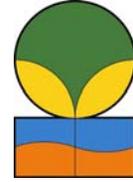




Egyptian Environmental Policy Program
Egyptian Environmental Affairs Agency
Tourism Development Authority
Red Sea Governorate
U.S. Agency for International Development



Red Sea Sustainable Development

D E L I V E R A B L E N o . 1 2

**ACTUAL AND PROJECTED REVENUE STREAMS FROM
APPLICATION OF THE INTEGRATED DIVING AND SNORKELING
FEE SYSTEM IN THE RED SEA**



International Resources Group and partners:

Winrock International
PA Government Services, Inc.
Development Alternatives, Inc.
Environmental Quality International
Capacity Building International

September 2004



Egyptian Environmental Policy Program
Red Sea Sustainable Development And Improved Water Resources
Management

RED SEA SUSTAINABLE DEVELOPMENT
SUSTAINABLE FINANCE TEAM

ACTUAL AND PROJECTED REVENUE STREAMS FROM APPLICATION OF
THE INTEGRATED DIVING AND SNORKELING FEE SYSTEM IN THE RED
SEA

By Myrette El-Sokkari

Prepared for
U.S. Agency for International Development - Cairo
Ministry of Water Resources and Irrigation
Ministry of State for the Environment
Tourism Development Authority
Red Sea Governorate

By
International Resources Group and partners

July, 2004

Year	Actual		Projected			
	2002	2003	2004	2005	2006	2007
Red Sea Tourist Inflow						
Total Number of Tourists*	1,196,938	1,437,703	1,581,473	1,739,621	1,913,583	2,104,941
A. Foreigners *	1,113,152	1,265,179	1,391,697	1,530,867	1,683,953	1,852,349
% of Foreigners diving or snorkeling**	0.75	0.75	0.75	0.75	0.75	0.75
Number of Dive/snorkel trips /visitor**	3.00	3.00	3.00	3.00	3.00	3.00
Calculated Number of diving/snorkel trips	2,504,592	2,846,653	3,131,318	3,444,450	3,788,895	4,167,784
B. Egyptians *	83,786	172,524	189,776	208,754	229,629	252,592
% of Egyptians diving or snorkeling**	0.2	0.2	0.2	0.2	0.2	0.2
Number of Dive/snorkel trips/visitor**	3	3	3	3	3	3
Calculated Number of diving/snorkel trips	50,272	103,514	113,866	125,252	137,778	151,555
Calculated No. of Probable/Potential Trips(A+B)	2,554,864	2,950,167	3,245,184	3,569,702	3,926,672	4,319,340
-						
No. of Dive/Snorkel trips(Actual Reported tickets sold)	792,383	986,565				
Tticket collection efficiency(%)	31	33	40	50	65	75
Integrated Charge Revenue						
Foreigners (\$3) in dollars				\$10,333,349	\$11,366,684	\$12,503,353
Exchange rate 1U.S.\$ = L.E.			6.5	6.5	6.5	6.5
Charges for Foreigners in LE			61,060,701	67,166,772	73,883,449	81,271,794

Egyptians (LE 5) in Egyptian Pound			569,329	626,262	688,888	757,777
Total Potential Revenue (LE)			61,630,031	67,793,034	74,572,337	82,029,571
Assumed Ticket collection Efficiency %***			40	50	65	75
Total Estimated Revenue for Integrated Charges (LE)			24,652,012	33,896,517	48,472,019	61,522,178
<u>EEAA 50% Share of Generated Revenues Generated (LE)</u>			12,326,006	16,948,258	24,236,010	30,761,089

ASSUMPTIONS

*10% per annum increase in tourist inflow-based on recent tourism increase of 20% per annum, 2001-2003.

**Based on discussions with Dr. Hanafy, industry experts, Hegazy, et.al. A Survey of Red Sea Tourists and Tourist Operators "Willingness to Pay for Coral Reef Conservation", June 2002.

***Gradual improvement in efficiency of charge collection due to the Boat List and other measures.

Efficiency improvement is assumed at 20% in 2004, and 25% in years 2005, 2006, and tapers at around 15% in year 2007.

Note: Our agreement document assumed visitors to be 1 million, conservatively based on the actual number of visitors in 2003.

Given our assumptions the revenue of around LE 34 million should be attained in year 2005, the first year of implementation, which is enormously higher than the current expenditure of around LE 6 million. 2004 is projected as an indicator.