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## PROSPECTS FOR THE DEVELOPMENT OF DOMESTIC TOURISM IN AZERBAIJAN

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*Formulation of the problem.* Tourism is a strategic sector of the economy that is closely connected with more than 50 other industries, including transport, construction, trade, the agricultural sector, culture, and the arts. For the successful development of the tourism business, it is necessary to study the tourism potential of different territories, analyze the available resources, and understand how they influence the economic and social life of the country. *The purpose of the study.* From the perspective of sustainable development, tourism also plays an important role: it contributes to the formation of a healthy lifestyle, the creation of new jobs, and the improvement of the population's welfare. *The object of the study* is the organizational, methodological and technological aspects of strengthening internal control systems through the implementation of modern digital technologies and innovative monitoring tools. *Research methods.* Using a descriptive-analytical methodology based on secondary data, regulatory documents, corporate reports, and international assessments, the paper evaluates the extent to which digitalization, automation, data analytics, and continuous control mechanisms have strengthened internal control effectiveness. *The main hypothesis.* The introduction of modern digital technologies (including automation systems, data analytics, artificial intelligence, and blockchain) into the internal control systems of Azerbaijani organizations will significant-

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ly increase their efficiency, reduce operational risks, improve the detection of financial violations, and ensure greater transparency of business processes, which will contribute to the overall strengthening of corporate governance in the country. *Present of the main material.* In the post-pandemic period, tourism is considered one of the key instruments for developing the non-oil sector of Azerbaijan's economy. The growing interest in tourism services stimulates the development of production and the service sector, increases consumption, and positively affects regional development. One of the priorities is the digitalization of the tourism industry and improving the efficiency of local tourism destinations through active cooperation between the state and the private sector. *Originality and practical significance.* The article analyzes the current state of domestic tourism in Azerbaijan, including the consequences of the pandemic and the current level of infrastructure. The study is based on statistics on revenues and employment, as well as qualitative indicators such as digitalization, government initiatives, and principles of sustainable development. *Conclusions and prospects for further research.* Special attention is paid to the economic effect of tourism and ways to increase the attractiveness of regions. Based on data from national and international organizations, the paper proposes recommendations for the further growth of the industry.

**Keywords:**

domestic tourism, ecotourism, economic growth, state strategy, industry revenues.

**ПЕРСПЕКТИВИ РОЗВИТКУ ВНУТРІШНЬОГО  
ТУРИЗМУ В АЗЕРБАЙДЖАНІ**

*Постановка проблеми.* Туризм – це стратегічний сектор економіки, який тісно пов'язаний з більш ніж 50 іншими галузями, включаючи транспорт, будівництво, торгівлю, сільськогосподарський сектор, культуру та мистецтво. Для успішного розвитку туристичного бізнесу необхідно вивчати туристичний потенціал різних територій, аналізувати наявні ресурси та розуміти, як вони впливають на економічне та соціальне життя країни. *Мета дослідження.* З точки зору сталого розвитку туризм також відіграє важливу роль: він сприяє формуванню здорового способу життя, створенню нових робочих місць та підвищенню добробуту населення. *Об'єктом дослідження* є організаційні, методологічні та технологічні аспекти посилення систем внутрішнього контролю шляхом впровадження сучасних цифрових технологій та інноваційних інструментів моніторингу. *Методи дослідження.* Використовуючи описово-аналітичну методологію, що базується на вторинних даних, нормативних документах, корпоративних звітах та міжнародних оцінках, у статті оцінюється ступінь, до якої цифровізація, автоматизація, аналітика даних та механізми безперервного контролю посилили ефективність внутрішнього контролю. *Основна гіпотеза.* Впровадження сучасних цифрових технологій (включаючи системи автоматизації, аналітику даних, штучний інтелект та блокчейн) у системи внутрішнього контролю азербайджанських організацій значно підвищить їхню ефективність, знизить операційні ризики, покращить виявлення фінансових порушень та забезпечить більшу прозорість бізнес-процесів, що сприятиме загальному зміцненню корпоративного управління в країні. *Виклад основного матеріалу.* У постпандемічний період туризм вважається одним із ключових інструментів розвитку нафтового сектору економіки Азербайджану. Зростаючий інтерес до туристичних послуг стимулює розвиток виробництва та сфери послуг, збільшує споживання та позитивно впливає на регіональний розвиток. Одним із пріоритетів є цифровізація туристичної галузі та підвищення ефективності місцевих туристичних напрямків шляхом активної співпраці між державою та приватним сектором. *Оригінальність та практична значущість.* У статті аналізується сучасний стан внутрішнього туризму в Азербайджані, включаючи наслідки пандемії та поточний рівень інфраструктури. Дослідження базується на статистиці доходів та зайнятості, а також на якісних показниках, таких як цифровізація, державні ініціативи та принципи сталого розвитку. *Висновки та перспективи подальших досліджень.* Особлива увага приділяється економічному ефекту від туризму та шляхам підвищення привабливості регіонів. На основі даних національних та міжнародних організацій у статті запропоновано рекомендації щодо подальшого розвитку галузі.

**Ключові слова:**

внутрішній туризм, екотуризм, економічне зростання, державна стратегія, доходи галузі.

**Formulation of the problem.** The organization, development, and economic management of tourism play an important role in addressing territorial and economic problems in modern conditions. In the era of globalization and strengthening integration processes, tourism is

becoming one of the factors of sustainable development. This sector is formed and develops in interaction with various economic and managerial processes.

In Azerbaijan, great attention is paid to the development of tourism. The resolution of issues



related to the effective organization of tourism in the regions of the country has both common features and its own specific characteristics. This is due to differences in natural conditions, tourism resources, the economic situation of regions, the structure of their economies, and their historical development. Each region has its own unique tourism potential.

The economic foundations of tourism determine its potential opportunities as well as the ways of using them, including the involvement of economic potential in this sphere and the directions of its joint application. Revenues generated from tourism are distributed among different segments of the population, which contributes to increasing the level of employment. Tourism creates a large number of jobs and plays an important role in ensuring employment for the population. According to expert estimates, the provision of tourism services at the necessary level can create up to 6–9 jobs. Tourism has a number of specific advantages compared with other sectors of the economy. Funds invested in the development of tourism are recovered in a relatively short period of time. Thus, tourism contributes to the accelerated development of various sectors of the economy and the formation of favorable conditions for socio-economic growth.

Tourism influences the economy both directly and indirectly. The direct impact is expressed in the increase of budget revenues due to tourists' expenditures on accommodation, food, transport, and entertainment. The indirect impact is manifested in the formation of new consumer demand, the development of infrastructure, support for local businesses, and the creation of new jobs. In addition, tourism activities contribute to the preservation of cultural heritage, the development of environmentally sustainable forms of recreation, and the protection of natural resources. However, the effective use of tourism potential requires a comprehensive approach, strategic planning, and professional management of the tourism industry.

In recent years, Azerbaijan has experienced growing interest in domestic tourism. After the devaluation of the national currency, domestic travel has become more accessible for the population compared to traveling abroad. According to the State Statistical Committee, the number of domestic tourist trips has increased, indicating a gradual rise in the popularity of domestic tourism among citizens.

The development of domestic tourism allows for more effective use of the country's natural, cultural, and historical resources. In addition, it stimulates regional development, contributes to employment growth, and improves tourism infrastructure.

One of the important advantages of domestic tourism is its resilience to external economic and political factors. In conditions of global crises, economic instability, or restrictions on international travel, domestic tourism is able to support the functioning of the tourism industry. The COVID-19 pandemic clearly demonstrated the importance of domestic tourism for maintaining the activity of the tourism sector. Restrictions on international travel and the closure of borders led to a sharp decline in international tourist flows, which negatively affected tourism revenues in many countries. Under these conditions, the development of domestic tourism became one of the key directions for the recovery of the tourism industry.

The purpose of this article is to analyze the current state and specific features of the development of domestic tourism in Azerbaijan, as well as to identify the main factors influencing its development and determine the prospects for the further development of the tourism industry.

**Analysis of recent research and publications.** The COSO Internal Control – Integrated Framework conceptualizes internal control around five interrelated components: control environment, risk assessment, control activities, information and communication, and monitoring. The updated guidance emphasizes the importance of reliable information systems, timely reporting, and integrated monitoring processes supported by technology. Subsequent COSO publications, including guidance on sustainability reporting and enterprise risk management, highlight data quality, system integration, and continuous monitoring as central to effective control in modern organizations.

The growing role of digital tools in strengthening control activities is widely supported in contemporary academic literature. As Nigrini (2012) emphasizes, “advanced data analytics significantly enhances internal controls by allowing auditors to detect anomalies that traditional methods would never reveal.” This perspective aligns with global findings that AI-driven anomaly detection, continuous controls monitoring, and big-data techniques reduce manual errors and expand audit coverage in technology-enabled environments.

Global studies demonstrate that digital tools ERP systems, robotic process automation (RPA), AI-driven anomaly detection, continuous controls monitoring (CCM), and data analytics within internal audit strengthen control activities by reducing manual errors, increasing coverage, and enabling near-real-time detection of irregularities.

Digitalisation and Internal Control in Emerging Economies. In emerging economies, internal control modernization is strongly linked to national digitalisation strategies, regulatory reform, and capacity-building initiatives. OECD and international financial institutions underline that enterprise-level digitalisation in such economies improves record-keeping, audit trails, risk management, and reporting quality when supported by stable infrastructure and governance frameworks. However, gaps typically persist among SMEs and sub-national entities due to resource constraints and lack of expertise.

**The purpose of the study** is to comprehensively analyze the current state of internal control systems in Azerbaijan and substantiate ways to improve them through the introduction of modern technologies to increase the efficiency of corporate governance and financial transparency.

Presentation of the main research material. Tourism in Azerbaijan is one of the priority sectors of state policy and an important instrument for the diversification of the economy. The legal foundation of this sphere was established in 1999 with the adoption of the first Law “On Tourism.” On December 27, 2021, a new Law “On Tourism” was signed, replacing the outdated 1999 document, and it came into force on January 1, 2022. The modern law adapted the mechanisms of interaction between the state and market participants to the goals of sustainable development and the efficient use of the country’s resources [1].

The law includes 22 articles and regulates important aspects of the tourism industry in detail, providing clear definitions of the basic concepts of “tourism” and “tourist.” Within the framework of this legislation, the authorities actively support the development of tourism, identify priority areas, ensure the safety of tourists, and establish service standards — including through the licensing of tour operators and the assignment of a “star” rating to hotels. Tour operators are also required to provide insurance

protection for tourists, conclude written contracts, and compensate for possible damages.

Subsequently, various state programs and strategies aimed at developing tourism, improving the quality of tourism services, and attracting investment in tourism infrastructure were adopted.

According to the State Statistical Committee, in 2019 the number of international tourists reached 3.2 million people, which became a record figure for the country. However, the COVID-19 pandemic and regional instability led to a reduction in tourist flows in 2020–2021. During this period, about 789,982 foreign tourists visited the country.

In 2022, the tourism industry began to gradually recover. The number of arriving tourists reached 1.6 million people, while the expenditures of foreign visitors amounted to 1.217 billion manats. In 2025, the share of the tourism sector in the country’s GDP reached a historical maximum of 5.3%.

The post-pandemic period (2021–2025) is characterized by the active development of the industry. The average annual GDP growth in the hotel and restaurant sector amounted to about 24.5%, and the volume of production reached 3.6 billion manats, which is 23.2% higher than the indicators of the pre-pandemic period. The total value added in the sector in 2025 amounted to 6.9 billion manats.

Positive changes are also observed in the labor market. Over the past five years, about 58,000 new jobs have been created in the tourism sector, of which 21,000 appeared in 2025 alone. The share of employment in the tourism industry increased from 1.5% to 4.6% [1].

By the end of 2025, total tourist expenditures reached 9 billion manats, which is 39% higher compared to 2019. At the same time, spending per tourist in the inbound tourism sector increased by approximately 74%.

This graph clearly demonstrates how the revenues of travel agencies and tour operators changed over fourteen years. From 2010 to 2019, steady growth was observed: during this period, financial indicators increased from 19.1 million to 63.4 million manats. This positive trend was sharply interrupted by the pandemic in 2020, when revenues dropped to 16.2 million manats, which became the lowest figure in a long time and reflected the overall market decline during that period (Figure 1).



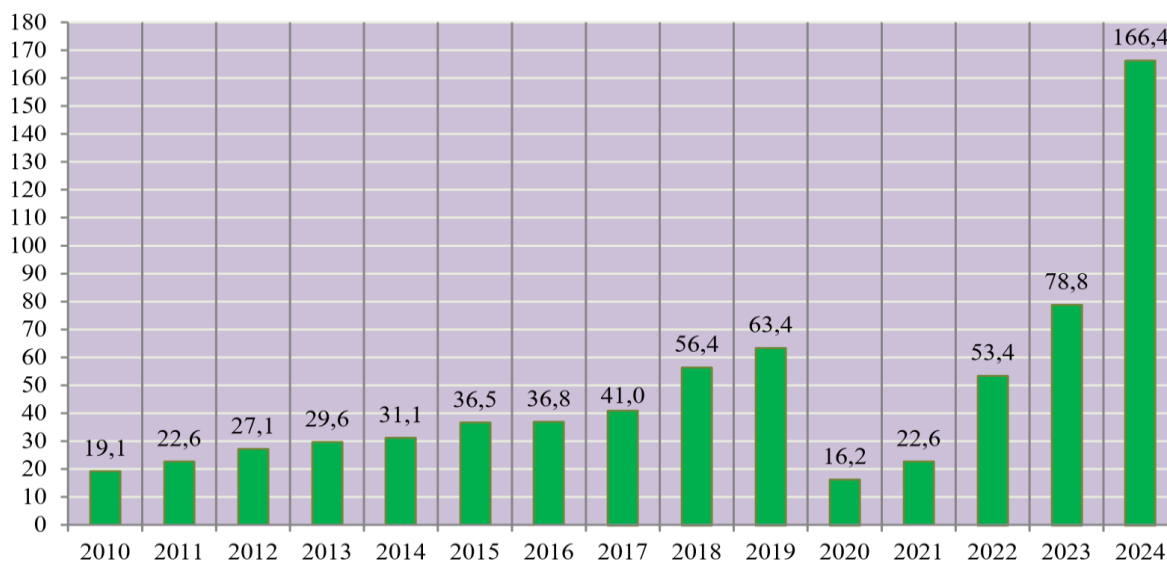


Figure 1 – Gross income of travel agencies and touroperators, million manats

Source: [1]

However, the post-pandemic period showed an impressive pace of recovery. By 2024, revenue had surged to a record 166.4 million manats, which is more than seven times higher than the figures for 2021. Such a sharp financial increase is closely connected with the quantitative expansion of the sector: the number of tourism enterprises has grown from 150 to 381 units over the last three years. Overall, the graph confirms that the industry has not only recovered but has also reached a historical maximum in terms of profitability.

From an economic perspective, tourism demonstrates steady growth in the number of tourism enterprises and revenues. Thus, the number of travel agencies and tour operators increased from 150 units in 2021 to 381 in 2024, while their total revenue rose from 22.6 million to 166.4 million manats.

The state is carrying out systematic work to develop tourism, which is reflected in the Tourism Strategy for 2023–2026. The main goal of the strategy is to make Azerbaijan an accessible, sustainable, and high-quality tourist destination that offers unique experiences for both domestic and international tourists. The strategy is built on nine key pillars:

1. Tourism governance: The main objective is to improve the efficiency of industry management and strengthen the capacity of government institutions. In recent years, the State Tourism Agency, the Azerbaijan Tourism Board, and the Reserve Management Center have been established, along with regional destination management organizations.

2. Regulatory capacity: The policy aims to improve the regulatory and legal framework of tourism and align it with legislation in other sectors such as transport, investment, regional development, education, and culture.

3. Destination, heritage, and community development: Special attention is given to regional development, the preservation of cultural heritage, and the involvement of local communities in tourism development. Regional institutionalization and capacity building of the State Tourism Agency (STA) proceed in parallel with heritage preservation and management policies implemented by the Reserve Management Center (RMC).

4. Branding, marketing, and communications: An important task is to create a new international image of Azerbaijan as a sustainable tourist destination with unique cultural and natural resources. The strategic vision in destination marketing is to transform the perception of Azerbaijan from an industrial oil-and-gas country into a sustainable tourism destination offering immersive travel experiences unique to Azerbaijan and based on its social, cultural, and natural heritage.

5. Tourism products and experiences: The strategic vision is to provide the most engaging experiences in Azerbaijan for visitors to the Caucasus region. The mission of the Azerbaijan Tourism Board (ATB) in developing tourism products is to create a set of high-quality products that promote authentic experiences based on Azerbaijan's unique opportunities in nature, culture, health and wellness, and special interests. Several notable results have been achieved, ranging from mapping the country's tourism po-

tential and developing infrastructure to creating cultural heritage routes and designing recreational zones.

6. Digitalization, technology, and innovation: The State Tourism Agency (STA) and the Azerbaijan Tourism Board (ATB) have invested in electronic tools to fully utilize technological progress. The website azerbaijan.travel was launched, and SEO optimization was carried out for all relevant websites. In parallel, a visitor hotline, a tourism information system, a monitoring system (a register of tourism enterprises, resources, and events), an e-learning program for tourism professionals, and the RITM (Regional Innovation Tourism Startup Program) were implemented.

7. Data analysis and research: The State Tourism Agency (STA) provides monthly and annual tourism statistics to government institutions and enterprises using both traditional and innovative tools.

8. Investment and public-private partnerships: Attracting financing to the underinvested tourism sector is one of the government’s key priorities.

9. Human capital development: The Azerbaijan Tourism and Management University and two vocational training schools’ function as the main institutions for developing human resources in the country’s tourism sector. In addition, an assessment of the sector’s training needs has been conducted, and the Azerbaijan Tourism Board (ATB) has established a Tourism Training and Certification Center. Government funding for IMC Krems programs has continued, and a dual education program has been introduced in cooperation with vocational education institutions [2].

Regional development is focused on creating tourism infrastructure in various areas, including mountain, ecological, rural, and cultural tourism. A key project has been the Shahdag Mountain Resort summer-winter tourism complex and the Tufandag Mountain Resort ski center in Gabala, as well as the development of infrastructure in the liberated territories of Karabakh and Eastern Zangezur (Sugovushan, Aghdam, Shusha, and others) (Figure 2).

Regionlar / Regions	2019	2020	2021	2022	2023	2024	2025
Abşeron-Xızı / Absheron-Khizi	1 336 614,0	411 307,0	864 680,0	1 154 946,0	1 771 332,0	1 912 272,0	1 216 495,0
Bakı şəhəri / Baku	8 322 767,0	1 917 778,0	4 199 623,0	5 365 861,0	7 154 009,0	8 626 582,0	8 747 558,0
Dağlıq Şirvan / Daghlig Shirvan	945 373,0	227 897,0	612 463,0	754 392,0	929 502,0	849 812,0	628 914,0
Gəncə-Daşkəsən / Ganja-Dashkasan	1 228 433,0	272 196,0	797 337,0	903 439,0	1 143 131,0	1 310 179,0	899 999,0
Lənkəran-Astara / Lankaran-Astara	1 733 212,0	413 037,0	1 001 756,0	1 259 554,0	1 475 779,0	1 435 488,0	1 186 823,0
Mərkəzi Aran / Central Aran	1 161 942,0	235 559,0	457 481,0	409 689,0	281 101,0	271 257,0	143 649,0
Mil-Muğan / Mil-Mughan	716 202,0	140 118,0	254 196,0	153 808,0	121 178,0	113 343,0	50 150,0
Naxçıvan Muxtar Respublikası / Nakhchivan A.R.	1 093 945,0	237 428,0	837 318,0	1 160 148,0	1 274 024,0	997 032,0	633 310,0
Qarabağ / Karabakh	913 679,0	180 752,0	465 562,0	542 259,0	555 839,0	727 628,0	1 072 371,0
Qazax-Tovuz / Gazakh-Tovuz	1 286 807,0	275 648,0	729 770,0	814 863,0	612 947,0	660 823,0	482 352,0
Quba-Xaçmaz / Guba-Khachmaz	1 587 668,0	373 920,0	1 725 497,0	2 810 016,0	3 422 854,0	3 303 892,0	2 117 186,0
Şəki-Zaqatala / Shaki-Zagatala	2 141 094,0	577 515,0	1 504 482,0	2 346 562,0	2 860 840,0	3 143 062,0	1 937 744,0
Şərqi Zəngəzur / Eastern Zangazur				0,0	0,0	133 064,0	246 894,0
Şirvan-Salyan / Shirvan-Salyan	779 043,0	162 969,0	253 202,0	127 187,0	84 526,0	98 400,0	47 875,0
<b>Cəmi</b>	<b>23 246 779,0</b>	<b>5 426 124,0</b>	<b>13 703 367,0</b>	<b>17 802 724,0</b>	<b>21 687 062,0</b>	<b>23 582 834,0</b>	<b>19 411 320,0</b>

Figure 2 – Number of trips

Source: [2]

In recent years, Azerbaijan has been actively implementing measures to develop the tourism potential of almost all economic and geographical regions of the country. During the

pandemic period in 2020, the market declined by 4.3 times (from 23.2 million to 5.4 million trips). By 2024, the figure of 23.58 million exceeded the pre-pandemic level of 2019, indicating the





full recovery of the industry and the growing interest of citizens in domestic travel. One of the outcomes of the implemented measures was that the Guba-Khachmaz and Sheki-Zagatala economic regions together accounted for nearly 6.5 million trips in 2024. The indicators also increased in Karabakh, from 180 thousand in 2020 to almost 730 thousand in 2024. In Eastern Zangezur, the number previously stood at “0,” while in 2024 it reached 133 thousand. This is related to the permission for free entry by private vehicles to Lachin and other districts.

The millennia-old history and rich culture of Azerbaijan attract tourists and create favorable conditions for the development of various types of tourism. One of the most important directions is cultural tourism. It develops due to the large number of historical and cultural monuments in the country [3].

According to the State Tourism Agency, tourists are especially interested in historical attractions. Cultural tourism routes include cities such as Baku, Sheki, and Gabala, as well as territories that were liberated from occupation. Visiting these places allows tourists to become better acquainted with the history and culture of Azerbaijan.

Azerbaijan is known for its architectural monuments, ancient fortresses, and historic city centers where elements of Eastern and European cultures are combined. Museums, theaters, exhibition halls, as well as various festivals and national holidays attract large numbers of tourists every year. Cultural tourism contributes to the preservation of historical heritage and at the same time stimulates the development of infrastructure such as hotels, restaurants, and transport routes. All of this increases the contribution of tourism to the country's economy.

Another important direction is ecological tourism. It is actively developing due to the diverse natural landscapes and the rich flora and fauna of Azerbaijan. National parks, nature reserves, mountain routes, and unique natural sites attract tourists who prefer recreation in nature and environmentally clean surroundings.

According to the State Tourism Agency, more than 220,000 people visited national parks in 2024 alone. The most popular are the Shirvan National Park and Absheron National Park, where visitors can observe bird migration and populations of goitered gazelles. At present, around 20 ecological routes operate in the country, and this number is planned to increase to 40 in the near future.

According to Irada Ibrahimova, press secretary of the Ministry of Ecology and Natural Resources, during the first six months of 2025, Azerbaijan's national parks were visited by 87,542 tourists. This figure is 12% higher compared to the same period of the previous year. The development of ecological tourism contributes to the preservation of natural resources and the formation of environmental awareness among both the population and tourists.

Health and spa tourism also occupies an important place in the country's tourism system. Azerbaijan is known for its mineral springs, therapeutic muds, and modern resorts that specialize in the treatment and prevention of various diseases. Many tourists come here not only for medical treatment but also for recreation in favorable climatic conditions, combining wellness procedures with excursions and entertainment [4].

The development of health and spa tourism contributes to improving public health, increases tourist flows to the regions, and creates new jobs. In addition, it forms the image of the country as a modern wellness destination. Until 2019, health tourism developed rather slowly and lacked a clear system. However, in 2024–2025 it was included in the Tourism Development Strategy until 2026.

During this period, the Azerbaijan Health and Thermal Tourism Support Association was established. It is engaged in the international certification of hotels and the improvement of the quality of medical services. Over the past five years, the digitalization of the sector has also intensified, and the geography of tourists has expanded.

For example, in Naftalan in 2019 there were about 35,000–40,000 tourists per year. Currently (2024–2025), the flow has exceeded 50,000–60,000 visitors. In 2024–2025, the share of domestic tourists here consistently accounts for 45–50%. During holiday periods (Novruz and Gurban Bayram), hotel occupancy by local residents reaches 90%.

In Lankaran (Istisu), after the opening of new five-star hotels such as Lankaran Springs Wellness Resort, the flow of domestic visitors increased by 40% compared to 2019.

Over the past five years, the focus has shifted from simple sanatoriums to Medical SPA centers and five-star wellness complexes. The opening and development of modernized complexes in Lankaran (Istisu) and Galaalti Health Resort have significantly expanded their capaci-

ty. Over five years, these locations have increased their capacity by 1.5 times. The number of patients with respiratory diseases has grown by 25% compared to 2019, largely due to the modernization of the salt mine infrastructure in Duzdag Physiotherapy Center.

The average cost of services may vary from 150–250 manats for a one-day procedure to about 1,600 manats for a comprehensive wellness program lasting 10–14 days.

Mountain tourism also deserves special attention, as it is developing in the regions of the Caucasus Mountains and other mountainous areas of the country. Mountain tourism includes a wide range of activities such as mountaineering, trekking, hiking, winter sports, and nature recreation. Tourists who choose mountain routes have the opportunity to combine active recreation with the exploration of the natural and cultural heritage of the regions.

Since the beginning of the year until December 15, the Shahdag Mountain Resort tourist center was visited by 300,000 tourists. This was stated by the head of the tourist center, Rustam Najafov, while answering journalists' questions. According to him, this figure exceeds the level of the same period of the previous year by 10%. He also noted that during this period 174,000 tourists stayed overnight in the resort's hotels, which is also 10% higher compared to the same period last year.

Today, sustainable tourism is not just a trend but part of global climate policy. For example, at COP29 a declaration on strengthening climate action in tourism was adopted. The idea is simple: countries are encouraged to include tourism in their national strategies and move toward greener models of travel. Azerbaijan actively supported this initiative, which once again confirms the country's intention to develop ecotourism and seriously consider climate risks [5].

Thus, the diversity of tourism types in Azerbaijan—cultural, ecological, health and spa, and mountain tourism—creates a balanced tourism system capable of meeting the interests of different categories of tourists. Each direction contributes to the socio-economic development of the country, stimulates the preservation of natural and cultural heritage, and strengthens the image of Azerbaijan as a country with a rich history, unique nature, and a high level of tourism service. Prospects for the Development of Domestic Tourism in Azerbaijan. The main advantages of domestic tourism in Azerbaijan are its natural resources, ranging from its geograph-

ical location to its rich flora and fauna. In recent years, interest in travel within the country has increased, as regions have actively begun building hotels and recreation facilities and improving road infrastructure. Karabakh has significant opportunities for the development of various types of tourism. In addition to cultural and historical tourism connected with numerous architectural and cultural monuments, the region has strong potential for ecological, mountain, winter, agritourism, as well as extreme and health tourism [6]. The region's natural resources—mountain landscapes, forests, mineral water springs, and rich flora and fauna—create favorable conditions for developing diverse recreational products. Event tourism also plays an important role. Since 2021, international cultural events have been held in Shusha, including the Kharibulbul Festival, the Vagif Poetry Days, international art and folklore festivals, sports competitions, and other major events. In 2022, Shusha was declared the Year of the City of Shusha, which is considered the cultural capital of Azerbaijan and one of the future centers of tourist attraction. Large-scale projects aimed at restoring the historical appearance of the city, reconstructing architectural monuments, and developing tourism infrastructure are creating the basis for new tourist routes and services [7].

An important factor in the development of the tourism industry is the creation of new tourist routes. Among the proposed projects is the conceptual route “Our Way to Karabakh,” aimed at organizing tourist trips to the liberated territories. Another project is the international route “Ali and Nino,” which involves joint tourism cooperation between Azerbaijan and Georgia and may include cities such as Baku, Ganja, and Shusha. The development of such routes is expected to increase international tourist flows and strengthen regional cooperation. The implementation of these initiatives will strengthen the country's position in the tourism market and increase the role of domestic tourism in the socio-economic development of the state.

In recent months, the flow of both domestic and foreign tourists to Karabakh and Eastern Zangezur has increased significantly. During the summer season alone, more than 500,000 people visited the liberated territories. According to the Restoration, Construction and Management Service in the cities of Khankendi, Agdere, and Khojaly, new catering establishments, hotels, and restaurants have begun operating in the region. Currently, 37 accommodation facilities





operate in the Karabakh and Eastern Zangezur economic region, 20 of which are located in Khankendi. According to the State Tourism Agency of Azerbaijan, there are presently 35 hotels operating in Karabakh and Eastern Zangezur, with 1,133 rooms and 2,262 beds.

The development of the transport network remains an important factor. The better the roads and the more convenient the connections between regions, the more accessible remote natural locations become, which directly increases the flow of domestic tourists. At the same time, it is important to develop not only premium hotels but also the budget segment, including hostels and guesthouses. This expands the range of accommodation options and makes travel accessible to various groups of the population, including young people and students [8].

A key element for the growth of the industry today is the diversification of tourism products. Instead of focusing only on traditional routes, attention is shifting toward ecological, rural, and mountain tourism. This approach allows the natural and cultural potential of Azerbaijan to be revealed in new ways while also giving a strong boost to regional economies and supporting local communities.

The implementation of these directions will strengthen the country's position in the tourism market and increase the role of domestic tourism in the socio-economic development of the state.

**Conclusion and the prospect of further research.** In conclusion, the development of domestic tourism is not merely a supplementary direction but a foundation for creating a sustainable and multifaceted economy in Azerbaijan. Investments in domestic tourism form an “ecosystem of hospitality” that smooths seasonal fluctuations, creates new jobs, and improves living standards outside major metropolitan areas. Ultimately, the combination of accessibility for

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local residents and high-quality services makes the country's tourism product competitive on the global market. Focusing on the development of internal potential represents a strategic choice in favor of a balanced, inclusive, and sustainable future, where every region contributes to national success.

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