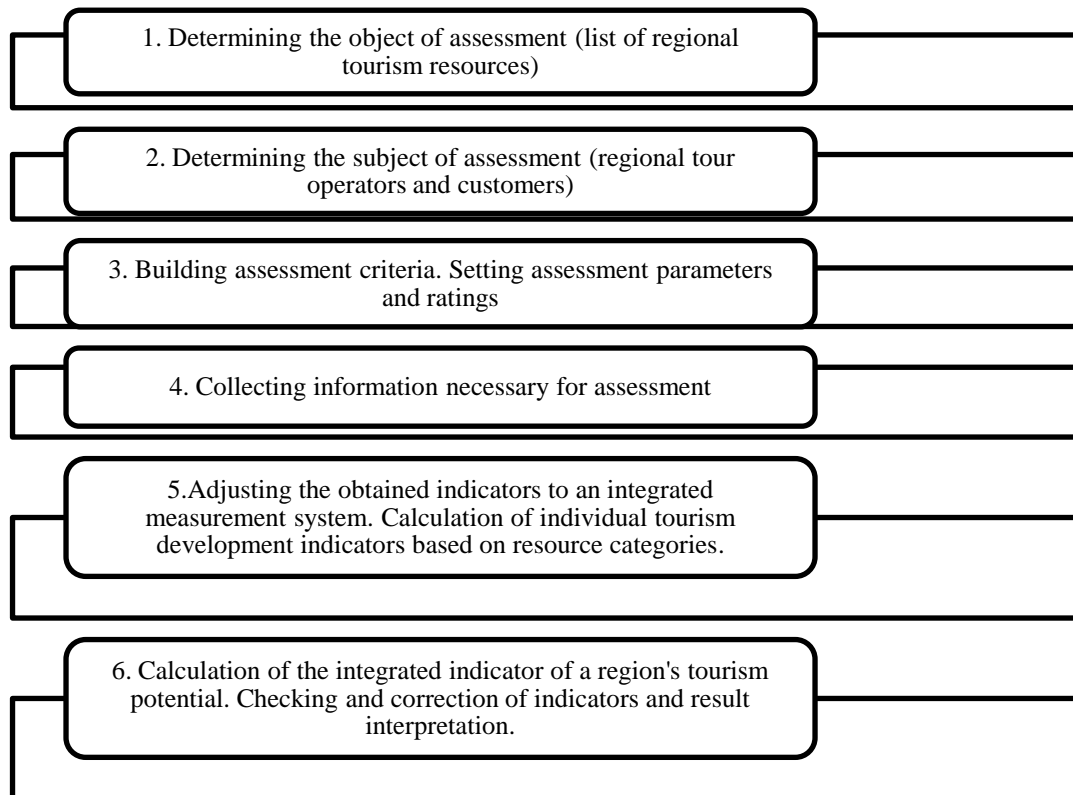
Category No.	Category name	Scoring
1.	Highly favorable	9 - 10
2.	Favorable	6 – 8.9
3.	Moderately favorable	4 – 5.9
4.	Unfavorable	0 – 3.9

Source: Gulyaev & Selivanov, 2008)

The rating helps to assess tourism resources and later rely on these when zoning tourist territories. Usually, a complex economic assessment of tourism resource potential requires comparison of the use this potential to the use of basic resource practices (educational, recreational, etc.) Ratings can help to determine the biggest tourist attractions or areas and assess the tourist potential of districts and particular objects. In order to develop a tourist resource assessment method for a particular region, it is necessary to specify the most important stages of this complex assessment process. Based on the general tourist potential assessment method, a complex method can be developed to evaluate regional tourism resources.

1. Stage 1: Specifying “*objects of assessment*” – the content to be evaluated. In a regional geographic study, an “*object of assessment*” is a geographical system. It is recommended to use a region’s entire tourist complex as the target of evaluation, which is located in a region, the boundary of which coincides with the region’s administrative boundary. For more detailed assessment, the territory should be presented as a set of administrative divisions – districts, urban areas, etc.

2. Stage 2: Specifying the “*subject of assessment*”, based on which the “*object*” is evaluated. Usually, “*subjects of assessment*” are specific types of tourists, visitors, tour operators, as well as types of tourist and recreation activities. Objects of evaluation are regional tour operators, heads of tourist organizations, regional tourism officials, and customers.
3. Stage 3: Assessment factor definitions are decisive in determining their value in keeping with the goal of assessment. The goal is to determine the potential of tourism resources when planning further development and more effective management of the tourist sphere in the region. In fact, the list of evaluation criteria is based on the analysis of the problem being solved by the investigator.
4. Stage 4: Collection of data required for assessment. Processing of secondary statistical and reporting information provided by a regional department of tourism, collection of primary information, surveys and expert assessment.
5. Stage 5: Introduction of evaluation criteria into an integrated measurement system. Spectrum scales, rate setting, ranking, etc. Also, individual tourism indicators are calculated based on resource categories: nature, climate, history, culture, social/economic indicators.
6. Stage 6: Calculation of a region’s general tourism potential index. Comparing the resulting tourist potential indicators pertaining to a specific resource category can help to determine a region’s status in the tourist market and predict its further development. For example, the following situation can be the result of assessment: average or higher than average potential of natural and climate resources; it is much higher than the potential of social and economic resources with a poor historic indicator. In this case, it would be possible to invest in nature-oriented tourism: wellness tourism, ecological tourism, etc. Figure 1 demonstrates a flow diagram specifying stages of economic evaluation of a region’s tourism potential.



Source: Authors' Compilation

**FIGURE 1**  
**STAGES OF THE ECONOMIC TOURISM RESOURCE ASSESSMENT PROCESS**

Tourism resources are associated with the concept of tourism infrastructure. Under tourism infrastructure are meant those resources that are brought into economic circulation and bring revenue to the state and entrepreneurship. So, in particular, visiting a historical and architectural reserve Icherisheher in the capital of Azerbaijan or arriving at lake Goygol does not require the purchase of a ticket, which is necessary for an excursion, like for example, to Disneyland, Vatican or the Hermitage. Therefore, the historical reserve Icherisheher, being a tourist resource, is not a tourist infrastructure on its own. However, any museum located in this historical reserve is simultaneously a tourist infrastructure and resource. However, such a division of infrastructure resources is mostly relative because all types of tourism resources are unitary and interact. It is impossible to evaluate the economic contribution of the tourism industry in the use of tourism or recreational resources. Table 2 shows the most attractive tourist facilities in Azerbaijan.

<b>Types of tourist facilities</b>	<b>Quantity</b>
Museum	130
Professionaltheatre	37
Philharmonic	3
Circus	1
Zoo	2
BotanicalGarden	2
Aquapark	9
Olympicsportscomplex	43
Nationalpark	8
Naturereserve	13
Mudvolcano	800
Healing, thermal and mineral waters	1000

Note: The table was compiled based on data from the Ministry of Culture and Tourism of the AR (2019).

They are the components of social and industrial infrastructure. They are designed to establish conditions for the smooth functioning of production, to develop the regional infrastructure, and to lay the foundation of tourism activities. Therefore, the active development of the tourism industry requires both attractive tourist resources and the necessary infrastructure. Without the existence of specific tourist infrastructure, i.e., guided tours, accommodation and food facilities, a transport network, entertainment sectors, etc., the formation of the tourism industry is unthinkable. Only with the joint, integrated, and coordinated functioning of these structures rather than the availability of each component separately a higher result can be achieved. The improvement of the tourism industry is feasible only if there are unique natural tourism resources and a harmonious infrastructure in a particular region. Therefore, tourism resources for the basis for the socio-economic development of both tourism activities and the region in general. However, unfortunately, for today, there are still no tangible results in Azerbaijan on issues regarding the potential of tourism resources. The reason for this is that after the collapse of the Soviet Union, Azerbaijan lost at least a third of the highest mountainous, attractive, explored and accessible tourist resources: Armenia occupied most of Nagorno-Karabakh - more than 20% of the territory of Azerbaijan with a unique nature for the intensive development of tourism. Table 3 shows the occupied territories of Azerbaijan (The Occupied Territories of Azerbaijan, 1989). Back in Soviet times, up to 50% of investments were invested annually in these regions to expand the tourism infrastructure and tourism industry in general.

For instance, the uniqueness of the Istisu mineral waters located on the territory of the Kalbajar region was due to their gas and chemical composition, high temperature, and a large volume of the natural reserve.

**Table 3**  
**TERRITORIES OF THE REPUBLIC OF AZERBAIJAN OCCUPIED IN 1988-1993**

Name of areas	Occupation date	Occupied area
Shusha Khankendi Khojaly Askeran Khojavend Agdere Hadrut	1988-1993	4400 sq.km
Lachin	May 18, 1992	1875 sq.km
Agdam	July 23, 1993	1154 sq.km
Jabrail	August 23, 1993	1050 sq.km
Fizuli	August 23, 1993	1112 sq.km
Gubadli	August 31, 1993	826 sq.km
Zangilan	November 1, 1993	707 sq.km
Kalbajar	April 2, 1993	1936 sq.km

Note: The table is compiled based on the data of the Ministry of Internal Affairs of the AR (2019).

Its waters had a therapeutic effect on external and internal human diseases. A large resort and a mineral water collection plant were built at Istisu spring in the 80s. This plant produced 800 thousand liters of mineral water per day. In the former Soviet Union in the village of Istisu (Kalbajar), sanatoriums of All-Union significance No.1 and 2 operated, where 50 thousand people were treated and rest every year. Mineral water Istisu was one of the natural wealth of Kalbajar, bringing significant profit to the budget of the region. Shusha is an amazingly beautiful fortress city on a mountain. In the recent past, it was a resort town, as well as a historical and architectural reserve. Now it is a ghost town. It is located on a high plateau (1400 meters above sea level) in the center of Nagorno-Karabakh. There is no scientifically reasoned system of analysis, protection and, certification of tourist resources in the republic. A harmonized, systematic classification and list of tourist resources have not been approved; their qualitative and quantitative features have not been standardized. Furthermore, some of the unique tourism resources available in the areas of the Nagorno-Karabakh conflict are virtually excluded from the tourism complex of Azerbaijan. The current methods of assessing tourism resources characterize only some of their positive aspects. Analyzing the tourism resources of the Republic of Azerbaijan, it should be noted that, having favorable natural conditions, exotic, ancient monuments, most of them in terms of accessibility, popularity, safety, level of service, and price do not reach the level of international standards. The tourist service of our region still cannot compete with the similar tourist industries of foreign countries. Thus, the population of Azerbaijan with middle incomes prefers Turkey, Egypt, Cyprus, Greece, etc. for their vacation, thereby reducing the country's balance of payments.

## METHODOLOGY

The author offers the following regional tourist potential evaluation plan:



- a). Checking historic tourist attractions, archeological objects, monasteries, village churches, places of major historic events, old downtown buildings, monuments, etc.;
- b). Checking unique natural objects and man-made landscapes, monastery parks, mansions, village parks, ancient water channels and runways, beautiful and tourist-oriented lakes and ponds, old mills, dams, old lanes, trees, etc.
- c). Checking places, which residents have chosen as recreation areas, recreation parks and groves, camping sites, river beaches, swamps, lake banks, forests with berries, canoeing and rubber boat routes, etc.;
- d). Determining the type of a region's tourism potential:
  - Types of tourist and recreation activities;
  - Popular tourist destinations;
  - Promising tourist segments;
  - New tourist routes;
  - Problems resulting from limited use of the territory's natural, cultural and historic potential.

This method uses a clear assessment algorithm. However, it lacks evaluation techniques, ranking systems and criteria.

## RESULTS

Thus, analyzing all of the above mentioned, it can be argued that Azerbaijan has huge tourism potential. Although for the development of tourism, only a particular part of the territory of the republic is used, where tourist resources are generally accessible, popular, convenient, well-maintained, attractive, and useful. However, these resources are weak and, in some cases, too polluted. These resources are located mainly in the Absheron, Guba - Khachmaz, Ganja - Gazakh, Nakhichevan, Lankaran, Sheki - Zagatala, and Shirvan regions, which are a priority for the development of tourism. Table 4 shows the main tourist and recreational areas of the republic (State Statistical Committee of the Republic of Azerbaijan, 2019).

Almost all the regions of the country have their unforgettable natural and human-made tourism resources. However, unfortunately, in many tourist and resort regions of Azerbaijan, there is no relevant tourist infrastructure: transport system, accommodation, and catering facilities of all kinds, leisure and entertainment industries, etc. Besides, the lack of concrete advertising policy, a unified information base of the resort's potential, and lack of qualified staff and exceptionally high prices also hinders the visits to these areas. Those who want to enjoy the sea can visit the resort of Nabran on the Khudat-Yalamin seaside or the coast of Absheron with its sandy beaches. For those who prefer a winter holiday or sports, the Gusar and Gabala regions are a perfect choice. Also, the unique international tourist route "*Alexander Dumas in the Caucasus*", exactly repeating the journey of the great French writer, who visited the Caucasus in 1858, passes through the territory of Gabala region. For tourists who like licensed hunting, there is an opportunity to have a wonderful time in the Gizilagach reserve. Salyan, in its turn, is a great place for fishing lovers. Those who wish to improve their health can visit Naftalan, famous for its medicinal oil deposits or Masalli, with its abundance of mineral springs. Also, they can visit the salt caves of Nakhchivan. The most popular excursions for foreigners, except for the capital - Baku, are the regions located along the Silk Road route: Sheki, Shamakhi, Gabala, Ismayilli, and others. A large number of historical monuments are concentrated there, lots of local villages that have not lost their way of life (Nij, Lahij, Kish, Hynalyg, etc.), intact nature - reserves, forests, lakes. Trips to the Shahdag ski complex in Gusar, the Tufan ski resort in Gabala, and ethnic and environmental tourism are also trendy. According to (Aliyev, 2012), the use of an electronic tourist visa became possible in Azerbaijan. This greatly facilitated the visa regime and affected

the increase in the flow of tourists to the country. Furthermore, to increase the number of tourists arriving in the country, by the decree of the President of the Republic of Azerbaijan, the “*ASAN Viza*” system was introduced in 2016. Also, from February 1, 2016, a simplified visa control system for citizens of the Persian Gulf countries was introduced at all international airports in Azerbaijan (Visa Information, 2016). It became possible for them to obtain a visa directly upon arrival at any international airport in the country. Thanks to these measures, the number of tourists arriving in Azerbaijan in recent years has increased rapidly. Table 5 shows the ranking of Azerbaijan’s tourism resources and territories based on a specific ranking scale (The State Statistics Committee of the AP, 2018).

<b>Tourism Development Regions</b>	<b>Types of tourism</b>	<b>Cities and regions recommended for tourism development</b>
1. Absheron (western coast of the Caspian Sea, Baku, Sumgait, more than 60 Absheron villages)	Cognitive, beach, cultural and business, ecological, religious, health, hunting	Baku, Surakhani, Shikhov, Novkhani, Mardakan, Buzovna, Zagulba, Bilgah, Pirshagi, Turkan, Khizi
2. Ganja - Gazakh (Ganja, Naftalan, Shamkir, Tovuz, Goranboy, Gazakh, Gedabey, Akstafa, Goygol, Dashkesan, Samukh,	Cognitive, health, cultural, ecological, religious, hunting, ethnic, rural	Ganja, Naftalan, Shamkir, Gedabey, Goygol
3. Sheki - Zagatala (Balakan, Gakh, Gabala, Oguz, Zagatala, Sheki	Cognitive, cultural, ecological, religious, winter, hunting, agritourism	Gabala, Sheki, Zagatala, Gakh
4. Lankaran (Astara, Jalilabad, Lerik, Masally, Yardimli, Lankaran)	Cognitive, health, ecological, beach, cultural, religious, rural	Lankaran, Lerik, Masalli
5. Guba - Khachmaz (Shabran, Khachmaz, Guba, Gusar, Siazan)	Cognitive, cultural, ecological, winter, extreme, beach, health, rural	Gusar, Guba, Shabran, Khachmaz
6. Aran - the hottest lowlands (Agjabadi, Agdash, Adzhigabul, Beylagan, Barda, Bilasuvar, Goychay, Imishli, Kurdamir, Neftchala, Saatli, Sabiribad, Salyan, Ujar, Zardab, Shirvan, Mingachevir, Yevlakh)	Cognitive, cultural, religious, sports, rural, health	Mingachevir, Agjabadi, Yevlakh, Beylagan
7. Karabakh (Agdam, Tartar, Khojakend, Khojaly, Shusha, Jabrail, Fizuli, Khankendi)	Occupied territories	-----
8. Kalbajar–Lachin (Kalbajar, Lachin, Zangelan, Gubadli)	Occupied territories	-----
9. Mountainous Shirvan (Agsu, Ismayilli, Gobustan, Shamakhi)	Cognitive, cultural, ecological, religious, health, hunting, agritourism	Ismailli, Gobustan, Shamakhi
10. Nakhchivan (Nakhchivan, Babek, Julfa, Ordubad, Sadarak, Shahbuz, Sharur, Kangarli)	Cognitive, rural, religious, cultural, health and sanatorium	Nakhchivan, Ordubad, Sharur, Julfa

Note: the table was compiled based on data from the statistical collection of “Tourism in Azerbaijan” (2019)

Next, it is necessary to make a complex economic evaluation of the tourism resources of Azerbaijan Republic based on the new method. Table 6 demonstrates parameters; customer-oriented ones are marked “\*”; operator-oriented tourism resource evaluation parameters are marked “\*\*”. Parameters marked “\*” are important in terms of tourists’ estimates, because they are going to reflect tourists’ interest in the region’s natural and climatic resources. Resource group evaluation parameters, which are marked “\*\*”, must be used to evaluate tour operators, because they reflect the use of tourism resources and the potential for creation of a tourist product. From a customer’s standpoint, the most important thing is based on natural and climatic categories, such as aesthetics (picturesqueness), ecology, comfort, attractiveness of natural objects, etc. From operators’ standpoint, the following parameters are more important: presence of SPNR and federal/regional natural/climatic objects in the natural/climate resource category; historical and cultural resources can have different statuses – federal, regional, local in the historical/cultural resource category; availability of investment sources and governmental control in the social/economic resource category. Next, evaluation criteria for tourism resources have been developed. The following rating scale has been used to develop evaluation criteria, where each criterion comes with a certain score depending on the favorability of a resource:

Category No.	Region name	Scoring
1.	Asheron, Sheki – Zagatal, Guba – Khatchmaz, Nakhichevan	9 - 10
2.	Ganja – Gazakh, Gorny Shirvan, Lenkoran	6 – 8,9
3.	Upper – Karabakh, Kelbajar – Lachi	4 – 5,9
4.	Aran	0 – 3,9

Source: compiled by the authors

- “1” – unfavorable for creation of a tourist product;
- “2” – partially favorable for creation of a tourist product;
- “3” – favorable for creation of a tourist product;
- “4” – highly favorable for creation of a tourist product;
- “5” – maximally favorable for creation of a tourist product.

A complex survey-based economic resource group evaluation is presented in Table 6.

Evaluation parameters	Scoring	Weight coefficient
1. natural and climatic resources		
Ecology*	3.8	0.12
Comfort*	4.6	0.12
Aesthetic qualities (picturesqueness)*	4.2	0.14
Contrast (diversity of landscape)*	3.9	0.09
Attractiveness*	4.1	0.12

SPNR (federal, regional, local)**	4.2	0.08
Natural monuments (federal, regional, local)**	4.6	0.08
Capacity of natural resources**	3.9	0.07
Extent of recognition by tourists**	3.8	0.07
Tourist load**	3.2	0.07
2. Historical and cultural resources		
Historic and cultural value*	4.1	0.10
Abundance of objects*	4.0	0.11
Aesthetic qualities*	4.5	0.13
Attractiveness*	4.3	0.13
Objects' state*	3.4	0.10
Objects' status (federal, regional, local)**	3.1	0.10
Use of technology**	2.8	0.08
Capacity of cultural resources**	3.4	0.07
Extent of recognition by tourists **	2.9	0.07
Tourist load**	2.8	0.07
3. Social and economic resources:		
Transportation*	2.6	0.08
Accommodation*	2.7	0.08
Catering*	3.6	0.07
Entertainment events*	3.7	0.08
Health resort institutions*	3.5	0.06
Tour operators' performance, regional tourist products*	2.9	0.06
Information resources (marketing tourist products)*	2.6	0.06
Personnel and educational resources **	3.1	0.06
Material resources**	2.4	0.05
Investment resources**	2.2	0.07
Managerial resources **	3.0	0.06
Tourism demand dynamics**	3.2	0.06
Tourism supply**	2.8	0.06
Government control**	3.1	0.07
Integrated index	3.44	

Source: compiled by the authors

Therefore, the economical estimates of tourism resources suggest that natural, climatic, historical and cultural resources have a higher potential for development.

## DISCUSSION AND CONCLUSION

The UNWTO advises states to systematically evaluate tourist stays in a country in order to identify countries and leading regions according to tourism carrying capacity. Information on tourist indicators serves as the basis for the analysis of tourist activities, the creation of tourist routes, the study, and the efficient use of natural tourist resources. The tourism carrying capacity is calculated from the ratio of the number of tourist arrivals for a specified period (i.e., for a calendar year) to the area of the country. However, in Azerbaijan, there are no indicators of tourism carrying capacity in the official statistics. The lack of an economic assessment of tourist and recreational resources deprives experts of the proper information, relevant economic indicators, which are the basis for the rational use, protection, and restoration of tourist resources, as well as determining the cost of tourism products, taxation, etc. Existing methods for assessing natural resources, such as the method of rental assessments (based on differential rent), estimates of development costs, and others, are practically not applicable to natural recreational

resources, as they assess the resources in terms of their industrial and agricultural use - by final products (Alexandrova, 2016). Thus, it is advisable to study and assess the tourist potential of the territories. When studying tourism and recreational resources, two types of assessments are most frequently used: qualitative and quantitative. Among the important quantitative indicators that determine tourism resources are the followings: the volume of reserves to determine the optimal use; area of expansion of resources; comfort; seasonality; accessibility, etc. Qualitative indicators - the receptivity of natural recreational resources, which are a source of positive emotions. It should be mentioned that in a comprehensive assessment of tourism resources in Azerbaijan, it is vital to use all available data - statistical, economic, a land list, a list of the most protected natural resources. Also, it is necessary to take into account the results of the regional assessment of tourist resources, to study the local structure of the considered resources and their value for the functioning of all types of tourism, bearing in mind the interests of all parties. In the meantime, the economic and environmental assessment of tourism resources is considered to be an initial phase. The economic assessment is needed to understand what the economy and society generally lose when the natural resource is destroyed or not used in the territory where this resource is designed for other economic activities. Environmental assessment is associated with the well-being of the natural environment of tourist areas. The development concept says that in order to develop tourism, the necessary measures will be taken to utilize the tourism potential of the Caspian Sea fully. According to this concept, tourism activities in the regions will be stimulated; outreach work will be strengthened. Also, taking into account national, historical, cultural, socio-economic, and natural features, through the establishment of appropriate tourist routes, various types of tourism will be developed (Aliyev, 2012). Thus, a comprehensive assessment of the tourism resources of the territory, which are essential for the development of tourism, is very important today. The ratios (Table 1) make it possible to assess tourism resources and then use them for the regionalization of tourist territories. And based on this scale, Table 7 shows the rating of tourism resources and territories of Azerbaijan (State Statistical Committee of the Republic of Azerbaijan, 2019).

<b>Category №</b>	<b>Name of regions of Azerbaijan</b>	<b>Rating score</b>
1.	Absheron, Sheki - Zagatala, Guba - Khachmaz, Nakhchivan	9 - 10
2.	Ganja - Gazakh, Mountainous Shirvan, Lankaran	6 – 8,9
3.	Karabakh, Kalbajar - Lachin	4 – 5,9
4.	Aran	0 – 3,9

Note: the table was compiled based on the data of the State Statistics Committee of the AR, 2018

And therefore, the analysis of a comprehensive economic assessment of tourism resources is considered as a timely, objective basis for indicators of the structure of tourism resources and territories. They, in turn, are an essential tool for increasing the competitiveness of tourism in Azerbaijan. In this connection, while planning the development of the tourism industry in any destination, it would be useful along with the consideration of the tourist and recreational potential of the region, to carry out its comprehensive assessment, exploring all factors, including the environmental situation, tourist infrastructure, quantitative and qualitative characteristics of natural, cultural, historical and other resources of the area. Thus, tourism resources and infrastructure are the most important components of tourism development in Azerbaijan.

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