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Analysis of Tourism Strategies and Policies
in the FEMIP Countries and Proposals for Sub-regional
Tourism Development



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Sub-regional Tourism
Development**

Final Report

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Analysis of Tourism Strategies and Policies in the FEMIP Countries and Proposals for Sub-regional Tourism Development

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Executive Summary

This report presents the findings of an analysis of tourism strategies and policies in the nine FEMIP countries plus Turkey¹. It reviews the current position of the tourism sector across the region, identifying strengths and weaknesses, before suggesting ways in which a strength in one part of the region could be used to address a weakness in another part.

Tourism has a long history in the FEMIP countries and has become a growth sector in most of them. This is primarily due to the region's natural and cultural resources, a desirable climate, and a location close to key markets. These attributes give FEMIP countries an outstanding potential for further tourism development; creating income throughout the region and distributing it across socio-economic levels. This, on top of its current economic importance to most FEMIP countries, gives tourism the capacity to influence economic development to a greater extent than any other industry.

The particular potential of tourism development has been understood by the governments of several countries, as well as private sector operators and investors. This has led to the creation of facilities and services to meet a variety of market demands. However, large differences are found between the individual countries. Five countries: Egypt, Jordan, Turkey, Tunisia and Morocco, have a substantial tourism development, while four others: GWB, Lebanon, Israel and Algeria, have seen lower, or even negative, growth rates.

Analysis of the tourism sectors

Two different analytical approaches were taken. The first, which was applied to all of the countries, focused on eleven specific criteria/issues with a total of 60 indicators, ranging from national tourism policy to accessibility, and from marketing strategies to the availability of investment funding. The outcome of this approach was a matrix comparing the status and achievements of the countries. This "hard" approach, based on data and statistical information, was complemented by the second, "soft" approach which had a more qualitative orientation.

The soft approach, which was applied in five, key countries, was built on visions related to the following key success factors for future tourism development:

- The need to develop partnerships and focus on scaling effects;
- Technological development;
- Technology led consumer-centric approaches;
- Tracking the value chain and SME integration;
- Innovation and creativity to provide a competitive edge.

Predicted Tourist Arrivals in FEMIP Countries 2006 to 2010

Country	Tourist Arrivals 2006 Millions	Annual Average Growth % 2001 -2006	Tourist Arrivals 2010 Millions	Annual Average Growth % 2006-2010
Algeria	1.4	11.2	2.7	14.4
Egypt	9.1	14.8	12.2	7.5
Gaza/West Bank	Na	Na	Na	Na
Israel	1.8	13.3	2.4	10.7
Jordan	3.2	6.5	4.7	10.0
Lebanon	1.1	11.7	1.6	14.9
Morocco	6.6	8.5	10.0	19.4
Syria	8.0	24.0	12.6	16.3
Tunisia	6.6	5.4	8.7	7.0
Turkey	19.8	15.5	33.2	15.0
Total	57.6	12.2	88.1	11.6

Source: FEMIP governments' predictions

¹ FEMIP Countries = Algeria, Egypt, Israel, GWB, Jordan, Lebanon, Morocco, Syria, Tunisia. These countries plus Turkey make up the MEDA region

As the table above shows, FEMIP countries have seen outstanding tourism development over the last five years. Although political unrest and terrorism have played a negative role in some countries, the average growth rate has been 12.2%, with tourist expenditure increasing even faster. These growth rates are more than double the world average. Nevertheless, total tourist arrivals to FEMIP countries in 2006 only accounted for 6.8% of the world total, and were lower than the arrivals to Spain in the same year. There is therefore still a significant potential for growth in the sector.

The growth rates included in the table for 2006 to 2010 are based on local projections and are typically well over UNWTO projections. However, as targets, they are achievable, bearing in mind the tourism resources, the tourism products, and the demand from key markets. Achieving the targets would increase FEMIP countries' share of world tourism from 6.8% in 2006 to 8.8% in 2010. The problem is that achieving the targets is dependent on the countries eliminating the key obstacles to the tourism development found in the analysis of the eleven hard and five soft issues. Constraints to growth include prevailing institutional systems and structures, but there are some private sector initiatives showing substantial levels of innovation and creativity.

Recommendations and Actions

As part of the dissemination process there should be regional "Round tables"/"Workshops" which should concentrate on the following issues:

1. Training, professionalism and HRD development. Service and HRD are key factors for the future tourism but require close collaboration between the public and private sectors.
2. Awareness creation at three levels. a) Governments and the political system, b) Potential employees/students, and c) The general public. Making the local public aware of the importance of tourism, and of creating a service culture, is difficult but essential to growth.
3. Tourism Services – International Standards. New tourist zone definitions should include guidelines and concepts for products, branding, and the service level to be offered in the zone. Grading and classification systems to international norms need to be discussed.
4. SME Development – Rooting Tourism in the Local Economy. There is a risk of losing value added if SME development is ignored, particularly in connection with cultural and natural sites. Value chain analysis on the national, regional and local levels is a way forward in linking tourism to the local economies.
5. Marketing, Promotion and R&D in Tourism. Marketing and promotion strategies are often weak, with sub-optimal spending of limited funds. Research and proper statistics are needed to form the basis of marketing activities.
6. Institutional structures optimal for tourism development. Institutional systems and structures were identified as being the most important issues for a tourism development, jointly with the issues of peace and safety. Most FEMIP countries could learn from best practice in the region.
7. Countries with limited growth. For four countries, the "peace dividend" would include rapid tourism development. These countries could learn from the Big Five Countries and avoid the factors which limit tourism's potential.

1. Introduction

Scope of the Study

The study covers the nine FEMIP members plus Turkey and therefore covers all of the MEDA partner countries of the European Union, i.e.

- Algeria
- Egypt
- Gaza/West Bank – GWB
- Israel
- Jordan
- Lebanon
- Morocco
- Syria
- Tunisia
- Turkey

The definition of tourism is that of the UNWTO. A *tourist* is:

“a temporary visitor staying for at least twenty-four hours and less than one year in the country visited for a purpose classified as either holiday (recreation, leisure, sport and visit to family, friends or relatives), business, official mission, convention, or health reasons”.

It is always worth remembering that, unlike business tourists, leisure tourists are under no obligation to visit specific destinations or facilities and tend to be price and fashion conscious. They tend to concentrate their activities in specific (holiday) periods, and are influenced by marketing and publicity. The level of leisure tourism is heavily influenced by living standards, discretionary income levels and holiday entitlements.

Business tourism, on the other hand, is more closely related to general economic development, driven by cross-country exchanges of goods and services. Senior level business travel requires similar, or higher, hotel and travel standards than leisure tourism, but usually focused on city centres. However, an often ignored business sub-sector is the travel and accommodation needs of artisans and technicians. These often require lower rated accommodation, but for extended periods. The role of business tourism has not be ignored, but the focus of the study is leisure tourism.

The Two Phases of the Study

There were two phases to the study. Phase one was mainly quantitative: an analysis of the present level of tourism development, as well as the strategies and policies adopted by the individual FEMIP countries. This included comparative analyses which identified the strengths and weaknesses of the strategies and policies followed by the countries.

Phase two was more qualitative, with detailed analyses of critical issues identified for future tourism development in each country. This phase also sought to identify “best case” projects and practices, as well as identifying the different approaches to tourism development taken by the ten countries. This was part of a wider objective of distributing know-how, and supporting a long-term learning process.

During the first phase, consultants visited most of the FEMIP countries. On the basis of these visits, four countries were selected for an in-depth visit during Phase two: Egypt, Jordan, Morocco, and Tunis. These second visits included round table meetings with key stakeholders from the private and public sectors. In addition, the specific case of Turkey was the object of a supplementary analysis, with field visits to a range of stakeholders.

This Report

The report is divided into five sections: Analytical Approach, Tourism in the FEMIP countries, determining Issues for Analysis, Findings and Recommended Actions, and Proposed Next Steps. Best case studies are used in the text whenever applicable.

Supporting the report are a number of Appendices. The first ten are summaries of the findings for each of the ten countries, based on the quantitative and qualitative findings of the research phase. The last appendix provides background information on a well-established, long-term development tool.

2. The Analytical Approach

2.1 Tourism Development Base

Tourism Resource Endowment

The actual and potential strength of the FEMIP countries is primarily due to their endowment with a wide range of natural and cultural tourism resources: climate, beaches, mountains, coral reefs, deserts, oasis, clean water, food, music, historical and religious sites and attractions, etc, etc. Secondly, it has the advantage of being located close to key markets, making the FEMIP countries easily accessible. These advantages have been understood and used by several Governments, as well as private sector operators and investors. As a consequence tourism facilities and services in these countries have been provided to meet a variety of market demands, allowing them to take advantage of both their existing resources and the potential market.

The Driving Forces for Tourism Development

In principle, tourism development in the FEMIP countries can be divided into two growth categories, under three headings of market growth drivers:

Table 2.1 Categories of Tourism Development

FEMIP Member	Tourism Driven by International Markets	Tourism Driven by Regional/Local Markets	Market Forces have been suspended
Category 1: High Growth			
Egypt	X	(x)	
Jordan	X	(x)	
Morocco	X		
Tunisia	X		
Turkey	X	(x)	
Syria		X	
Category 2: Limited Growth			
Algeria	(x)	(x)	X
GWB			X
Israel	(x)		X
Lebanon		(X)	X

Key: X = Fully (x) = Partly

The four countries with limited growth in tourism all have the potential to attract tourists but market forces have been partly or fully suspended. This has been due to political instability, conflicts, and a negative perception of personal safety, all of which are damaging to tourism.

From a tourism development prospective, the five countries driven by international tourism have the potential to increase rapidly the number of tourist arrivals, and thus use tourism to drive economic growth. These countries will be referred to as the "Big Five".

The problems of Lebanon and GWB at the time of the study: 2007, are well known. However, the positions of Israel and Syria are different to the other countries analysed. Syria is increasing tourist arrivals and tourism income, but mainly from regional tourists, visitors, and refugees from neighbouring countries. Its market position and image are not particularly attractive to visitors from outside the Middle East Region. Israel, on the other hand, is similarly not currently a particularly attractive international destination, but benefits from strong domestic tourism growth, indeed, its political position may be reinforcing this condition. Finally, Algeria's current period of relative calm, plus a Government commitment to develop the tourism sector, could be the basis of substantial tourism development based on its 1200 km coastline.

Key Factors Limiting the Potential Economic Benefits of Tourism.

Even for the “Big Five”, tourism is not achieving its full potential as a development tool. There are numerous reasons for this which are touched on in the Country Summary Appendices. However, there are several common factors, the two most obvious of which are a) the risk of terrorism, and b) institutional systems and structures.

Most of the Big Five have experienced terrorist attacks targeting tourists. Tourists may have appeared to overcome these incidents relatively quickly, e.g. bombs in Sharm al Sheikh and Istanbul, but the general image of the countries has suffered. This has hampered not only the growth of tourism in the country concerned, but also in neighbouring countries and the region as a whole.

The second issue is much less straightforward as it is linked to the structure of the tourism sectors in the countries. To a very large extent, tourism development in the countries analysed is driven by a combination of the following key players:

- Government authorities and investments in infrastructure and public utilities;
- Major international, regional and local investors and banks;
- International hotel management companies such as Accor, Intercontinental, Marriott, and Hilton, and;
- International tour operators.

The alliances between key players, and globalisation, often result in tourism development which is not rooted in local society. It lacks local participation and commitment. Such a lack of local involvement and empowerment may limit long-term sustainability. This issue has been given particular attention in the analysis and report

2.2 Two Approaches to the Analysis of Factors Potentially Hampering Tourism Development

Two different approaches were taken in the analysis. The first focused on eleven specific issues, based on 60 indicators, and how they could be rated in the individual countries:

- Tourism Policy
- Plans (national and regional) and their implementation
- Tourism products including product diversification
- Understanding of tourism markets (analytic capabilities and R&D) and marketing and promotion strategies and actions
- Accessibility including airline policies (Open Sky Policy)
- Infrastructure and public utilities
- Human resource development – training capabilities and outputs
- Government regulations and control of the tourism sector
- Government support to the tourism sector
- Collaboration between public and private sector, and internally between government sections
- Financial sources for tourism development

A summary of the data on these issues is presented in the Appendices for each country. The final outcome of this approach is a matrix comparing the status and achievements of the countries.

While this, first, approach is largely based on “hard” factors: data and statistical information; the second analytic approach is more qualitatively oriented: the “soft” approach. Tourism is a global product and the FEMIP countries cannot be seen in isolation. The factors affecting global tourism will have a strong impact on the region. One example is climate change. Emissions from air travel, and the true cost of fuel, will have a long-term effect on travel cost and thereby on travel patterns. Five key issues/themes have been identified:

The need to Develop Partnerships, and Focus on Scale Effects

Tourism accounts for approximately 10% of global GDP, with globalisation moving power away from Governments and into the hands of the private sector. While there are benefits from this trend, there may be negative effects, e.g. on the environment. Governments may be in a weak position, with local travel and tourism becoming reliant on international tour operators and

developers. A greater partnership between public and private sectors at the local and national levels will be required to establish a win-win situation with local and national interests. Tourism sector focused government regulation and intervention will be required, and Governments have to understand the importance of travel and tourism within the economic, social and environmental sectors.

Technological Developments

E-tourism, and the influence of technological changes on the structure of the tourism industry, forms another key issue. The understanding of the importance of the internet, and dynamic packaging, are vital issues. While tourism has emerged through mass marketing in the past, developments in technology are creating more custom-made and individual tourism.

Technology led Consumer-centric Approaches

Technology is leading to an increasingly consumer-centric approach, with businesses seeing tourists in a different perspective. Attention is moving away from destinations as “the product”, towards activities such as golf, shopping, spa and health, food, cultural events, etc. Tourism has therefore become more a matter of understanding individual consumer behaviour and desires. New avenues of distribution and networking are required and the focus lies in maximising distribution, and accessing the diversity of consumers, to provide a full and detailed knowledge of the product to the individual.

Tracking the Value Chain and SME Integration

The concerns over sustainability and the development of partnerships/networking are found to be directly related to the development of SMEs. Although SMEs have limited influence, and almost no voice, in tourism development, in reality the tourism sector is highly dependent on the diversification and availability of SME products. This dilemma is not fully appreciated in most countries. However, with the development of technology, SMEs can now reach the international market place and thus compete with the big operators. Similarly, many countries underestimate the economic importance of the backward linkages from the tourism industry, most of which lie in SME territory.

Innovation and Creativity to Provide a Competitive Edge

There is an increasing demand for new products in tourism. Lower cost no longer means low service and low quality. Attention has moved towards providing high quality products at a reasonable price. Tourism has become a mature industry with a focus on what the tourist wants and with an emphasis on innovation as an instrument for creating new and memorable experiences, on selling stories, on touching, and on genuine products. The demand for diversity will lead to new opportunities: not just through new products but, more crucially, through new forms of packaging. This change in direction could be of a great benefit to SMEs. They can more easily provide memorable experiences, as they themselves are normally part of the experience.

While the above issues were developed for the specific needs of this study, it is worth noting that there is a substantial overlap with UNWTO target areas of interest.

3. Tourism in FEMIP Countries

3.1 Tourism Trends 2001 to 2006

Although political unrest and terrorism have played a negative role in some countries, the overall annual tourism growth rate was over 12% by number and 13% by value (expenditure) in USD. Syria had the highest growth rate by value, followed by Turkey, Morocco and Jordan.

Table 3.1 Tourist Arrivals and Tourist Expenditures in FEMIP Member Countries, 2001-2006

Member	Tourist Arrivals in Millions 2006	Annual Average Growth % 2001 to 2006	Tourist Expenditures in Million USD, 2006	Annual Average Growth % 2001 to 2006
Algeria	1.4	11.2	173	11.2
Egypt	9.1	14.8	6,896	8.9
Gaza/West Bank	Na	Na	Na	Na
Israel	1.8	13.3	1,912 □	8.9
Jordan	3.2	6.5	2,004 □	17.1
Lebanon	1.1	11.7	Na	Na
Morocco	6.6	8.5	6,276	18.8
Syria	8.0□	24.0	2,332 □	23.0
Tunisia	6.6	5.4	2,193	5.1
Turkey	19.8	15.5	18,154 □	15.9
Total	57.6	12.2	39,957	13.0

Note: □ Figures are from 2005

These growth rates are more than double the world average. However, to put the absolute numbers in perspective, FEMIP countries only make up 6.8% of the world tourist arrivals and total arrivals are less than for Spain in 2006. The Big Five dominate the picture, with 78% of tourist arrivals and 89% of tourist expenditures in 2006.

The power of tourism to create income, employment and foreign exchange earnings is recognised, with most FEMIP countries giving tourism the status of priority economic sector. This includes Algeria where tourism does not currently play a significant role in the economy.

Table 3.2 Economic Importance of the Tourism Sector in FEMIP Countries

Country	% of Export	Rank	% of GDP	Rank
Algeria	9.3	8	1.8	9
Egypt	31.8	2	8.5	2
Israel	7.2	9	2.4	7
Jordan	22.8	5	6.3	4
Lebanon	52.1 (1)	1	3.6	6
GWB	N/A	N/A	N/A	N/A
Morocco	29.6	3	9.5	1
Syria	24.1	4	2.1	8
Tunisia	22.1	6	5.0	5
Turkey	20.9	7	8.8	3

Source: WTTC

Note: (1) Figure is distorted by the special political situation in Lebanon

In terms of earnings, tourism is often the biggest single source of foreign exchange and forms the largest private sector activity in the economy. This is particularly true for the Big Five.

Two important parameters for tourism planning are the average daily expenditure per tourist combined with the length of stay as presented in table 4.3. These two parameters form the

basis for the calculation of the economic impact jointly with the overall number of tourists as shown in table 3.1.

Table 3.3 Average Daily Tourist Expenditure and Average Length of Stay (2004/05)

Country	Average Daily Expenditure in USD	Ranking (Percentage of Average)	Average Length of Stay (days)	Ranking (Percentage of Average)
Algeria	89	70	5	86
Egypt	75	59	10	172
GWB	N/A	N/A	N/A	N/A
Israel	112	88	9	155
Jordan	60	47	4.2	72
Lebanon	334	262	2.5	43
Morocco	122	96	8	138
Syria	97	76	3	52
Tunisia	60	47	5.5	95
Turkey	199	157	5.7	98
Average	127	100	5.8	100

Source: UNWTO, *Tourism Market Trends*, 2005

The high average expenditure for Lebanon is mainly attributable to the country being a regional shopping centre for tourists, while Egypt's low figure is probably due to the numbers of package holiday beach tourists. However, tourists to Turkey have, to a large extent, the same profile as tourists to Egypt, but expenditure is nearly three times higher.

Figures on average length of stays show that, apart from Egypt, Israel and Morocco, the average length of stay is relatively short for a holiday destination. The low average stays in Jordan, Tunisia and Turkey may be due to short stays by visitors from neighbouring countries, with the figures not reflecting the length of stay for wider international visitors.

Inconsistency in the Data Collection and Presentation

The figures provided above should, however, be treated with caution. There were significant gaps and inconsistencies in the available data and, in particular, the expenditure data are found to be distorted. In some cases, figures are based upon actual tourist surveys, and in others the figures are based upon information from the national banks with remittances introducing distortions. Key issues include:

Tourist Arrivals	Lack of distinction between tourists, returning citizens living abroad, day visitors, refugees and cruise ship passengers. <i>Credibility/relevance of reported data for planning and investment purposes.</i>
Length of Stay	Normally calculated on the basis of limited data and information often biased. <i>Figures often based on small sample surveys or estimates.</i>
Tourist Nights	Data only available from registered accommodation facilities. Open to distortion, e.g. for fiscal reasons. Both effects lead to underestimates of number of tourist-nights. <i>Accommodation registers are incomplete and no auditing of reports.</i>
Day visitors	Border controls often do not register all day visitors. At times no records are made. <i>Border control in many of the countries is difficult.</i>
Average Hotel Occupancy	Data only for registered accommodation facilities <i>Statistics are often inaccurate (fiscal reasons)</i>
Expenditures per tourist or total expenditures	Data are highly unreliable. Information either from visitor surveys which need to be extensive to be correct, or from aggregated central bank figures. <i>Estimates of expenditures are normally highly unreliable. Statistics on expenditure per tourist night /day are most often "guesstimates" and should be treated as being indicative only.</i>
Domestic	Data from registered hotels only and they are incomplete.

Tourist Arrivals *Data can only show the importance of the domestic market for registered hotel operations.*

The lack of reliable statistical information is a serious bottleneck in most of FEMIP countries. Available data and information are often useless for planning and investment purposes. Urgent actions are required to improve the present situation.

Trends in Tourism Development

All FEMIP countries have product diversification as a key strategy, with the aim of increasing competitiveness and added value. The objective is to develop higher income market segments and increase tourism employment. New products under development include cruise shipping, thermal and spa (health) tourism, ecotourism and golf activities. However, countries such as Egypt, Turkey, Algeria, and Tunisia still emphasize the “Sun, Sea and Sand” product.

Another important trend is the combination of real estate business and tourism. This is particularly seen in Turkey, Egypt, and Morocco, and is developing in Algeria. However, Tunisia has barriers which effectively prevent this type of development. The market for retirement or second homes is very high in locations with: good climatic conditions, relatively low costs, and high levels of services, facilities and activities. While holiday home acquisition was previously only for the wealthy, and limited to Spain, Italy and southern France, there has now been a democratisation of demand, with attractive possibilities for FEMIP states. On the other hand, financial resources for investment in beach-oriented tourism resorts are relatively easy to find, while the significant investments needed in infrastructure, or the protection of cultural resources, make real estate developments more difficult.

Obstacles to Tourism Development

A serious constraint to growth is the status of the promotion, marketing and branding programs of the individual countries. A good marketing and promotions programme has to be based on: sound statistical information, collaboration between the private and public sectors through efficient institutional arrangements, and sufficient joint financial resources. Weaknesses in these three areas is resulting in the delivery of ineffective marketing and promotional activities. However, effective collaboration between the private and public sectors requires a further liberalisation of the tourism sector in almost all FEMIP countries. The main driving force in tourism marketing is the private operators, and their participation is crucial to the success of tourism development and marketing programs.

Secondly, HRD development is a particular problem in the tourism sector. Most of the countries have official systems in place, but these are often focused on management teaching at the university level. Hands-on, vocational, and language training, which are essential for the tourism industry, are usually inadequate. This is another case where collaboration between the private and public sectors is vital, and most countries can learn from best practices within the FEMIP countries, or worldwide experience.

Factors for Success

Optimal tourism development is based upon an apparently simple and straightforward process:

- *Government commitment;*
- *Overall tourism development strategy (e.g., master planning), followed by;*
- *Detailed sector planning (e.g., regional planning, public infrastructure (transport/electricity/water/waste treatment), action programmes, human resources and strategies for investment, and product diversification), combined with an;*
- *Adequate institutional set-up building upon private and public sector partnership.*

However, this roadmap for success is often not fully understood by the FEMIP countries, and various types of divergence can be found in individual countries.

The advantages of the region have already been described. When inexpensive labour, a relatively unspoilt environment, and high standard facilities and services are added, unique tourism products can be marketed. Overall, the FEMIP region has great potential to become one of the world market leaders. There is competition from traditional tourist receiving countries in Europe such as Spain, Italy, France and Greece, but many of the European mass tourism products are close to saturation, beaches are overcrowded, resorts are getting old, and costs are high. The historic trend of tourism in Europe has been to look to “the south” for the sun, the sea and the sand. The trend has now gone further south: to Gran Canarias and the Gambia, and to the FEMIP countries, although there is also competition from Eastern Europe

and long haul destinations: Asia, Caribbean, etc. This trend is likely to continue and demand for the tourism products and facilities of the FEMIP region will be high in coming years. As well as its traditional client bases in Western Europe and the Middle East, there is the prospect of tourists from Eastern Europe and Asia. Seen from a competition point of view, the FEMIP countries have a unique market situation, with a product scope which can extend beyond the current products to include, for example, city tourism. There is therefore the potential for significant growth in the number of tourist arrivals, and for optimisation of tourism income. To achieve all this will require a high degree of professionalism, sophistication and development, and vision. At present, not all FEMIP countries have these characteristics.

Tourism, Security and Safety

In general, tourists are heavily influenced by security considerations, and family travellers in particular try to avoid putting their families at risk. Safety issues will usually outweigh the loyalty leisure tourists feel to a specific destination. All FEMIP countries have experienced, or been affected by, political violence, terrorism and lack of stability to a greater or lesser degree. Almost all of the countries have suffered one or more negative events directly. However, the most affected areas are GWB, Algeria, Israel, and Lebanon. The tourism development targets outlined in §3.2 are based on the assumption of a calm and peaceful situation, where tourism can revert to historical trends. Algeria and Morocco both suffered terrorism attacks during the analysis phases of the study, and Turkey, Egypt, and Jordan have experienced terrorist incidents affecting international visitors as well as nationals. While the tourism industry has recovered relatively quickly from such "incidents" in the past, some observers predict that there are politically unstable situations underneath the surface in some of these countries which might change that situation. There is growing conflict between moderate/progressive forces and religious fundamentalists in all FEMIP countries. Undertones of this conflict can be felt even in moderate and progressive countries like Tunisia, Morocco and Egypt. The Palestine conflict and the Iraq situation, with the presence of foreign soldiers in the country, are constant sources of conflict. As long as these situations remain unresolved, the possibility of unpredictable unrest and political turmoil remains, with the possibility of tourism in the region being badly affected.

3.2 Targets and Projections 2006-2010

FEMIP countries have generally had very strong tourism growth over recent years; stronger than in almost any other part of the world, despite the political tensions referred to above. This growth is market driven but based on the tourism resources previously described. The development which has already taken place is just a start and tourism growth can be expected to accelerate in the coming years. The following table summarises the growth projections:

Table 3.4 Predicted Tourist Arrivals in FEMIP Countries 2006 to 2010

Country	Tourist Arrivals 2006 Millions	Annual Average Growth % 2001 -2006	Tourist Arrivals 2010 Millions	Annual Average Growth % 2006-2010
Algeria	1.4	11.2	2.7	14.4
Egypt	9.1	14.8	12.2	7.5
Gaza/West Bank	Na	Na	Na	Na
Israel	1.8	13.3	2.4	10.7
Jordan	3.2	6.5	4.7	10.0
Lebanon	1.1	11.7	1.6	14.9
Morocco	6.6	8.5	10.0	19.4
Syria	8.0	24.0	12.6	16.3
Tunisia	6.6	5.4	8.7	7.0
Turkey	19.8	15.5	33.2	15.0
Total	57.6	12.2	88.1	11.6

The average projected growth rate is substantially over the UNWTO projection of 7.5%, but is achievable bearing in mind the tourism resources, the tourism markets and the demand from key markets as described in §2.. FEMIP countries could be achieving 8.8% of the world tourist

arrivals by 2010 compared to 6.8% in 2006. However, the projections, being targets, are only achievable if there is political and economic stability, combined with mitigation of the some of the obstacles described in this study.

3.3 The Longer Term and Sustainability Issues

Long-term projections, over a 10 to 15 year period, can only be made under different scenarios/assumptions. Factors to be considered include:

- The stability of the region;
- The links between the EU and Turkey
- The possibility of a fixed link between Morocco and Spain
- The demand for second homes
- The implementation of new master plans in Turkey and Egypt

Tourism growth rates have the potential to average more than 15%; led by Egypt and Turkey and followed by Morocco. For different reasons, Algeria and Tunisia might also show above average growth. However, ultimately the rate of growth will depend on how governments address the need for institutional change and for giving a stronger role to the private sector. How and when the soft issues mentioned in Section 2.2 of the report are tackled will be crucial for the speed of development.

However, for there to be longer term growth, the industry needs to be, and to be seen to be, sustainable. Key issues go beyond the obvious concern for the natural environment and include:

- Carrying capacity of natural, cultural, social and human resources;
- Water - sources, treatment, minimisation in use, waste-water treatment, re-use, recycling, cross border extraction, cross border pollution, bathing water standards, etc.;
- Using the treatment of environmental issues as part of the region's global strategic positioning vis-à-vis Asia and the Caribbean;
- Social acceptance of the industry within local culture and respect by tourism for the same local culture.

4. Critical Issue Analysis

4.1 Introduction

This section provides an analysis of tourism questions in the ten countries, with the objective of defining positive and negative issues for further investigation. As an initial observation, it is clear that while the countries may be at different stages of development, they suffer the same general problems, just to different degrees. Similarly, they are all looking for approaches and examples of best practice to solve the problems/bottlenecks which are hampering their tourism development.

4.2 Markets and Competition

There are some similarities in products, and competition between destinations, within the region. For example, inexpensive beach holiday packages offered in Turkey compete with: similar products in Egypt, family beach holidays in Tunisia, some of the new Moroccan beach products, and possibly, in future, beach products in Algeria. In this field, more and more developed, integrated and sophisticated tourism resorts will be offered to the market. Turkey, Egypt and Morocco have many such projects in preparation, airline access will improve and tourism packages will be offered giving very good value for money. In this product domain, quality and price will be important parameters and tourism destinations like Jordan, with a high cost structure, will have to position themselves differently, and avoid competing in the mainstream market place.

Golf courses are being built across the region and Turkey, Egypt and Tunisia seem to compete against Morocco for being “the” golf destination. Similarly, there are extensive plans for spa and health tourism. Like golf, the market for “wellbeing” tourism is increasing strongly, partly driven by an ageing European population with greater disposable incomes. The different cultural background of the FEMIP countries, the product diversification, the traditions, and the languages will lead to market segmentation and to a total increase in the number of travellers to the region. The importance of intra-regional demand is also likely to increase. The FEMIP members will therefore have to work jointly on “competition”: co-operating and competing at the same time.

These trends lead to a focus on a few key parameters:

- The service level – the human resources – staff skills will be more and more important. Product diversification will also depend upon the availability of trained staff.
- Innovation in all areas of development: resort layout and the architectural style of buildings, operations and management using international skills with a local focus and, last but not least, innovation in packaging, positioning, branding and marketing.
- Quality:price relationship – good quality does not necessarily need to be expensive.
- Accessibility - Open sky policies and budget airlines are important if the tourist destinations are to grow without being dependent on the tour operators.
- For some FEMIP countries, future market growth will lie with FIT (Foreign Independent Traveller) type clients. This new generation of travellers is using the internet as the demand and sales interface, rather than travel agencies and tour operators.

Tourism is about people but it is also about genuine experiences. Travellers are becoming more sophisticated and are looking for “true products”. At the same time, travellers are becoming more experienced and want to design their own, unique tourism products, creating new possibilities for SME development and specialised tourism.

4.3 Matrix of Key Development Issues

Based upon the country analyses provided in Appendices I to X, and using the first analytic approach outlined in Section 2.2, the following matrix of key tourism development issues has been developed.

Table 4.1 Matrix of Key Tourism Development Issues

	Algeria	Egypt	Israel	Jordan	Lebanon	GWB	Morocco	Syria	Tunisia	Turkey
Policy	Y/Z	Y	X	X	X/Y	Y	X	Y	Y/X	Y
Plans	Y/Z	Y	X	X/Y	Y	Y	X	Z	Y	Y/X
Products	Z	Z	X	X/Y	Y/Z	Z	X	Y/Z	Y/Z	Y
Market	Z	Z	X	X/Y	Y	Z	X	Z	Z	Y
Access	Z	X/Y	X/Z1)	X	Z	Z	Y	Y/Z	X/Y	X/Y
Infra.	Y/Z	Y	X	Y	Z	Z	Y	Z	Y/Z	Y
HRD	Z	Y/Z	X	Y	Z/Y	Z	Y	Y	Z	Y
Regul.	Y	X	X	Y	Y	Y/Z	Y	Y	Y	X/Y
Gov. Support	Y	Y	X	X	X/Y	Y	X	Y	X	X/Y
Collabor.	Z	Z	X	X	Y	Y	X	Z	Z	X/Y
Finance	Y	X	X	Y	Y	Y/Z	X	Z	X	X/Y

Note: 1) While Israel is entirely open to nationals of some 65 countries it regards as friendly, potential tourists from all other countries require a visa, which will be treated on a case-by-case basis. This includes all other FEMIP countries, all countries in the middle-east, and all former states of the USSR except Russia.

Legend: X: Systems and actions generally in place
 Y: Systems and actions in various stages of implementation.
 Z: Actions are required to remove some or several bottlenecks

4.4 Overview of Individual Issues

Issue 1: Tourism Policy

Governments in general seem to understand the potential power of tourism as an economic development tool. However, despite this, the sector receives little political attention even in strong tourism countries. For example, Egypt introduced a co-ordinating body at the highest political level - but the body never met, and Ministries of Tourism are not always seen as being at the heart of government.

Systemic weaknesses include a limited focus on domestic tourism, which plays a very important role in overall tourism development, and the lack of strategic thinking given to rooting tourism in local economies. Very little effort is made to maximise the value chain and there are only very limited policy guidelines on involving SMEs in the tourism development.

Issue 2: Tourism Development Plans

Most of the FEMIP countries use tourism master plans to direct the strategic development of the sector. In particular, the Big Five emphasise integrated planning at the national, regional and local levels. Plans have also been made for “destination areas”/tourism zones. In some countries, e.g. Egypt and Morocco, plans have been carefully followed, in others such as Tunisia, Algeria and Syria, they are more indicative. All the major tourism destinations are in the process of updating their master plans. Turkey has issued a strategic plan 2007 to 2023 and an action program 2007 to 2013. Implementation is only starting now, but the plan is expected to have strong influence on Turkey’s tourism. In Egypt, a new plan has been commissioned but it is unlikely that it can start to be implemented before 2008 or 2009.

Tunisia has the weakest position of the Big Five. A strategic analysis was undertaken in 2002 but the plan only ran to 2006 and has not really been implemented, with no observable change in the country’s situation.

Finally, Lebanon and GWB would need international support and careful planning when the time is right for a renewed development of the tourism sectors.

Issue 3: Tourism Products incl. Hotel Rating Systems

Most countries recognise that a new product strategy is required, focussing on product diversification and positioning of the tourism sector through the creation of new products, e.g. based on culture and history: architecture, costume, music, materials, food, etc. What would

Egypt be without the pyramids, Abu Simbel or the Kings' Valley? What would Jordan be without Petra, Turkey without Istanbul and Morocco without Marrakesh? However, while it is not difficult to find investors to develop major integrated coastal resorts with billion USD investments, it can be very difficult to find investors ready to participate in a redevelopment and cultural protection project. The question is whether the countries either have, or can encourage, innovative entrepreneurs to develop these products. Rather than trying to innovate, there is a tendency to try to replicate a product which has been successful elsewhere. Grassroots involvement is needed to create innovative new products.

The grading/classification of accommodation facilities is an important factor in the marketing and promotion of a country, as well as in supporting the quality of the facilities and services. The tourism industry and the public administration are well aware of this and almost all FEMIP countries are discussing how to improve existing systems. The main problem is a lack of competence of the inspectors, and the subsequent control of the system.

Issue 4: Tourism Marketing, Promotion, Global Market Positioning and R&D/Statistics,

Destination marketing is the most crucial part of a country's tourism development strategy in an increasingly competitive international environment. However, modern marketing is a highly skilled and technical business and governments, in general, do not have this kind of expertise. It is therefore crucial that expertise and know-how from the private sector are brought into collaboration with the public sector. A few countries have, or will have, this model, e.g. Jordan, Morocco and potentially Turkey, but most try to market their product in isolation.

It is, of course, possible to buy international marketing expertise, following the Egyptian model, but a country's marketing and promotion strategy should not be left to third parties. There needs to be a firm, educated and informed lead from a tourism board or a similar joint public-private organisation. Funding for campaigns should also be on a joint basis, but the region does not appear to have any models for adequate public funding and private sector contribution. In consequence, marketing and promotion activities are under funded. Branding, positioning and long-term destination image creation need a long-term strategy with an adequate budget and a long budget horizon. Again, none of the FEMIP countries have such planning in place. The limited funding available is used on an *ad hoc* basis, often on the basis of a "panic" reaction to low arrival figures or to other critical situations. This is compounded by the lack of sound data on which to make rational marketing allocation decisions, as already noted in §3.1.

Issue 5: Accessibility incl. Open Sky Policy

An issue which persists in a number of countries, and which again reinforces the low political status of tourism, relates to the ease of tourist access to destinations. Location/accessibility is the most important factor in tourism development: without accessibility, there is no tourism. Fast and cost attractive transport is therefore of paramount importance. For regional and local tourism the road network is important but, for international traffic, air access is crucial. However, there are still governments which try to protect national airlines through restricting the access to a country by charter flights and low cost airlines. An Open Sky policy must be a precondition for any attempt to build tourism based on package tourists (charter) and for FITs, the fastest growing tourist segment (low cost airlines or special fares on scheduled airlines).

There is also, of course, a requirement for the air infrastructure to be capable of handling the projected tourist numbers, not just destination airports, but also the route network which makes these destinations available. The countries in the region have accepted these two prerequisites, and regional airports have been constructed throughout the countries; Egypt, Morocco, Tunisia and Turkey being particularly good examples.

The question of visa requirements also needs to be considered, not just between Israel and its neighbours, but also for a tourist wishing to spend time in more than one FEMIP country. In many cases, the "Visa" is more of an entry tax than a means of excluding potentially problematic visitors.

Issue 6: Infrastructure, Public Utilities and the Environment

Each country has plans for future development of infrastructure and public utilities as part of its general economic planning, and detailed plans for waste water treatment, electricity, etc. form an essential part of the overall development strategy. These facilities and services are crucial for all except the smallest scale tourism developments. In most FEMIP countries, the target destinations are in relatively arid zones, and the provision of water is a serious issue. Consequently, desalination plants, water recycling and other methods are used. Tourism needs

a clean environment, therefore waste water treatment and the handling of solid waste form key issues in the planning of tourism zones and in the requirements/regulations by governments to the tourism developers.

The current enthusiasm for golf courses will pose particular problems. Golf courses use a large amount of water and fertiliser, and the experience of Spain and Portugal is that golf courses can cause considerable local water problems.

Issue 7: HRD and Training incl. Tour Guides

It has been realised that professionalism and staff skills are crucial factors in tourism and that HRD can provide a competitive edge in the global marketplace. Detailed plans for improving the manpower skills are generally available but, because of lack of trainers, lack of funds and, first and foremost, a lack of training skills, the training results are not adequate. The pressure for training facilities normally comes from the private sector which needs trained staff. However, the public sector also needs to have innovative and knowledgeable planners and administrators. Governments do not seem to fully understand this, although countries like Morocco and Jordan make a point of employing staff with a private sector background.

First of all, a plan for the human resource requirements is needed. Secondly, institutional capacities and training systems must be in place and, finally, sufficient funds to undertake the training have to be made available. Actions need to be based on collaboration between the private and public sectors. The hotel association must be deeply involved in defining the training needs, setting up programs, providing practical training, providing instructors for the training institutes, and providing in-house follow-up courses. If hospitality training is not industry based, it will be insufficient and not cost efficient. In almost all FEMIP countries, the HRD sector is not following the generally established principles of hospitality training, and the output of trained staff is insufficient, both in term of quality and quantity.

The issue of service attitude and motivation was raised in all the countries visited. In general there seems to be lack of a service culture in the FEMIP countries, and the motivation to seek work in the tourism sector is low. The sector is seen as offering poor pay, a difficult working environment, and limited career possibilities. This may be due to a general lack of understanding of the nature of tourism, the importance of tourism for the economy, and the potential for tourism to create income and employment. This is therefore a return to the idea of having tourism rooted in the local culture and the local economy.

Tourism is a people to people industry, and communication between guests and hosts is very important, but language skills form a barrier in some of the FEMIP countries. Some FEMIP countries have strong political, historical and cultural links to France, and the public administration, the tourism industry, and the general public are at ease in French. However, with the widening of source markets to Central, Northern and Eastern Europe, employees in the sector need to develop a broader range of language skills. English is becoming the main second language in these countries, suggesting that both French and English should be the norm for people working at the customer interface in these countries. The lack of suitable language skills could form a barrier to the development of the sector.

In addition to HRD for the private sector, the public sector needs to have relevant skills and experience. Tourism administrators and public planners should preferably have had experience of the private sector; they should be exposed to international tourism practices, and should have a good understanding of both the tourism sector in their own country and the tourism sectors in competing countries.

Issue 8: Regulations and Control Measures

There are numerous important regulations and control measures for tourism. They relate to issues like construction control, operations of facilities and services, air transport regulations, licensing of tourism operations, food hygiene in restaurants and hotel kitchens, investments, banking, use of credit cards and money transfers, to mention just a few. Most of the FEMIP countries need to undertake a general review of the prevailing regulations

Issue 9: Government Support

As well as a general lack of understanding of the tourism sector at the political level, there is a problem of continuity. Frequent change in governments and hence changes of Ministers of Tourism has led to a constant change in tourism policies and in political priorities. A long-term and fixed strategy to follow leads to much stronger results than a strategy which changes with

each new government. The positive results obtained in Morocco and Jordan are, to a certain extent, due to a long-term vision and strategy, while Turkey has had constant changes in governments and consequently changes in the tourism policies.

Issue 10: Collaboration between the Private and Public Sectors

Several of the above issues point to a close collaboration between the private and public sectors being a prerequisite for strong tourism development. Tourism sector investments, particularly infrastructure, are public sector supervised, but increasingly private sector driven. On the one hand governments should give a considerable amount of power to the private sector, and to the technical staff in the ministries and tourism boards to best understand tourist sector needs. On the other, governments need to ensure an optimal development framework for the sector and should ensure a socially and environmentally sustainable development and security. This balance between private and public sector influence, and a clear definition of the stakeholder roles, has generally not been achieved in the FEMIP countries.

Issue 11: Finance and Investments incl. FDI and Banking and Money Transfer

The need to attract domestic and international investors is fully recognised in the FEMIP countries, and each country has incentive programme to attract investors. These programmes include tax holidays, low import duties, low land prices, special rates for public utilities, etc.

In Algeria and Syria the banking systems are out of line with international norms and this causes bottlenecks for tourism investments and for tourism development in general. However, funding is available for the development of major tourism projects. After 9/11, investments undertaken by Arab investors have, to some extent, moved to the FEMIP region, instead of being invested in Europe and America. While the Big Five countries in general attract major investments and FDI, the impression of the situation in Tunisia seems to be slightly different, with a much higher degree of self finance and self management of the sector. However, there is an impression of a degree of product "fatigue". This is affecting the attractiveness to foreign clients which, without corrective action, could lead to a viability crisis and adverse economic effects. Foreign investors would be less inclined to make investments in such a situation.

Individual private tourism investors on the other hand have problems in obtaining funding across the region, particularly if the projects are of a small to medium size. National hotel associations, for example, emphasise the need for lines of credit for SME development. These developments fall into three different categories:

- Outsourcing from major hotels/resorts of activities such as laundry services, accounting systems and gardening.
- Joint programmes with hotels/resorts to make product extension through the operation of excursions, operation of restaurants, handicraft centres, or other operations which will add to the attractiveness of the core product.
- Creation of new tourism products such as desert tours, camel rides, eco-lodges, "home stays", and walking trails.

4.5 Overview of the "Soft Issues"

Section §2.2 provides an alternative approach to defining the success factors. Although the evaluation criteria to some extent touch the same issue outlined in Section 4.3, the approach focuses on soft issues.

The following table presents a general overview and provides a relative positioning of the 10 countries. While the matrix presented in table 4.1 is largely based on hard data, table 4.2 is, to a much larger extent, based upon judgement and opinions deriving from a number of interviews and discussions during the country visits. Very little hard information is available about these issues in the countries visited.

Table 4.2 Matrix of “Soft Issues” of the Tourism Development

FEMIP	Partnership Develop.	Technology Develop.	Consumer Centric Approach	Position of SMEs	Innovation and Creativity
Algeria	1)	1)	1)	1)	1)
Egypt	Y	Y	Y/Z	Z	Y
Gaza/West Bank	1)	1)	1)	1)	1)
Israel 2)	X	X	X	X	X
Jordan	X	Y	Y	Y/Z	Y/Z
Lebanon	1)	1)	1)	1)	1)
Morocco	Y	Y	Y	Y/X	Y/X
Syria	1)	1)	1)	1)	1)
Tunisia	Y	Y	Z	Z	Z
Turkey	Y	Y	Y	Y	Y

1) Tourism Development is not at this development level.

Legend: X: Systems and actions generally in place
 Y: Systems and actions in various stages of implementation.
 Z: Actions are required to remove some or several bottlenecks

In general it should be concluded that the FEMIP region still has a lot to learn in how to make an optimal tourism development. A lot of the problems found are due to the prevailing institutional systems and structures. However, it should also be mentioned that there are some remarkable private sector initiatives showing a high level of innovation and creativity. Such examples are the cave hotels in Turkey and the Bedouin tours and arrangements developed in the deserts in countries like Egypt and Morocco. The development of SMEs in Marrakesh forms a model for tourism development with focus on “soft issues”.

5. Findings and Proposed Actions

5.1 Findings

The field visits and discussions with government representatives, tourism NGOs, and the private sector revealed that while the ten countries are at different levels of tourism development, they all face the same barriers to tourism development. In broad terms, there is no particular need for financial support for tourism infrastructure but there is a need for technical assistance and support to deal with all the soft issues of tourism development.

Safety and security is a major issue, but is seldom discussed. The tourism administration and the tourism industry believe that it is beyond their competence. However, they did feel that progress could and should be made in the following areas:

- Training, professionalism and HRD development.
- Awareness creation at all three levels (see the issues listed in Section 3.3.)
- Tourism Services – International Standards
- SME Development – rooting tourism in the local economy
- Marketing, Promotion and R&D in Tourism
- Institutional structures optimal for tourism development.

These issues are mostly of interest to the Five Big plus Israel. Emerging countries: Algeria and Syria, and countries where tourism is on hold because of the political situation: Lebanon and GWB, face the same issues, but have different priorities.

5.2 Recommendations and Actions

The dissemination process should concentrate on dealing with the above issues which seem to be of general interest to the FEMIP countries.

5.2.1 Training, professionalism and HRD development.

There is a lot of experience in the region and several donors (national and multinational) have considerable experience in providing expertise and know-how in this field. Jordan has a very well established university/hotel school teaching hospitality management and could be the basis of a case study. Several of the other FEMIP countries have hotel schools which are not functioning well. At the university level, training should be a combination of theoretical and practical knowledge, with strong links to the sector and part of the education should preferably take place outside the country. Regional collaboration would be a major advantage. Harmonisation of the curricula of the training institutions would allow exchanges of teachers and students. Including some of the European training/hotel schools in an integrated network would encourage students and teachers to reach the international level needed to meet future demand.

Similarly, Jordan has a newly developed vocational training system from which lessons can be learned. It must, however, be underlined that hospitality training should be rooted in the private sector and a close collaboration between the training institution(s) and the private sector must be established. A certain degree of self-finance might be introduced to get greater student commitment. Vocational training should be genuinely practice oriented, with links to the needs of the industry. However, in addition to formal training, it is essential that in-house training capabilities are upgraded through the teaching of teachers' courses. Using this type of system creates a cascade effect which can achieve rapid results.

The HRD approach should be supported by awareness creation to potential students on the possibilities of making a career within the hospitality sector. It should, furthermore, be underlined that professionalism is not only aimed at the private sector, but a system of special training of public sector officials should be part of the HRD strategy enabling public sector planners and administrators to provide optimal guidelines and the best possible framework for the tourism development.

5.2.2 Awareness creation at three levels (see the issues listed in §3.3)

Participants in the dissemination process should be encouraged to come up with suggestions on how these awareness campaigns could be undertaken. The three types are:

- Governments and the political system
- Potential employees/students to the hospitality sector
- The general public

It is particularly difficult to create a public understanding of the potential in the tourism sector and it is difficult to create a “service culture” in the short term. However, the task is not impossible and through television and school programs it is possible to change the general attitude towards tourism and the general knowledge of the benefits of the sector.

5.2.3 Tourism Services – International Standards

Through the previous points, it should be possible gradually to improve the service level. When developing new tourist zones, the project definition needs to go beyond a description of the prerequisites for physical tourism development, and include guidelines and concepts for products, branding, and the service level. A “tourism destination manual/guideline” should be prepared to guide the development. Development of new tourism zones like the ones being planned in Egypt, Turkey, Jordan, Morocco, Tunisia, Algeria and Syria need to build on visions and concepts, but at the same keeping and enhancing international standards.

It is also necessary to develop new grading and classification systems which provide room for innovative solutions but which also comply with international service standards. Systems should be well controlled but should not be too rigid, focussing on one format, but allowing parallel rating systems. Luxurious and innovative facilities not always comply with existing norms or standards – a luxury beach cottage with sand on the floor and no television, cave facilities in Turkey, or Eco lodges in an oasis in Egypt, do not fit with a simplistic classification system.

5.2.4 SME Development – Rooting Tourism in the Local Economy

As underlined in different parts of this Report, there is not enough emphasis on SME development in tourism. The dissemination process should give adequate coverage to SME development, particularly SME development in connection with cultural and natural sites. There are many examples in the FEMIP countries of best practices: see also country appendices on eco-tourism.

The use of value chain analysis on the national as well as the regional and local levels forms a way forward in linking tourism to the local economies. This kind of analytic approach is rarely used in the FEMIP region, although it provides a clear insight into how to optimise tourism from an economic point of view.

5.2.5 Marketing, Promotion and R&D in Tourism

It is clear from the findings in Section 4.4 issue 4, that FEMIP countries do not have optimal marketing and promotion strategies and programs. The limited funds are not spent effectively and efficiently and there is a clear lack of research and proper statistics as a base for the marketing activities. The issue of marketing, promotion and statistics would justify a full day's session in its own right.

5.2.6 Institutional structures optimal for tourism development

In Section §3.1 of the Study, the institutional systems and structures were identified as the most important issues for tourism development, jointly with the issues of peace and safety.

Most of the FEMIP countries have not found optimal structures and a lot could be learned from dissemination of the structures found in Jordan, Turkey and Morocco as case studies. The need for strong political support to tourism, and at the same time an institutional structure building on private-public collaboration with a high degree of professionalism and technical know-how, is one of the key determining factors for success in tourism development.

5.2.7 Countries with limited growth

Section §2 of the Report divided the countries into two categories, suggesting that those in the second category have a limited growth prospects because of the present political situation. However, all the countries listed have the possibility of rapid tourism development when the

situation has improved. These countries would be able to learn from the experience of the rest, and so avoid the factors restricting the tourism development. These “newcomers” would be able to make optimal use of the findings and recommendations of the present study.

Syria is a country in between the two categories, as international tourism in Syria at present is restricted by a negative international image. Syria can be considered to have the same situation as the countries with limited tourism growth and the country would likewise have a major potential for a jump in international tourism in the future.

5.3 Further Issues for Sub-regional Collaboration

In the sections above are listed a number of issues where the FEMIP countries can learn from the experience gained so-called “best cases”. However, in addition to the above issues, the following should be added:

Sector Information and Management

- Statistics, in particular visitor surveys and improved arrival statistics.
- Management of protected areas (national parks and cultural sites) needs a special expertise in site management and knowledge of carrying capacities.
- Management of museums and cultural events.

Training and Professionalism

- Training for boat and diving operators, camel operators, and other practical tourism operations, plus training curricula and systems for guides
- Setting up training systems for public sector employees including setting up regional tourism sector management courses for government officials

Planning

- Coastal zone planning is another important issue. Coastal zones require a special strategy to ensure developmental and environmental sustainability.
- MICE tourism offers a huge development potential but so far the region does not have the necessary expertise and professionalism.
- Planning and development of marinas and cruise ship terminals.
- Destination marketing and branding
- Collaboration in respect of cultural/religious tours involving sites in different countries
- Planning of border areas/regions (visa regulations, infrastructure and tourism)

Infrastructure

- Collection and handling of solid waste – a problem in all the FEMIP countries.
- Sustainable use of resources (water, energy and waste water treatment)
- Water shortage is a major issue requiring collaboration on the sub-regional level, particularly in connection with golf course developments.

Sustainability

- Social, cultural sustainability;
- Physical and natural environment
- Considering the region as a whole, not just individual zones and countries

5.4 A Peer Review Mechanism

The Peer Review Mechanism is a concept which could convert this one-off study into a process of continuous development. A description of the process and its possible impacts is presented in Appendix 11.

ANNEXES

Appendix 1: Algeria - Summary Report

A1.1 Tourism Trends

Excluding, GWB, Algeria has the lowest proportion of the national income deriving from tourism, 1.7%, and the fewest genuinely international tourist arrivals: 0.44 million in 2005. This low figure can be largely attributed to the civil unrest of the 1990s. In 2005, 52% of foreign tourists came from Europe, mainly France, and 37% from Northern Africa, mostly Tunisia. About 25% are business travellers and 75% are leisure tourists, with a considerable portion of the leisure tourists actually came to visit friends and relatives. The total tourism figures are, however, heavily bolstered by some 1 million ex-patriate visitors. This visitor structure makes it difficult to analyse the figures presented in Table A1.1. The factors affecting the bulk of visitors are unrelated to tourism and, more importantly, the ability to attract higher numbers of ex-patriates and friends/relative is very limited. It is worth noting that while foreign arrivals have increased at 22% and total arrivals by 11%, the number of tourist nights is almost unchanged. At the same time hotel beds increased by 7.8%. The lack of consistency between these figures cannot be explained.

Table A1.1 Tourism Trends 2000 to 2005 (Millions)

Algeria	2000	2003	2005	Average Annual Growth %
International Arrivals	0.87	1.17	1.44	11.2
Of which: Foreigners	0.18	0.30	0.44	22.2
Algerians living abroad	0.69	0.86	1.00	8.5
Average Length of Stay (days)	3.4	5.0	n.a	-
Tourist Nights (1) Millions	4.0	3.9	4.2	0.1
Expenditure (USD in millions)	95.7	133.0	173.0	13.1
Domestic Tourist Arrivals (1)	0.4	0.4	0.4	0.1
Accommodation Capacity	2001	2003	2004	Average Annual Growth %
Number of Beds ('000)	66.5	77.5	82.0	7.8

Source: UNWTO

(1) Statistics from commercial accommodation facilities

A recent tourism strategy paper identified a tourist target of 4 million arrivals by 2015: 3 million leisure tourists and 1 million expatriates. All growth will therefore come from foreign nationals. To achieve the implied growth rate of over 14%, the country will need to develop international standard facilities and services very quickly, matched by a strong marketing and promotion strategy, as well as deploying a zone based tourism development strategy.

A1.2 Key Issues for the Future Tourism Development

Tourism Policy - Rating Y/Z

Algeria's security situation is a major obstacle to tourism growth. The situation has improved but the security situation in rural and remote areas is still a matter of concern for tourists. The tourism master plan indicates a number of actions but there needs to be specific development planning tools, and the strategy is dependent on: government investment support, a revised legal framework, and realistic actions plans.

Tourism Plans - Rating Y/Z

These need further development, to cover land-use planning, marketing and promotion, human resource development, and assessments of impacts on socio-culture and the environment. There are still many bureaucratic hurdles to starting a business in Algeria, but at least the investment code clearly lays out the rules for investors.

Tourism Products - Rating Z

The current product portfolio is almost non-existent in international terms. The tourism strategy addresses this issue and pays particular attention to developing desert tourism, beach tourism, business and conference tourism, spa, health and wellness tourism and cultural tourism. In particular, the 1,200 km long prime coastline offers major potential - but for the moment Algeria remains a country with potential.

Tourism Marketing - Rating Z

Algeria has no overseas representation and a full marketing strategy has not yet been undeveloped.

Tourism Accessibility - Rating Z

There is access through national carriers and one discount airline which flies between France and a number of locations in the country. However, the lack of an open sky policy will form a barrier to developing other potential European markets.

Tourism Infrastructure - Rating Y/Z

Airports, roads and other infrastructure all exist but, in general, are inadequate and will substantial upgrading to meet the planned demand.

Human Resource Development - Rating Z

The training, in quality and capacity, is inadequate to cater for the market projections of a large number of new hotels. This is a tourism development plan objective, but international hotel chains will probably need to provide in-house training

Tourism Regulations - Rating Y

Development plans for the sector have the status of 'National Priority', and includes the definition of tourism development zones. Other regulatory issues being addressed include the facilitation of entry and departure procedures

Government Support - Rating Y

The government sees tourism as one of the new fields of development for the country , alongside minerals extraction and fishing, and has committed itself to supporting investments and a range of incentives to move tourism ahead.

Public-Private Sector - Rating - Z

There has been an increase in tourism privatisation but public-private sector collaboration is still in flux. Institutional changes are needed to improve public-private sector collaboration.

Finance and Incentives - Rating Y

The Government is reforming its investment agency, APSI (Agence de Promotion de Soutien et de Suivi des Investissements) to create a one-stop shop; an easy entry point to Algeria for those investing from abroad. There also appears to be growing momentum for a banking reform. Incentives include: state support for infrastructure investments, reduced import duties, ten-year exemption from corporation and property taxes, and the carrying forward of losses. However, for the moment, a stringent exchange control regulation system coupled with an antiquated banking sector makes money transfer and FDI difficult.

A1.4 Findings and Conclusions

Tourist arrivals, tourist products, tourism infrastructure and tourism superstructure are all at an embryonic stage. However, Algeria is endowed with rich tourism development resources and, if the economy and investments continue to develop and the country further improves the political stability, it has a great potential for becoming a major destination for tourists, as well as potential location for holiday homes.

How fast the process will go depends on a number of factors, but the low development status of the tourism sector concerns all issues including, tour guide training, money transfer facilities, hotel rating systems, mobile phone systems as well as solid waste collection and treatment. The existing tourism development strategy: "La politique de développement du secteur du tourisme en Algérie" is a very brief strategic document. What will be required is the formulation of a more comprehensive and detailed tourism master plan providing guidance for the future tourism development.

Appendix 2: Egypt - Summary Report

A2.1 Tourism Trends

Despite an occasionally uncertain security situation, Tourist arrivals to Egypt have grown steadily over many years: 14 % from 2001 to 2006. Tourist expenditures have also increased, but at a lower rate. Egypt is a very cost sensitive destination: as low as USD 40 per person per night for full board and lodging in 5 star hotels out of season.

Egypt's history plays central role in the marketing and positioning of Egypt, but most visitors are drawn to the beaches on the Red Sea and the Gulf of Aqaba. 75% of the country's 9 million visitors originate from Europe and USA as Egypt

Table A2.1 Tourism Trend Indicators for Egypt, 2001- 2006 (Millions)

Egypt	2001	2003	2005	2006	Average Annual Growth %
International Arrivals	4.6	5.7	8.6	9.1	14.8
Average Length of Stay (days)	6	9	10	10	9.2
Tourist Nights (1)	29,813	53,130	86,080	91,710	24.9
Expenditure (USD)	4,119	4,704	6,831	6,896	8.9
Average Hotel Occupancy (%)	61.0	59.0	68.9	-	-
Domestic Tourist Arrivals (1)	4,331	4,791	4,782	-	2.5
Accommodation Capacity	2001	2003	2004		Average Annual Growth %
Room capacity ('000)	120.7	136.5	148.0		7.5

Source: UNWTO, MoT

Note: (1) Based on commercial accommodation statistics; EGP devaluation has affected tourist expenditures.

The average expenditure per tourist has gradually decreased from USD 886 in year 2001 to USD 759 in year 2006, with the per day expenditure decreased from about 138 USD to approximately USD 75. There are three attributable factors: devaluation of the Egyptian pound, marginal pricing to (re)gain volume, and the strength of the tour operators.

Current projections suggest a comparatively modest growth rate of 7.5% per annum, although that does mean 15 million tourists by year 2011 and 25 million tourists by 2020

A2.2 Key Issues for the Future Tourism Development

Tourism Policy - Rating Y

The Government of Egypt has adopted an ambitious master plan to achieve the required 7.5% growth rate. Although policymaking is competent and well established, there has been a lack of co-ordination between different parts of the Government and lack of status for the Ministry of Tourism (MoT) in the past.

Tourism Plans - Rating Y/Z

Tourism planning in Egypt goes back to 1978, and has been well founded. However, there is scepticism in respect of the target of 15 million tourists by year 2011 due to the number of restricting factors which are not expected to be dealt with before 2008. Plans are cascaded from the national level down to tourism centres, but consider only physical development. Other issues such as marketing, product diversification, carrying capacity, etc. are largely ignored

Tourism Products - Rating Z

Egypt's historical and cultural attractions are famous and its beach and water related resources along the Red Sea, the Mediterranean coast and the Gulf of Aqaba are now well established. The country has a wide range of tourism resources and products but Egyptian tourism is at a crossroads. It has lower income per tourist than its leading competitor, but at the same time its leading attractions are reaching their carrying capacity. There are challenges ahead if larger numbers of more profitable tourists are to be attracted to the country.

Tourism Marketing - Rating Z

The Egyptian Tourist Authority (ETA) operates 17 offices abroad with an annual budget of USD 40 million. This budget covers the offices, promotional material, tourism website, participation in trade fairs and marketing and promotion campaigns. However, visitors to the internet site cannot click through to a booking and there is a lack of private-public partnership and collaboration with partners outside Egypt.

Tourism Accessibility - Rating Y/X

In the past, accessibility was limited by airlines access to the market. There has been some improvement but, despite an excellent network of modernised airports, current air policy limits access. An Open Sky policy is needed to meet projected volumes and particularly the higher value added FIT traveller. Other networks have been under development: roads, river cruise facilities, etc., although cruise liner terminal investment may be needed in the near future.

Tourism Infrastructure - Rating Y

If the transport network is mostly under control, there are problems in other areas. Water is a problem, and investment in desalination plants will be needed, along with waste-water management facilities. Solid waste handling is also a major problem in the tourism areas, although Egypt is probably no worse than the other FEMIP countries. Sustainable solutions are required for waste water treatment, desalination plants, solid waste and energy

Human Resource Development - Rating Z

Practical tourism training has formed a major bottleneck for the development of high standard tourism facilities and services but it is difficult to judge whether announced initiatives will solve the problem. A new approach, rather than the current top-down style should be considered.

Tourism Regulations - Rating Y

Currently there are 31,314 projects under consideration, worth some USD 70 billion. The planning system seeks to ensure sustainable developments, with a specific tourism law in place. However, five ministries can be involved in a planning application, offering scope for simplification.

Government Support - Rating Y

The government has a many organisations and directorates intended to support the industry and potential investors. However, there is a lack of co-ordination and real tourism technical expertise, resulting in long procedures and lack of clear understanding.

Public-Private Sector -Rating - Z

The numerous private sector associations and public sector units have difficulties in working together. In consequence, private-public sector collaboration is a problem, despite attempts to encourage collaboration.

Finance and Incentives - Rating Y

The Government has prioritised FDI, with special incentives in key areas. There are also special incentives for environmentally friendly tourism projects, and eco-tourism is being given particular emphasis. However, while it is easy to finance mainstream projects, smaller, specialist projects are less well supported. The financial sector has been geared towards supporting large developments, leaving SME projects in the cold.

A2.3 Findings and Conclusions

Tourism is a strong, resilient growth sector in Egypt. However, the vision for a strong future tourism development is limited by a number of factors including: insufficient Government co-ordination, a lack of private-public sector collaboration, limited local participation, overcrowding of key resources, and a lack of product development.

Egypt is developing an image as a mass market for low spending tourists, with air policy restrictions forming a barrier for future accessibility. At present, tourism operations do not generate sufficient profit for the investors. New investors need to see future prospects improved and that projects will become more viable. More focus on local involvement and ownership is crucial and could form the basis of a new approach to development within the country.

Appendix 3: GWB - Summary Report

A3.1 Trends up to Today

Traditional tourists to the area were religious pilgrims and those interested in the cultural, religious and historical attractions. However, at the time of writing, the only tourists, or arrivals, are reporters and humanitarian aid workers. It is difficult for others to obtain an entry visa. This situation is different to that of ten years ago when tourism was starting to take off, based Jerusalem, Bethlehem and Jericho, with the proximity of Egypt, Jordan and Israel to complete a tourism circuit.

The economic situation of GWB is extremely weak, with high unemployment, and a dependence on international assistance. Tourism could play a major role in the creation of employment, income and foreign exchange earnings but, at least for the present, it is impossible to make any projections.

A3.2 Key Issues for the Future Tourism Development

Tourism Policy - Rating Y

The Palestinian Authority realises that tourism should have a priority in the country's future development strategy. The Ministry of Tourism and Antiquities' (MoTA) plans for the future are based upon cultural tourism that pools local cultural, historic and religious resources. In this context, UNESCO together with MoTA, has developed a strategy entitled "Developing Cultural Routes in Palestine: In the Footsteps of the Prophets", with five trails across the West Bank and the Gaza Strip, two of which are already delineated.

The broader strategy focuses on four key areas:

- Human Resource Development - The Palestinian Hospitality and Tourism Resource Center in Bethlehem University - currently inactive
- Infrastructure - restoration and rehabilitation of the tourist infrastructure - not a current funding priority.
- Marketing - focused on regaining the existing and traditional markets with some research on new emerging markets from South America and Eastern Europe.

Tourism Plans - Rating Y

Some planning exists to follow from the strategies, but planning is largely theoretical at this stage.

Tourism Products - Rating Z

Not applicable, but see Tourism Policy above.

Tourism Marketing - Rating Z

Not applicable.

Tourism Accessibility - Rating Z

Not applicable

Tourism Infrastructure - Rating Z

There is some public transport is available in the West Bank, but none in the Gaza Strip. An airport exists in the Gaza strip - but the runway was destroyed in 2001. Before the current conflict, arrival by air through Tel Aviv was possible for tourists. For the remainder, the road infrastructure is poor and the port in Gaza is non-operational. There is no passenger ferry crossing on Dead Sea.

Human Resource Development - Rating Z

Not applicable.

Tourism Regulations - Rating Y/Z

Historical regulatory framework is still theoretically in place.

Government Support - Rating Y

Government would be keen to support tourism developments, given a different security environment.

Public-Private Sector -Rating - Y

The GWB Authority had a history of private-public collaboration.

Finance and Incentives - Rating Y/Z

Historically, incentives were available for suitable investments.

A3.3 Findings and Conclusions

Tourism to Palestine is non-existent at present. However, Palestine has potential and resources which might be developed within a future regional tourist circuit covering Jordan, Israel and Egypt.

When peace returns, the work undertaken in the past including the existing facilities and services will have to be modernised, renovated, revitalised and upgraded before they can support a tourism industry.

Appendix 4: Israel - Summary Report

A4.1 Trends up to Today

Despite a more or less constant unfavourable political context, Israel received in 1.8 million international tourist visitors in 2006 compared to 1.19 million in 2001 and the tourism industry generated close to 2 billion USD in 2005 in foreign currency.

Table A4.1 Tourism Trend Indicators for Israel, 2001 to 2006 (Millions)

Israel	2001	2003	2005	2006	Av'ge Annual Growth %
International Arrivals	1.20	1.06	1.90	1.82	13.3
Average Length of Stay (days)	8	9	9	n.a	-
Tourist Nights (1) Millions	3.83	3.29	6.78	6.86	15.4
Expenditure (Millions USD)	1,378	1,063	1,912	n.a	8.9
Average Hotel Occupancy (%)	45.1	45.2	57.3	n.a	-
Domestic Tourist Arrivals in millions(1)	11.3	11.8	12.3	12.5	2.3
Accommodation Capacity	2001	2003	2005	2006	Average Annual Growth %
Number of Rooms ('000)	46.1	46.4	46.7	-	0.4

Source: Central Bureau of Statistics/UNWTO

(1) Statistical information from accommodation facilities

What differentiates Israel from its neighbours is the large number of domestic tourists, reflecting the country's economic structure. Most of the international tourist arrivals come from Europe (56%) with France (16%) as the single most important EU source. However, the USA is the single most important source market, with 24% of total arrivals in 2005. Most visitors are leisure tourists, staying 8-9 days per visit.

Tourist arrivals are projected to increase at just over 10% per annum.

A4.2 Key Issues for the Future Tourism Development

Israel has a high level of economic and social development, with a *per capita* purchasing power far higher than the other FEMIP member countries. In case of a regional peace settlement and politically secure borders, Israel might become an economic growth pole for several sectors including tourism.

Tourism Policy - Rating X

Israel recognises that Egypt, Jordan and GWB are potentially important partners and has a general aim of developing economic, commercial and tourism links between the countries of the region. Tourism may therefore become a political instrument which will have to be seen in relation to the political stability in the region. The Government also recognizes that the future development of the tourism industry is crucial, and is working to substantially reinforce the scope of domestic and foreign tourism, as well as tourist sites and infrastructure.

Tourism Plans - Rating X

Israel has a history of well developed and successfully implemented plans, with targeted land use and restrictions on development. Multidisciplinary teams prepared surveys of coastal resources and guidelines for some of the main resource management issues. Current plans include hotels in rural areas, including minority regions, which enable the establishment of smaller and local enterprises.

Tourism Products - Rating X

Despite its small size, the country has a highly diversified tourist product covering cultural tourism, beach tourism, health tourism and pilgrimage tourism, taking advantage of its many UNESCO World Heritage Sites. However, many of these are located in very politically hostile areas, which is a major deterrent to visitors.

Tourism Marketing - Rating X

The Ministry of Tourism is extremely active and well organized both internally and internationally in promoting and marketing Israel as a tourist destination. The Marketing department focuses on identifying new products in close co-operation with travel Agents, airlines, etc, while the Promotion Department creates the right atmosphere for encouraging tourism to Israel.

Tourism Accessibility - Rating X/Z

Israel has the required access infrastructure but visa restrictions are a barrier for regional visitors, and an Israeli entry stamp can make it difficult to visit other countries in the region.

Tourism Infrastructure - Rating X

Israel has a well developed transport infrastructure which is fully operational. However, it has had a water deficit for a number of years. This situation is worsening as the population of the region grows.

Human Resource Development - Rating X

Fewer problems than in other countries of the region.

Tourism Regulations - Rating X

Well established regulatory framework.

Government Support - Rating X

Strong government support, exemplified by the scope of action of the Ministry of Tourism

Public-Private Sector -Rating - X

Strong private sector collaborating with the public sector.

Finance and Incentives - Rating X

Incentives and funding are available for suitable investments.

A4.3 Findings and Conclusions

The Israeli tourism sector functions well, but the resources, potentials and capabilities are not fully utilised. If Israel was located in a stable region with good relations with neighbouring countries, current arrivals would probably be about 3 and 4 million. It would also have received a large number of cruise ship passengers. Its location would make it the obvious centre for regional tours into Lebanon, Jordan, Gaza/West Bank and to Egypt. However, the real situation is considerably different from this scenario.

There are two main problems facing the Israeli tourism. Firstly, there is the obvious political situation of Israel with its neighbouring countries, highlighted by the media and news coverage. This intimidates Americans and discourages Europeans from visiting the country. Furthermore, while advertising campaigns have emphasized the safety of travel in Israel to potential tourists in Europe and North America, its most immediate neighbours in the Arab countries are still not particularly interested in travelling to Israel for tourism.

In Egypt for example, Egyptians have to obtain special permits from the Ministry of Interior and a special passport validated for Israel that they exchange for their regular passports to keep them clear of Israeli stamps, which would cause other Arab nations to deny them entry. Many officials are still not eager to advertise their relations with Israel, even though the two countries have ceased being enemies, in many respects.

At Cairo International Airport, the El Al flights to Tel Aviv are listed on the board by flight number and time of departure, with neither the destination nor the airline's name. Egyptian flights are made by a fictitious company called Nefertiti.

As can be seen from the above the problems and bottlenecks of Israel are relation to its political situation and not due to lack of finance, planning or other issues.

At a first glance, it would seem that the other FEMIP member countries could learn a lot from Israel and that Israel does not experience the same obstacles and problems in the tourism development as experienced by the other member countries. However, it should also be borne in mind that the leisure, holiday and tourism structure of Israel is very different as the domestic market with its strong purchase power forms the basis for the tourism and leisure industry. No doubt other FEMIP countries could learn from Israel but the differences in the structures makes the actual analytic comparison difficult and findings and recommendations from the situation in Israel could not be transferred to other FEMIP member countries without a number of corrections.

Appendix 5: Jordan - Summary Report

A5.1 Trends up to Today

Jordan's international tourism has grown annually by about 7.6% for the last 5 years, with an equal split between day visitors and longer stays.

Table A5.1 Tourism Trend Indicators for Jordan, 2001 to 2006 (Millions)

Jordan	2001	2003	2005	2006	Average Annual Growth %
Tourist arrivals	2,384	2,353	2,987	3,225	6.5
Hereof Jordanians:	414	413	512	577	6.5
International/foreign Tourists	1,970	1,940	2,475	2,648	6.7
Day visitors	2,293	2,247	2,831	3,348	8.1
Average Length of Stay (days)	4.6	4.4	4.5	4.2	-
Tourist Nights (1) Millions	2,686	2,842	4,488	-	13.9
Expenditure (USD Millions)	884	1,266	1,759	2,004	17.1
Average Hotel Occupancy (%)	31	34	48	42	-
Domestic Tourist Arrivals (1)	-	452	505	-	-
Accommodation Capacity	2001	2003	2005	2006	Average Annual Growth %
Number of Rooms ('000)	19.3	19.7	20.8	21.6	2.5

Source: UNWTO, MoT

Note: (1) Based upon arrival to commercial accommodation facilities

Jordan is first and foremost a destination for regional travellers, with 72% coming from Arab countries, with arrivals being heavily influenced by the political situation in Iraq. Further characteristics include a short average length of stay (4.2 days) and a low daily spend of around 60 USD. Tourism is sensitive to regional politics, but Jordan has been able to maintain a discourse with Israel, and has offered the Aqaba/Peace airport and a logistics centre for land transport. Jordan will also be involved in the EU-sponsored Regional Economic Development Working Group (REDWG) schemes, which link Jordan with Israel, the Palestinian Authority and Egypt.

The projected growth rate through to 2010 is 10%.

A5.2 Key Issues for the Future Tourism Development

Tourism Policy - Rating X

The Ministry of Tourism (MoT) has produced a tourism development strategy: "Jordan National Tourism Strategy (NTS) 2004-2010 – A sustainable Development Approach ". This incorporates Value Chain Analysis and projects 10% annual growth: achievable but dependent on improvements within the country and the absence of negative exogenous factors. The Plan positions Jordan as a boutique destination, drawing its lead products and brand themes from its patrimony of heritage and nature in the context of a secure, peaceful destination with a friendly and welcoming environment. The aim is to attract high yielding international visitors.

Tourism Plans - Rating X/Y

Ambitious plans include a stretch of the Dead Sea coast, providing infrastructure services, land allocation and the construction of additional 25,000 bed units by 2010. Three hotels are already under construction. There is also a major tourism development program in the Aqaba special economic zone on the Red Sea.

Tourism Products - Rating X/Y

Jordan relies primarily on its heritage and historical landmarks as the main attraction for tourism. Petra is the best known, but there are many more. To increase the length of stay, Jordan is developing a whole range of products including: Eco-tourism, Health/therapeutic tourism, Adventure sports and Religious tourism. These will need a specially designed marketing and promotion strategy including special sales channels

Tourism Marketing - Rating X/Y

In addition to the Ministry of Tourism, there is the Jordan Tourism Board (JTB). This was formed through the vision of the Hotel Association and it forms a public-private sector collaboration. The JTB has produced a variety of brochures dedicated to specific market segments but funding is a major challenge. The private sector has contributed with a growing proportion of the budget: nearly 25% in 2006. JTB has a staff of 42, and reports to a board with thirteen members from the private and public sectors. Private sector

representatives are from all parts of the industry including the hotels, transport, airlines and commercial operations.

Tourism Accessibility - Rating X

Jordan has three international airports: Queen Alia International Airport (Amman), Marka International Airport (Amman), and King Hussein International Airport (Aqaba). Jordan's only port is Al Aqaba in the Gulf of Aqaba, which includes a container terminal. An Aqaba-Wadi Il & Al-Shidiya railway link is under construction, along with a light rail system for greater Amman. Further development of the Aqaba airport and the Zarqa-Iraqi border railway are priorities. Access is relatively straightforward from all countries, even Israel.

Tourism Infrastructure - Rating Y

Jordan's Ministry of Tourism has announced plans to invest around JND 30 million (USD 42.3 million) in improving the infrastructure in selected tourism sites, plus the renovation of tourism infrastructure and historical sites in the governorates of Ajloun Jerash, Karak, Madaba and Salt. This project will strongly support the diversification of the Jordanian tourism product with a strong combination of different types of products.

The Jordan Hotel Association works with hotels in setting up efficient solid waste systems using best international practises. However, water is a perennial problem.

Human Resource Development - Rating Y

Jordan could become a model in training of tourism training staff, with plans for a number of ambitious training programmes. These include the further enhancement of the hotel training school as well as 16 vocational centres offering training in hospitality services. However, the industry in general point out that it is difficult to find experience and service minded staff. The perceived low prestige of employment in the tourism sector, and a relatively low salary (in many cases about USD 200 a month), there is a high staff turnover. Linked to this is the lack of staff accommodation facilities at some of the remote facilities. As a consequence, hotels have to transport staff from nearby cities, extending the length of the working days.

Tourism Regulations - Rating Y

There is well established regulatory framework, although the industry feels that a new classification and grading system of accommodation facilities is needed. This should be independent and that inspectors should be familiar with the industry operations.

Government Support - Rating X

From the above it should be clear that there is strong government for the sector.

Public-Private Sector -Rating - X

Again, there is good collaboration and frequent contacts between the public and private sectors.

Finance and Incentives - Rating Y

Regulations are in place which aim to enhance the opportunity for substantial foreign investment and, in conjunction with a reduced tax structure, to enhance returns on stock. However, high capital requirements, minimum levels of investment and minimum deposits, limit foreign and domestic investment.

A5.3 Findings and Conclusions

Jordan previously used Egypt as a development model but has realized that its strategy should be built on uniqueness and branding a different product. One of the reasons for this need is that Jordan has a much higher cost structure, making it uncompetitive in the mass tourism segment. The tourism development strategy of 2004 aims at positioning Jordan as a Boutique Destination. In the operational methodology attached to the Plan, priority is given to: Improving the distribution system (network of specialised agents and tour operators, driving sales *via* the system, targeting travel trade representatives to Jordan, and developing a quality web information and marketing system.

The aim is to establish a marketing platform through a Public-Private Partnership and the two sectors are working closely together in developing the tourism sector. This type of partnership and collaboration could be a model for other FEMIP countries.

Appendix 6: Lebanon - Summary Report

A6.1 Trends up to Today

Historically, Lebanon has been a unique tourism destination in the Middle East. The country has limited natural resources but has long had a metropolitan atmosphere. Beirut in particular has been considered an attractive city for city breaks, and Lebanon as a whole has been drawing tourists from all over the Middle East. Unfortunately Lebanon has suffered from periodic political turmoil during the past 25 years and most recently in 2006. These political unrests have had a great influence on the arrival of tourists and there have been substantial fluctuations in visitor numbers.

Table A6.1 Tourism Trend Indicators for Lebanon, 2001 to 2006 (in Millions)

Lebanon	2001	2003	2005	2006	Average Annual Growth %
International Arrivals	0.84	1.01	1.14	1.06	11.7
Average Length of Stay (days)	2.9	2.6	2.5	2.5	-
Tourist Nights (1) Millions	0.61	1.18	1.48	1.15	32.7
Expenditure (USD)	837	1,209	1,674 (2)	-	25.1
Accommodation Capacity	2001	2003	2005	2006	Average Annual Growth %
Number of Rooms ('000)	15.7	16.2	16.7	17.0	2.2

Source: UNWTO, MoT

Note: (1) Based upon statistics from commercial accommodation facilities

(2) 2004 figures

Hotels are concentrated in Beirut and along the northern coast with little growth affecting other areas. This growth is also marked by a significant emphasis on luxury accommodation, five-star hotels, suite hotels and furnished apartments. The projected arrivals growth through to 2010 is 14.9%, perhaps reflecting the recent shortfall in visitors.

A6.2 Key Issues for the Future Tourism Development

Tourism Policy - Rating X/Y

Lebanon's Tourism policy clearly advocates growth and development of the tourism sector, as it constitutes a major source of revenue to the country. In order to support further development, the Government has ensured that the following components are integrated in its Tourism Policy: human resource capacity building, an increase in investment in the sector, and more active partnerships between the public sector, private sector, local authorities and communities.

Like all other sectors in Lebanon, the implementation of tourism policy has suffered dramatic set-backs due to extensive damage to the fundamental infrastructure such as the airport, roads and power plants. The majority of current projects therefore support the reconstruction of infrastructure, as opposed to the development of new projects, planning policies or government policies.

Tourism Plans - Rating Y

The Ministry of Tourism started revising the tourism master plan in 2006 but the planning slowed down due to the political situation. After the war, a recovery plan for tourism was outlined in 2006. A preliminary draft of a general vision for the next 15 years has been completed, backed up by a five-year investment plan (2006-2011) including Master Plans divided into sectors and a list of projects.

At the beginning of September, 2006, the Ministry of Tourism undertook a survey of tourism businesses to establish the extent to which they had suffered damage as a result of the war earlier in the year. This found that "remarkably, the tourism sector suffered only minor physical damage to hotels, restaurants and other physical business operations". "The impact of the war has less to do with losses associated with physical damages but more to do with the financial repercussions related to the immediate loss of visitor markets and their future vulnerability due to uncertainties associated with the timing of a return to political stability and national security".

Tourism Products - Rating Y/Z

Considering its small size, Lebanon has a very wide and diversified tourist offering – with a high service level at competitive prices compared to the quality offered. The main products are built around the sea, the mountains, including skiing, and the country's cultural and archaeological heritage. Best known are the

Roman-era ruins in Baalbak and Tyre. The key product is based on the very positive image of Beirut as the “metropolitan city” of the Middle East with fashion and a vibrant society and lifestyle.

There are currently six ski resorts equipped with 46 ski lifts in Lebanon and there are plans to develop further resorts and to upgrade the existing ones. Health and wellness tourism is also an innovative niche market in Lebanon's tourist industry. It has become an important asset to the Lebanese economy, with the establishment of the Lebanese Council for National Health Tourism.

Tourism Marketing - Rating Y

Lebanon is one of the few countries to recognise the role of technology in tourism promotion, with the importance of websites and search engines as opposed to travel agencies. It has invested in creating information portals for travel in the country and it is possible to book accommodation through the website. As a large number of the tourist arrivals are individual tourists, this strategy is the most efficient way of reaching a large number of customers. The website has been accessed by more than 10,000 visitors each month, providing important exposure for Lebanon to the worldwide tourism market

Tourism Accessibility - Rating Z

Before the war, the newly upgraded Beirut International Airport was ranked as among the top in the Middle East. Rebuilding the airport is now a matter of priority for the Government. The best international routes by road are via Turkey and Aleppo/Homs and Lattakia in the Syrian Arab Republic along the north/south coastal road, and also the Beirut/Damascus trunk road.

Tourism Infrastructure - Rating Z

The war in 2006 had a widespread effect on the infrastructure of Lebanon and it is estimated that the costs of repairs to buildings and infrastructure and rebuilding will reach USD 4 billion. Damage ranged from ports, water, sewage and electricity plants, to 140 kilometres of the Lebanese coast polluted by oil.

However, independent of the war, water supplies can be interrupted during the summer months when the demand is highest. Major hotels are obliged to buy in and store reserve supplies.

Human Resource Development - Rating Z/Y

A training infrastructure existed but supply at the management level outstripped demand and many graduates moved to employment in the Gulf Resorts and other Middle East countries. Also, many trained staff moved abroad as a result of the war and the situation needs to be addressed before normality returns.

Tourism Regulations - Rating Y

Well established regulatory framework, but there is an issue of priorities for the moment.

Government Support - Rating X/Y

Strong government support, despite the setbacks and, again, the issue of priorities and a lack of funds.

Public–Private Sector -Rating - Y

The private and public sectors with the assistance of Donors aim at a joint revival of tourism to Lebanon - when the wider situation improves.

Finance and Incentives - Rating Y

Post the Israeli crisis, Lebanon proposed tax relief and other measures to help its tourism industry recover. Discussions with financial institutions are also taking place to ensure that they can continue to work during this difficult period.

A6.4 Findings and Conclusions

Tourism to Lebanon was heading towards a peak in 2006, but the country has been able to recover from political unrest before and, with assistance of donors, should be able to get its tourism industry back in operation. How fast this will take place is uncertain, but the tourism development resources and the commitment seem to be able to make the difference. Lebanon is also soundly based on the soft issues of tourism development and only really needs peace and financial resources to bring the industry back on track.

Appendix 7: Morocco - Summary Report

A7.1 Trends up to Today

Tourism has been designated a key growth sector, and the country has embarked on a comprehensive tourism development strategy. This covers a range of issues including product development, and increased income through growth in both tourist arrivals and income per tourist. Morocco is the third largest tourist destination in the FEMIP region, although statistics include a large number of Moroccans returning home for holidays, many of whom stay with friends and relatives. Almost all non-Moroccan visitors are European, with very few regional visitors

Table A7.1 Tourism Trend Indicators for Morocco, 2001 to 2006 (Millions)

Morocco	2001	2003	2005	2006	Growth %
International Arrivals	4,380	4,761	5,843	6,558	8.5
of which. Leisure Tourists	2,251	2,224	3,074 (2)	-	11.2
	2,129	2,537	2,769(2)	-	9.4
Average Length of Stay (days)	9	8.2	7.7 (2)	8.0	-
Tourist Nights (1)	12,309	10,400	15,216	16,327	5.9
Expenditure (USD)	2,669	4,372	5,843	6,276	18.8
Average Hotel Occupancy (%)	48	39	47	49	-
Domestic Tourist Arrivals (1)	4,545	4,876	4,987 (2)	-	2.5
Accommodation Capacity	2001	2003	2004	2006	Growth %
Number of Rooms ('000) 3)	67.7	75.3	78.0	-	5.1

Source: UNWTO, MoT

Notes: (1) Based on commercial accommodation statistics, (2) 2004 figure, (3) Includes all types of rooms.

A growth of 19.4% is required if the 2010 target arrivals figure is to be achieved...

A7.2 Key Issues for the Future Tourism Development

Tourism Policy - Rating X

The 2001 strategy, "Plan Azur", aims to increase tourist arrivals to 10 million in year 2010, with more than 80% of additional bed-capacity in sea-side resort areas. This requires a growth rate of 15% for the period, which is ambitious but might be achieved, although the average rate up until 2006 was only 8.5%. However, in this context it should be noted that 2001 to 2006 saw an 18.8% annual increase in tourist expenditure. The plan also aims to increase the number of direct jobs in tourism to 600,000, with the number of indirect jobs to reach 3 millions.

Tourism Plans - Rating X

The strategy plans to build on Morocco's natural assets and its cultural heritage through public-private sector cooperation. Plans include the revitalisation and expansion of established areas, e.g. Marrakech, Agadir, Fez and Casablanca, the development of six new resort areas, niche rural tourism, upgrading the existing products, and improved internal and external air links.

Tourism Products - Rating X

Traditionally, tourism to Morocco has been based on geographic location and the rich cultural history. Today, the direction is to enhance the cultural tourism while taking full advantage of Morocco's attractive beach front resorts. The six new beach resort areas will have a total of 120,000 beds, and most of these areas are already under implementation.

The strategy also puts strong emphasis on developing the cultural attractions, e.g. UNESCO World Heritage Sites but, while it is easy to find investors for the beach resorts, it is more difficult to develop cultural and natural resources sustainably. The 2010 Vision is based on 30,000 new beds in cultural tourism zones. Finally, Morocco wants to strengthen product diversification, to include white water rafting, trekking, eco tourism, health tourism, ski-ing, etc., and golf, of course.

Tourism Marketing - Rating X

The Tourism Promotion Office has been restructured inline with the Plan Azur, and is now focused on modern marketing techniques, with one billion Dirhams (approx. USD 118.2 million) allocated for national

and regional campaigns. Approximately 80% of the international budget is to be focused on five priority markets, including Spain, Belgium and France. Future growth markets are also being considered, in particular Russia and China. Co-marketing with international tour operators started in 2003 with 18 agreements, followed by 60 agreements in 2004. However, from 2007 the strategic focus will move to new segments, including the new beach products.

Tourism Accessibility - Rating Y

A vast programme of institutional reforms in the transport sector has been launched, with financial support from the African Development Bank. Morocco's fourteen commercial airports have enough capacity to meet both domestic and international needs up to 2010, with some extensions likely in Agadir, Marrakesh, Oujda, Rabat, Fez and Casablanca. The air transport strategy has two legs: transparent and regulated liberalisation, and synchronising direct flights from key markets with increases in bed capacity. Morocco has made agreements with a number of low cost airlines, and has established its own low cost carrier.

The road network is one of the biggest in Africa, with 32,000 km of surfaced roads and 600 km of motorways. Road transportation accounts for 95% of passenger travel and 75% of internal freight traffic and the rate of motorway construction has gone from an average of 50 km to nearly 150 km per year. The country also has 11 regional ports and 5 marinas.

Tourism Infrastructure - Rating Y

The only serious issue might be water availability for golf courses

Human Resource Development - Rating Y

With the creation of some 70,000 new jobs in the hotel sector, plus the need for improved quality of training and service, an Integrated Development Plan (PDI) has been designed which pools the experience and expertise of various parastatals. This includes the active involvement of the private sector, the upgrading of training resources, continuing professional education, amongst other actions. Private investments in the development of hospitality training facilities are encouraged

Tourism Regulations - Rating Y

Established regulatory framework.

Government Support - Rating X

The private and public sectors meet twice a year to analyse what has happened during the last 6 months and to assess the achievements against targets. The close collaboration between the two sectors forms a major reason for the success of the tourism development strategy.

Public-Private Sector - Rating - X

See above.

Finance and Incentives - Rating X

Morocco has a unified investment charter for both local and foreign investors, with regional one-stop shops to facilitate the process. Various incentives exist including tax exemption for foreign currency generating businesses, trading license tax exemption, and value added tax exemption on machinery, equipment and parts. There has been a substantial inflow of investment funding from the middle east.

A7.3 Findings and Conclusions

The combination of a stable economy and political climate, proximity to major markets, a dedicated tourism development plan, and a focused implementation of the plan, has resulted in a steady growth in tourism development and also in making tourism a key economic sector in the country.

The management of the tourism administration is young and comes from the private sector. Consequently, the management style is young and up to date and the Government is following the state of art in the tourism planning and approach, including soft issues.

However, tourism manpower development and training form a bottleneck caused by the strong increase in the tourism industry, and the leakage of skilled manpower over the border to Spain where salaries are much higher.

Appendix 8: Syria - Summary Report

A8.1 Trends up to Today

At the heart of a turbulent region, Syria's oil dependent economy is largely under Government control and suffers from a 25% unemployment rate. However, the country is endowed with a rich cultural heritage and a geographical diversity offering a wide range of nature and culture products to visitors.

Tourism statistics for Syria are difficult to obtain and the data are often not internally consistent. Some 77% of arrivals are regional visitors, nearly 80% of which are day visitors. This arrivals pattern means that about 90% of all arrivals come by road. Of the 3.4 million tourists who arrived in year 2005, only 1.4 million stayed in hotels, the occupancy rate of which was only about 25%. Of the *bona fide* tourists, European travellers make up 28%, with 50% coming from the Middle East.

Table A8.1 Tourism Trend Indicators for Syria, 2001 to 2005 (1000)

Syria	2001	2003	2005	Growth %
International Arrivals	3,389	5,090	7,995	24.9
Of which Tourists	2,308	2,788	3,368	10.2
Same day visitors	1,071	2,302	4,627	47.2
Average Length of Stay (days)	3	10	10	-
Tourist Nights (1)	35,385	43,168	57,286	13.5
Expenditure (USD) mill.	1,035	881	2,332	23.0
Domestic Tourist Arrivals	1,068	1,052	961 (2)	-2.8
Accommodation Capacity	2001	2003	2005	Growth %
Number of Rooms ('000)	15.7	16.9	18.3	3.4

Source: UNWTO, MoT

Note: (1) Based upon statistics from commercial accommodation facilities

(2) Figures from 2004

The projected arrivals growth rate through to 2010 is 16.3%

A8.2 Key Issues for the Future Tourism Development

Tourism Policy - Rating Y

In March 2007, the Syrian Minister of Tourism expressed strong commitment to tourism development, noting that the country has over 3000 archaeological sites and that Syria has been home to 35 different civilisations. The aim is to develop specific tourism products such as eco-tourism, mountain tourism, winter tourism and health tourism. The Minister also underlined Syria's new investments in infrastructure and tourism facilities and averred that private investments are welcome in all sectors. These priorities have led to foreign investors being attracted to invest in various tourism projects, such as at Panyas, the Syrian Flooded Ice lands, Tartous, and the sea shore at Lattakia. The government estimates that 6,000 new beds will be required every year to achieve the target of 3 million hotel guests annually by 2010, out a total visitor number of 7.6 million.

Tourism Plans - Rating Z

The latest tourism development plan dates back to 1996. It seems only to have been partly implemented and it has not been updated.

Tourism Products - Rating Y/Z

Syria contains mainly world-class attractions: the tombs of John the Baptist and Saladin, the Tikiyeh and Ummayyad Mosques, Damascus, crusader castles, Aleppo, etc. Areas of both Aleppo and Damascus are UNESCO protected sites, along with the ancient City of Bosra, the site of Palmyra and the Crac des Chevaliers (Qal'at Al-Hosn).

In addition to these culture centres, Syria is addressing the family market through light public beach facilities. However, the product range is at an early stage of development.

Tourism Marketing - Rating Z

Tourism marketing and promotion is rather *ad hoc* with a restricted budget and rudimentary collaboration between public and private sectors. Syrian tourism websites offer limited information and are not updated regularly: Electronic communication is uncommon and the preference is for ordinary postal service. The Government has expressed its view that marketing and promotion should concentrate on attracting new

tourist markets. Consequently, there has been some limited joint marketing with Turkey and Egypt in the Chinese market. Furthermore, the aim is to attract high spending European tourists.

Tourism Accessibility - Rating Y/Z

The country's international airports: Damascus, Aleppo and Lattakia all need upgrading and rehabilitation. There are 25,900 km of paved roads but traffic behaviour and facilities are poor resulting in high accident rates. In general, accessibility infrastructure is not of an international standard and needs upgrading.

It should also be noted that Syria will not accept visitors who have an Israeli entry stamp in their passports.

Tourism Infrastructure - Rating Z

Water is a scarce resource in Syria as it is throughout the Middle East, and the use of water resources has been one of the conflict points with Israel.

Human Resource Development - Rating Y

Syria has given particular attention to its HRD within the tourism sector. A number of activities have been implemented including the establishment of 16 public schools as well as private hotel institutions for hotel training.

Tourism Regulations - Rating Y

Well established regulatory framework.

Government Support - Rating Y

No current national or regional tourism development plans exist and present planning activities are project based.

Public-Private Sector -Rating - Z

The private sector is not well developed and public-private-public sector collaboration is rudimentary and represents a major bottleneck for tourism development. However, the setting up of Chambers of Tourism may lead to a simplification of government procedures.

Finance and Incentives - Rating Z

Syria's monetary policy is still focusing on covering the fiscal deficit, although problematic legislation governing foreign currency exchange has been repealed. Some basic commodities continue to be heavily subsidised, and social services are provided for nominal charges

Full ownership of tourism projects and tax and duty free privileges are currently being offered to foreign investors in Syria. The Government gives preference to dealing with some specific countries, including Egypt and Jordan, particularly for joint investment projects. Some pilot projects have been undertaken through delegated management or concessions systems, but otherwise there is no privatisation taking place in the country.

A8.3 Findings and Conclusions

Syria is endowed with a number of cultural and natural tourism resources but these are largely undeveloped. The information collected about Syria and its tourism development is not sufficient to give a clear picture of either the tourism development potential of the country, or the likely future development. The Consultants made intensive efforts to obtain further data without success. Private-public sector collaboration is rudimentary as the public sector still has a major influence on the development and operation of the tourism industry. "Soft" tourism development issues are hardly dealt with at present in Syria

However, it is reported that Syria has set itself a target of openness, liberalisation, diversification and economic modernisation. This program includes, among other issues, the modernisation of the banking system and the improvement of the business climate and the Government has granted authorisation for two private banks to open in 2007.

Appendix 9: Tunisia - Summary Report

10.1 Trends up to Today

From the very beginning, Tunisia's tourism has concentrated on beach, sun and sand products, mainly for family tourists. Tunisia has become the 33rd most visited country in the World and tourism has become a very important economic sector contributing an estimated 7% of the national income.

Table A9.1 Tourism Trend Indicators for Tunisia, 2001 to 2006 (Millions)

Tunisia	2001	2003	2005	2006	Growth %
International Arrivals	5.1	5.1	6.4	6.6	5.4
Average Length of Stay (days)	6.1	4.9	5.1	5.5	-
Tourist Nights (1) Millions	33.0	25.3	30.7	33.7	0.5
Expenditure (USD)	1,683	1,582	2,063	2,193	5.1
Average Hotel Occupancy (%)	55	42	49	51.5	-
Domestic Tourist Arrivals (1)	2.3	2.8	2.8 2)	-	6.9
Accommodation Capacity	2001	2003	2004	2006	%
Number of Rooms ('000)	102.8	111.0	113.1	115.9	2.4

Source: UNWTO, MoT

Note: (1) Based upon statistics from commercial accommodation facilities

(2) 2004 figure

Approximately 60% of the 6.55 million arrivals in 2006 were from Europe, the main markets being France, Germany, Italy and UK as shown in Table 10.2. Neighbouring countries accounted for a further 2.5 million. Tunisia is known for its high level of health care and tourism numbers include a large number of Libyans seeking medical treatment. The majority of arrivals are by air; however cruise arrivals is a growing mode of arrival with numbers almost doubling in 2006 over the year before.

The tourism industry has become the country's first foreign exchange earner and it covers over 60% of Tunisia's trade deficit. It is also one of the country's major employers with 44,000 people working in the tourist industry and hotels, and an estimated 300,000 people indirectly involved.

Current government growth projections through to 2010 are a modest 7%.

A9.2 Key Issues for the Future Tourism Development

Tourism Policy - Rating Y/X

Tourism is a priority sector in Tunisia, personally endorsed by the President. He has underlined the need to improve the quality of tourist services, which is one of the crucial indicators of the sector's development, and the strengthening of its competitiveness. As a consequence more emphasis will be given to the high-end market segment and to luxury products.

Other areas to be addressed include cultural heritage, particularly improving the training of guides, etc., making land available for spa projects, developing golf courses and marinas, and encouraging the creation of conference centres of international standard.

Tourism Plans - Rating Y

Development is controlled and guided by plans with foci on international standard, quality and product diversification. These include: Cap Gammarth, Salloum (Yasmine-Hammamet), Hergla (North of Sousse), Bekalta (south of Monastir), and five others including two for green tourism. Most developments are multi-dimensional: hotels, marinas, holiday/residential properties, etc.

Tourism Products - Rating Y/Z

Tunisia's development plans are ambitious and farsighted, but actions will need to be forceful if they are to be put into effect. The country's existing product is limited, with an emphasis on well-priced family beach tourism. The country has been slow to reinvest and diversify, leading to much lower rates of growth than other, competing FEMIP countries. Desert tourism may be a positive example, a tripling of the number of beds, with increasing occupancy rates. Another is the success of spa tourism.

Tourism Marketing - Rating Z

The Ministry of Tourism has opened 15 offices abroad with a total budget in 2007 of EUR 30 million for all marketing activities, but the private sector believes that expenditure needs to exceed EUR 80 million if there is to be a real impact.

Where Tunisia has a strength, it is in the quality of its tourist data, with good quality survey data from departing tourists, as well as simple arrival statistics. Its approach could be a model for other FEMIP countries. The problem is that this very valuable research material is not used to improve the tourism marketing and product development.

Tourism Accessibility - Rating X/Y

Tunis Carthage International Airport, with its new second terminal, has a total annual capacity of 4.5 million passengers, and will be linked to the city centre by a light railway. The new terminal is going to deal specifically with charter, low-cost, cargo and pilgrimage flights. Other international airports are located in Monastir, Djerba, Tozeur, Gafsa and Tabarka, with a new airport planned between Sousse and Hammamet. The total capacity for all existing airports is 13 million passengers. An open sky policy is planned for 2009, which should help to address the current lack of easy and cheap access from key markets.

The road, rail and maritime networks are basically sound, with further developments planned.

Tourism Infrastructure - Rating Y

The country has a general water shortage problem as with many other FEMIP countries. One of the measures proposed is the construction of desalination plants.

Human Resource Development - Rating Y/Z

The system currently has eight training establishments, well integrated in the tourism development strategy, with four training levels. Syllabuses contain three components: communication disciplines (language and IT), technical disciplines (hotel business, restaurant, tourism), and general disciplines (general information). Where there is a clear gap, however, is in lower level vocational training, i.e. short courses for semi-skilled staff.

Tourism Regulations - Rating X

The Government has been taking steps to upgrade the standard of existing hotels and a new rating system was introduced in 2007. There are also well developed tools for managing land use.

Government Support - Rating X

The country's president Zine El Abidine Ben Ali, has shown extensive support for the tourism sector of Tunisia.

Public-Private Sector -Rating - Z

Although privatisation is creating opportunities for the private sector, especially in the tourism industry, the private sector seems to be slow to respond. There does not seem to be a pool of growth, or centre of gravity, for creating a new momentum in tourism. The lack of enthusiasm might partly derive from the current poor profitability of the sector, which has led to bad debt problems for local banks.

Finance and Incentives - Rating X

Investment codes generally grant major facilities and substantial financial and fiscal advantages to foreign as well as Tunisian developers. The Code of 1993 which regulates investments in the tourism sector includes a long list of incentives: customs duties reduction, VAT suspension, specific advantages granted to encourage investment in regional development areas (South, Tabarka area), and various premiums for the benefit of new developers.

A9.3 Findings and Conclusions

Although, Tunisia has the know-how to pursue successful development, the country does not seem to have the vision and the power to break the present deadlock situation. New and more vigorous measures, a new momentum, stronger influence by the private sector, and international professional expertise are required.

Appendix 10: Turkey - Summary Report

A10.1 Trends up to Today

With strong growth since 1990, arrivals are now over 19 million making Turkey by far the number one tourist country in the FEMIP region, and only surpassed by Spain, Italy and France in the Mediterranean. Tourism has become a Government economic priority sector and tourism makes up 25% of the foreign currency earnings and about 5% of the GNP.

Table A10.1: Tourism Trends Indicators for Turkey 2001 to 2006 (Million)

Turkey	2001	2003	2005	2006	Growth %
International Arrivals	11.6	14.0	21.1	19.8	15.5
Average Length of Stay (days)	4.1	4.5	4.3	5.7	-
Tourist Nights (1)	36.4	40.9	56.1	n.a	12.9
Expenditures (USD)	10,067	13,203	18,154	n.a	15.9
Average Hotel Occupancy (%)	46.7	46.9	50.1	n.a.	-
Domestic Tourist Arrivals (1) millions	14.2	16.2	18.4	n.a	10.8
Accommodation Capacity	2001	2003	2004	2006	Growth %
Number of Rooms ('000)	176.6	201.5	206.2	-	5.6

Source: UNWTO

(1) Based upon statistics from commercial accommodation facilities

European arrivals make up 51% of all arrivals with nearly 4 million arrivals from Germany alone. The second biggest European market is UK with about 1.7 mill arrivals in 2006.

Turkey has been strongly promoting sustainable tourism development and has tried to diversify tourism from the coastal areas under pressure to less developed regions. The Ministry of Tourism has compiled an action plan for tourism development based on a set of legislative changes and proposals for incentives and support to the investors.

The most popular tourist destinations in year 2005 were Antalya (33%), Istanbul (23%) and Mule (14%). The growth in boutique hotels has been particularly strong. MICE tourism has been fast developing with Istanbul as a conference centre.

The projected growth rate through to 2010 is 15%.

A10.2 Key Issues for the Future Tourism Development

Tourism Policy - Rating Y

2006 saw Turkey's first a fall (7%) in tourist arrivals in ten years, but this is not likely to affect the long term trend. Planned growth will require major investments in the accommodation facilities (additional 500,000 beds), investments in infrastructure and manpower. The country's capacity would then be close to that of Spain. The strategy of Ministry of Tourism is to change the country's image as a cheap destination and to develop and promote a wide range of high standard and diverse tourism products attracting new and higher income market segments. Strategic actions include boosting the cooperation between the public and private tourism sectors, guiding tourist development, making better use of natural, cultural, historical and geographical assets, and developing alternative destinations and routes.

Tourism Plans - Rating X/Y

In accordance with the strategy, changes are being made to the legislation to establish a tourism development framework for the future. An example is the purchase of property by holiday owners and investors. The law of 7 January 2006 now allows foreign nationals to purchase property in Turkey.

Tourism Products - Rating Y

Current products concentrate on city breaks and MICE tourism to Istanbul and beach and resort oriented holidays at the coast. The plan is to diversify and plans include 100 golf courses, health and spa/thermal tourism, yacht and marina tourism, often linked to real estate development. There will also be a special emphasis on cultural products focusing on 15 cultural heritage sites.

Tourism Marketing - Rating Y

Previously a weakness, the MoT has embarked upon a new strategy of tourism marketing and the Ministry in 2002 and is trying to build a partnership with the private sector. This includes USD 100 million earmarked for marketing and promotion. There will be diversified promotions, with each destination/area developing its own brand, with a broader product offering seeking to spread arrivals throughout the year.

Tourism Accessibility - Rating X/Y

More than 75% of the tourist arrivals are by air, and the country has a large number of airports spread all over the country. The total annual number of passengers through the airports is 45 million. With 20 international air carriers and new airports/terminals under construction, international air access is being built for the future. There are also high-speed railway, highway and marina projects.

Tourism Infrastructure - Rating Y

Turkey is relatively well endowed with energy sources through hydroelectric sites. However, the future energy supply to a rapidly increasing manufacturing industry, as well as the tourism sector, needs to be further addressed.

Telecommunication in Turkey was deregulated in 2005, with privatisation of the state company and plans are under way to modernise the network and improve service.

Human Resource Development - Rating Y

Turkey has high unemployment, but lacks skilled workers. Traditionally training was “on-the-job” but the Government is now upgrading and renewing training facilities for the sector with EU support.

Tourism Regulations - Rating X/Y

Most land is owned by the State and public land in tourism areas is placed at the disposal of the Ministry of Tourism. A potential investor may be allocated a suitable plot of land provided that project meets predefined conditions

Government Support - Rating X/Y

The Government has introduced a number of incentive systems to support the investments in the tourism sector. These steps include: 1) establishment of The General Directorate of Foreign Investment (GDFI) to support foreign investors in doing business in Turkey, 2) Investment Advisory Council (IAC), 3) Investment incentives based upon the type of investment, the type of land and the local regulations. In December 2001 the Government, also enacted a “Decree on Improving the Investment Environment in Turkey”.

Public-Private Sector -Rating - X/Y

The Government has realised the need for private-public sector collaboration, and has been active in using the BOT mechanism to provide infrastructure and develop facilities and services in protected areas.

Finance and Incentives - Rating X/Y

A budget of USD 250 million has been earmarked for incentives and support as well as USD 100 million for promotion. The current strong economic growth in Turkey has meant that Turkey is now attracting considerable interest among international investors.

A10.3 Findings and Conclusions

The economy of Turkey has shown strong growth over the last three years. Tourism development is part of this growth and tourism and real estate development related to tourism has become a strong growth sector.

Turkey has a strong potential for tourism development and, in its recent tourism development plan, strategies have been outlined in order to reach very high targets set. However, Turkey will need to reach several targets at the same time: Increased arrivals, increased length of stay, obtain a higher market share, diversify away from beach products. It is doubtful whether all the targets set can be reached at the same time

Appendix 11: Peer Review Mechanism

The Peer Review Mechanism could convert this one-off study into a process of continuous development. Governments are increasingly seeking best practice solutions for the whole range of policy measures that influences the tourism sector including the institutional set-up, legal framework, funding etc. The modern form of the peer review mechanism has formed the core of the OECD and its goal to identify and share best practice among the member countries. The newest subscriber to the peer review mechanism is the NEPAD initiative where 25 countries in the African Union including Algeria and Egypt have acceded to a peer review process of four core policy areas (Democracy and Good Political Governance, Economic Governance and Management, Corporate Governance, and Socio-Economic Development).

The peer review instrument is an assessment of the policies and the performance of a country by a group of (peer) countries, with the objective of helping members improve their policies and performance. It does this by identifying areas for improvement as well as identifying best practices applying for example established standards and principles. Reviews produce reports but the overarching purpose is policy action supported by thorough assessment. A country seeking to improve its tourism sector for example can learn valuable lessons from its peers on what has worked and what has not: It subjects its own policies to the examination of peers and experts. The conclusions of a report can be used actively in creating momentum for difficult changes in policy by gaining popular support and understanding.

A fundamental premise of the review mechanism is that all participating countries puts themselves through reviews and take turns in leading reviews of their peers: so today' critics become tomorrow's subjects ensuring that no country can feel that it is singled out. In addition reviews are updated regularly through a revolving review schedule ensuring that progress, shortfalls or changed circumstances are considered on an ongoing basis constantly adapting to the realities of a changing world. The ongoing process ensures that a certain pressure arises on reviewed countries to act on recommendations and advice that has been received making each country accountable for its track record in an inclusive fashion. However, the review is built on an open dialogue and a non-adversarial attitude aligned with the underlying principle that the best strategies arising out of the reviews are non-binding and only guidance for the participating countries: the only driving force of the reviews is the peer pressure combined with the effect that may come if it is agreed that approved report may be made public: media and public scrutiny then become important cogs in the reform process.

Generally the review process is the combined effort of the group of peers, the reviewed country, the examiner country and in the case of OECD its secretariat. The framework for the review is a committee or a working group which receives cooperation from the reviewed country by way of getting access to documents and data, facilitating contacts, hosting visits as well as availing them to respond to questions and requests for self-assessments. The examiner country is the country leading the process in the early stages as well as guiding the debate of the review. The review is a mutual learning process for all involved. The secretariat acts as the institutional memory of past reviews.

At the core of the process lies the commitment by the participating countries to the review and to act on the review combined with the independence, transparency, accuracy, and analytical quality of the reviews. On a practical level the reviews benefit from having clear 'rules of the game' by way of having clearly defined guidelines, standards, and principles against which the review will be performed eg. applying a standard survey-interview questionnaire. A good foundation is to ensure that quantitative goals are defined and included as part of the 'rules of the game.

The process generally follows a pattern of preparation, consultation and assessment. The final stage is a collective discussion of the draft assessment by the review body. A good objective is to reach consensus on recommendations ensuring broad agreement although it is important that governments are ready to accept considerable criticism even if they disagree as part of price of for participating in the peer review system.

It is suggested that the possible value of using the Peer Review Mechanism should be discussed at the proposed workshops.



Facility for Euro-Mediterranean Investment and Partnership



FEMIP

An in-depth analysis of tourism strategies and policies in the FEMIP countries. Financed by the FEMIP Trust Fund, the study presents several proposals for sub-regional tourism development including improving the training of human resources, creating awareness within governments and political elite, among potential employees/students, and at the general public level. It highlights the importance of rooting tourism in the local economy and underlines the risk of losing value added if SME development is ignored, particularly in connection with cultural and natural sites.

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