# THE STATE OF PALESTINE NATIONAL EXPORT STRATEGY

## TOURISM

## SECTOR EXPORT STRATEGY 2014-2018

Ministry of National Economy

International Trade Centre

PALTRADE

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# THE STATE OF PALESTINE
# NATIONAL EXPORT STRATEGY
## TOURISM
## SECTOR EXPORT STRATEGY • 2014-2018

فلسطين
وزارة الاقتصاد الوطني الفلسطينية
Ministry of National Economy

International Trade Centre

PALTRADE
مركز التجارة الفلسطيني - بال تريد
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This document represents the ambitions of the private and public stakeholders who dedicated long hours to define the enhancements and future orientations for the sector to increase its export performance and growth (full list of stakeholders in Appendix 1).

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# ACRONYMS

| | |
|---|---|
| ABS | Alternative Business Solutions |
| AHA | Arab Hotel Association |
| ATGU | Arab Tourist Guides Union |
| ATTU | Arab Tourist Transport Union |
| BRICKS | Brazil, the Russian Federation, India, China, Korea and South Africa |
| BU | Bethlehem University |
| CG | Coordinating Group |
| EU | European Union |
| EuroMed | Euro-Mediterranean |
| FDI | Foreign Direct Investment |
| FIT | Fully Independent Traveller |
| GAFTA | Greater Arab Free Trade Area |
| GATS | General Agreement on Trade in Services |
| GDP | Gross Domestic Product |
| HCEF | Holy Land Christian Ecumenical Foundation |
| HLITOA | Holy Land Incoming Tour Operators Association |
| ICT | Information and Communication Technology |
| ITC | International Trade Centre |
| MICE | Meeting, Incentive, Conference and Events |
| MoA | Ministry of Agriculture |
| MoF | Ministry of Finance |
| MoFA | Ministry of Foreign Affairs |
| MoH | Ministry of Health |
| MoNE | Ministry of National Economy |
| MoT | Ministry of Transport |
| MoTA | Ministry of Tourism and Antiquities |
| NES | National Export Strategy |
| NEPTO | Network for Experimental Palestinian Tourism Organization |
| NGO | Non-Governmental Organization |
| NPA | National Parks Authority |
| PalTrade | Palestine Trade Center |
| PASTA | Pan-Arab Services Trade Agreement |
| PCBS | Palestinian Central Bureau of Statistics |
| PEC | Palestinian Export Council |
| PNA | Palestinian National Authority |
| PoA | Plan of Action |
| PTB | Palestine Tourism Board |
| TSI | Trade Support Institutions |
| TSN | Trade Support Network |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| UNWTO | United Nations World Tourism Organization |
| WTO | World Trade Organization |

**Source:** © PalTrade

# EXECUTIVE SUMMARY

The tourism services sector strategy holds significant promise in terms of contributing to the export performance of the State of Palestine while driving improvements across the sector export value chain. Although factors such as the unique history of the country, its geographical location and prominent place in the global current affairs agenda have sometimes been impediments to the development of the tourism services sector, there is potential to leverage these same factors to develop it, particularly through well-considered policies that include awareness-raising and the use of electronic communications.

## CURRENT CONTEXT

Tourism has been making an increasing and steady contribution to national wealth since 2005 and currently contributes around 14% of gross domestic product (GDP), an increase of 5% since 2007. The number of Palestinians employed in the sector is not insignificant, and includes both male and female Palestinians, albeit with genders sometimes dominating distinct subsectors. For example, the accommodation industry is mostly male while the handicraft industry is predominantly female. Approximately 50% of the State of Palestine's tourism revenues come from domestic tourism. Of the other 50%, 85% of those revenues result from international visitors coming for pilgrimage. Domestic tourism is particularly supported by Palestinians living in Israel.

## EXPORT PERFORMANCE

Tourism services are growing worldwide. Although it is difficult to describe the size of the Palestinian tourism services market accurately, estimates by the Ministry of Tourism and Antiquities (MoTA) suggest that tourism revenues have steadily increased since 2005, with possibly a small decrease of between 1% and 2% in 2011 before growth returned in 2012 with hotel nights reaching record levels, albeit at a still very low overall occupancy rate of around 30%. Of the 3.5 million visits to Palestinian tourist sites in the first eight months of 2012, a large percentage was made up of Palestinians living in Israel (35%), followed by the Russian Federation (12%), the United States of America (5%), Italy (5%), Poland (5%), Germany (3%) and Indonesia (3%).

The State of Palestine has many tourist assets to offer, including its climate and holy, cultural and natural sites. However, the export performance of the tourism services sector has been hampered by a range of issues. The perception that the State of Palestine is a dangerous place to visit is one example and the inability of the State of Palestine to control its borders or circulation within its territory is another.

Significantly, Christian pilgrimage is the main tourism service in the State of Palestine but margins for this service may be smaller than for other services because these visitors generally adopt a low budget/low margin travel programme. This service is also subject to high seasonal fluctuations around religious feasts, and pilgrimage visitors are less susceptible to influence by marketing as their motivation is spiritual. Therefore, it is challenging to entice these visitors with other non-pilgrim services or to increase the overall number that visit each year.

The fact that the tourism sector in the State of Palestine is highly seasonal has presented a significant challenge to tourism service providers. In addition, although some training and educational courses are offered there are insufficient tourism skills in the labour force and the large number of family-owned tourism service providers do not cultivate a culture that ensures quality services and client satisfaction.

In spite of these impediments, tourism seems to have picked up a steadier pace in recent years due to a broadening of the range of tourism services available and developments in existing tourism services (for example, the opening of new restaurants, cultural centres, museums and resorts across the West Bank and East Jerusalem). The number of actors in the tourism sector has also increased, and the 2010 decision to establish a Palestine Tourism Board (PTB, a public/private partnership), although not yet operationalized, is important in order to address the limited cooperation and coordination that has existed between stakeholders.

Tourism is an important sector for the Palestinian economy, and it is possible to expand it further. For example, it is possible to further leverage the State of Palestine's political situation, landscape, culture and place in the common heritage of mankind. Expansion is also possible by providing a broader (quality) service offering tailored to different types of tourism service consumers, such as pilgrims, and by targeting certain markets in order to attract greater numbers of visitors, such as the Palestinian diaspora and Muslim markets.

## OPTIONS FOR FUTURE DEVELOPMENT

In order to realize the export potential and increase the export competitiveness of the Palestinian tourism sector, the following vision has been adopted:

> Palestine: Come for a divine break...

To achieve this vision, the strategy implementation will reduce binding constraints on trade competitiveness and capitalize on strategic options identified for the tourism sector. The strategic orientations for the next five years aim at developing new tourism segments and markets as well as implementing structural changes to the tourism value chain to increase its efficiency.

The short term products and market developments for the tourism sector will focus on developing tourism offers for clients other than pilgrims. Tourism offers will expand to attractions and packages for Islamic heritage, business visitors, ecotourism, cultural tourism and solidarity tourism. In addition to diversifying offers the sector aims to expand its market development efforts by developing clients in the diaspora and selected Muslim communities as well as fully independent travellers (FIT).

To achieve efficiency gains in the tourism sector key structural changes to the value chain will include developing synergies with other sectors such as information communications and technology (ICT), furniture and others. In addition, the sector will mainly aim to strengthen public and private partnerships, expand the geographical reach of tourism offers, better develop and manage sites, and improve its online presence and information dissemination.

## ROADMAP FOR SECTOR EXPORT DEVELOPMENT

In order to realize the export potential and increase the export competitiveness of the Palestinian tourism services sector, this strategy has been drafted and will be achieved through the implementation of the Plan of Action (PoA) for the sector. This PoA revolves around the following five strategic objectives, each spelling out specific sets of activities intended to address both challenges and opportunities:

- Develop and widen the tourism offering in order to expand business in the off season and to extract additional value from seasonal tourism;
- Ensure competitive service quality;
- Widen demand by expanding existing markets and developing new markets;
- Increase strategic capacities in tourism;
- Develop a trade policy supportive of tourism.

These strategic objectives respond to constraints on Palestinian tourism services' global trade competitiveness and aim to capitalize on identified strategic options. Achievement of these strategic objectives will enable increased exports of more diversified tourism services to a greater number of markets and types of service consumers. It will ensure that there is a regulatory and policy environment in the State of Palestine and abroad that supports, encourages and ensures the provision of appropriate tourism services by capable service suppliers for the sustainability of the sector.

## IMPLEMENTATION MANAGEMENT

The achievement of these ambitious targets will require continuous and coordinated efforts from all relevant private and public stakeholders as well as support from key financial and technical partners, donors and investors. Several institutions are designated to play leading roles in the implementation of the sector PoA and to bear the overall responsibility for successful execution of various activities under the strategy. They will be assisted by a range of support institutions that are active in the tourism services sector.

Each institution mandated to support the export development of the tourism services sector is clearly identified in the strategy PoA. Moreover, the proposed Palestinian Export Council (PEC) will facilitate public-private partnership in elaborating, coordinating, and implementing the NES. In particular, PEC will be tasked with coordinating the implementation of activities in order to optimize the allocation of both resources and efforts across the wide spectrum of stakeholders.

## Box 1: Methodological note

The approach used by ITC in the strategy design process relies on a number of analytical elements such as value chain analysis, trade support network (TSN) analysis, problem tree and strategic options selection, all of which form major building blocks of this sector export strategy document.

### Value chain analysis

A comprehensive analysis of the sector's value chain is an integral part of the strategy development process. This analysis results in the identification of all players, processes and linkages within the sector. The process served as the basis for analysing the current performance of the value chain and for deliberating on options for the future development of the sector.

The analysis charts the main stages involved in the sector's export process, from inputs sourcing to distribution in market segments. This is followed by the identification of key stakeholders who include not just the primary players (e.g. producers, processors, distributors etc.) but also those fulfilling support functions with direct linkages to the primary players. These support services include input providers (food & beverage suppliers, equipment suppliers etc.), transportation service providers and financial service providers, among others.

### TSN analysis

The trade support network comprises the support services available to the primary value chain players discussed above. It is constituted of policy institutions, trade support organizations, business services providers and civil society. An analysis of the quality of service delivery and constraints affecting the constituent trade support institutions (TSIs) is an important input to highlight gaps in service delivery relative to specific sector needs. A second analysis of TSIs assessed their *level of influence* (i.e. their ability to influence public policy and other development drivers in the country and therefore make things happen or change) and their *level of capacity* to respond to the sector's needs.

### Problem tree analysis

The problem tree analysis used is based on the principles of root cause analysis and the Pareto principle. The reason for using the problem tree exercise is to gain a deeper understanding of *what* is causing the high level constraints, and *where* solution-seeking activities should be directed. This exercise involves a two-step process:

- *First,* the value chain analysis, surveys and consultations with key public and private stakeholders identify constraints affecting sector-specific export value chains. These constraints are abstract and a more thorough breakdown is required to identify the specific root causes of constraints. Multiple levels of root causes are identified for each high-level constraint.
- *Second,* the problem tree uses the Pareto principle to identify critical root causes in the problem tree. This is especially important for resource limitations that usually exist during the *strategy implementation phase.* Therefore focus is needed on the 20% of the root causes which result in 80% of constraints affecting the sector. Critical paths through the problem tree are charted to discover the most significant root causes constraining the sector.

These steps resulted in a comprehensive problem tree detailing the constraints affecting the sector's export value chain, along with characterizations related to the types, granularity and intensity of the root causes. The problem tree then guides the design of the solution-seeking phase of the strategy.

### Defining where we want to go

The strategic options for the development of the sector are reflected in the future value chain, which is the result of consultations, surveys and analysis conducted as part of the sector strategy design process. The future perspective has two components:

- A market-related component involving identification of key markets in the short and medium – to-long term for Palestinian exporters, and;
- Structural changes to the value chain that result in either strengthening of existing linkages or introduction of new linkages.

Both components are integral parts of the future value chain, which is the basis of the strategic action plan developed for the sector.

**Source:** © PalTrade

# INTRODUCTION

The analysis and strategy for tourism services presented in this document forms an integral part of the NES of the State of Palestine.

The United Nations World Tourism Organization (UNWTO) defines tourism as:

> *" A social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes. These people are called visitors (which may be either tourists or excursionists; residents or non-residents) and tourism has to do with their activities, some of which imply tourism expenditure.*[1]

Designing an export strategy for the Palestinian tourism industry is a somewhat peculiar challenge in view of the specific circumstances surrounding tourism there, including a unique set of reasons for visitors to travel to the State of Palestine, a challenging security situation, the strangeness of navigating a place under military occupation and the particularity of a tourism destination shared between two countries with a both uneasy and arguably intimate relationship.

The issue of security – perceived or real – is usually paramount in tourism. Tourists are highly security sensitive and usually stay away from places perceived as posing risks. In spite of this, since 2005 tourism in the State of Palestine seems to have picked up and developed at a steady pace. New restaurants, cultural centres, museums and resorts have opened their doors to travellers across the West Bank and East Jerusalem. The range of tourism-related services available has also increased. This has both contributed to and occurred as a result of a 5% increase in the share of tourism in the State of Palestine's GDP from 2007 to 2012 (9% to 14%). Tourism has become a major economic sector for the State of Palestine.

1. World Tourism Organization (UNWTO) (n.d.) Understanding Tourism: Basic Glossary. Available from http://media.unwto.org/en/content/understanding-tourism-basic-glossary.

This document presents the expectations of the private and public sectors for the enhancement of the tourism sector in the State of Palestine. Without concerted efforts to address critical issues and identified market development opportunities, sector potential would remain untapped instead of leveraging its potential and capacity. The five year PoA of the export strategy proposes realistic and achievable activities that will contribute to making tourism a leading export sector.

## HORIZONTAL AND VERTICAL PERSPECTIVES

A key feature of many services is their close integration with other parts of the economy and society. While many goods occupy a reasonably confined space in economic life, both with respect to their production (olives grow on olive trees) and their use (one eats olives or not), services often feed into, and build on, other economic activities.

While this is most prominent when it comes to other service subsectors such as professional or ICT services, it also applies to tourism services which consume a broad array of services as inputs and which provide support to others (e.g. by enabling business travel). Moreover, tourism can be sold in parallel to, or be clustered with, other services, such as medical services, financial services or entertainment. This triggers a need for heightened coordination and flexibility, not least in choosing business models for upstream and downstream success.

The same is true within the sector, both within and among subsectors. Tourism is always a package, or bundle of services, whether formally packaged or individually sourced. The development of one tourism subsector thus significantly depends on and supports the development of other subsectors. A destination's tourism services offerings should thus, to a significant degree, be viewed and assessed as a whole.

This strategy aims to take account of these horizontal and vertical linkages in its approach. As is true for

**Source:** © PalTrade

the entirety of factors influencing this strategy, its users – from government to business services organizations to businesses – are encouraged to take factors and ideas considered and contained herein as a starting point. Because these linkages do not represent an exhaustive catalogue, users are encouraged to explore and develop vigorously (from this starting point) other horizontal and vertical linkages.

## THE TRADE POLICY CONTEXT

As just indicated, any export strategy should be linked closely with trade policy – in fact, it should be part and parcel of the latter. This again is particularly true for services, such as ICT and tourism services, where trade policy in the State of Palestine is in its infancy.

Trade policy, both autonomous and in the specific context of negotiating trade (in services) agreements, should and can make not only a significant direct contribution to (i) exports – that is its main raison d'être – by securing market access and regulatory disciplines in target markets through commitments of trading partners; and also to (ii) imports of both services and goods needed to develop the industry and its export potential. For example, facilitated imports of other services (e.g. legal, consulting, financial or communication) or goods (e.g. equipment, food, or even souvenirs) are necessary or useful for the success of the tourism industry and its ability to export services.

This strategy thus integrates a trade policy perspective, without being able to cover the ground comprehensively. The Ministry of National Economy (MoNE), PEC and all players of relevance are encouraged to keep in mind this integrated perspective; the rewards for the State of Palestine can and will be significant.

# HISTORICAL OVERVIEW

The State of Palestine's unique history is often what attracts tourists but at the same time this history has been the cause of the unrest and perceived insecurity that has hindered the growth of the tourism sector. Although visitors that come for pilgrimages (which have been the industry's traditional focus and represent the vast majority of tourism services exports) are relatively less sensitive to security concerns, historical events have inhibited the sector's growth. Thus, despite the fact that the State of Palestine enjoys tourist assets that provide it with a rich tourism offering (including holy and cultural/historical sites), this offering has not been fully leveraged and the tourism sector makes less of a direct contribution to GDP and to Palestinian employment when compared with other economies in the immediate region: only 4% and 2%, respectively, whereas for its neighbours, tourism contributes between 6% to 37% to GDP and 8% to 19% to employment.

**Source:** © PalTrade

The correlation between Israeli-Palestinian relations and the success of the State of Palestine's tourism services exports was clear following the Arab-Israeli War of 1967 and until 1993, when growth of the State of Palestine's tourism sector was minimal. The second intifada that began in September 2000 and lasted until 2005 or 2006 (end date disputed) also affected the State of Palestine's tourism sector negatively. For example, the number of guest night stays dropped from 1,016,683 in 2000 to 184,857 in 2001. After hitting a low in 2003 figures began to rise, most dramatically in 2006 (to 383,603). By 2008 the number of guest night stays exceeded the figure for the year 2000 (at 1,127,286 in 2008). Despite a small dip in 2009, the number has continued to rise to the present day.

On the other hand, the State of Palestine's history has also borne certain benefits for its tourism sector: a perception that the State of Palestine (together with Israel) is more closely connected with Europe than its neighbours means that during periods of unrest in surrounding countries the Holy Land has continued to receive moderate numbers of arrivals while its neighbours experienced sharp drops in tourism. For example, Jordan and Egypt reportedly experienced sharp drops in 2011 due to unrest; however the number of guest night stays in the State of Palestine did not experience such an acute dip in 2011 (falling only from 1,285,661 in 2010 to 1,254,496 in 2011).

Other challenges that have inhibited the growth of the State of Palestine's tourism sector have been a lack of investment in the sector and the lack of a national strategy. There appears to have been a correlation between the degree of investment and security concerns and the desirability of the State of Palestine as a tourist destination. For example, there was increased investment in the sector prior to 2000 (in preparation for the millennium celebrations 'Bethlehem 2000') and from 2008, as evidenced by the opening of new hotels. The lack of a national strategy may have been originally a consequence of the State of Palestine's history and its lack of control over its territory. However, in recent years, it appears to reflect the fact that the Palestinian authorities do not consider tourism to be a priority sector (reflected in the current underfunding of the ministry dedicated to tourism).

For the tourism sector, perhaps the most significant event in recent history was the establishment of the Palestinian National Authority (PNA) in 1993 and the resulting establishment of MoTA. Prior to 1993 the State of Palestine did not have control over its tourism policy. During Mandatory Palestine (1920-1948), there was a Department of Antiquities, mandated with the excavation and preservation the State of Palestine's cultural (i.e. tourist) sites.

**Source:** © PalTrade

Upon the termination of this department in 1948, Jordan assumed this role for the West Bank and Egypt for the Gaza Strip. MoTA is responsible for policymaking and the regulation of tourism, including tourism services, as well as the administration and protection of cultural heritage (antiquities). The establishment of MoTA reportedly had a positive impact on the tourism sector. After the establishment of MoTA and before the second intifada (i.e. between 1994 and 2000), there was substantial public and private investment in the sector, the number of persons employed in the tourism sector more than doubled and the tourism sector contribution to GDP grew.[2] Some observers feel that in more recent times, however, MoTA could have been more innovative and proactive.

Among the recent institutional developments in the tourism sector was the 2010 decision to establish the Palestine Tourism Board (PTB) in the form of a public-private partnership mandated to market and promote 'Destination Palestine'. However, PTB has not yet been established. A very recent hotel classification exercise, however, has been hailed as a rather successful example of public-private sector cooperation.

2. Khoury, S. B. (2008). *Tourism Development and Destination Marketing under Occupation: The case of Destination Palestine*. London Metropolitan University, pp. 28-29.

# WHERE WE ARE NOW

## STRUCTURE OF THE SECTOR

The tourism sector in the State of Palestine has two main subsectors:[3] (i) the travel agency industry and (ii) the accommodation industry. However, some other tourism services deserve detailed attention, in particular the tourist guide services subsector, as well as tourist restaurants, tourist buses and car rental companies. However, very little information is available in this regard, notably because most of these activities remain to date largely unregulated.[4]

3. UNWTO distinguishes twelve tourism industries: (i) accommodation, (ii) food and beverage services, (iii) railway passenger transport, (iv) road passenger transport, (v) water passenger transport, (vi) air passenger transport, (vii) transport equipment rental, (viii) travel agencies and other reservation services activities, (ix) cultural activities, (x) sports and recreational activities, (xi) retail trade of country-specific tourism characteristic goods, (xii) other country-specific tourism characteristic activities.

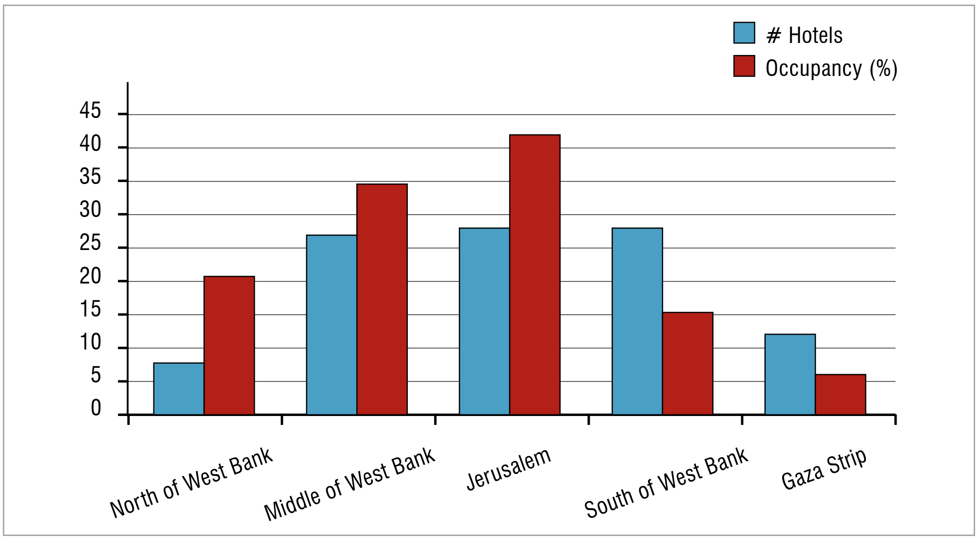
4. The tourist guide subsector is very small and lacks qualified local guides with a wide range of languages. The total number of general guides reached 300 recently. Only 40 of them are 'West Bankers' who can obtain permits from time to time to guide groups within Israel.

Table 1: *Palestinian companies by tourism subsectors and by geographical location (2012)*

| | | Westbank, Gaza and E. Jerusalem | Jerusalem | West Bank | Gaza |
|---|---|---|---|---|---|
| Accomodation | Hotels | 93 | 27 | 66 | 12 |
| | Rooms | 6400 | 1870 | 4530 | 610 |
| | Guest Houses | 70 | 40 | 25 | 5 |
| | Rooms | 2000 | | | |
| Tour Operators | Licensed TO | 43 | | | |
| | Travel Agents | 220 | | | |
| Tourist Bus Companies | | 12 | | | |
| | Bus fleet | 500 | | | |
| Tourist Restaurants | Published at TWIP | 200 | | | |
| Museums | | 19 | | | |
| Car Rental companies | | 17 | | | |
| Taxi Companies | | 36 | | | |
| Cultural Centers | | 121 | | | |

**Source:** PCBS.
Note: An informal survey of advertisements in *This Week in Palestine* was considered a reliable proxy source for car rentals and taxi companies.

Figure 1: *Geographic location of hotels and occupancy rates*




**Source:** PCBS

## THE TRAVEL AGENCY INDUSTRY

The Holy Land Incoming Tour Operators Association (HLITOA) claims that there are 43 (licensed) member tour operators working in (inbound) tourism; around 80% of these have their head offices in East Jerusalem. Moreover, there are around 220[5] (unlicensed) travel agencies and other agency service providers that supply a broad service offering: selling airline tickets, outgoing packages, some incoming tours and Haj packages.[6] Only incoming tour operators are eligible for HLITOA membership.

HLITOA members are the main actors on the tourism industry scene in the State of Palestine, especially in pilgrimage tourism. However, this subsector still needs to be properly organized and regulated. There are a significant number of unlicensed businesses that sell outgoing packages and offer services to incoming tourists.

Moreover, very few Palestinian tour operators possess a branch office abroad or use electronic means to sell their holiday packages.

## THE ACCOMMODATION INDUSTRY

There are currently 93 hotels in the West Bank with of 6,200 rooms, and 12 in Gaza with a capacity of 627 rooms. In addition, there are between 40 and 70 guesthouses in the West Bank and Jerusalem competing with family-owned hotels.[7] More than 80% of hotels have their own websites but none of them have an electronic reservation system. Moreover, there are about 40 religious guesthouses and another 50 unclassified accommodation facilities. During the Christmas high season the occupancy rate (18%) is higher in the South West Bank because Bethlehem is in proximity. In contrast, the higher occupancy rate in Jerusalem occurs around Easter.

The annual accommodation occupancy rate can be used as an indicator of the level of business for tour operators as well as other service providers.

## AUXILIARY TOURISM SERVICES

In addition to the travel agencies and accommodation, there are a number of other enterprises that operate partially within the tourism service sector. These enterprises are related to handicraft, retail and souvenir shops, restaurants, passenger road transport and visitor assistance services. These enterprises are essential to the tourism sector. According to data from the Palestinian Central Bureau of Statistics (PCBS) these support services represent more than 4,735 enterprises employing approximately 50,000 people.

5. The related estimates vary widely due to the often informal character of the operations. See, for example, table 2, which counts 131 agencies in 2010.

6. See table 1 regarding the number of Palestinian companies in tourism subsectors (2012).

7. Note that available numbers vary depending on the source. These stem from the 2013 Diagnostic Study process and related consultations, and differ slightly from other numbers referenced in this strategy, e.g. in tables below.

Table 2: *Main characteristics of Palestinian companies by main tourism subsectors in 2010*

| Tourism Activity | No. of Ent. | No. of employed persons | Compensation of employees | Output | Intermediate consumption | Gross value addes |
|---|---|---|---|---|---|---|
| Manufacture of Wooden Antiques | 196 | 600 | 2015.90 | 6422.10 | 1973.20 | 4448.90 |
| Retail sale of Souvenirs, Craftwork and religious activities | 1325 | 3470 | 15089.40 | 59302.30 | 16852.80 | 42449.50 |
| Short Term Accomodation activities | 82 | 1974 | 20821.10 | 76397.50 | 17650.00 | 58747.50 |
| Restaurants | 2869 | 8049 | 16582.40 | 193582.40 | 83267.40 | 109987.90 |
| Passenger Road Transport by Scheduled Long-distance Bus Services | 66 | 325 | 1975.70 | 12531.30 | 2520.70 | 10010.40 |
| Travel Agencies | 131 | 511 | 5185.40 | 25941.90 | 7031.20 | 18910.70 |
| Provision Visitor Assistance Services | 66 | 233 | 403.70 | 3056.60 | 956.90 | 2099.70 |
| Haj and Omra Operator Activities | 0 | 0 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL | 4735 | 15162.00 | 62073.60 | 377234.10 | 130252.20 | 246654.60 |

**Source:** PCBS

# PALESTINIAN TOURIST ASSETS

The State of Palestine enjoys four main assets: holy sites, cultural and historical sites, natural sites/features, and the climate. The following subsections indicate some of the challenges and developments that have inhibited the full leveraging of these assets. Strategic responses to all of these challenges have been identified in the strategy PoA.

## HOLY SITES (JERUSALEM AND BETHLEHEM)

The State of Palestine has two major holy sites, Jerusalem and Bethlehem, which are the main pilgrimage destinations, although they also attract non-believers who are interested in history and culture. Jerusalem is a holy city for the three Abrahamic religions. An important problem for purposes of Palestinian tourism promotion and management is the absence of the Palestinian Authorities in Jerusalem because of Israeli restrictions on any official Palestinian presence in Jerusalem. As a result the private sector in East Jerusalem is largely unsupported by official government services.

A further challenge is that most religious sites in both cities are wholly owned and managed by religious authorities who do not involve others in decision-making. Moreover, the authorities often cannot afford to maintain all sites appropriately, especially those of secondary importance.

## CULTURAL AND HISTORICAL SITES

Jericho is historically a 'City of Leisure'. It appears that the tourist potential of Jericho has not been properly considered. For instance, existing urban planning ignores the touristic dimension of the city. Authorities have consented to the establishment of businesses unrelated to tourism in areas that have future tourist potential. This has turned Jericho – from a tourism perspective – primarily into a residential area for second home owners who rarely visit. Ramallah, Nablus and Hebron are other examples of old cities with a powerful – and arguably neglected – tourist potential.

Moreover, and given its long history, the State of Palestine possesses a lot of smaller historical sites that could be developed all over the West Bank. This could be done by means of private licensing and would provide new itineraries for tourists who are looking for 'off the beaten track' sites such as Sebastia, Taybeh, or Ras-Karkar.

**Source:** © PalTrade

### NATURAL SITES/FEATURES (DEAD SEA, JORDAN RIVER)

The State of Palestine enjoys a few unique natural features that have high touristic potential, such as the Dead Sea and the Jordan River. At the moment, these natural sites remain underdeveloped and restriction of access limits investment.

### FAVOURABLE CLIMATE

The State of Palestine enjoys fair and sunny weather during both summer and winter. The climate is generally temperate, although there are some regional and altitude-related variations. Sometimes during spring hot winds such as the Hamsin blow volatile sand storms over from the Egyptian desert and the Saudi Arabian Peninsula.

## SPECIFICS OF PALESTINIAN TOURISM

### CHRISTIAN PILGRIMAGE IS THE MAIN TOURIST SERVICE

Revenues generated by tourism are made up of 50% incoming international tourism and 50% domestic tourism (including Palestinians travelling from Israel). Over 85% of tourism revenues generated by international visitors come from pilgrimage. As a tourist offering, pilgrimages have special characteristics:

- In contrast with other types of tourism, the decision to undertake a pilgrimage is much less susceptible to influence by means of marketing because the main motivation is spiritual and hence deeply personal. In consequence, it appears difficult to stimulate international demand in this area.
- The pilgrim market has a fluctuating high season between March and April (due to Easter, increasing the number of pilgrims) and between September and November (as a by-product of Jewish holidays which lead to high occupation rates in Israel, pushing pilgrims into Palestinian accommodation).
- Pilgrims in most cases follow a fixed programme which generally includes meals, accommodation in and tours of almost exclusively sacred places such as the Holy Sepulchre in Jerusalem or the basilicas of the nativity in Bethlehem, together with visits to churches, monasteries, and convents.
- Pilgrims usually have a relatively low budget, not least as often one purpose of their trip is to rediscover simplicity. Many are thus looking for simple accommodation and meals and do not intend to spend a lot of money, in particular not on luxuries. This means that margins are rarely significant (with the possible exception of devotional artefacts).
- Pilgrimage cannot be easily bundled with other types of tourism. Additional services that can be bundled with the traditional ones need to be 'religion-friendly'.


**Source:** © We are His work. Intercontinental Jericho Hotel

## TOURISM IN THE STATE OF PALESTINE IS HIGHLY SEASONAL

The seasonality of the industry affects the entire sector (e.g., hotel occupancy rates, utilization of other services and employment are all affected). The annual average room occupancy rate in the State of Palestine was only around 30% in 2012.[8] Hotels enjoy full occupancy for only a few months and are empty the rest of the year. This unsteady demand generates management issues that are difficult to handle.

The State of Palestine experiences two high seasons: Easter holidays and the period between September and October. There are different reasons for the high seasons. The Easter seasonality is caused by the Christian holidays (Palm Sunday, Good Friday and Easter) attracting heightened numbers of pilgrimage tourists. The September/October high season results from Jewish holidays that fill up Israeli hotels, causing an overflow of other tourists (who would have otherwise stayed in Israeli hotels) into Palestinian accommodation, primarily in East Jerusalem. During the low season tour operators and most service providers offer discounts but this does not seem to increase demand significantly.

## HUMAN CAPITAL

As indicated above, the tourism sector contributes approximately 2% to total Palestinian employment. In addition to this low contribution to GDP, tourism sector labour productivity is on average 20% lower than other sectors of the Palestinian economy.[9]

According to analyses,[10] both the capacity (quantity) and the skills (quality) of the labour force working in tourism need to be enhanced. Technical and business skills are limited and inadequate at most levels; most importantly, skills at the supervisory and management levels are the scarcest. There is a definite need to enhance business and management skills across the industry. As in various economic sectors in the State of Palestine, the majority of tourism companies are family-owned and often not driven by effective business models.

Service in restaurants and hotels is traditionally emphasized in Palestinian and other Arab cultures, as Palestinian (and other Arab) customers are traditionally demanding. However, outcomes (and sometimes efforts) still often remain below international best practice levels. There is a need to improve the quality of services provided to tourists.

Various educational institutions in the State of Palestine provide training for the tourism industry, and the country's first Master's programme in Tourism is starting in September 2013 at Bethlehem University. Moreover, there is a lack of practical training facilities to adequately train students and young recruits.

8. Available numbers vary slightly. See, for example, table 3 regarding room occupancy in the State of Palestine (2012).

9. Al-Falah, Belal (2012). *Tourism in the Palestinian Territory: Analysis of Significance and Impact*. Palestine Economic Policy Research Institute.

10. Stakeholder analysis of sector performance during the strategy design process.

### Box 2: Tourism training in Palestinian schools

There are a number of courses in services related to tourism available in the State of Palestine. However, there are very few graduates annually and limited practical training.

**Bethlehem University:** In September 2013, Bethlehem University (BU) will start its Master's in Tourism course as a result of an EU Tempus project that took place in 2005-2006. This institution otherwise offers the following curricula:

- Bachelor's degree in Hospitality (upon successful completion of a four year programme);
- Diploma in Tourism;
- Baccalaureate degree in Hotel Management;
- Diploma in Hotel Management (granted upon successful completion of a two year programme);
- Diploma in Travel Agency Management and the International Air Transport Association Foundation (IATA) Course Diploma (granted upon successful completion of a two year programme);
- Diploma for Tour Guides after the successful completion of a three semester programme.

Since 2003, some of the average numbers of graduates are as follows: BsC in Hotel Management (40 to 45 a year); Diploma in Hotel Management (20 to 25 a year); Diploma in Travel Agency Management (25 a year) (IATA); High Diploma in Tour Guiding (10 a year).

**The Notre Dame Center:** The Center has a school for hotel management and tourism with programmes for about 100 students each year (at different levels). Some of the best chefs come from the Center. Graduates are prepared with – in addition to skills from major culinary courses – front office and travel agency skills for incoming and outgoing tourism, and some soft skills such as communication, accounting and management. They offer two main curricula: Rooms Division Management, a two year diploma (25 graduates per year); and Catering and Restaurant Management, a two year diploma (20 to 25 graduates per year).

**The American University** in Jenin has a School of Tourism.

**Talitha Qumi:** Community college offering a two year certificate in hotel management (20 graduates on average every year); a two year certificate in catering and restaurant management (15 graduates every year); and a nine month certificate cooking course (15 graduates on average each year).

**Dar Alkalima College:** Since 2011 this College has offered a one year certificate cooking course (35 students).

# VALUE CHAIN OPERATIONS

## TOUR OPERATORS AND CARRIERS

The most strategically important actors in the tourism industry are the tour operators. At the macroeconomic level they are the gatekeepers who directly generate and control most hard currency revenues for the State of Palestine's economy. At the sectoral/business level, tour operators are critical to attracting consumers and largely control access to other tourism providers and the tourism value chain more broadly. They are directly responsible for approaching new markets. By providing package holidays they direct business to other service providers such as hotels, restaurants, transport companies, guides, etc. As group pilgrimage travel accounts for the overwhelming majority of current tourism arrivals, a very significant share of tourism business in the State of Palestine is effectively centralized at the tour operator level.

Local tour operators, together with their international counterparts, build the programmes/itineraries for visitors and construct tourist packages (including accommodation, meals, transport, guides, shopping and visits).


**Source:** © PalTrade

Local tour operators usually do business with international counterparts on a business to business basis. Comparatively few tourism services are sold directly. Local operators (with one or two exceptions) do not yet offer their package holidays via the Internet; that is, directly to final customers on a business to consumer basis. The e-commerce avenue is an obvious one to be explored in order to increase tourism services exports.

While technological challenges contribute to this situation, the main reason for this appears to be the prevailing culture and practice in the Palestinian tourism industry, which leads to an often static perception of the market and its possibilities. Palestinian tour operators overwhelmingly focus on the design and marketing of traditional packages for the pilgrimage market. Usually only when Israeli agents penetrate new markets do Palestinian agents follow; that is, Palestinian tour operators tend to go where Israeli counterparts are successful. Arguably as a result of this practice Palestinian tour operators' interest in widening their offerings and geographical coverage is low.

## ACCOMMODATION

As indicated there are around 100 hotels and guesthouses in operation in the State of Palestine. Their overall (average) occupancy is very low, reflecting the extreme seasonality of their main business, the pilgrimage market. As a result this capacity cannot easily be increased and adapted to upward changes in demand, were these to happen.

Most Palestinian hotels rely to a high degree on tour operators to source their guests (service consumers). Some hotels also source their business directly from Israeli agents. One way to reduce this dependency would be to maintain their own websites, including an online reservation system with secure online payment mechanisms.

## ATTRACTIONS AND RETAIL STORES

The State of Palestine has a limited number of key attractions for tourists, which leads to a concentration on pilgrimage and historical sites. In various instances the management of these sites is the responsibility of religious entities, which can partly limit the growth potential of the sites. As well as attractions, there is a partly developed retail sector that contributes to the vitality of the tourism sector. These stores provide souvenirs and gifts as well as essential commodities for incoming tourists.

## FOOD AND BEVERAGES SUPPLIERS

Supplying food and beverage services to tourists is a core component of the tourism value chain. As indicated earlier, there are approximately 200 tourist restaurants and many hotels also provide food and beverage services. According to table 2, this segment of the tourism value chain is the most lucrative for the sector, with estimated revenues above US$200 million. The restaurants and hotels are also dependent on a network of input suppliers ranging from fresh fruits and vegetables to electronic cash machines. This segment of the tourism value chain offers many opportunities for backward and forward linkages to other sectors of the Palestinian economy.

## BUSINESS SUPPORT SERVICES

Business support services to the tourism industry are diverse as most of the core links in the value chain depend on the provision of specific inputs or services. The support services can include construction and maintenance services; technical inputs to machine operations; accounting and communication services; and training services for staff.

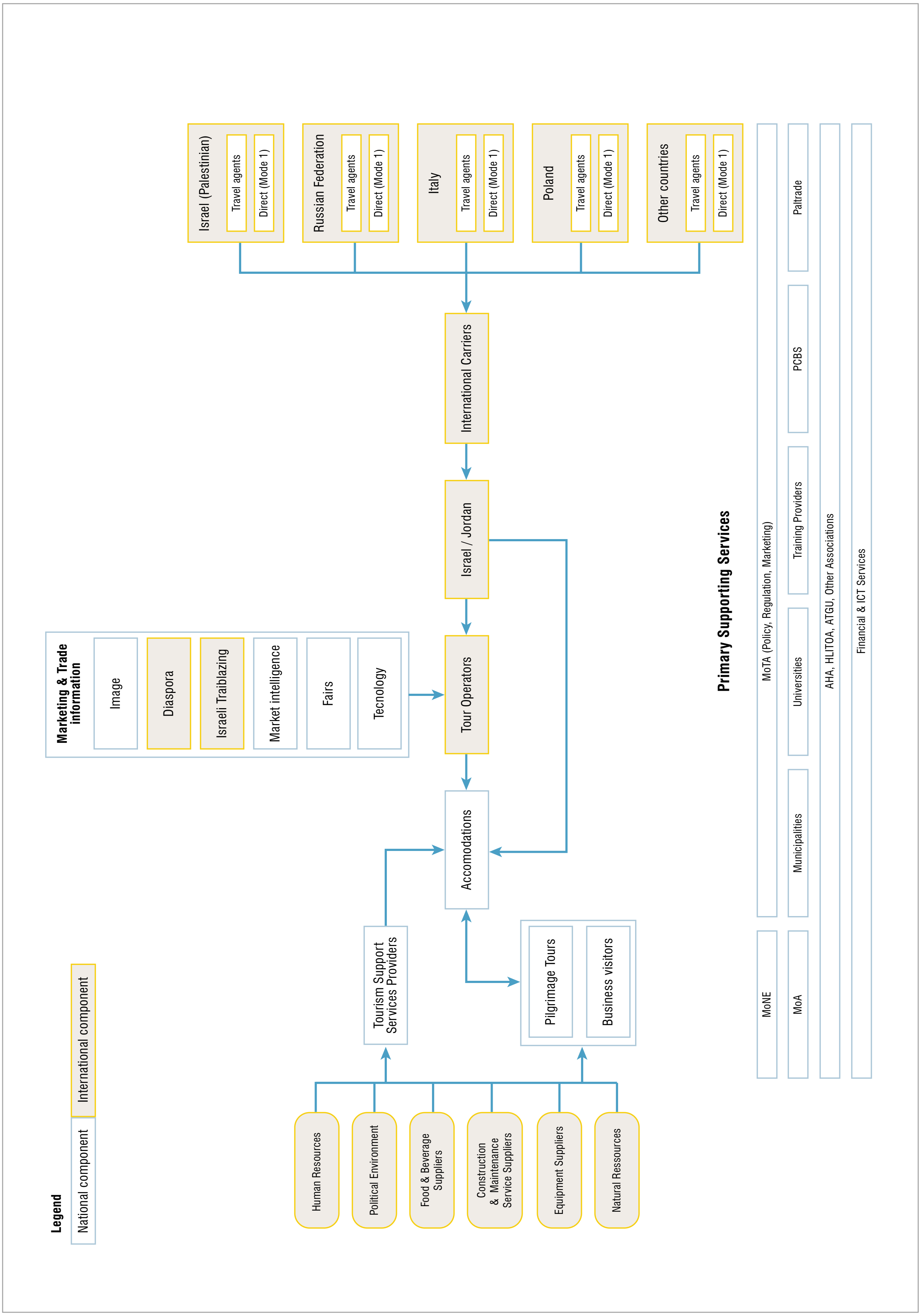



Figure 2: *Current value chain*

Table 3: *Global performance of the tourism sector*

| Worldwide | 2012 US$ bn * | 2012 % of total | 2013 Growth** | 2012 US$ bn * | 2023 % of total | Growth*** |
|---|---|---|---|---|---|---|
| Direct contribution to GDP | 2,056.6 | 2.9 | 3.1 | 3,249.2 | 3.1 | 4.4 |
| Total contribution to GDP | 6,630.4 | 9.3 | 3.2 | 10,507.1 | 10.1 | 4.4 |
| Direct contribution to employment**** | 101,118 | 3.4 | 1.2 | 125,288 | 3.7 | 2.0 |
| Total contribution to employment**** | 261,394 | 8.7 | 1.7 | 337,819 | 9.9 | 2.4 |
| Visitor exports | 1,243.0 | 5.4 | 3.1 | 1,934.8 | 4.8 | 4.2 |
| Domestic spending | 2,996.3 | 4.2 | 3.2 | 4,831.2 | 3.5 | 4.6 |
| Leisure spending | 3,222.1 | 2.2 | 3.2 | 5,196.0 | 2.3 | 4.6 |
| Business spending | 1,017.4 | 0.7 | 3.1 | 1,572.8 | 0.7 | 4.1 |
| Capital investment | 764.7 | 4.7 | 4.2 | 1,341.4 | 4.9 | 5.3 |

* 2012 constant prices & exchange rates. ** 2013 real growth adjusted for inflation (%). *** 2013-2023 annualised real growth adjusted for inflation (%). **** '000 jobs

**Source:** World Travel and Tourism Council, 2013.

## IMPORTS OF THE SECTOR

The tourism sector relies on a large array of imports to ensure its daily operations. The sector imports significant quantities of meat, fruits and vegetables, as well as beverages. In addition, hotels import significant numbers of goods and articles ranging from clothing for employees to electronic programmes for accounting and management. It is difficult to make an exhaustive list of all products imported by the tourism sector but is fair to say that most of its inputs are imported. Hence the tourism service sector in the State of Palestine is heavily reliant on imports to sustain its operations.

This provides an opportunity to find alternatives to imported products from the local economy. Sectors such as the fresh fruits, vegetables and herbs; textile; processed meat; footwear; and ICT can adapt or develop products to fill evolving needs in the tourism sector.

## GLOBAL AND REGIONAL PERSPECTIVE

International tourist arrivals keep growing and prospects are bright for the current decade. UNWTO has announced that international tourist arrivals (overnight visitors) grew by 4% in 2012, surpassing a record of 1 billion tourists globally for the first time in history.[11] The Middle East represents only 5% of the total (53 million). The most dynamic markets were Asia and the Pacific with 7% more international tourists. Despite ongoing economic challenges, UNWTO's long-term outlook is optimistic.

According to the World Travel and Tourism Council, the tourism industry globally generated some US$2,056 billon directly in 2012 and is expected to grow by an annual rate of 4.4% until 2023.

The forecast growth of the tourism sector globally confirms the importance for the State of Palestine of further developing and diversifying its tourism offer. Tourism should keep growing worldwide by 3.8% per year on average between 2010 and 2020.

For the Mediterranean region,[12] the direct contribution of tourism to regional GDP in 2012 was estimated at US$377.5 billion, or the equivalent of 4.5% of the region's total GDP. In addition, it is estimated that tourism directly supported 7.9 million jobs at the regional level or the equivalent of 4.8% of total employment. It is forecast that tourism will directly contribute to 5.1% of total regional employment in 2013.[13]

11. World Tourism Organization (UNWTO) (2013). *World Tourism Barometer*, volume 11 (January).

12. Albania, Algeria, Bosnia Herzegovina, Croatia, Cyprus, Egypt, France, Greece, Israel, Italy, Lebanon, Libya, Malta, Montenegro, Morocco, Serbia, Slovenia, Spain, the Syrian Arab Republic, Tunisia, Turkey, Jordan, the former Yugoslav Republic of Macedonia and Portugal.

13. World Travel and Tourism Council (2013). *Travel & Tourism Economic Impact 2013: Mediterranean*.

Table 4: *Mediterranean tourism sector performance*

| Worldwide | 2012 US$ bn * | 2012 % of total | 2013 Growth** | 2012 US$ bn * | 2023 % of total | Growth*** |
|---|---|---|---|---|---|---|
| Direct contribution to GDP | 377.5 | 4.5 | 0.4 | 488.9 | 4.6 | 2.6 |
| Total contribution to GDP | 980.1 | 11.7 | 0.2 | 1,245.8 | 11.7 | 2.4 |
| Direct contribution to employment**** | 7,989 | 4.8 | 0.6 | 9,830 | 5.1 | 2.0 |
| Total contribution to employment**** | 20,411 | 12.2 | 0.1 | 24,215 | 12.6 | 1.7 |
| Visitor exports | 283.1 | 10.9 | 0.7 | 373.0 | 9.4 | 2.7 |
| Domestic spending | 419.3 | 5.0 | 0.1 | 533.4 | 4.3 | 2.4 |
| Leisure spending | 588.6 | 3.7 | 0.3 | 767.1 | 3.8 | 2.7 |
| Business spending | 113.9 | 0.7 | 0.9 | 142.0 | 0.7 | 2.1 |
| Capital investment | 105.8 | 6.4 | 0.7 | 154.7 | 7.2 | 3.8 |

* 2012 constant prices & exchange rates. ** 2013 real growth adjusted for inflation (%). *** 2013-2023 annualised real growth adjusted for inflation (%). **** '000 jobs

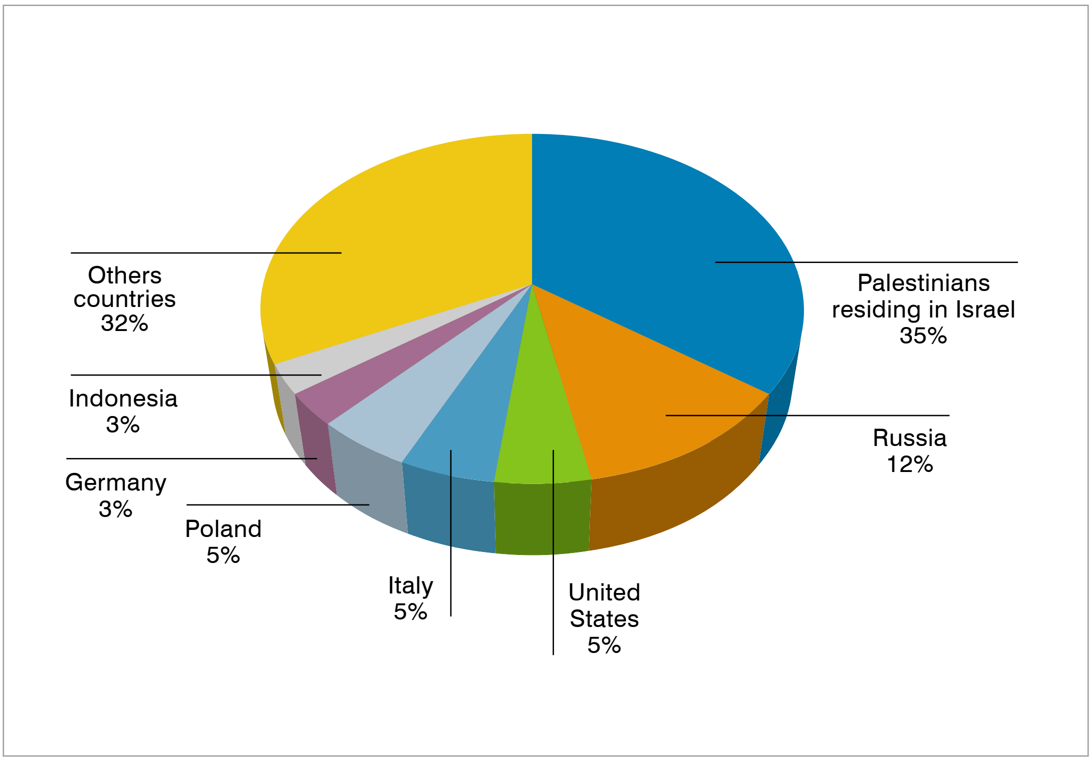
**Source:** World Travel and Tourism Council, 2013.

## **Box 3:** Key tourism figures for the West Bank (including East Jerusalem), 2011

| | |
|---|---|
| Number of incoming visitors | 1 900 000 |
| Number of domestic visitors | 2 704 089 |
| **Economic figures (US$)** | |
| Hotels | 89 900 000 |
| Guesthouses | 29 667 000 |
| Restaurants | 204 000 000 |
| Guides | 36 000 000 |
| Transport | 18 648 000 |
| **Tour packages** | |
| Shopping (souvenirs plus) | 228 000 000 |
| Tour operators | 29 799 000 |
| Travel agents | 3 548 160 |
| Second home tourism (Jericho) | 17 500 000 |
| Beverages | 13 305 600 |
| Tipping | 13 305 600 |
| Tourism establishment construction | 70 000 000 |
| Domestic tourism | 108 000 000 |
| Events | 8 232 000 |
| Total | 869 905 360 |

**Source:** MoTA and Diagnostic Study 2013

Figure 3: *Origin of tourists visiting State of Palestine (2012)*




**Source:** PCBS

## TRENDS IN THE MIDDLE EAST ARE DIFFICULT TO FORECAST

In contrast with all of the other regions of the world the number of international tourist arrivals in the Middle East diminished. Among Middle Eastern destinations, Jordan and Egypt saw their receipts rebounding strongly on the 2011 declines, respectively +18% and +15%. UNWTO recognizes that 'trends in the Middle East are the hardest to forecast due to the volatile environment and the widely varying trends across countries'.[14] Tourism is highly sensitive to insecurity, although pilgrimage tourism is less affected than other types of tourism.

# THE STATE OF PALESTINE'S CURRENT EXPORT PERFORMANCE

The tourism sector's direct contribution to GDP is approximately 4%, which is less than the immediate region economies (6% in Israel, 20% in Jordan, 13% in Egypt and 37% in Lebanon). This weakness also applies to the contribution of the tourism sector to total employment. The tourism sector contributes approximately 2% to total Palestinian employment. This is the lowest rate compared to the immediate region economies (8% in Israel, 19% in Jordan, 11% in Egypt, and about 4% in Lebanon).[15]

However, the limited availability of reliable statistics makes it difficult to describe with accuracy the size and dynamics of the State of Palestine's tourism sector both in terms of volumes and value. According to box 3, tourism revenues for the State of Palestine may have decreased by between 1% and 2% between 2010 and 2011, and the number of foreign tourist arrivals fell by almost the same percentage (1% to 2% per cent), while domestic tourism remained virtually unchanged.

A second data set suggests a 5% increase in visitor arrivals and a 12% increase in overnight stays (1.5 million) in 2011.[16] Similarly, of 2 million visitors to the State of Palestine in 2012, approximately 1.7 million were recreational tourists (the rest were business travellers), 3% more than in 2011 and 7% more than the previous

14. Ibid.

15. Al-Falah, Belal (2012). *Tourism in the Palestinian Territory: Analysis of Significance and Impact*. Palestine Economic Policy Research Institute.

16. Travel Palestine (2012). Destination Palestine 2011 Overview. Available from http://travelpalestine.files.wordpress.com/2012/01/2011-tourism-industry-overview-final.pdf.

year.[17] According to PCBS,[18] of the 2.6 million visits to tourist sites between January and August 2012, 1.4 million were by non-residents (visitors not residing in the West Bank & Gaza). This second data set is aligned with regional performance over the same period. In 2010, Jordan experienced 8 million tourism arrivals with 4.5 million overnight stays, which represents a 20.3% increase in overnight visitors on 2009.[19] In 2011, 3.4 million tourists visited Israel, generating a 2% growth in Israel's revenues that enabled it to reach a peak of US$9.1 billion.

According to Figure 3, Palestinians residing in Israel made up the largest number of inbound visitors (35%) to Palestinian tourist sites, followed by the Russian Federation (12%), the United States (5%), Italy (5%), Poland (5%), Germany (3%) and Indonesia (3%). Palestinians living in Israel are strongly supporting the Palestinian tourism industry, particularly the accommodation industry, through overnight stays in cities such as Jericho, Bethlehem and Jerusalem. Ramallah is less visited as it is primarily a business destination. Nablus is rarely visited by foreigners at all.

Among the more reliable proxies for tourism and its profitability are the overall number of guest nights and the hotel occupancy rate. For the West Bank (including East Jerusalem, but excluding Gaza) PCBS statistics (Figure 4) suggest a clear upward trend in overall guest night stays, with 2012 numbers well above the record year 2000. Overall occupancy rates, however, while increased vis-à-vis the years of crisis (e.g. the intifada and post-intifada years 2001-2006), remain very low (29% in 2012), reflecting not least the extreme seasonality of much of the market (see below).

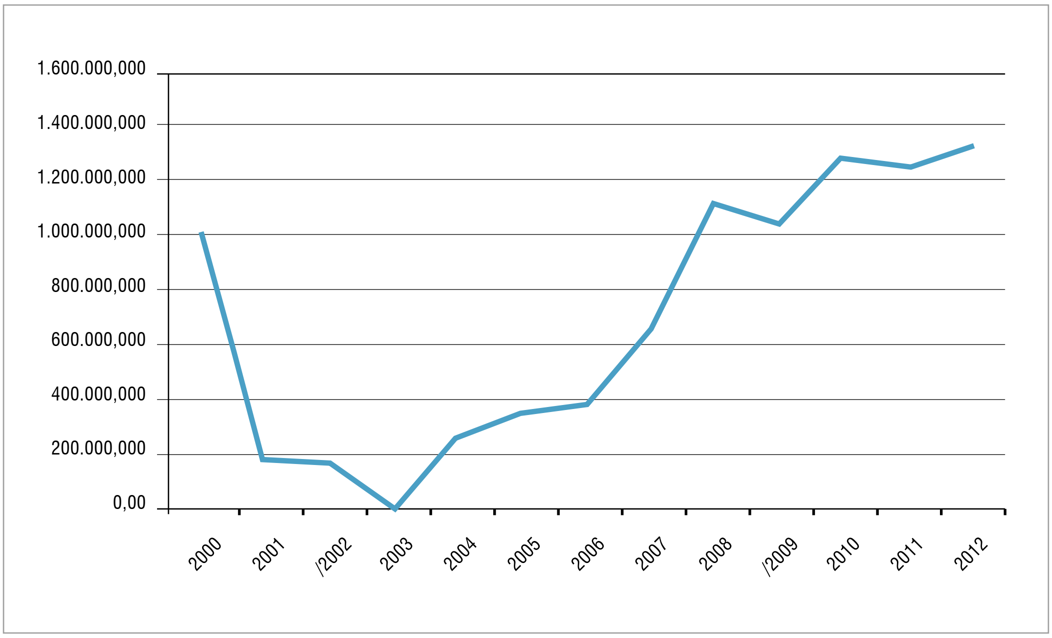
The absence of reliable statistics underlines the need to establish a centre tasked with tourism-related data collection and analysis, the results of which would be beneficial for industry planning and for further export strategy design (feasibility studies, evaluations, benchmarking, market development, the development of standards and classifications etc.)

17. Travel Agent Central (2012). Israel's Hotels to Bring Back Star Rating System, 15 August. Available from http://www.travelagentcentral.com/israel/israels-hotels-bring-back-star-rating-system-36673.

18. Palestinian Central Bureau of Statistics (2013). Around 2.6 Million Visits to Tourist Sites in the West Bank During the First Half of 2013, 27 September. Available from http://www.pcbs.gov.ps/portals/_pcbs/PressRelease/Press_En_Tourism-2013-e.pdf.

19. Jordan Ministry of Tourism and Antiquities (2009). *National Tourism Strategy 2011-2015*.

Figure 4: *Number of guest night stays in the State of Palestine 2000–2012*




**Source:** PCBS

### THE STATE OF PALESTINE'S POTENTIAL IS CLOSELY INTERTWINED WITH ISRAEL'S

The country's tourist potential is closely intertwined with that of Israel. Most tourists visit the State of Palestine while visiting Israel (and to a lesser extent Jordan). Except for the diaspora or Palestinians in Israel, very few tourists come to visit the State of Palestine mainly or exclusively.

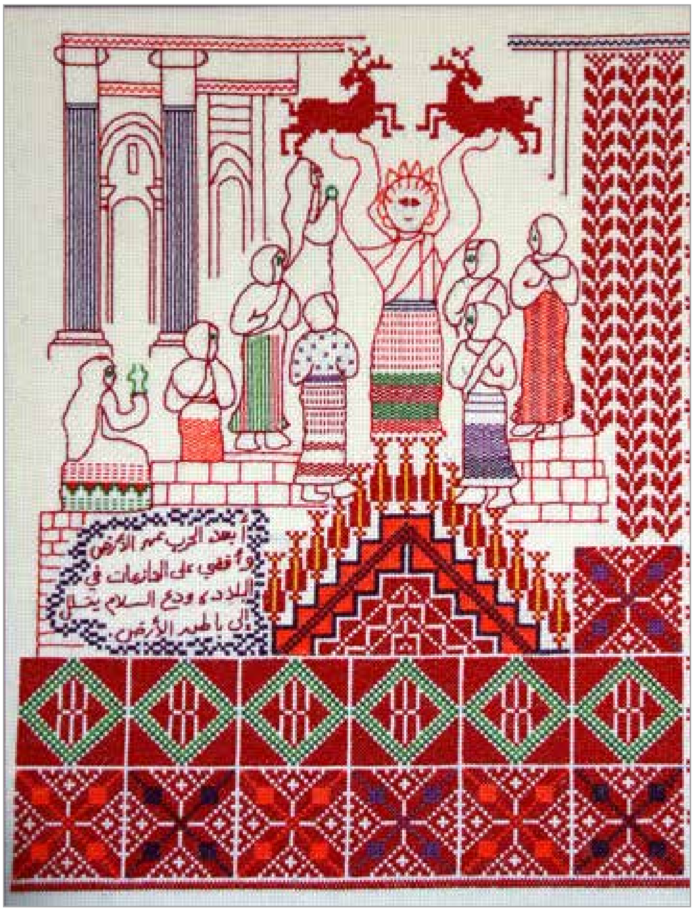
However, tourism in Israel (and in Jordan) should not be seen as a rival destination but, on the contrary, as the main attracting force for tourists to visit the State of Palestine. In 2012, about 3.5 million tourists visited Israel;[20] that is 3% more than the previous year and it represents a peak in terms of income generation. Revenue from incoming tourism stands at NIS 18 billion (about US$4.6 billion) with an annual increase of 10%. Their major provenance is Europe. About 3 million stayed more than one night in Israel (a 2% increase compared to the previous year). A major boom was registered during the Hebrew month of Passover, with 354,000 visitors.

The State of Palestine's status as a de facto submarket of the Israeli market also carries advantages, as the 2013 Diagnostic Study finds that the State of Palestine and Israel to some extent are perceived by potential tourists as distant and separate from the region. Visitors often identify Israel as part of another region more connected to Europe, and the State of Palestine (or at least its classical Holy Land features) are largely included in this perception. When surrounding countries complain about a sharp drop in tourism due to unrest in these countries and their neighbours, the State of Palestine and Israel are still getting a moderate number of arrivals.

## THE INSTITUTIONAL PERSPECTIVE

Trade support institutions (TSIs) are institutions that have an interest in, and bearing on, the sector's export development. Broadly, the TSIs providing important services to the Palestinian tourism sector can be categorized in the following areas:

- Policy support network
- Trade services network
- Business services network
- Civil society network.



**Source:** © PalTrade

Tables 5 to 8 identify the main TSIs whose service delivery affects the tourism sector in the State of Palestine. An assessment of the TSIs along four key dimensions – coordination, human capital, financial sustainability, and advocacy – is provided. The ranking (high, medium or low) for each TSI was selected in the context of the service delivery of the TSI relative to the tourism sector. In other words, the assessment was conducted based on tourism sector stakeholders' evaluation of how well TSIs serve them.

### POLICY SUPPORT NETWORK

These institutions represent ministries and competent authorities responsible for influencing or implementing policies and regulations in the State of Palestine.

### TRADE SERVICES NETWORK

These institutions or agencies provide a wide range of trade-related services to both government and enterprises. They support specific aspects of trade and are concerned with the delivery of trade and export solutions to both public and private sectors.

20. This figure is calculated following the Hebrew Calendar (i.e. the year 5772 from September 2011 to September 2012). Consulate General of Israel Los Angeles (2012). 5772 is Israel's Best Tourism Year Ever, 20 September. Available from http://www.israeliconsulatela.org/index.php/en/latest-news/item/5772-is-israel-s-best-tourism-year-ever.

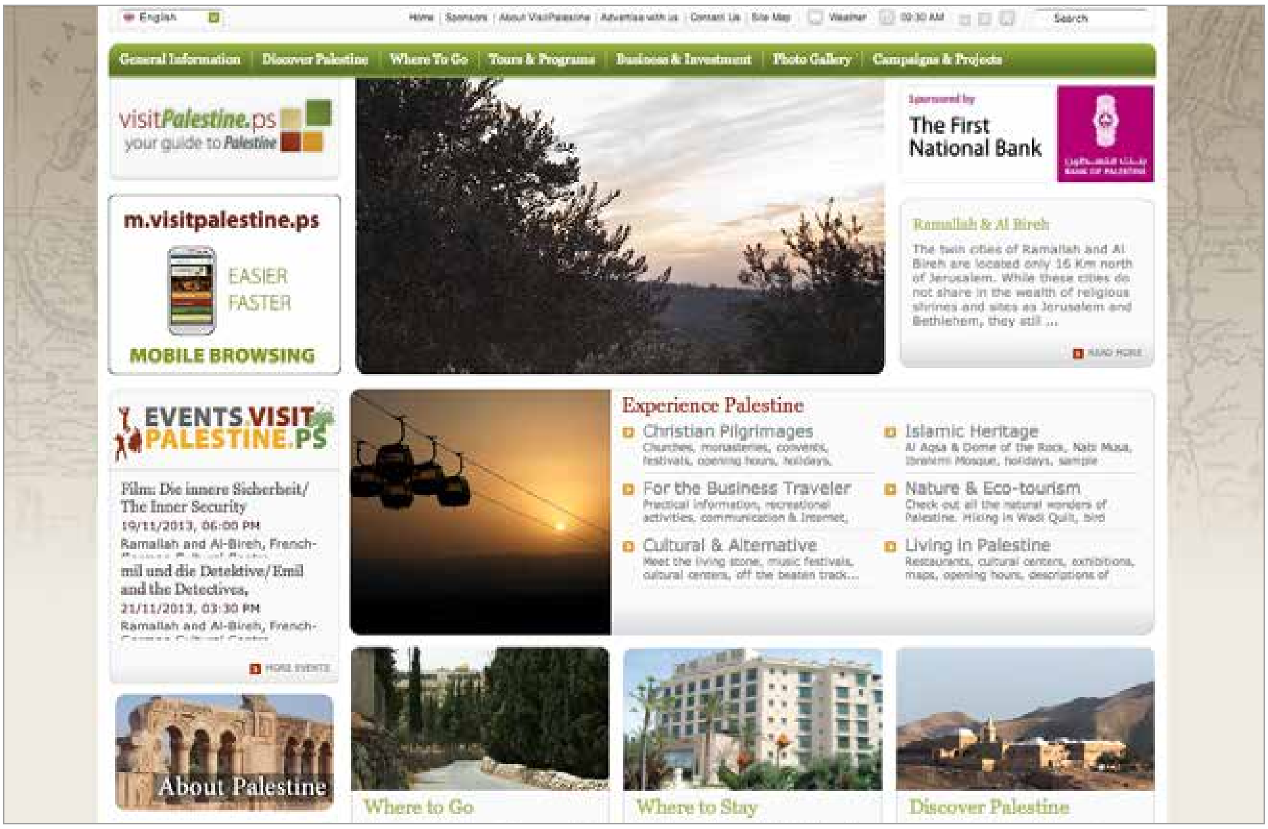
Table 5: *Palestinian tourism sector policy support network*

| Name | Function/role | Coordination* | Human capital** | Financial sustainability*** | Advocacy **** |
|---|---|---|---|---|---|
| Ministry of Tourism and Antiquities (MoTA) | MoTA is responsible for policymaking and the regulation of tourism, including tourism services, as well as the administration and protection of cultural heritage (antiquities). It administers relevant laws and regulations. MoTA also has a marketing department which has the mandate to promote Palestinian tourism worldwide, e.g. through participation in tourism fairs. This department needs more resources to provide effective support. | H | M | H | M |
| Palestine Tourism Board (PTB) (future) | Future joint public-private sector body for coordination and joint action.<br>**Not yet operational.** | [H]1 | [TBD] | [TBD] | [H] |
| Ministry of National Economy (MoNE) | Responsible, among other things, for (1) business registration and (2) trade in services policy (including market access negotiations). So far little work has been done specifically on tourism, but there is now a build-up of trade in services capacity and policy. | M | M | M | L |
| Ministry of Health (MoH) | MoH has the mandate to ensure good governance of the health sector; leadership in policy making and regulation of the health system; the promotion of better health; and the provision of accessible, quality health services in both the public and private sectors. For the tourism sector it:<br>• Enforces and monitors quality standards in food production and service sectors;<br>• Safeguards public health and safety through inspection of products and services. | M | M | M | M |

* Coordination with other TSIs: measures the strength of this institution's linkages with other institutions as well as the beneficiaries of their services (in particular, the private sector) in terms of collaboration and information sharing. H = high, M = medium and L = low.
** Human capital: assesses the general level of capability of this institution's staff in terms of their training and responsiveness to sector stakeholders.
*** Financial sustainability: assesses the financial resources/capacity available to the institution to provide service delivery in an efficient manner.
**** Advocacy: the efficacy of this institution's advocacy mechanisms, and how well/frequently this institution disseminates important information to the sector.

Table 6: *Palestinian tourism sector trade services network*

| Name | Function/role | Coordination | Human capital | Financial sustainability | Advocacy |
|---|---|---|---|---|---|
| Coordinating Group (CG) administrative arm: Administrative Services for Tourism Associations in the State of Palestine | CG is an old consortium that is currently not highly operational, but can be revived. | M | L | L | L |
| Palestinian Central Bureau of Statistics (PCBS) | PCBS is responsible within the tourism sector for:<br>• Establishing a comprehensive and unified statistical system to serve Palestinian authorities as an instrument of guidance for diagnosing problems and evaluating progress made;<br>• Participating effectively in building the different administrative records and central registers necessary to meet the administrative and statistical needs of Palestinian society;<br>• Publishing a statistical yearbook annually;<br>• Providing the statistics necessary for analysing quality metrics. | | | | |
| Arab Hotel Association (AHA) | AHA represents the majority of hotels. It provides advocacy and leadership. | H | L | L | M |
| PalTrade | PalTrade is the trade promotion organization of the State of Palestine with the mandate to develop exports. PalTrade's mission in tourism is to advocate for a competitive, business-enabling environment; improve trade competitiveness through trade promotion and capacity-building; foster international business practices and standards among professionals, firms and business organizations; and provide trade-enabling knowledge. | | | | |
| Holy Land Incoming Tour Operators Association (HLITOA) | HLITOA represents (only) operators of incoming tours, thus not agents/operators selling outgoing tours, services, and packages. | H | L | M | M |
| Arab Tourist Guides Union (ATGU) | The association of Palestinian tourist guides provides marketing and information support to its members. | H | H | M | H |
| Arab Tourist Restaurant Association | This association is currently not functional, but could be revived. | [L – N/A] | [L – N/A] | [L – N/A] | [L – N/A] |
| Arab Tourist Transport Union (ATTU) | ATTU links and represents the main bus transport operators, but does not include rental car agencies. [TBC] | M | M | L | L |
| Panel of Airline Representatives | This panel functions as a liaison body, but is currently less than fully operational. Meetings are infrequent. | M | M | M | M |
| Holy Land Merchants of Souvenirs and Handicrafts | This association links and represents the main merchants of souvenirs and handicrafts. | L | L | L | L |




**Source:** http://visitpalestine.ps

## BUSINESS SERVICES NETWORK

These are associations, or major representatives, of commercial services providers used by exporters to effect international trade transactions.

Table 7: *Palestinian tourism sector business support institutions*

| Name | Function/role | Coordination | Human capital | Financial sustainability | Advocacy |
|---|---|---|---|---|---|
| Visitpalestine.ps | This is a web-based portal, owned and run by Alternative Business Solutions (ABS), a Ramallah-based marketing and communications company with a specialized tourism arm. It provides visitors/potential visitors with comprehensive information, including on tourism infrastructure and trip planning. Most major tourism providers are listed with contact details. No direct bookings. | H | L | M | H |
| [ICT service providers] | Provide inputs into the operation and marketing of tourism providers. Should in the future be significantly better integrated into the tourism product (e.g. tourism apps, virtual guides, etc.), marketing (websites, mailings) and sales (booking platform, other). | L | H | H | L |
| [Financial service providers] | Provide financial services to tourism operators. Should in the future be significantly better integrated into the tourism industry, especially in the context of enabling/ facilitating direct sales (card payment functions, other electronic payments) | L | H | H | L |

## CIVIL SOCIETY NETWORK

These institutions are not explicitly engaged in trade-related activities. They are often opinion leaders representing interests that have a bearing on the country's export potential and socioeconomic development.

Table 8: *Palestinian tourism sector civil society network*

| Name | Function/role | Coordination | Human capital | Financial sustainability | Advocacy |
|---|---|---|---|---|---|
| Churches and Awqaf | The Christian churches and Muslim Awqaf maintain the respective holy sites, control access to them and promote related tourism. | M | H | H | M |
| Alternative tourism initiatives (various; see NEPTO below) | Various initiatives aim to expand the tourism offer, not least with a view to covering the low seasons. | M | M | M | H |
| Network for Experimental Palestinian Tourism Organization (NEPTO) | Collaboration of around 20 non-governmental organizations (NGOs) or semi-governmental bodies that promote and offer various forms of alternative tourism (hiking & biking; explorations & encounters; people & solidarity; festivals; handicrafts & local products; environment & wildlife). The network excludes for-profit private operators, but works closely with them in the implementation (e.g. hotels, restaurants, transport). (Not yet officially registered with the relevant authorities.) | H | M | M | H |
| Church related organizations in the field, e.g. The Holy Land Christian Ecumenical Foundation (HCEF) | HCEF is a United States-based organization with a global ambition and reach. HCEF's 'Know Thy Heritage' organizes tours for youth of Palestinian origin to the State of Palestine. It is an annual leadership programme developed to preserve the Arab Palestinian heritage, to connect youth of Palestinian ancestry with their roots in the State of Palestine, and highlight the State of Palestine as part of the Holy Land. | M | M | M | H |
| Bethlehem University (BU) | BU offers a Bachelor's degree in Hotel Management and a Diploma in Tourism. From Sep 2013 it will offer a Master's in Tourism degree course based on an EU Tempus project 2005–2006. (See box 2.) | H | M | M | M |
| Notre Dame Center (School of Tourism) | The Notre Dame Center has a school for hotel management and tourism. Renowned in particular for cooks. (See box 2.) | M | M | M | M |
| American University in Jenin | American University has a school of tourism. (See box 2.) | L | L | L | L |
| Talitha Qumi | Community college offering certificate courses in hotel management, catering and restaurant management, and cooking. (See box 2.) | M | M | M | M |
| Dar Alkalima College | Provides cooking classes to students. | M | M | M | H |

Table 9: *Perception of Palestinian TSIs in the tourism sector – capacity vs. influence*

| | | Capacity of institution to respond to sector's needs: Low | Capacity of institution to respond to sector's needs: High |
|---|---|---|---|
| Level of influence on the sector | High | • MoTA<br>• AHA<br>• HLITOA<br>• Panel of Airline Representatives<br>• NEPTO<br>• HCEF | • ATGU<br>• Churches and Awqaf |
| | Low | • ICT service providers<br>• Financial institutions<br>• PCBS<br>• ATTU<br>• Arab Tourist Restaurant Association<br>• Holy Land Merchants of Souvenirs and Handicrafts | • Tourism educational institutions<br>• MoNE<br>• MoH<br>• PalTrade |

## PERCEPTION OF PALESTINIAN TSIS IN THE TOURISM SECTOR

The above analysis resulted in a multidimensional assessment of the capacities of TSIs to respond to the needs of the tourism sector enterprises. This analysis can be further developed by considering the level of influence and capacity that the each TSI possesses to effectively serve the tourism sector. The classification represents the perception of stakeholders regarding the level of influence and capacity of each institution to respond to exporters' needs.

- There are few institutions which are considered to have high influence on and capacity in tourism sector development. Tourist guides and religious organizations are both in a relatively good position in terms of their levels of influence on the sector, as well as their resource capacities.
- Institutions at the policymaking level, like MoNE and MoH, as well as educational institutes, have a high level of capacity but generally little influence over the sector's development.
- Most of the sector associations such as MoTA, AHA and others have high influence on the sector but limited capacity to contribute to the sector's organization and development.
- In relation to tourism, ICT and financial service providers are perceived as not having the capacity or the influence to respond to the sector's needs. PCBS as a key institution to collect and provide relevant data on the sector is seen as having low capacity in terms of providing high quality/timely statistics, and lacks influence on the sector.

# KEY INSTITUTIONS

The following institutions are key players for the development of the tourism sector.

## ARAB HOTEL ASSOCIATION (AHA)

Established in Jerusalem in 1962, AHA[21] is a non-profit organization representing Palestinian hotels throughout the Holy Land and assisting other Palestinian tourism associations. AHA has 56 members, which altogether offer about 3,700 guest rooms, and AHA anticipates further expansion. AHA sees itself as the leading partner in developing a competitive tourism industry. Indeed, AHA has partnered with numerous actors relevant to the tourism services sector, including MoTA, HLITOA, and BU.[22]

## HOLY LAND INCOMING TOUR OPERATORS ASSOCIATION (HLITOA)

Established in 2005, HLITOA has 43 member tour operators working in incoming tourism (as mentioned previously). Of that membership, 80% have their head offices in East Jerusalem. HLITOA members are the main actors in the tourism industry, especially for pilgrimage tourism. The Association sees itself as a key player and a major catalyst in the development of the industry by supporting and enhancing Palestinian incoming tour operators in the Holy Land.

21. Arab Hotel Association (n.d.). About AHA. Available from http://palestinehotels.com/about.php.

22. Arab Hotel Association (n.d.). Partners of AHA. Available from http://palestinehotels.com/partners.php.

### ARAB TOURIST GUIDES UNION (ATGU)

With its headquarters in Jerusalem, ATGU covers membership of tourist guides from East Jerusalem licenced by the Israeli authorities as well as guides from the West Bank licensed by MoTA. Forty of them have the right to guide within Israel as per special agreements following the Paris Accords.

### MINISTRY OF TOURISM AND ANTIQUITIES (MOTA)

MoTA is the major public actor in charge of supporting the tourism industry, both as a regulator and through its marketing department. Thanks to its support, the State of Palestine is represented almost every year at the major trade fairs on tourism in Europe (Milan, London, Berlin, Madrid, and Warsaw as well as Istanbul). The 2013 Diagnostic Study considers that 'MoTA has led the industry since the establishment of the PNA. It has been to some extent positively responsive to the existing market and the private sector and NGO initiatives but is not innovative or proactive'.

### PALESTINIAN CENTRAL BUREAU OF STATISTICS (PCBS)

Tourism data are currently insufficient to conduct reliable planning. In fact, one of the major deficiencies in this sector is the lack of proper information and statistics. PCBS is not a reliable source since its data are not accurate for areas such as Jerusalem. Even where figures exist they are often outdated.

Tourism stakeholders express the view that PCBS does not have sufficiently frequent dialogue with the private sector and does not have an accurate sense of private sector needs. There is no input by PCBS on any surveys carried out abroad. For some indicators such as the length of stay, PCBS provides data only up to 2009. Therefore, in many ways it is impossible to measure the trends of the sector.

Municipalities, Chambers of Commerce, and cultural and religious institutions also support the industry. Other actors include publishing agencies such as This Week in Palestine and ABS Tourism and its tourism portal VisitPalestine.ps.[23]

23. Alternative Business Solutions website www.visitpalestine.ps.

## CURRENT POLITICAL, LEGAL, REGULATORY & DEVELOPMENT FRAMEWORK

### TOURISM LAW

The tourism sector is currently regulated through a main Tourism Law and five regulations (on travel agents, tourist guides, hotel and restaurants, tourist shops and parks). As tourism regulations are perceived as broadly outdated (dating back to Jordanian rule), a new draft law is being discussed with different stakeholders (private sector, government and neighbouring countries experts). The new tourism law aims to:

- Cover shortcomings in the current law, especially those relevant to punitive measures and enforcement, which are poorly covered in the current law;
- Increase the availability of protection in the sector by granting the Ministry's inspectors the mandates and authorities of judicial officers;
- Facilitate investment in the sector, most importantly by allowing investment in ancient and historic sites, while maintaining a good level of protection for such sites (which is a major impediment to investment in the current law);
- Expand the licensing of tourism activities to include several new activities in addition to the four currently regulated. For instance, the new law will include car rentals, resorts, tourism media, tourism marketing, festivals, activities and transportation as licensable activities, organized/supervised by MoTA;
- Create tourism schools and institutes, set curricula to teach tourism, and create a tourism stream for high school students who wish to specialize in tourism at university. Moreover, a new specialized tourism university will be established (currently in the proposal phase – funded by the United States Agency for International Development), the second of its kind in the region;
- Introduce a different method in licensing tourist guides. Guides will also be licensed according to routes (a certain street route, hiking, biking, nature, etc.).

### TOURISM POLICY

MoTA has led the industry since the establishment of the PNA. It has been to some extent positively responsive to the existing market and the private sector and NGO initiatives, but it is arguably not innovative or proactive. 'Bethlehem 2000' was one of the major initiatives for Bethlehem. With the cooperation of both the private and public sectors, it managed to lead a rather successful series of measures at that time. Other planning and initiatives at MoTA level, such as the Kendel study in 2005, reflected on the regulatory system and put forward some initiatives, not all of which, however, were taken on board. In addition to the new law there are currently various policy initiatives under way, including on tourism signage and the rehabilitation of sites.

The 2013 Diagnostic Study suggests that there is a lack of a clear national tourism development strategy (notwithstanding the strategy commissioned by the Palestinian Economic Council for Development and Reconstruction) and urban planning (tourism-supportive zoning). Government support to this sector is limited and seems not to be considered a priority for economic development.

Revenues generated by tourism and managed by the Ministry of Finance (MoF) are not reinvested in sites. MoTA is currently underfinanced, as reflected in its inability to attend the 2012 World Tourism Fair in London, unlike in previous years.

# NEW DEVELOPMENT INITIATIVES

## PALESTINE TOURISM BOARD (PTB)

One of the main recent policy initiatives was the 2010 decision to establish PTB in the form of a public-private partnership aiming to lead the marketing and promotion of 'Destination Palestine'. PTB, however, has so far not been operationalized. The responsibility is arguably shared by both the public and the private sector.

PTB was and is meant to become the marketing arm, the development stimulator, and the tourism think tank of the State of Palestine. It should include a marketing department, a development and planning department and an advocacy department, in addition to other administrative functions. There is a clear need for such a body in the State of Palestine, given the current state of very limited strategic and day-to-day coordination.

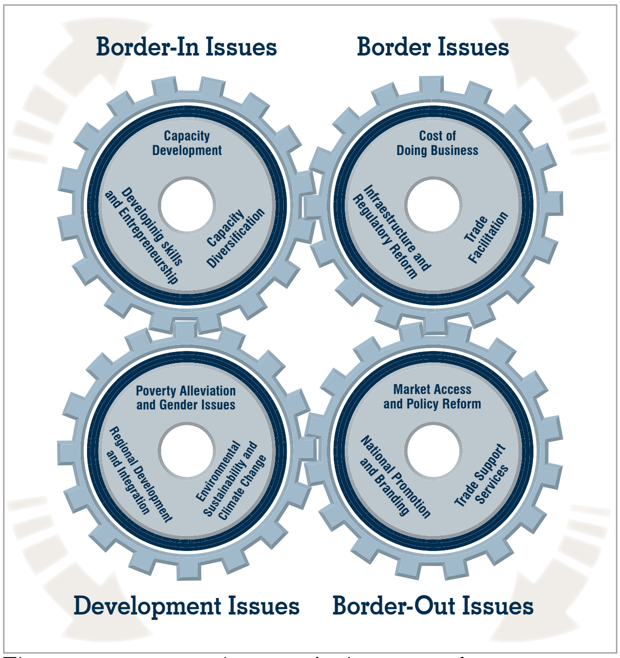
## ADVISORY BOARD

MoTA has recently (2012) announced the re-establishment of an advisory board by Presidential decree, a development awaiting further evaluation by stakeholders. Stakeholders are concerned that the much weaker, less representative body may de facto replace PTB.

## HOTEL CLASSIFICATION PROCESS

A hotel classification effort is under way, with the first hotels having been classified according to a rating system closely aligned with international standards. Other tourism subsectors/professions, such as restaurants, may equally benefit from classification soon. Positive experiences were gathered in the recent hotel classification efforts which were seamlessly led and implemented by an ad hoc public-private sector committee. Stakeholders suggest that this provides a near-perfect example for how PTB should be operationalized, albeit on a permanent basis.

# EXPORT COMPETITIVENESS ISSUES




The export constraints analysis uses a four gears framework, presented below, to determine the major concerns to export development:

- **Supply-side issues** affect production capacity and include challenges in areas such as availability of appropriate skills and competencies; diversification capacity; technology; and low value addition in the sector's products.
- **The quality of the business environment** are constraints that influence transaction costs, such as the regulatory environment, administrative procedures and documentation, infrastructure bottlenecks, certification costs, Internet access and cost of support services.
- **Market entry** constraints are essentially external to the country (but may also be manifested internally), such as market access, market development, market diversification and export promotion.

**Box 4:** Overview of supply-side issues

- The tourist potential of Jericho is neglected. Ramallah, Nablus and Hebron are other cities where tourism potential can be developed.
- Accommodation occupancy rates are low due to high seasonality.
- The labour force lacks tourism skills.
- There is a need to improve business skills of entrepreneurs.
- There is a need to improve service quality and client satisfaction.
- Infrastructure at many religious/historical sites is weak (due to low public and private investment, difficult access, lack of scheduled visits etc.)
- No entrance fees are collected, which limits the capacity to invest in sites; no effective management of sites.
- Lack of entertainment (games, festivals) at certain cultural sites limits development of these sites.
- Leisure, solidarity and nature tourism is underdeveloped because of insufficient management of these sites.
- Meeting, Incentive, Conference and Events (MICE) tourism is underdeveloped.

The analysis presents those majors constraints that are currently the main export competitiveness bottlenecks in the tourism sector in the State of Palestine. However, the assessment also explores issues limiting socioeconomic spillovers of exports to the larger society:

- **Social and economic concerns** include poverty reduction, gender equity, youth development, environmental sustainability and regional integration

## THE TOURIST POTENTIAL OF JERICHO IS NEGLECTED. RAMALLAH, NABLUS AND HEBRON ARE OTHER CITIES WHERE TOURISM POTENTIAL CAN BE DEVELOPED

The tourist potential of Jericho has so far not been accorded the attention it deserves. Existing urban planning ignores the touristic dimension of the city, and the authorities have allowed the establishment of businesses unrelated to tourism in areas that have future tourism potential, turning Jericho – from a tourism perspective – primarily into a residential area for second home owners, neglecting its broader overall tourism appeal and potential. Ramallah, Nablus and Hebron are other examples of old cities with a powerful – and arguably neglected – touristic potential.

## ACCOMMODATION OCCUPANCY RATES ARE LOW DUE TO HIGH SEASONALITY

The State of Palestine experiences two high seasons: Easter holidays and the period between September and October. The negative economic consequences of the low seasons are significant. The seasonality of the industry affects the entire sector (hotel occupancy rates, utilization of services, employment, etc.). Hotels enjoy full occupancy for a few months and are empty the rest of the year, generating an occupancy rate well below international averages. The unsteady demand generates challenging management issues. Discounts offered by service providers are not enough to increase the demand during off-season significantly. New products (diversified tourism offers beyond pilgrimages) and new markets (e.g. the diaspora, Muslim countries and Brazil, the Russian Federation, India, China, Korea and South Africa (BRICKS)) can be part of the solution. A new calendar of events offering new types of entertainment could be devised in that sense.

## THE LABOUR FORCE LACKS TOURISM SKILLS

The capacity and the skills of the tourism labour force are insufficient. Specific tourism skills are limited and inadequate at almost all levels, but most pertinently at the supervisory and management levels. While several educational institutions in the State of Palestine provide tourism-related training, the country's first specialized Master's programme in tourism is just starting (BU, 2013).

There is overall a lack of practical training facilities to train students and young recruits.

## THERE IS A NEED TO IMPROVE BUSINESS SKILLS OF ENTREPRENEURS

Most Palestinian tourism companies are family-owned, with owners unaware of, or unwilling to recognize, the need to improve their business skills – in particular their marketing and management skills – or hire qualified staff. The business culture is another problem. As all service providers matter to the tourist experience there is an overall need to upgrade the tourism curricula and to enhance language skills (English as well as other languages), and to provide graduate students early on with practical experience in the industry. Internship programmes and a training hotel ('one stop shop' covering accommodation, catering, tourism sales and marketing, transport, etc.) could be elements of the answer.

## THERE IS A NEED TO IMPROVE SERVICE QUALITY AND CLIENT SATISFACTION

There is a need to improve the quality of service to clients in order to increase client satisfaction. The quality of tourism services provided in the State of Palestine often falls below international best practice levels. Incentives given to employees can play a critical role in improving service quality, for example by replacing automatic with voluntary tipping to motivate employees to provide decent service. Tip sharing and teamwork could also be beneficial.

## INFRASTRUCTURE AT MANY RELIGIOUS/HISTORICAL SITES IS WEAK (DUE TO LOW PUBLIC AND PRIVATE INVESTMENT, DIFFICULT ACCESS, LACK OF SCHEDULED VISITS ETC.)

Many religious/historical sites in the State of Palestine suffer from weak infrastructure due to a lack of investment and issues such as difficult access and lack of scheduled tour visits. Investment in the improvement of sites' infrastructure could result in increased numbers of visitors and the recoupment of investments made (see issue regarding entrance fees below). This investment could be public investment and/or investment by the site managers and/or private investment.

This would require cooperation with and by the management of the sites in question – a lack of integrated management has been a challenge historically to the extent that the religious authorities that manage religious sites have not shared decision-making powers. Furthermore there is little or no precedent for public-private partnerships with respect to the management of sites, and legislation addressing such partnerships is lacking.

It appears that some sites have already benefitted from a recent MoTA renovation/refurbishment scheme. Specifically, old city centres were restored and various archaeological sites such as Hisham Palace and Balameh Tunnels were restored and opened to visitors. However, more sites await restoration. Sites that could be (further) developed include the town centres of Bethlehem, Beit Jala, Beit Sahour and the centres of other towns/villages, religious sites and ruins, and cultural centres and museums.

Moreover, many sites have been identified in the North West Bank as in need of rehabilitation and renovation in order to revive the 'nativity trail' route. MoTA has a limited budget, however, and revenues collected from tourist sites (which go to MoF), if any, are not necessarily reinvested in sites or their management. Of course, any improvements or renovations would need to preserve and protect these sites.

It could be particularly beneficial to improve the sites' infrastructure in order to enable better connectivity between sites, which would increase the number of visitors to sites. Infrastructure, especially along key visitor corridors, is in need of upgrading and development. Such improvement would result in an increase of scheduled tours to sites that are currently difficult to access. In this regard signage, maps and guides for sites could also be improved for all sites in order to increase the number of visitors. However, the fact that certain areas are outside the (full) control of Palestinian authorities remains a challenge to connectivity.

## NO ENTRANCE FEES ARE COLLECTED, WHICH LIMITS THE CAPACITY TO INVEST IN SITES; NO EFFECTIVE MANAGEMENT OF SITES

A closely related problem is the absence of entrance fee collection mechanisms at many sites and other issues related to absent or weak site management. As mentioned, most religious sites of relevance are owned and managed by religious authorities that are reluctant to share management or ownership with either the private or public sector. This can inhibit effective decision-making that would be beneficial for the maintenance of the sites.

The problem is exacerbated by the fact that these religious authorities often cannot afford to maintain all sites appropriately, particularly sites of secondary importance (i.e., sites of major religious or historical significance and interest but of secondary importance when compared to the standard ‘highlights’ for pilgrims and other tourists). The collection of entrance fees to sites would increase the religious authorities’ capacity to invest and develop sites independently or in collaboration with public or private investors.

## LACK OF ENTERTAINMENT (GAMES, FESTIVALS) AT CERTAIN CULTURAL SITES LIMITS DEVELOPMENT OF THESE SITES

Another related problem is the lack of value-adding entertainment at or in connection with suitable cultural sites. Entertainment at cultural sites, where appropriate, would attract visitors to visit those sites and would also encourage them to spend more on tourism-related and recreational services when they are at the sites. This would help to ensure the sustainability of sites. A future National Parks Authority (NPA) could be put in charge of running and licensing activities such as theme games at natural sites.

## LEISURE, SOLIDARITY AND NATURE TOURISM IS UNDERDEVELOPED BECAUSE OF INSUFFICIENT MANAGEMENT OF THESE SITES

Pilgrim tourism services remain the primary type of tourism services exported by the State of Palestine. Despite the fact that there has been some growth in other niche service segments (such as nature tourism), more growth is possible and would have positive consequences, such as overcoming to some extent the high seasonality of pilgrim tourism. For example, the potential of Jericho – historically a ‘City of Leisure’ – remains untapped and urban planning decisions have not reflected, or encouraged realization of, its touristic potential.

Unique natural sites, such as the Dead Sea and the Jordan River, that should attract visitors and thus be a target for investment, remain underdeveloped and have not attracted investment due to restrictions on access. Again, there is no positive precedent for public-private partnerships with respect to the management of sites, and legislation addressing such partnerships is lacking.

A first step towards realizing the potential of leisure, solidarity and nature tourism might be the completion of a study that examines the programmes of current (traditional/pilgrim) packages and identifies gaps for add-ons and plug-ins of these alternative tourism offers, and that proposes strategies for the marketing of these types of tourism services. Legal reforms, the establishment of an NPA and (importantly) the operationalization of PTB might also unveil the potential of these sites and encourage their development. Such steps would appear to be particularly important in light of the aforementioned focus of private tour operators on traditional pilgrim packages.

**Source:** © PalTrade

The State of Palestine might also consider whether to make leisure tourism a priority: while ecotourism and solidarity tourism are priority travel segments according to the State of Palestine’s National Tourism Strategy (as of 2009), leisure tourism does not feature as a priority (although it is a priority segment for Israel).

## MEETING, INCENTIVE, CONFERENCE AND EVENTS (MICE) TOURISM IS UNDERDEVELOPED

While a few of the State of Palestine’s hotels are awash with donor-funded workshop (small conference) activity, MICE as a stand-alone tourism product is virtually non-existent. The reasons cited by insiders include lack of MICE expertise, access difficulties and the absence of a plan to develop this market segment. As it is for Israel and Jordan, MICE is – or could be – a priority travel segment for the State of Palestine.

In order to develop this market, it is important to develop the capacity of those working in the tourism industry with respect to the particular needs of MICE travellers and to ensure that the quality of tourism services provided at least meet international best practice standards. A plan for the development of this market should also promote investment in the development or improvement of facilities that MICE visitors seek.

### **Box 5:** Overview of business environment issues

- Organization of the sector is inefficient.
- Legislation is insufficient and ineffective.
- Tour operators manage most of the tourism entry because of lack of structured marketing efforts from other players in the value chain.
- The State of Palestine does not control its borders, access, points of entry/exit or visa delivery.
- Circulation between Palestinian territories is restricted.
- Information/studies on the viability of complementary products/markets are lacking, resulting in a lack of tour operators' initiative to widen tourism offers.
- There is limited support from government as income from tourism (if any) goes to MoF and not MoTA.
- There is no effective coordination between development and cultural NGOs and sector stakeholders.
- Attractiveness for foreign direct investment (FDI) is very low.
- There is no trade in services policy.

## ORGANIZATION OF THE SECTOR IS INEFFICIENT

The lack of public-private cooperation on a tourism strategy and the absence of public-private partnerships as the primary driver for the development of the tourism sector, as well as limited private sector initiatives (with some exceptions such as VisitPalestine.ps) lead to a largely uncoordinated tourism sector. PTB, once operational, may provide the much-needed vehicle to change this situation.

This situation places a strain on industry facilitators such as tourism associations and means that the full capacity of business support institutions (such as NGOs, educational institutions etc.) is not explored. The absence of private sector organizations in certain subsectors, such as car rental, restaurant or handicrafts associations (which partly formally exist, but in fact are largely inactive), increases the collective action problem.

The absence of public-private partnerships as the foundation to drive the development of the State of Palestine's tourism industry results in a lack of clear vision with respect to the development of tourism regulations that serve the industry's needs. This perpetuates a situation where public-private cooperation is lacking because there is no willingness to engage with one another and mutual confidence is absent.

The new, public-private PTB and the MoTA advisory board are positive initiatives that may improve efficiency and coordination in this sector. Neither has been operationalized. The former is more representative and would be much stronger in achieving greater coordination.

## LEGISLATION IS INSUFFICIENT AND INEFFECTIVE

The tourism industry needs a full set of laws, rules and regulations to govern the development of the sector. In general, the existing regulatory framework for tourism in the State of Palestine is not consistent with tourism development needs and international standards. The outdated law and regulations pertaining to tourism, dating back to Jordanian rule, do not specifically address professional categories (with the exception of tour guides), professional codes of ethics and cultural preservation.

A new draft law, which is intended to replace the current Tourism Law that dates from Jordanian rule, is under discussion with tourism industry stakeholders. Among other things, this law will address the institutional aspects of training people to work in the tourism sector, lay out curricula, and provide for more extensive mandatory licensing and membership in professional associations for all/most tourism operators. The current lack of regulation to ensure quality poses risks for the State of Palestine's reputation as a tourism destination. One of the shortcomings of the existing Tourism Law that the new law will address is the poor coverage of punitive measures and enforcement.

The private sector supports the government's ambitions, including the idea to make it mandatory for all tourism professionals and businesses to be enrolled with their respective associations and union. This will help regulate and organize each sector, starting with hotels and tour operators. Industry further welcomes any clarifications regarding the role and powers of MoTA.

A special problem is statistics. Stakeholders suggest that all licensed tourism facilities and services should have to provide MoTA with such statistical and other information as may be required in order for the sector to be better planned, promoted, regulated and monitored.

## TOUR OPERATORS MANAGE MOST OF THE TOURISM ENTRY BECAUSE OF LACK OF STRUCTURED MARKETING EFFORTS FROM OTHER PLAYERS IN THE VALUE CHAIN

Incoming tour operators, mostly based in East Jerusalem, are currently the main influencers in the construction of groups' programmes. For legitimate reasons they tend to focus almost entirely on standard packages for pilgrims as the main market segment. However, a more diversified marketing of 'Destination Palestine' and the breadth of sites and activities available for visitors would lead to an increase in overall visitor numbers, more visits to more sites, and an increase in nights spent by existing visitors.

Currently a mapping of sites and activities for tourists is lacking, as are 'off the beaten track' campaigns and general awareness-raising campaigns regarding the State of Palestine's tourism offers. The future PTB may remedy this lack of structured marketing efforts and has the potential to increase entry to a broader array of sites when it starts leading the promotion of 'Destination Palestine'. Resulting increases in scheduled tours and increased confidence in the potential for individual tourism might in turn encourage the improvement of sites' infrastructures (see above).

## THE STATE OF PALESTINE DOES NOT CONTROL ITS BORDERS, ACCESS, POINTS OF ENTRY/EXIT OR VISA DELIVERY

Israel and Jordan are the main entry points to the State of Palestine, but all borders are under Israeli control. Israel also controls the delivery of visas and can at any time deny visitors entry into the country. This means that the State of Palestine remains dependent on Israeli goodwill to a very significant extent. The Muslim world, and especially the Arab world, would represent a major potential market for tourism and FDI inflows if the State of Palestine were in full control of its borders. Most other types of tourism would also potentially find a market much more easily.

Many nationalities with a potential interest in visiting the State of Palestine – in particular Arab states – have no means of obtaining visas. Tourists from other potential markets such as India, Indonesia, or Cuba also have difficulties in obtaining visas, with only group visas providing an (insecure) access, with delays and visa denials being a regular occurrence.

Even in the context of organized group travel, however, there are in many cases long delays for permits or travellers are eventually not authorized to enter Israel, which causes losses to tour operators. For instance, the Muslim world, and especially the Arab world, would obviously represent a very significant potential for tourism and FDI inflows into the State of Palestine if it was in full control of its borders. This would permit a significant improvement in the development and marketing of the different tourism subsectors (previously described). The State of Palestine's lack of control in this regard is a serious obstacle to the development of services exports.

## CIRCULATION BETWEEN PALESTINIAN TERRITORIES IS RESTRICTED

Israel controls visitors' physical movement between the different parts of the Palestinian territory. Travel between Jerusalem and Bethlehem is often complicated, with the effect that Bethlehem is sometimes perceived as difficult to reach. As Israel does not allow Israelis (e.g. guides and drivers) inside Area A, Israeli tour operators often try to skip this destination if at all possible. Moreover, since 2000 the traditional road from the Galilee to Jerusalem passing through Jericho is closed to through traffic as Jericho forms part of Area A; a bypass road now services passing traffic. This has reduced traffic through Jericho by almost 75%. Gaza is entirely off limits for tourists coming directly from the West Bank or from inside Israel.

All these constraints on the movement of persons render the business environment very difficult and the development of tourism a challenge. It can also explain to some extent the low levels of FDI inflows into the State of Palestine's tourism sector, which may in turn affect tourism services exports.

## INFORMATION/STUDIES ON THE VIABILITY OF COMPLEMENTARY PRODUCTS/MARKETS ARE LACKING, RESULTING IN A LACK OF TOUR OPERATORS' INITIATIVE TO WIDEN TOURISM OFFERS

Tour operators are currently the central players in the inbound tourism value chain. As indicated, however, these operators are primarily focused on serving the existing and established main market, namely pilgrimage tourism, and show very little initiative to branch out into, or cooperate in the development by others of, alternative


**Source:** http://travelpalestine.ps

or complementary tourism products. A key reason is the absence of sufficiently detailed and solid information on the viability of alternative products. While both their value propositions and the need for them (to cushion against seasonality, for example) is clear in principle, tour operators' aversion to risk means that there is a practical need to study these in further detail and ascertain their feasibility with a high degree of certainty to bring operators on board.

Tour operators are also failing to promote the State of Palestine as a destination, failing to promote a Palestinian image and branding, and failing to widen the tourism offer — all of which would overcome to some degree the reliance on seasonal pilgrim visitors and the resulting negative cost consequences. A lack of joint initiatives between tour operators and other industry stakeholders and a lack of quality, specific industry information contribute to this.

Joint initiatives might be appropriate in order to plan the widening of the sector's offers. Currently, tour operators do not appear to be aware of the potential that exists and might be discouraged by potential costs that would be borne alone should they take steps to broaden their offerings. Reliable data and convincing studies proving the viability of other types of tourism segments (beyond the traditional offer) would also encourage the exploration of new possibilities.

## THERE IS LIMITED SUPPORT FROM GOVERNMENT AS INCOME FROM TOURISM (IF ANY) GOES TO MOF AND NOT MOTA

Revenues generated by tourism are not managed by MoTA but by MoF. MoF does not reinvest those revenues into the tourism industry, for example tourist sites or MoTA itself. MoTA currently lacks sufficient funding and support to discharge its mandate effectively. Moreover, other activities for the promotion of the State of Palestine's tourism sector cannot be undertaken on the basis of private or donor investment alone – for example, government support will likely be required for the development of sites and it will certainly be required in order to operationalize PTB.

**Box 6: Overview of market-entry issues**

- Trends in the Middle East are difficult to forecast.
- The State of Palestine's potential is closely intertwined with that of Israel.
- There is a perceived lack of security and stability and there is also a need for sector branding to support tourism in the State of Palestine.
- There is no trade (in services) policy and there are no trade (in services) agreements securing market access, non-discrimination and regulatory standards.
- There is a lack of Palestinian commercial diplomacy support.
- It is difficult to meet international services standards and project a strong professional image.
- It is difficult to sell abroad directly as providers are unable to confirm and charge via Internet because of the absence of a platform for payment management.
- Direct marketing and contracting abroad is limited because of limited in-market support from the Ministry of Foreign Affairs (MoFA) as well as lack of awareness and contacts abroad.
- There is a lack of investment in information gathering and communication caused by the absence of a national tourism marketing and branding plan as well as limited public and private sector coordination.

## THERE IS NO EFFECTIVE COORDINATION BETWEEN DEVELOPMENT AND CULTURAL NGOS AND SECTOR STAKEHOLDERS

There is insufficient effective coordination between the tourism industry, MoTA and NGOs that have agendas relevant to the tourism sector. Although MoTA and NGOs have worked together on certain initiatives, more could be done. For example, NGOs, other private sector actors and MoTA would be well-placed to work together on awareness-raising campaigns regarding the breadth of the State of Palestine's tourism services offer. As explained above, public-private coordination would enhance coordination and efficiency in the sector.

## ATTRACTIVENESS FOR FOREIGN DIRECT INVESTMENT (FDI) IS VERY LOW

All these constraints on the business environment mentioned here above can explain to some extent the very low attractiveness to FDI inflows into the tourism sector. As in other sectors in the State of Palestine, investment is limited due to the high political volatility. Additionally, the Palestinian Companies Law is outdated and limits access to finance for enterprises. The law does not contain any legal basis for mergers and acquisitions. The law has an impact on capitalization as relevant to corporate and shareholding requirements for capital formation, and thereby has an impact on the legal framework for equity shareholding and venture capital investments.

## THERE IS NO TRADE IN SERVICES POLICY

The State of Palestine does not possess a well-considered trade in services policy to provide better and more reliable market access and predictable regulatory conditions in target markets. A trade policy with trade agreements with key partners (markets) can help to secure reliable market access —for example for Palestinian tour guides in Israel, Jordan and other neighbouring countries (Mode 4, "presence of natural persons"[24]); for Palestinian tour operators who wish to establish a commercial presence in key markets (Mode 3, "commercial presence"[25]); and for Palestinian tourism generally by addressing/disciplining the use of negative Travel Advisories (Mode 2, "consumption abroad"[26] by foreign visitors coming to the country –the mode in which the overwhelming majority of tourism services is delivered)—.

24. Presence of natural persons (Mode 4) consists of persons of one Member entering the territory of another Member to supply a service (e.g. accountants, doctors or teachers; teams of building professionals as employees of contractual service providers; foreign staff of companies operating in Mode 3). This does not include, however, access to the local labour (employment) market.

25. Commercial presence (mode 3) implies that a service supplier of one Member establishes a territorial presence, including through ownership or lease of premises, in another Member's territory to provide a service (e.g. domestic subsidiaries of foreign insurance companies or hotel chains).

26. Consumption abroad (Mode 2) refers to situations where a service consumer (e.g. tourist or patient) moves into another Member's territory to obtain a service before returning home.

**Source:** © PalTrade

Importantly, a supportive trade policy will consider both exports and imports since these may, in turn, facilitate or trigger exports[27] of services and goods. MoNE is (early) in the process of developing a trade in services policy (at first through the Trade in Services project) and envisages building a more comprehensive trade policy in the near future. The work of the National Task Force on the World Trade Organization (WTO) and its Technical Advisory Team should be focused and leveraged accordingly.

## TRENDS IN THE MIDDLE EAST ARE DIFFICULT TO FORECAST

In contrast with virtually all other regions of the world, the number of international tourist arrivals in the Middle East is going down. Although the State of Palestine/Israel are generally less affected than other countries in the Middle East, the volatile situation in the region makes the forecasting of tourism trends difficult. Although pilgrim tourism is less affected by security issues than leisure tourism, the difficulty in forecasting is a challenge not least for the attraction of a broader target market and the expansion of the State of Palestine's tourism offers.

## THE STATE OF PALESTINE'S POTENTIAL IS CLOSELY INTERTWINED WITH THAT OF ISRAEL

Most tourists visit the State of Palestine in concert with visiting Israel (and to a lesser extent Jordan). With the exception of the diaspora and Palestinians in Israel ('1948 Palestinians'), very few tourists come exclusively to visit the West Bank (including East Jerusalem) or Gaza. Tourism in Israel (and in Jordan), however, is not only a natural and inevitable competitor, but also, and on the contrary, a key vehicle for attracting tourists to (also) visit the State of Palestine.

## THERE IS A PERCEIVED LACK OF SECURITY AND STABILITY AND THERE IS ALSO A NEED FOR SECTOR BRANDING TO SUPPORT TOURISM IN THE STATE OF PALESTINE

The overall instability in the region and the growth of radicalism – even though in actual fact minimally relevant in the West Bank in general and for tourists in particular – create perceptions of insecurity. Even if they are often exaggerated, these perceptions obviously affect the marketability of the State of Palestine as a tourist destination.

The State of Palestine thus still suffers from a partly tarnished international image because of the permanent conflict with Israel and the bad reputation caused by terrorist attacks, notwithstanding the near-complete absence of such attacks over the past few years. To improve the State of Palestine's international image the country, among other measures, needs to improve communication about its cultural and natural assets. The State of Palestine's membership in the United Nations Educational, Scientific and Cultural Organization (UNESCO) provides the opportunity to obtain recognition of its key ancient sites as the common heritage of mankind. Participation in all major international trade fairs and use of UNESCO as a channel to advertise the wonders of the State of Palestine are promising avenues. Although costly, the organization of familiarization trips for multipliers to raise the awareness of international tour operators of the State of Palestine's assets and actual (as opposed to perceived) situation could help increase the volume of visitors.

27. For example, the importation of certain tourism services – e.g. high-end hotel services in Mode 3, or even foreign tourist guides who speak 'exotic' languages – can provide decisive complementary inputs which cannot easily be sourced locally and thereby help develop new products and markets; or the importation of certain specialty goods may allow for the enhancement of hotel or restaurant services and thereby help attract high-value travellers, thus triggering the need for a range of locally produced goods and services.

## THERE IS NO TRADE (IN SERVICES) POLICY AND THERE ARE NO TRADE (IN SERVICES) AGREEMENTS SECURING MARKET ACCESS, NON-DISCRIMINATION AND REGULATORY STANDARDS

There is a clear need for a supportive trade in services policy generally, which extends to the tourism sector. The government, led by MoNE, should, in cooperation with business support organizations, work towards the conclusion of trade in services agreements (WTO/GATS, GAFTA/PASTA, EuroMed and others) to address barriers relative to market access and discrimination (such as the difficulty in obtaining visas and licences, for example for Palestinian tour guides accompanying groups across the green line or the border with Jordan) as well as to develop markets at regional and international levels.

Importantly, the State of Palestine's future trade in services policymaking should encompass a holistic view of the services sector, ensuring that market access and related disciplines are obtained not only for tourism services but also, strategically, for other services with which tourism services are or can be clustered, such as ICT services or medical services. This should tie in with a broader trade policy to support all needs of the industry.

This would include matters such as intellectual property rights addressed by the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights and similar agreements; for example, geographical indication protection for Palestinian specialty products of value to the tourism market or copyright-related protection for visiting artists performing at Palestinian festivals, and disciplines on trade in goods (for tourism inputs).

## THERE IS A LACK OF PALESTINIAN COMMERCIAL DIPLOMACY SUPPORT

The international marketing of tourism services relies heavily on trust. There is currently virtually no support from Palestinian embassies around the globe for tourism operators, i.e. exporters. This should be remedied. The positioning of tourism attachés in each embassy/mission located in a market of current or potential interest would be a measure with a likely instant multiple return on investment.

## IT IS DIFFICULT TO MEET INTERNATIONAL SERVICES STANDARDS AND PROJECT A STRONG PROFESSIONAL IMAGE

Many tourism providers in the State of Palestine, most family-owned, cultivate a 'we do it ourselves' approach and in the process either ignore or find it difficult to consistently meet international service standards. Apart from being a supply-side issue this affects market entry as customers, in particular foreign tour operators/agencies (and their customers, the tourists), often expect international standards as a threshold matter. Many Palestinian service providers take little or no note of this effect as their day-to-day interaction with the least demanding type of tourists – pilgrims – somewhat deceptively seems to suggest otherwise.

Regulation of the tourism sector through the establishment of international quality standards and classifications would be welcome. Progress is being made with respect to hotel classifications that are closely based on international standards. Such classification systems, developed and applied through public-private cooperation (perhaps via PTB, once operationalized) could also benefit other subsectors/professions of the tourism sector.

## IT IS DIFFICULT TO SELL ABROAD DIRECTLY AS PROVIDERS ARE UNABLE TO CONFIRM AND CHARGE VIA INTERNET BECAUSE OF THE ABSENCE OF A PLATFORM FOR PAYMENT MANAGEMENT

A lack of directness in securing tourists, particularly due to a failure to explore the e-commerce avenue, inhibits the export of tourism services. Various intermediaries tend to exist between the service consumer and the service provider. Hotels and other accommodation rely on tour operators in order to secure their guests because they do not have their own websites with the technology required for a functioning, secure reservation system; an appropriate platform for processing payments is missing in the State of Palestine.

In turn, domestic tour operators generally do business with foreign tour operators rather than directly with the service consumer. This lack of directness and failure to make the purchase of services directly available online to service consumers is undesirable. Palestinian tourism service providers could arguably attract a more diverse array of consumers, and offer broader tourism services, if they offered their services online.

**Box 7:** Development perspective

- The accommodation industry is mostly a male industry.
- The handicraft industry is predominantly female.

## DIRECT MARKETING AND CONTRACTING ABROAD IS LIMITED BECAUSE OF LIMITED IN-MARKET SUPPORT FROM THE MINISTRY OF FOREIGN AFFAIRS (MOFA) AS WELL AS LACK OF AWARENESS AND CONTACTS ABROAD

Most Palestinian tourism service providers also conduct no or very limited direct marketing efforts. Most providers are reliant on securing consumers via local tour operators, and even local tour operators tend not to market 'Destination Palestine' directly to foreign consumers but via foreign intermediaries. This results in a lack of contacts in foreign markets and a corresponding lack of awareness there regarding the breadth of the State of Palestine's tourism services.

Increased web presences would appear to be key to changing the situation that prevails. However, it is necessary first to raise awareness and increase confidence among Palestinian service providers with respect to the potential that exists for non-traditional tourism services. It would also be necessary to address service suppliers' lack of resources for such marketing.

To date, support from MoFA in the cultivation of foreign contacts and marketing abroad has been limited. The support of MoFA would be appropriate for undertaking certain new direct marketing strategies that would increase awareness and contacts abroad.

## THERE IS A LACK OF INVESTMENT IN INFORMATION GATHERING AND COMMUNICATION CAUSED BY THE ABSENCE OF A NATIONAL TOURISM MARKETING AND BRANDING PLAN AS WELL AS LIMITED PUBLIC AND PRIVATE SECTOR COORDINATION

The lack of investment in data collection, the absence of a national marketing/branding plan and limited private and public coordination are interrelated challenges. A national tourism marketing and branding plan that involves public and private stakeholders, such as that which PTB should undertake (once operationalized) may be dependent upon, and thus encourage the gathering of, information regarding the potential for increased Palestinian tourism services exports.

Reliable data (along with other considerations) would be important in reaching a decision on how to effectively and appropriately market 'Destination Palestine' and the formulation of a national policy in this regard. PCBS data on the tourism sector are currently not sufficient for the formulation of such a policy because they are often outdated and lack accuracy; a database and resource centre that compiles information from inside and outside the State of Palestine (possibly using PCBS data where appropriate) is key. Furthermore, credible information regarding viable target markets is important in order to encourage the private sector's engagement in the formulation of a national plan.

## THE ACCOMMODATION INDUSTRY IS MOSTLY A MALE INDUSTRY

In June 2012, there were 2,672 employees in hotels in the State of Palestine, of whom only 583 were female. This reflects the cultural preference for male hotel staff to interact with (male) travellers, including chamber 'maids' and room service personnel, all of whom are normally male.

## THE HANDICRAFT INDUSTRY IS PREDOMINANTLY FEMALE

By contrast, the local handicraft production industry employs a significant number of women, often in the form of cooperatives.

# WHERE WE WANT TO GO

The following slogan has been developed with the objective of promoting the sector and giving a common orientation to the ambition for its future development.

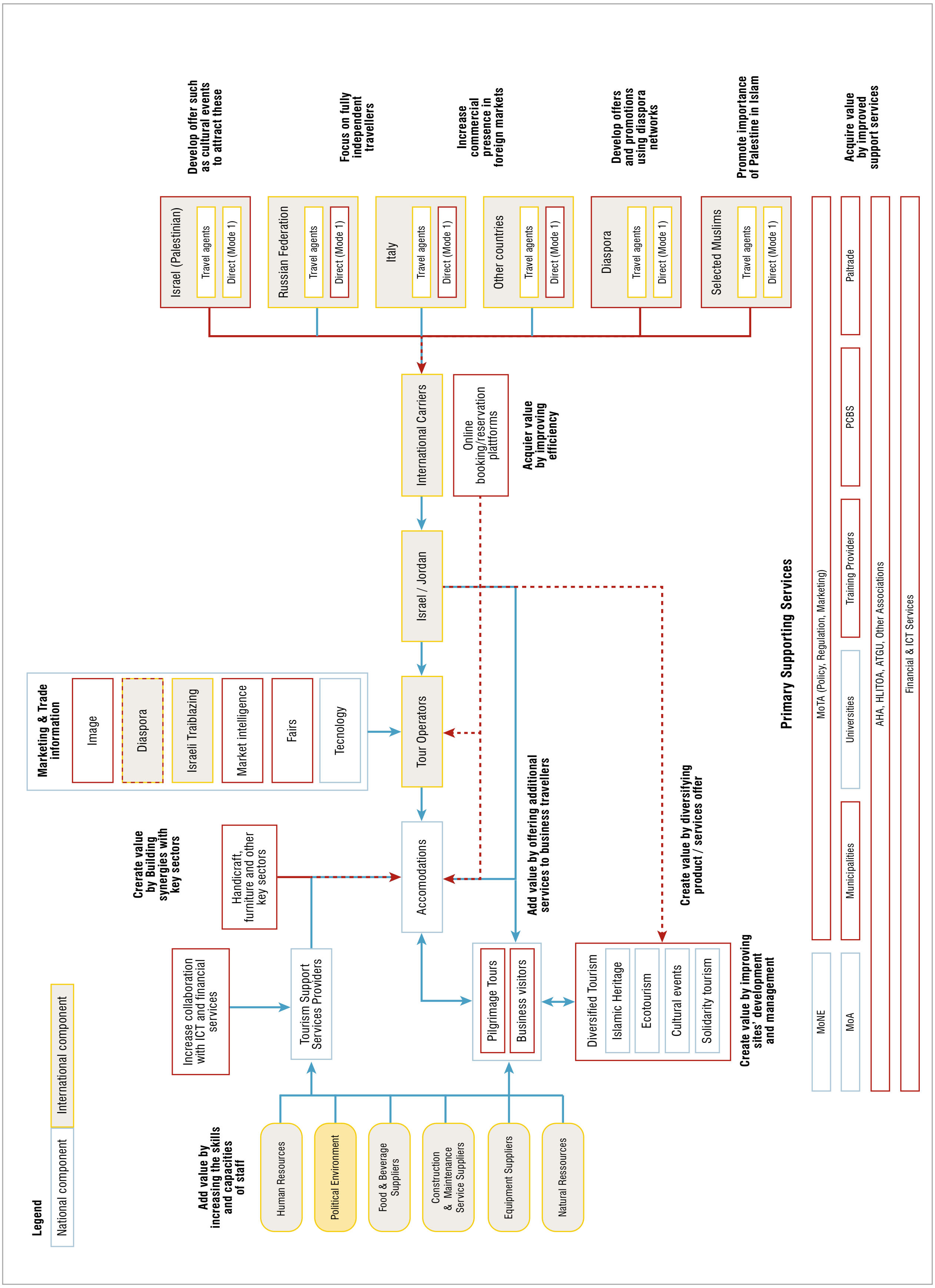
> "Palestine: Come for a divine break…"

The Palestinian tourism sector has faced important challenges over the last decade and aims to make a turnaround in the coming years. While tourism in Gaza is currently impossible, the sector in the West Bank has been growing rapidly. Significant challenges exist, ranging from limited packages other than pilgrimage tourism and low occupancy rate of hotels to access challenges for tourists traveling to the State of Palestine. However, opportunities in existing and new target markets make a compelling case for strengthening the value chain.

The scope for improvements is important and extends across the value chain. In some cases, the scope involves strengthening of existing linkages, while in other areas there is a need for structural modifications. Both of these dimensions of improvements must lead to *market penetration* (improving the offer of current tourism service), *product development* (developing new packages and services), *market development* (targeting new clients in origin country or market segment), or *full diversification* (developing new packages for new clients).

This future state is depicted and discussed in greater detail below.

Figure 5: *Future Value Chain*



**Box 8:** Types of tourism and markets to be developed

| Type of tourism | New markets segments targeted |
|---|---|
| • Islamic heritage<br>• Business visitors<br>• Ecotourism<br>• Cultural tourism<br>• Political/solidarity tourism | • The diaspora<br>• Selected Muslim tourists<br>• Fully independent travellers |

# MARKET IDENTIFICATION

## AN UNTAPPED POTENTIAL FOR PRODUCT DIVERSIFICATION

To achieve growth of exports a key imperative is to broaden the tourism offer beyond classical pilgrimage. While pilgrimage will remain the bedrock of the tourism industry in the State of Palestine, extreme seasonality is only one of its downsides, leading to gross underutilization of existing capacities and putting a brake on investment and growth.

Current and prospective tourism service providers, led by MoTA, must significantly broaden their focus and strategically expand the tourism offer in terms of products and target markets (see above). Apart from Christian pilgrimages, other types of tourism that exist and might have potential in the future include: Islamic heritage, business visitors, ecotourism, cultural tourism, political/solidarity tourism, and medical tourism.

## ISLAMIC HERITAGE

The disputed city of Jerusalem[28] is the third holy city of Islam. Muslims from all around the world might be interested in visiting this holy site; particularly the Al Aqsa Mosque and the Dome of the Rock, Nabi Musa, or Ibrahimi Mosque. This is an opportunity to develop joint tourism initiatives between Palestinian and Israeli tour operators. The main targeted markets are Arabic Israelis, the Palestinian diaspora, Muslim countries or Muslim communities living in non-Muslim countries (e.g. in Europe or in North America).

28. The opportunity to develop Jerusalem tourism has been identified in the consultations for the design of the strategy. However, Jerusalem is currently under Israeli control, which makes it difficult to develop the tourism offer freely. Nevertheless, it can represent an opportunity to develop mutual transit agreements for tourism development.

## BUSINESS VISITORS

A business visitor's main purpose for tourism is not leisure but work. The targeted markets are travellers coming to do business in the State of Palestine, not least those coming as consultants for international organizations or NGOs. They generate revenues for the industry through their expenses in accommodation, food and transportation. But it is possible to develop an offer of recreational activities (camel rides, hiking and biking tours, cultural events (fairs, concerts, shows), night life, etc.) to occupy their spare time (evenings and weekends). Jericho and Gaza are two major attractions for leisure activities. Jericho benefits from unique warm weather during winter whereas Gaza might become a summer resort destination such as Haifa or Beirut. In addition, the development of business tourism (or MICE) to attend trade fairs, exhibitions, or conferences might be explored.

## ECOTOURISM

Ecotourism is 'responsible travel to natural areas that conserves the environment and improves the wellbeing of local people'.[29] It consists of discovering the natural wonders of the State of Palestine such as the landscape, the fauna and the flora (e.g. hiking in Wadi Quilt, bird watching in Jericho, olive tree terraces) as well as of visiting villages to discover folk traditions. The best season for walking runs from November to April-May. Temperatures are generally mild and while sunshine usually dominates the day, the landscape is greened by intermittent winter rains. Most of the flora also blossoms in this period. Ecotourism can be developed both to attract visitors coming to the State of Palestine for this purpose and to be bundled to other types of tourism such as Christian pilgrimages, Muslim travellers, or as recreational activities for business travellers. This type of tourism relies on weather conditions. It is also seasonal.

29. The International Ecotourism Society (TIES) (1990). *What is Ecotourism?* Available from http://www.ecotourism.org/what-is-ecotourism.

### CULTURAL TOURISM

An offer of cultural services needs to be developed including concerts, music festivals, art exhibitions, cultural events, etc. For instance, since 2005 an Oktoberfest (a beer festival) has been organized in the historic West Bank town of Taybeh. In 2012 it managed to attract 20,000 people. This type of tourism could be bundled with Christian pilgrimages or trips by Muslims to discover the State of Palestine's Islamic heritage, or as recreational activities for business travellers.

### POLITICAL/SOLIDARITY TOURISM

Political tourism is emerging as a new area of international travel. Such trips often involve travel to areas of conflict to discover the circumstances on the ground, to meet the actors of both sides, and to develop an understanding of the local history. Israel and the State of Palestine are among the popular destinations for political tourism. Tour operators that specialize in political tours are often NGOs or private social enterprises such as ToursInEnglish.com. Remarkably, Israeli niche operators have recently started capitalizing on the tourism potential of politically interested visitors who wish to visit the West Bank.[30] This type of tourism can also be bundled with Christian pilgrimages, trips by Muslims to discover the State of Palestine's Islamic heritage, or as recreational activities for business travellers.

These six types of tourism will require different marketing and promotion strategies, especially towards existing tourists (e.g. pilgrims, business travellers).

## MARKET DEVELOPMENT AND DIVERSIFICATION

There are opportunities for attracting tourists from varied origins to the State of Palestine. The development of these clients in their origin country will require specific marketing and promotion. Two main options have been identified for developing the tourism sector in the State of Palestine.

### THE DIASPORA

It is estimated that approximately 5.2 million Palestinians are living in exile in many parts of the world. Many Palestinian refugees fled Lebanon to Germany, the Netherlands and Scandinavia. Palestinians also migrated to countries like the United States and Canada, or other countries in Scandinavia or the Arab world.[31] This diaspora, as well as the Palestinians in neighbouring countries such as Lebanon, the Syrian Arab Republic, Egypt and Jordan, offers the Palestinian tourism sector an opportunity to develop and diversify its product offer. Palestinians living outside the West Bank and Gaza are interested to visit their home country because of its religious importance, to learn more about its history and situation, and to maintain a connection to the land.

Opportunities for developing this market lie in using the Palestinian transitional diaspora networks in foreign countries. A specific tourism offer should be developed aiming at providing targeted tours and services to these tourists. This offer could contribute to developing the solidarity and cultural tourism segments.

### SELECTED MUSLIM TOURISTS

As indicated earlier, the disputed city of Jerusalem and other Palestinian cities constitute an important pillar of Islam. Hence, tourism development should be achieved through targeted marketing and promotion efforts to Muslim countries which have a better chance of obtaining visas from Israeli authorities. Similarly, the tourism offer and promotion efforts should target Muslim communities in OECD (Organisation for Economic Co-Operation and Development) countries such as the United States, France, Germany and the United Kingdom of Great Britain and Northern Ireland since bearers of these passports do not require visas to enter Israel.

### FOCUS ON FULLY INDEPENDENT TRAVELLERS (FIT)

A significant un(der)tapped potential lies in fully independent travellers, not least as these are often more willing to spend on higher-value services. Tour operators and MoTA should add a distinct focus on FIT while expanding pilgrimage and other types of group tourism.

30. For example, see Maltz, J. (2013) The West Bank on a shoestring: A day along the hottest new tourist trail, 22 June. Available from http://www.haaretz.com/weekend/week-s-end/the-west-bank-on-a-shoestring-a-day-along-the-hottest-new-tourist-trail.premium-1.531229.

31. Gassner, Ingrid J. (2010). Palestinians Living in the Diaspora, 9 August. Available from http://thisweekinpalestine.com/details.php?id=2402&ed=151&edid=151.

**Box 9:** Overview of structural improvements to the tourism sector value chain

- Create synergies and linkages with other sectors.
- Establish a public-private partnership/Palestine Tourism Board or similar.
- Widen the geographical spread of the tourism offer.
- Improve site development, exploitation and management.
- Link tourism offers and disseminate information better.
- Increase commercial presence and diplomacy in foreign markets (Mode 3).
- Establish an online presence and electronic communications (Mode 1).
- Enhance/complement the tourism offer (apps etc.)

# STRUCTURAL IMPROVEMENTS TO THE VALUE CHAIN

## CREATE SYNERGIES AND LINKAGES WITH OTHER SECTORS

Tourism is a highly varied sector with multiple horizontal and vertical linkages between the various stakeholders, which confirms the need for enhanced coordination and collaboration within the sector but also with other sectors.

The simplest linkage to another sector is for handicraft/local specialty products which benefit and depend greatly on the tourism sector. However, many synergies exist beyond handicrafts. For example, the tourism sector provides the infrastructure for business visitors in all sectors. The quality of basic supplies (accommodation, catering), but also the attractiveness of additional offers, will have an impact on the quality of business visits.

Tourism also generates significant demand for other services, from florists to ICT services, as inputs to the primary tourism service. There is a great need for cooperation between tourism, ICT and banking/insurance in the development of both tourism products and their marketing and sales.

## ESTABLISH A PUBLIC-PRIVATE PARTNERSHIP/PALESTINE TOURISM BOARD OR SIMILAR

The State of Palestine's public and private sector tourism stakeholders have a long history of fruitful cooperation. Under MoTA various initiatives have been launched and successfully implemented. The working relationship is cordial and constructive.

However, moving forward it appears that the State of Palestine's tourism export development will benefit greatly from a structured and institutionalized collaboration through a public-private sector platform that brings together all actors. This forum should be empowered by all stakeholders to generate coordinated action. The 2010 initiative to establish PTB appears to be the most obvious way to achieve this. The formalization of PTB will need to ensure representativeness of operators, geographical regions, products offered and markets targeted. Its role should ideally be more than advisory and entail rights to launch initiatives and participate in decision-making as well as obligations to implement agreed joint actions.

## WIDEN THE GEOGRAPHICAL SPREAD OF THE TOURISM OFFER

There is an opportunity to broaden the geographical spread of tourism beyond Jerusalem/Bethlehem, including for pilgrimage tourism, which offers great potential for adding value. In particular, there is an opportunity for second-time visitors venturing off the beaten track to travel to particular sites in the Northern West Bank, such as Nablus, Jenin, Sebastia, Balata or Taybeh. These sites offer significant potential not only for passing travellers/tours but also for overnight stays. Because many of these places are already reasonably developed, this appears a rather low-hanging fruit. In particular for FIT and alternative travellers more generally, this part of the tourism offering is already reachable, provided information is spread and basic elements such as transportation are made available.

## IMPROVE SITE DEVELOPMENT, EXPLOITATION AND MANAGEMENT

Building on prior and ongoing initiatives, it will be essential to develop alternative historical, cultural, religious and natural sites located all over the West Bank which are currently neglected. This development should involve the private sector as (co-)investors, (co-)developers and (co-)managers, through licensing, concessions, private ownership (coupled with public law obligations) and other legal tools.

Also, the establishment of a National Parks Authority following the Israeli model of a semi-governmental public-private partnership seems advisable. The NPA should be put in charge of keeping, maintaining and selling/licensing experiences and services at designated natural and historical sites and parks. Entry fees, running/licensing, and the provision of food and board and other services including specific activities such as theme parks, would enable sustainability of the sites and the NPA.

## LINK TOURISM OFFERS AND DISSEMINATE INFORMATION BETTER

The various strands of the existing tourism offer should be better linked, through increased organization between tour operators and other means, including technology. Tourists, visiting diplomats and consultants would be interested in staying longer in the State of Palestine if they were better informed of additional tourism offers. For example, foreign consultants working in Ramallah or Jerusalem would often be willing to stay over a weekend or longer if offered a day trip to Taybeh, a walking tour of Birzeit or an architectural tour of Nablus, but often lack the required information to do so.

The same applies to partly or wholly self-organized religious travellers, including groups; in particular second-time visitors. Portals such as VisitPalestine.ps and initiatives such as those linked in NEPTO are already significant conduits. However, additional initiatives are needed to provide/complement current tourism offers. Tour operators must move beyond their often exclusive focus on classical pilgrimage tourism and proactively expand their offerings.

## INCREASE COMMERCIAL PRESENCE AND DIPLOMACY IN FOREIGN MARKETS (MODE 3)

Palestinian tour operators would likely benefit from commercial presences in current and future key target markets. This should be combined with other forms of more direct marketing such as commercial diplomacy and technological tools such as websites, social media and electronic booking systems.

'Destination Palestine' would potentially greatly benefit from much-enhanced commercial diplomacy provided through the network of Palestinian embassies and missions abroad. Tourism attachés could and should be positioned in missions in all current and promising markets, and work closely with MoTA and the future PTB, as well as any individual operator/provider requiring assistance.

## ESTABLISH AN ONLINE PRESENCE AND ELECTRONIC COMMUNICATIONS (MODE 1)

The State of Palestine's online presence in the area of tourism suffers greatly from a lack of quality, quantity, diversity and creativity. All stakeholders should improve the quality and quantity of their websites and social media sites; diversify their communication tools by developing a social media presence and strategy to their website; and increase the level of creativity to attract the attention of visitors. This has two dimensions.

First, many travellers, both FIT and organized or semi-organized groups, today rely heavily or exclusively on web-based sources to plan their travels. Importantly, it is not only the individual electronic presence but also the collective quantity of online presences that matter, as search engines and reference-based tools such as TripAdvisor and others work not least on the basis of quantities.

Second, many travellers rely on direct booking tools, which necessitates trustworthy, functional booking facilities. Direct booking (and availability information) through websites is significantly more effective than booking through email.

The above implies a significant need for establishing links with the Palestinian ICT industry which has the required capabilities, sophistication and capacity to implement the needed measures.

## ENHANCE/COMPLEMENT THE TOURISM OFFER (APPS ETC.)

The tourism offer could and should be significantly enhanced through electronic media, such as tourism apps and electronic guides. The use of virtual reality tools, from simple to sophisticated, can both attract visitors and enhance their experience. This applies not least with respect to sites which are currently underdeveloped or under-maintained, be it because of a lack of funds or because of access restrictions (e.g. Sebastia). Virtual reality tools can help overcome or mitigate such shortcomings.

# HOW TO GET THERE

## STRATEGIC PLAN OF ACTION

The following five strategic objectives have been identified in order to realize the overall vision for the sector.

1. **Develop and widen tourism offers to expand business in the off season and extract additional value from seasonal tourism.** This objective will be realized through the implementation of the following operational objectives:
   - Develop and utilize historical, cultural, natural and religious sites;
   - Mainstream tourism into local urban planning;
   - Develop alternative types of tourism (beyond pilgrimage).

2. **Ensure competitive service quality.** This objective will be realized through the implementation of the following operational objectives:
   - Upgrade and develop tourism service skills;
   - Regulate the sector strategically and systematically.

3. **Widen demand by expanding existing markets and developing new markets.** This objective will be realized through the implementation of the following operational objectives:
   - Broaden and improve the marketing range;
   - Upgrade avenues of direct access to and for clients;
   - Target the diaspora;
   - Target Muslim markets;
   - Target BRICKS (and other emerging markets).

4. **Increase strategic capacities in tourism.** This objective will be realized through the implementation of the following operational objectives:
   - Increase the knowledge base available to tourism industry stakeholders and policymakers;
   - Increase capacity to devise and implement strategies through joint platforms such as PTB.

5. **Develop a trade policy supportive to tourism.** This objective will be realized through the implementation of the following operational objectives:
   - Secure market access, non-discriminatory and regulatory policies in target markets that are supportive to the Palestinian tourism industry;
   - Secure regulatory policies abroad supportive to the Palestinian tourism industry;
   - Secure favourable policies/commitments in ancillary areas.

## IMPORTANCE OF COORDINATED IMPLEMENTATION

The broad range of activities, together with the complex nature of integrated intervention, requires careful implementation that efficiently directs resources and monitors results at both the micro and macro levels. To this end, the Palestinian Export Council (PEC) will be established in order to facilitate the public-private partnership in elaborating, coordinating, and implementing the National Export Strategy. In particular, PEC will be tasked with coordinating the implementation of activities in order to optimize the allocation of both resources and efforts across the wide spectrum of stakeholders. Within this framework, the implementation of the tourism strategy also falls within the purview of PEC.

Such efforts will involve directing donor, private and public sector organizations towards the various NES priorities in order to avoid duplication and guarantee maximum impact. Responsibilities will also include monitoring the results of activities and outputs, while at the same time recommending policies that could serve to enhance the realization of the strategic objectives. With a 360 degree view of progress, the council will be best-placed to manage funding and provide regular reports to donors and stakeholders. Moreover, PEC will play a key role in recommending revisions and updates to the strategy so that it continues to evolve in alignment with the State of Palestine's changing needs.

## IMPLEMENTATION PARTNERS – LEADING AND SUPPORTING INSTITUTIONS

A number of institutions will play a key role in the implementation of the plan of action for the tourism sector. These are institutions that have the overall responsibility for successful execution of the strategy, as well as support institutions that are active partners but not leading institutions. Each institution mandated to support the export development of the tourism sector is clearly identified in the strategic plan of action.


**Source:** © PalTrade

THE STATE OF **PALESTINE**
NATIONAL EXPORT STRATEGY

# PLAN OF ACTION

**Strategic objective 1:** Develop and widen tourism offers to expand business in the off season and extract additional value from seasonal tourism.

| Operational objective | Activities | Priority 1=low 2=med 3=high | Beneficiaries | Target measures | Means of verification | Leading implementing partners2 | Supporting implementing partners3 | Existing programmes or potential support | Estimated costs (US$) |
|---|---|---|---|---|---|---|---|---|---|
| 1.1 Develop religious, historical, cultural and natural sites. | 1.1.1 Promote and facilitate the private activation and utilization of historical, natural and cultural sites (including through hybrid forms such as hotels, restaurants, event venues etc.) through proactive tendering of concessions, facilitated licensing, cooperation of antiquities authorities, subsidies, tax concessions, promotion of alternative itineraries, marketing etc. A key preparatory step is the identification and mapping of available sites. This will inject private sector investment, know-how and creativity into the rehabilitation, development and activation of neglected/underutilized sites. | 3 | Investors; all tourism providers | Policy; supportive regulation; alternative itineraries | Increase in number of visitors to the relevant sites and/or surrounding geographical area | MoTA | Ministry of Local Governance, Riwaq Centre for Architectural Conservation, local governance bodies | MoTA initiatives | 100 000 |
| | 1.1.2 Develop a small catalogue of secondary sites to receive priority public/donor investment and development, in addition to fostering private development of primary sites (see above). | 3 | All tourism providers | Sites directory | Sites developed and mapped | MoTA, Ministry of Transport (MoT) | Tourism associations, especially HLITOA | Existing MoTA/other initiatives to develop/map 'off the beaten track' sites | 100 000 per major site |
| | 1.1.3 Conduct an awareness-raising campaign for 'off the beaten track' sites. This may involve design and dissemination of information/promotional materials; an interactive web-based wiki-site open to providers, users (tourists) and hybrids; the design of alternative itineraries; combination with community-based tourism offerings, etc. Materials/web content should be available in multiple languages. | 3 | All stakeholders | Development of website and promotional materials; familiarization trips for tour operators and other multipliers | Number of visitors increase | MoTA | Private sector/NGO pioneers such as ABS and NEPTOA, media and marketing agencies | VisitPalestine.ps, NEPTOA | 15 000 |
| | 1.1.4 Establish a National Parks Authority following the Israeli model of a semi-governmental public-private partnership. The NPA should be put in charge of keeping, maintaining and selling/licensing experience and services at designated natural and historical sites and parks. Entry fees and the running/licensing, food and board, and other services including specific activities such as theme games, will enable sustainability of the sites and the NPA. This should be done complementarily to the private development and use of sites, as appropriate (see above). | 2 | All stakeholders | Establishment of a joint committee | Bylaws, rules and regulations | MoTA | Ministries of Agriculture, Environment, and Local Government; private sector | | 250 000 |
| 1.2 Mainstream tourism into local planning. | 1.2.1 Promote the consideration of tourism in urban planning. Planning, especially for urban areas (but also beyond), should systematically take tourism into consideration. Where appropriate, designated tourism areas can be established, guiding planning and construction/landscaping activity. The systematic involvement (consultation) of tourism stakeholders at both the local governance level (planning, licensing) and the national level (policy, legislation) is essential. | 1 | Hotels; restaurants; all stakeholders | Coordination meetings (and/or other mechanisms) between MoTA, PTB, local private sector, Local Governance Ministry and governorates | Urban plans take full account of tourism needs | Ministry of Local Governance | MoTA or Ministry of Local Governance, private sector tourism stakeholder organizations | | 50 000 |

| **Strategic objective 1:** Develop and widen tourism offers to expand business in the off season and extract additional value from seasonal tourism. | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Operational objective | Activities | Priority 1=low 2=med 3=high | Beneficiaries | Target measures | Means of verification | Leading implementing partners2 | Supporting implementing partners3 | Existing programmes or potential support | Estimated costs (US$) |
| 1.3 Develop alternative tourism types. | 1.3.1 Conduct a study on the feasibility and short-, medium – and long-term potential of alternative types of tourism beyond classical Christian pilgrimage/Holy Land tourism, including in particular:<br>» Islamic heritage<br>» Business visitors (especially diplomatic/advisory travellers)<br>» Ecological<br>» Cultural<br>» Political/solidarity<br>» Medical (dental)<br>» Recreational (leisure, sports & entertainment).<br><br>The study should include a survey of current itineraries of package tours/pilgrimage groups and examine these with a view to finding gaps/opportunities for add-ons/plug-ins (additional tourism types). The study should recommend additional specific strategies and activities as appropriate, including (but not limited to) those which can be supported through PEC. The study should generate a collection of resource materials which will be fed into the tourism database (see below). | 3 | All stakeholders | Establishment of an alternative tourism consortium as a consultative mechanism | Study developed and validated | MoTA, Ministry of Local Governance | Tourism associations, NEPTO | VisitPalestine.ps, NEPTO | 20 000 |
| | 1.3.2 Market/promote the marketing of existing alternative tourism offerings to existing tourists (e.g. political walking tours to pilgrims; nature hikes to diplomatic travellers/consultants; information and events to solidarity/political tourists etc.). | 3 | Providers of alternative tourism; hotels; restaurants; others | Marketing materials; dissemination (e.g. through social media) | Increase in travellers/use of existing offers | Tourism associations | Tour operators, marketing agencies | | 20 000 |
| | 1.3.3 Based on the market study, devise specific strategies for those types of tourism found to be promising and in need of strategic support. | 3 | All stakeholders | Strategies | Strategy documents | MoTA | Associations, NEPTO | VisitPalestine.ps NEPTO | 50 000 |
| | 1.3.4 Develop and implement a comprehensive plan for communication development regarding the respective types of tourism. Prepare related publications as appropriate. | 3 | All stakeholders | Communication plan on tourism | Plan developed | Tourism associations | Ministry of Foreign Affairs (MoFA), MoTA, related NGOs and marketing companies | VisitPalestine.ps | 20 000 |

| Operational objective | Activities | Priority 1=low 2=med 3=high | Beneficiaries | Target measures | Means of verification | Leading implementing partners | Supporting implementing partners | Existing programmes or potential support | Estimated costs (US$) |
|---|---|---|---|---|---|---|---|---|---|
| **Strategic objective 2:** Ensure competitive service quality. | | | | | | | | | |
| 2.1 Upgrade and develop tourism service skills. | 2.1.1 Upgrade tourism curricula corresponding to needs:<br>Assess needs for fields of study most needed and potential demand in the Palestinian market;<br>» Raise awareness of needs in existing schools for tourism professions;<br>» Support revision and upgrading of curricula at relevant schools, vocational training institutions and academic colleges;<br>» Promote partnering of Palestinian institutions with recognized foreign academic/training institutions. | 2 | All providers | Needs assessment study;<br>awareness-raising;<br>curriculum review and upgrade;<br>promotion of partnering | Study (needs);<br>draft curricula for discussion;<br>new partnerships initiated | Ministry of Education and Higher Education | MoTA, private sector and tourism educational institutes | | 40 000 |
| | 2.1.2 Establish/redesignate a training hotel, preferably as a joint project between private sector stakeholders, in the form of a 'one stop shop' covering accommodation, catering, tourism sales and marketing (travel agency), transport (company) etc. | 2 | Hotels; restaurants; tour operators; agencies; other stakeholders | Committee already established between private sector, MoTA and BU as first model to be discussed | Training hotel established | Private sector | MoTA, tourism education and consulting agencies | | 5 000 000 |
| | 2.1.3 Design and promote internship support programmes for future/junior tourism professionals (ideally as a public-private partnership). Specific measures may include internship requirements in curricula, active support and technical supervision of internships by tourism schools, subsidies for interns and/or receiving institutions. | 3 | Hotels; restaurants; other stakeholders | Design of programmes;<br>internship requirements;<br>support and technical supervision;<br>subsidies | Internships implemented | MoTA | Private sector associations, major players | | 50 000 (support subsidies) |
| | 2.1.4 Develop and provide/support tailored language courses for current and future tourism professionals, including but not limited to guides (initial/current focus on Indonesian, Polish, Ukrainian, Chinese and Russian). | 3 | Guides; all stakeholders | Courses | Number of tourism professionals participating and graduating | MoTA, ATGU, educational institutes | Diplomatic corps | | 50 000 (initial series) |
| | 2.1.5 Design and conduct specific training courses (hard and soft skills) for tourism professionals, e.g.:<br>» Transportation<br>» Catering<br>» Walking tours<br>» Safety<br>» Communication skills. | 2 | All stakeholders; targeted professions | Courses | Number of tourism professionals participating and graduating | Private sector and educational institutes | MoTA, tourism associations | | 20 000 |
| 2.2 Regulate the sector strategically and systematically. | 2.2.1 Establish internationally recognized quality standards and, where appropriate, classifications and licensing for all major tourism professions and services. Taking into account the experience of the exercise of hotel classification, models need to be devised and implemented for other professions/services, based on international standards. Palestine Standards Institution should act as the lead body. | 3 | Tourism businesses/professions classified; all stakeholders | Development/adoption of standards;<br>classification process | Number of establishments classified | Palestine Standards Institution | MoTA, private sector associations | Classification process for hotels underway (ad hoc group) | 150 000 |

| **Strategic objective 2:** Ensure competitive service quality. | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Operational objective | Activities | Priority 1=low 2=med 3=high | Beneficiaries | Target measures | Means of verification | Leading implementing partners | Supporting implementing partners | Existing programmes or potential support | Estimated costs (US$) |
| 2.2 Regulate the sector strategically and systematically. | 2.2.2 Review the legislative framework for tourism systematically. Update, upgrade and/or newly devise relevant laws and regulation, based on international best practices and needs of the industry (needs assessment), while avoiding unnecessary overregulation. The review should be conducted with the involvement of stakeholders (focus group, possibly led by a consultant supervised by MoTA). Possible outcomes may include new laws/regulations concerning restaurants, Haj Omra and other types of tourism. | 3 | All stakeholders | Development of new law(s) and regulation(s) | Number of new laws and regulations | MoTA | Ministry of Justice and Legislative Council, Awqaf, private sector and other relevant associations and unions | Review process at MoTA is underway; a new draft exists and is being discussed | 70 000 |
| | 2.2.3 Institute and operationalize the envisaged PTB with adequate sectoral, subsectoral and geographical representation from the private sector. The current joint committee for hotel classification arguably provides a good example for constructive and effective cooperation. This partnership will ensure consensus and ownership of many development initiatives in the different sectors. It will also help market the State of Palestine more efficiently. | 2 | All stakeholders | Establishment of PTB | PTB established and operational | MoTA and private sector organizations | Tourism educational institutions and NGOs | Various MoTA initiatives | 200 000 |

**Strategic objective 3:** Widen demand by expanding existing markets and developing new markets.

| Operational objective | Activities | Priority 1=low 2=med 3=high | Beneficiaries | Target measures | Means of verification | Leading implementing partners | Supporting implementing partners | Existing programmes or potential support | Estimated costs (US$) |
|---|---|---|---|---|---|---|---|---|---|
| 3.1 Broaden and improve the marketing range. | 3.1.1 Revise and revamp the national tourism image/images, moving away from images implying danger/disturbance and moving beyond the single-purpose Holy Land image. A comprehensive branding strategy should be developed to encompass and reflect the current and future diversity and depth of the tourism offer, while building and expanding on the strength of the Holy Land core. | 3 | All stakeholders | Strategy document | Strategy document developed and validated | MoTA | Tourism associations | | 30 000 |
| | 3.1.2 Expand, organize, systematize and finance strategic Palestinian participation in tourism fairs worldwide, reflecting the widened tourism offer/ambition and core strengths. | 3 | All stakeholders | Strategy for participation & financing;<br>participation in fairs | Number of fairs; number of participants | MoTA | Tourism associations | MoTA participation in tourism fairs | 300 000 |
| | 3.1.3 Expand strategy to obtain UNESCO heritage designation and protection which offers free marketing and a credibility upgrade, both specific to the site and for the tourism destination generally. | 3 | All stakeholders | Strategy selection;<br>applications for UNESCO designation | Number of applications;<br>number of sites designated | MoTA | MoFA and other related ministries, tourism associations | Existing drive to designate sites | 50 000 |
| | 3.1.4 Organize and implement regular familiarization trips for foreign tour operators to promote both the classical and the broadened tourism offer/ambition of the State of Palestine. | 3 | All providers | Familiarization trips | Number of trips and number of tour operators participating | Tourism associations | MoTA, donor agencies and representative offices | | 150 000 |
| | 3.1.5 Monitor travel advisories in relevant tourist home markets. Systematically cooperate with foreign authorities, seek advance warning and consultation wherever possible. Manage formulations as appropriate/possible. | 3 | All stakeholders | Monitoring system;<br>monitoring;<br>discussion with foreign governments | Travel advisories monitored;<br>travel advisories revised | MoTA | MoFA | | 20 000/year |
| | 3.1.6 Organize an international trade fair in the State of Palestine, ideally for a tourism-related sector with multiplication potential (e.g. handicraft, cuisine).<br>Attract conferences of international fora, organizations and associations where the State of Palestine (or a Palestinian organization) is a member. | 2 | All stakeholders | Fair | Fair organized and staged;<br>number of participants | MoTA | International organizations,<br>private sector associations,<br>MoFA | | 200 000 (pilot) |
| 3.2 Upgrade direct access to/for clients. | 3.2.1 Support the upgrading/establishment of hotel websites/social media communications, including direct booking functions and cooperation with international booking sites, email communication mechanisms etc. | 3 | Hotels; tour operators; guides; other stakeholders | Upgrades of websites and social media sites | Number of sites upgraded | Tourism associations | IT providers, financial institutions, MoF, MoTA | | 100 000 |
| | 3.2.2 Foster development and adoption of one or several direct booking and payment systems allowing tourists and intermediaries to directly book and process payments to Palestinian providers. This will likely require:<br>» Strategic collaboration meeting(s) between tourism, IT and financial service providers and regulators (Palestine Monetary Authority);<br>» Needs and feasibility analysis, including regarding possibly needed adjustments of the legislative framework;<br>» Establishment/facilitation of a credit card payment channel;<br>» Payment insurance. | 2 | Hotels; tour operators | Portal(s) for reservation and booking | Increased bookings | MoTA/private sector | PITA (Palestinian Information Technology Association of Companies), PMA (Palestine Monetary Authority) | | 35 000 |

**Strategic objective 3:** Widen demand by expanding existing markets and developing new markets.

| Operational objective | Activities | Priority 1=low 2=med 3=high | Beneficiaries | Target measures | Means of verification | Leading implementing partners | Supporting implementing partners | Existing programmes or potential support | Estimated costs (US$) |
|---|---|---|---|---|---|---|---|---|---|
| 3.2 Upgrade direct access to/for clients. | 3.2.3 Improve communication/information on direct transportation to and from the West Bank to/from international crossing and access points, including Tel Aviv Airport. Foster coordination of transportation, e.g. through joint hotel-sponsored shuttle services (likely through taxi companies). | 2 | Taxi operators (Jerusalem); hotels | Information cooperation | Number of visitors who travel directly to Palestinian destinations | Private sector tourism companies | MoTA, MoT | | 20 000 |
| 3.3 Target the diaspora market. | 3.3.1 Conduct a comprehensive study on the diaspora market, including on reasons for its apparent weakness/underperformance, any needs for improvements in the tourism offer, communication needs etc. | 3 | All stakeholders | Study | Study delivered | Private sector | MoTA, MoFA, NGOs, churches | | 30 000 |
| | 3.3.2 Develop and implement a comprehensive plan for communication with the diaspora, through relevant associations, MoFA/consulates, etc. Prepare related publications as appropriate. | 3 | All stakeholders | Communication plan; publications | Plan developed; number of communications and publications | MoTA | MoFA | | 30 000 |
| | 3.3.3 Based on the market study develop special offers for the diaspora community, for example business to business facilitation initiatives, family tours, immersion (for those without family), tours of home villages/destroyed villages, etc. | 2 | Hotels; restaurants; other providers | Special offers | Number of visitors from this market | MoTA/private sector | MoNE, MoFA | | 30 000 |
| 3.4 Target the Muslim market. | 3.4.1 Conduct a comprehensive study on the Muslim market with a special focus on those countries where access via Israel is a lesser issue (e.g. Indonesia, India, Malaysia; American, European and other Western Muslims), including on reasons for its apparent weakness/underperformance, any needs for improvements in the tourism offer, communication needs etc. | 3 | All stakeholders | Study | Study delivered | MoTA | MoFA | | 30 000 |
| | 3.4.2 Devise a strategy to develop the tourism offer, itineraries and content. | 3 | All stakeholders | Strategy document | Strategy developed | MoTA/private sector | MoFA | | 20 000 |
| | 3.4.3 Develop and implement a comprehensive plan for communication with the relevant markets, through relevant associations, MoFA/consulates, etc. Prepare related publications as appropriate. | 3 | All stakeholders | Communication plan; publications | Plan developed; number of communications and publications | MoTA | MoFA | | 30 000 |
| | 3.4.4 Based on the market study and strategy develop special offers for the Muslim market to complement and complete the current offer. | 2 | Hotels; restaurants; other providers | Special offers | Number of visitors from this market | Tourism associations | MoTA | | 30 000 |
| | 3.4.5 Devise and implement a road show, or road shows, in relevant countries identified as promising markets. | 2 | All stakeholders | Road show(s) | Road show plan developed; number of road shows conducted | MoTA | Tourism associations PalTrade | PalTrade/MoNE Trade in Services Project (road shows 2013/14) | 35 000 |

| **Strategic objective 3:** Widen demand by expanding existing markets and developing new markets. | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Operational objective | Activities | Priority 1=low 2=med 3=high | Beneficiaries | Target measures | Means of verification | Leading implementing partners | Supporting implementing partners | Existing programmes or potential support | Estimated costs (US$) |
| 3.5 Target BRICKS (and other emerging markets). | 3.5.1 Conduct comprehensive studies on the markets of BRICKS countries, as well as selected other bigger potential markets to assess general and specific potential and needs for improvements in the tourism offer, communication needs etc. | 3 | All stakeholders | Market studies | Studies delivered | MoTA/private sector | Tourism experts, consulates | | |
| | 3.5.2 Based on the market study, devise country-specific strategies adapted to the characteristics of the respective market. | 3 | All stakeholders | Strategy document | Strategy developed | MoTA/private sector | Tourism experts, consulates | | 20 000 |
| | 3.5.3 Develop and implement a comprehensive plan for communication with the relevant markets, through relevant associations, MoFA/consulates, etc. Prepare related publications as appropriate. | 3 | All stakeholders | Communication plan; publications | Plan developed; number of communications and publications | MoTA | Tourism associations | | 30 000 |
| | 3.5.4 Devise and implement a road show, or road shows, in relevant countries identified as promising markets. | 2 | All stakeholders | Road show(s) | Road show plan developed; number of road shows conducted | MoTA | Tourism associations, PalTrade | PalTrade/MoNE Trade in Services Project (road shows 2013/14) | 35 000 |

| **Strategic objective 4:** Increase strategic capacities in tourism. | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Operational objective | Activities | Priority 1=low 2=med 3=high | Beneficiaries | Target measures | Means of verification | Leading implementing partners | Supporting implementing partners | Existing programmes or potential support | Estimated costs (US$) |
| 4.1 Increase the knowledge base available to tourism industry stakeholders and policymakers. | 4.1.1 Establish a centre for tourism data from inside and outside the State of Palestine, collecting and compiling information for purposes of further studies, planning and consideration by the industry (e.g. feasibility studies, evaluations, benchmarking, market development etc.). The information should include information on resources, markets, etc. Data collection tools should include web-based interactive stakeholder consultation tools as well as – to the extent feasible – automated reporting mechanisms. The centre should ideally further serve as a monitoring and consultative body. Irrespective of the construction, harmonization and possible integration with PCBS, data collection is central. PCBS is therefore the key implementing partner. | 3 | All stakeholders | Establishment of database and resource centre/unit | Database established; unit/centre established; publications/studies cite database | MoTA | PCBS, tourism police, tourism educational institutions, MoFA | | 250 000 |
| 4.2 Increase capacity to devise and implement strategies through joint platforms such as PTB. | 4.2.1 Provide initial and regularly updated training to tourism officials and stakeholders on tourism strategy development and implementation. | 3 | MoTA; associations | Training courses | Number of trainings & participants | Tourism educational institutes | MoTA and private sector | | 15 000 |
| | 4.2.2 Provide training to government and business services organization officials on strategic management of tourism. | 3 | MoTA; associations | Training courses | Number of trainings & participants | Tourism educational institutes | MoTA and private sector | | 15 000 |

| **Strategic objective 5:** Develop a trade policy supportive to tourism. | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Operational objective | Activity | Priority 1=low 2=med 3=high | Beneficiaries | Target measures | Means of verification | Leading implementing partners | Supporting implementing partners | Existing programmes or potential support | Estimated costs (US$) |
| 5.1 Secure market access/non-discrimination policies supportive to the Palestinian tourism industry. | 5.1.1 Develop policy on, and negotiate, market access and non-discrimination for Palestinian providers in foreign markets, including Israel. This may include specific commitments by foreign governments on travel warnings (see above). | 3 | All stakeholders | Policy document; negotiations | Policy document(s); number of agreements negotiated | MoTA and tourism associations | Private sector | PalTrade/MoNE Trade in Services Project (EU) | N/A |
| | 5.1.2 Devise policy on, and negotiate, Palestinian commitments on market access for and non-discrimination of foreign providers in the State of Palestine. | 3 | All stakeholders using foreign input services | Policy document; negotiations | Policy document(s); agreements negotiated | MoTA | MoTA and private sector | PalTrade/MoNE Trade in Services Project (EU) | N/A |
| 5.2 Secure regulatory policies abroad supportive to the Palestinian tourism industry. | 5.2.1 Ensure, through trade agreements, regulatory disciplines on foreign governments which are favourable to Palestinian tourism providers. | 2 | All stakeholders operating in modes 3 and 4 | Negotiations | Agreements negotiated | MoNE | MoTA, MoFA, tourism institutions | PalTrade/MoNE Trade in Services Project (EU) | N/A |
| | 5.2.2 Ensure, through trade or mutual recognition agreements, mutual recognition of qualifications for tourism professionals in foreign markets. | 2 | Tour guides; formally qualified tourism professionals | Study of relevant markets where recognition is an issue; mutual recognition agreements | Mutual recognition agreements negotiated | Tourism associations | MoFA | PalTrade/MoNE Trade in Services Project (EU) | 30 000 |
| 5.3 Secure favourable policies/commitments in ancillary areas. | 5.3.1 Devise policies supportive of services exports ancillary to tourism exports, for example for professional and financial services (insurance) accompanying tourism exports (e.g. insurance of a Palestinian tour operator bringing groups from or to Jordan). | 2 | All stakeholders | Policy documents | Policy developed; agreements initiated/negotiated | Relevant non-tourism services associations/bodies | MoTA, tourism associations | PalTrade/MoNE Trade in Services Project (EU) | N/A |

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# APPENDIX 2: DATA ON THE TOURISM SECTOR

Table 1: *Distribution of room occupancy in the State of Palestine 2012*

| Region / Quartier | | No. of hotels* | Average no. of rooms | Average no. of beds | No. of guests** | No. of nights** | Average length of stay (night) | Room occupancy | | No. of guest nights | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Average occupacy | % | Average occupancy | % |
| Palestinian territory | | 103 | 5,528 | 11,689 | 510,435 | 1,254,496 | 2.5 | 1,440.6 | 26.1 | 3,437.0 | 29.4 |
| | I | 101 | 5,256 | 11,030 | 134,244 | 297,993 | 2.2 | 1,583.9 | 30.1 | 3,311.0 | 30.0 |
| | II | 99 | 5,388 | 11,227 | 131,975 | 340,573 | 2.6 | 1,375.3 | 25.5 | 3,742.6 | 33.3 |
| | III | 99 | 5,707 | 12,016 | 106,786 | 254,313 | 2.4 | 1,251.2 | 21.9 | 2,764.3 | 23.0 |
| | IV | 103 | 5,758 | 12,481 | 137,430 | 361,617 | 2.6 | 1,554.1 | 27.0 | 3,930.6 | 31.5 |
| North of West Bank | | 8 | 185 | 508 | 14,807 | 22,870 | 1.5 | 38.4 | 20.8 | 62.7 | 12.3 |
| | I | 7 | 175 | 418 | 2,731 | 4,533 | 1.7 | 32.7 | 18.7 | 50.4 | 12.0 |
| | II | 6 | 166 | 463 | 3,887 | 6,030 | 1.6 | 40.5 | 24.4 | 66.3 | 14.3 |
| | III | 6 | 179 | 518 | 3,680 | 5,580 | 1.5 | 36.3 | 20.3 | 60.7 | 11.7 |
| | IV | 8 | 219 | 633 | 4,509 | 6,727 | 1.5 | 44.2 | 20.2 | 73.1 | 11.6 |
| Middle of West Bank | | 27 | 1,279 | 2,776 | 82,932 | 220,362 | 2.7 | 446.3 | 34.9 | 603.7 | 21.8 |
| | I | 26 | 1,272 | 2,599 | 16,752 | 41,148 | 2.5 | 361.9 | 28.4 | 457.2 | 17.6 |
| | II | 26 | 1,194 | 2,422 | 21,229 | 59,696 | 2.8 | 477.9 | 40.0 | 656.0 | 27.1 |
| | III | 26 | 1,298 | 2,903 | 21,098 | 57,997 | 2.7 | 471.1 | 36.3 | 630.4 | 21.7 |
| | IV | 27 | 1,352 | 3,179 | 23,853 | 61,521 | 2.6 | 472.7 | 35.0 | 668.7 | 21.0 |
| Jerusalem | | 28 | 1,478 | 3,079 | 184,469 | 432,636 | 2.3 | 617.3 | 41.8 | 1,185.3 | 38.5 |
| | I | 30 | 1,467 | 3,195 | 58,125 | 111,913 | 1.9 | 862.7 | 58.8 | 1,243.5 | 38.9 |
| | II | 27 | 1,445 | 3,033 | 55,818 | 133,116 | 2.4 | 561.4 | 38.8 | 1462.8 | 48.2 |
| | III | 28 | 1,539 | 3,015 | 29,134 | 73,242 | 2.5 | 437.5 | 28.4 | 796.1 | 26.4 |
| | IV | 28 | 1,461 | 3,073 | 41,392 | 114,365 | 2.8 | 612.4 | 41.9 | 1,243.1 | 40.5 |
| South of West Bank | | 28 | 2,050 | 4,341 | 225,164 | 569,641 | 2.5 | 315.0 | 15.4 | 1,560.7 | 36.0 |
| | I | 28 | 1,944 | 4,104 | 55,935 | 138,902 | 2.5 | 312.4 | 16.1 | 1,543.4 | 37.6 |
| | II | 28 | 2,091 | 4,449 | 50,402 | 140,336 | 2.8 | 280.4 | 13.4 | 1,542.2 | 34.7 |
| | III | 27 | 2,065 | 4,397 | 51,976 | 115,095 | 2.2 | 281.9 | 13.7 | 1,251.0 | 28.4 |
| | IV | 28 | 2,099 | 4,412 | 66,851 | 175,308 | 2.6 | 384.6 | 18.3 | 1,905.5 | 43.2 |
| Gaza Strip | | 12 | 536 | 985 | 3,063 | 8,987 | 2.9 | 23.5 | 6.1 | 0.1 | 0.6 |
| | I | 10 | 399 | 713 | 701 | 1,497 | 2.1 | 14.3 | 3.6 | 16.0 | 2.3 |
| | II | 12 | 492 | 861 | 639 | 1,395 | 2.2 | 15.2 | 3.1 | 15.3 | 1.8 |
| | III | 12 | 627 | 1,183 | 898 | 2,399 | 2.7 | 24.5 | 3.9 | 26.1 | 2.2 |
| | IV | 12 | 627 | 1,183 | 825 | 3,696 | 4.5 | 40.1 | 6.4 | 40.2 | 3.4 |

*At the end of the quarter

**Represents the total of quarter months

**Source:** Autor's compilation based on PCBS data

Table 2: *Main indicators for hotel activities in the West Bank by year (1996–2012)*

| Year | Indicator | | | | | | |
|---|---|---|---|---|---|---|---|
| | Number of hotels | Rooms | Number of beds | Number of guests | Number of guest nights | Average room occupancy | Room occupancy (%) |
| 2012 | 98 | 5 203 | 11 883 | 575 495 | 1 336 860 | 1 513.7 | 29.1 |
| 2011 | 103 | 5 528 | 11 689 | 510 435 | 1 254 496 | 1 440.6 | 26.1 |
| 2010 | 95 | 929 | 10 543 | 577 383 | 1 285 661 | 1747.3 | 35.4 |
| 2009 | 100 | 4 552 | 9 815 | 452 625 | 1 042 290 | 1 481.3 | 32.5 |
| 2008 | 87 | 4 346 | 9 466 | 446 133 | 1 127 286 | 1 560.7 | 35.9 |
| 2007 | 82 | 4 109 | 9 088 | 315 866 | 673 458 | 1 033.3 | 25.1 |
| 2006 | 79 | 3 897 | 8 429 | 151 801 | 383 603 | 616.4 | 15.8 |
| 2005 | 77 | 3 648 | 7 732 | 131 908 | 350 219 | 564 | 15.5 |

**Source:** PCBS32

32. Palestinian Central Bureau of Statistics (2013). Main Indicators for Hotel Activities in the West Bank by Year (1996-2012). Available from http://www.pcbs.gov.ps/Portals/_Rainbow/Documents/time%20ser-%20hotel%20activitis%20survey%202011.htm.

# (FOOTNOTES)

1 Values given here for the PTB are necessarily speculative and reflect the expectations of industry insiders.

2 The appropriate designation of implementing partners – leading and supporting – will be informed by the establishment of PTB or a similar body, if applicable. The PTB/other body, once established, may usefully take over multiple functions here allocated to individual stakeholders.

3 See previous footnote.


**Source:** reway2007.

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