

CHEMONICS INTERNATIONAL INC.

Electronic Document Submission Title Page

Contract No.: 278-C-00-02-00210-00

Contractor Name: Chemonics International, Inc.

USAID Cognizant Technical Office: Office of Economic Opportunities
USAID Jordan

Date of Product/Report: September 2004

Document Title: Investment Promotion Strategy - Jordan's
Tourism Sector -2004-2007
Final

Author's Name: Jim Phillips

Activity Title and Number: Achievement of Market-Friendly Initiatives and Results
Program (AMIR 2.0 Program)

ECI Component, "Investment Promotion Strategy -
Jordan's Tourism Sector (2004-2007)"
Task No. 7513.01.01

Name and Version of Application
Software Used to Create the File: *MS Word 2002*

Format of Graphic and/or Image File: *N/A*

Other Information: *WinZip Windows*

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

DATA PAGE

| | |
|--|--|
| Name of Component: | Enhanced Competitiveness Initiative |
| Author: | Jim Phillips |
| Practice Area: | Trade and Investment |
| Service Offering: | N/A |
| List of Key Words Contained in Report: | Investment Promotion Strategy Tourism |

ABSTRACT

The objective of this consultancy is to develop a three-year investment promotion strategy for the Jordanian tourism sector, in fulfillment of the “Jordan National Tourism Strategy 2004-2010” on behalf of the Jordan Tourism Board and the Jordan Investment Board.

ABBREVIATIONS AND ACRONYMS

AMIR Achievement of Market-friendly Initiatives and Results Program

USAID United States Agency for International Development

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EXECUTIVE SUMMARY

Context and Objectives

Based upon the quality of Jordan's tourism resource base and the performance of its principal rivals, it is clear that the country is not capturing its fair share of tourist arrivals and receipts. Regional instability has certainly played an important role in that underperformance, but cannot account for all of it. Other countries facing the same challenges are growing market share at Jordan's expense.

Two principal factors driving this underperformance are a lack of marketing and promotion and an undeveloped product. Jordan today is principally an excursion for visitors to neighboring countries, focused to a significant degree on one attraction – Petra.

Marketing and promotion are being addressed through other strategies and a commitment by the Government to dramatically expand promotional funding. The purpose of this report is to layout a strategy for tourism-related investment promotion. Based upon an analysis of the country's competitive strengths and weaknesses, the principal focus of that strategy should be on product development.

Defining Priorities

The first step in this process should be to define desired outcomes. One of the most important should be to create economic opportunities for the poor communities that surround some of Jordan's most interesting tourist sites. Equally important, product development should be focused on attracting higher spending tourists and providing them with compelling opportunities to spend more time and money in Jordan. It will require a new approach to product development that is much more creative and customer focused than government-driven programs of the past.

Great care, however, must be taken in defining strategies, as private sector development and management of sites is no panacea. Given the need for a significant focus on community-based development and protecting fragile resources, non-governmental organizations likely also have an important role to play in the process.

Market Drivers

Jordan receives overnight visitors from two principal markets, 1) the Arabian Gulf/Middle East and 2) North America/Europe. The first accounts for accounts for over 75 percent of total arrivals, and the second for all but five percent of the balance.

While visitors within these two broad segments share a number of common characteristics and travel preferences, each also has very different demands in terms of services and amenities; and each will require a different approach to product development.

While the Gulf/Middle East market is by far the largest, it will also be the most difficult for Jordan to meaningfully grow. The competition is fierce and Jordan is not as well positioned as some of its principal competitors.

The potential for growing market share in Europe and North America is much more significant. While competition in these markets is also intense, Jordan's product base is more competitive and unique.

Targeted Investment Opportunities

There are, based upon the analysis above, a wide variety of investment opportunities in Jordan's tourism sector. They can be organized, from most to least significant (based on defined objectives and market realities), under three broad headings:

I. Historic/Cultural/Natural Attractions

II. Resort Hotels

III. Gulf Market Attractions

I. Historic/Cultural/Natural Attractions

Jordan's most significant opportunity to invest in the future growth of its tourism industry lies in the development of its religious, historic, cultural, and natural assets. These assets are what make Jordan unique, and represent its best means of competitively positioning itself to attract higher spending visitors.

Challenges:

- Product innovation
- Organization and management
- Community integration
- Sustainability

Product development efforts must be market led. Jordan will not compete on the basis of price, but on the quality and innovative character of services and facilities provided.

Competitive Strengths:

- A unique and diverse product offering waiting to be developed
- Ability to employ "best practices" from other destinations

The short term (three-year) target should be to secure the investment necessary to fund first-phase development of at least five attractions. Preliminary estimate of investment required is US\$4 million per site, or US\$20 million. As proposed, that process would be jump-started with the execution of a Pilot Project, with a preliminary cost estimate of US\$4 million.

The strategy recommended for promoting investment in attractions development is comprised of the following:

- **Design competitions for selected sites** - engaging the private sector to define creative, cutting edge concepts that will appeal to target markets, protect resources, integrate local communities, and create attractions that are financially sustainable.
- **Tourism Product Development Fund** – managed by a public/private board of directors made up of a range of stakeholders, and funded by international donors, with matching funds provided through the one percent of tourism revenues earmarked by the Jordanian Government for product development.
- **Tourism Community Development Fund** – managed by a public/private board and funded by international donors and the Jordanian Government (one percent of tourism revenues), aimed at providing technical assistance and business development services to communities surrounding sites under development.
- **Innovative Management Structures** – that attempt to integrate the strengths of government, private business, and the NGO community in the development and management process.

Pilot Project(s) – a living laboratory to be used to test and refine design, financing, and management concepts.

II. Resort Hotels:

Investment promotion for resort hotels should be focused exclusively on the Dead Sea and Aqaba.

Aqaba:

Challenges:

- Competition from Egypt
- Higher cost structures
- Lack of services and amenities

Competitive Strengths:

- More integrated development
- Better nearby attractions
- Potential for development of other attractions/broader market mix

The short term (three-year) target should be to attract investment sufficient to complete the build-out of six 200-400 room, first-class hotels. Total required investment: US\$100 - \$195 million.

The Dead Sea:

Challenges:

- Competition from Israel
- Lack of critical mass of hotels and related facilities and amenities

Competitive Strengths:

- Lower cost structures than Israel
- More integrated planning
- Up-Market focus
- Nearby attractions

The short-term target should be to attract investors with the financial capacity to develop an additional 1,000 to 1,500 first-class hotel rooms. Total required investment: US\$80 - \$120 million.

The strategy for promoting resort hotel investment should consist of the following components:

- Task 1. Identify Projects to be Promoted**
- Task 2. Identify Potential Targets and Develop Investor Database**
- Task 3. Prepare Prospectus Materials**
- Task 4. Organize and Conduct Initial Outreach and Recon Missions**
- Task 5. Organize and Conduct Investment Mission(s)**
- Task 6. Organize and Conduct Investment Conference**

III. Gulf/Middle East Market Attractions

The primary interests of this market segment are to:

- Escape the summer heat
- Unwind in Arab-speaking countries that are culturally less restrictive
- Enjoy family-oriented activities, shopping and nighttime entertainment

Jordan is well positioned in terms of the first, marginally in terms of the second, and significantly lags its primary competitors in terms of the third. Development of family-oriented activities, shopping, and nighttime entertainment should be the focus of investment promotion efforts.

- **Themed Attractions** – Amusement parks or water parks in Amman, Ajloun and Aqaba; a wild animal park in Azraq.
- **Special Events:**
 - Arab Film Festival
 - Arab Music Concerts
 - Arabic Theatre Productions
 - o Arts and Crafts Fairs
 - o Outdoor Cultural Festivals
 - o Sporting Events
- **Summer Camps** – taking advantage of cooler weather, greener landscapes, and long summer holidays, create children’s programs in Amman and/or Ajloun.
- **Pedestrian Shopping/Dining Districts** – In Amman, Ajloun, and Aqaba.
- **Nightlife** – Create incentives for and promote development of cafes, cinemas, bars, pubs, nightclubs and nighttime pedestrian areas.
- **Casino Gaming** –In Aqaba, high-quality casino gaming facilities, tied to a specified level of resort hotel investment.

The short-term target should be create an incentive structure and attract investors with the capacity to develop one major project and several less capital-intensive ones (i.e., special events) in Amman, Ajloun, and Aqaba. Targeted level of investment, US\$150 million.

CHAPTER 1: CONTEXT AND OBJECTIVES

“The highlight of Jordan, and one of the most spectacular sights in the Middle East, is the magical ancient city of Petra. And yet there’s so much more to see in Jordan. There are enough attractions – landscapes, desert castles and forts, nature reserves, ruined cities and cafes – to keep most visitors happy for at least two weeks.”.....”Jordan is small, and tourists do not generally stay for very long. As an example, the average tourist stays for 18 nights in Israel, and eight in Egypt, but only four in Jordan.”

Lonely Planet, Jordan 2003 edition

While several pages of this report are devoted to a discussion of the scope and importance of Jordan’s tourism sector and the country’s competitive position, the above quote encapsulates the principal paradox of the country’s tourism industry, its most compelling development opportunity, and its core challenge in promoting future growth.

Most simply, Jordan today is not a tourism destination. It is an excursion, focused primarily on Petra, with perhaps a side trip to Jerash, Wadi Rum, and less significant sites scattered throughout country. The fact is that tourists do not stay very long in Jordan, and do not spend very much money.

This is so for two important reasons:

Jordan is not promoted as a destination. Although this could change dramatically with the recent approval of a dedicated and much expanded marketing and promotion budget, there has been very little money available for image promotion. In marketing terms, Jordan is not a recognized “brand” in the universe of international travel destinations.

Jordan’s dozen or so potentially world-class sites and attractions have not been developed and are not managed in a way that promotes more than the briefest of visits, or visitor expenditures. Even Petra, the cornerstone of the country’s tourism offer, is, in the view of most experts, poorly managed and “at risk.”

There are a few notable exceptions to the above. Most significantly – from an integrated development and management perspective – Dana Nature Reserve. While the reserve is not, and will likely never be a primary driver of demand for travel to Jordan, it is an important model that should be studied in terms of what works in Jordan in regard to the legal, social, and environmental context through which the development of attractions must take place.

Marketing and promotion challenges have been analyzed at length in other strategy documents, most importantly the National Tourism Strategy, adopted in May 2004. The purpose of this report is to define strategies for investment promotion, and as such the primary focus is on the second of these challenges, attractions or product development.

Successful product development is a complex mix of planning, investment, management, and marketing. In a country like Jordan, where the attractions with the greatest development

potential are located near or within relatively poor communities, the added challenge is to integrate those communities into the development process.

Tourism-related investment promotion is also a complex process, and in many respects relatively unique. Unlike manufacturing and other export businesses that are the typical focus of investment promotion, tourism-related investment is driven by market demand, both proven and potential, for the investment destination itself.

A good example is garment manufacturing. There is a proven and easily identified demand for clothing, and the investment decision essentially involves finding the right mix of:

- Competitively-priced labor, raw materials and transport
- Fiscal incentives and market access agreements
- A reasonably secure/transparent political climate

The investor produces his product and exports it to end markets around the world, and the customer, in most cases, does not know or care where it was manufactured.

For tourism exports, the customer must be brought to the country where the product is located, but first must be convinced that the product, which is unique to that country, is worth the purchase price. The purchasing decision is also much more complex, involving a whole range of human experience and emotions, including safety, cultural /religious values, the desire to learn – or unwind, and one’s own sense of and desire for adventure.

That complexity has a significant impact upon the decision to invest, and in turn on the investment promotion process. And as it regards investment, increased complexity translates into increased risk.

Unlike manufacturing, where end demand is generally well know, and the objective is simply to produce and deliver a product at the lowest possible price, market risk is perhaps the single most important factor in the tourism-related investment decision. Or to quote an overused phrase in the industry, “If we build it, will they come?”

The purpose of the strategy laid out in the following pages is to answer that question, and a range of other questions, including:

- What are the desired outcomes from increased tourism-related investment?
- What types (private, public, non-profit) of investment should we promote to achieve those outcomes?
- Where should those investments be targeted?
- How can products developed be managed and marketed?
- How can/should the benefits of increased investment be channelled?
- How can potential negative impacts be avoided or mitigated?
- Who are the most likely potential investors?
- What are their most important criteria in making the decision to invest?
- How can they be targeted and attracted to Jordan?

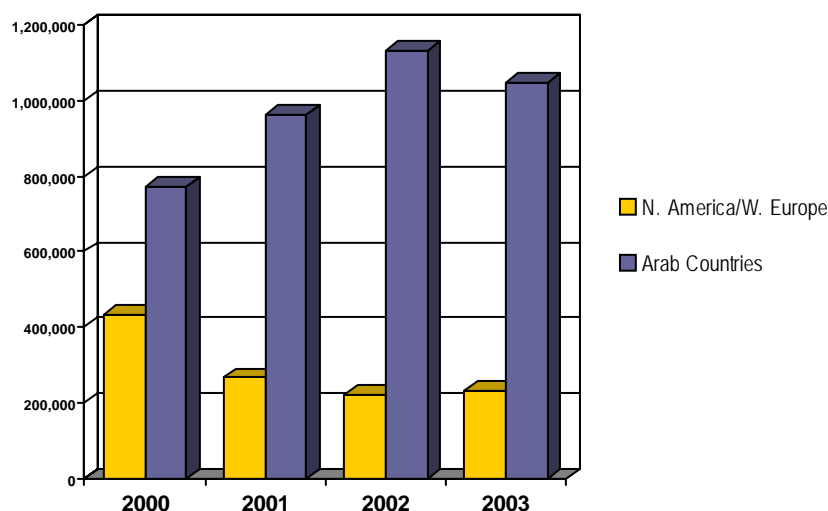
CHAPTER 2: JORDAN'S TOURISM INDUSTRY

The one word that most accurately describes tourism in Jordan today, particularly as it relates to investment, is volatile. While the country itself is considered by most to be safe and politically stable, the same cannot be said of its neighbors.

The political instability that has plagued the region over the past half century has not been good for Jordan's tourism industry. While tourist arrivals have grown slowly but steadily over the past two decades, the underlying statistics point to a great deal more volatility, and equally important, a lack of growth from some the world's highest spending outbound travel markets.

That volatility has become even more pronounced over the past four years, as can be seen from arrivals data below:

Figure 2.1 Tourist Arrivals to Jordan by Origin
North America/Western Europe and Arab Countries (2000-2003)



Source: Jordan Ministry of Tourism & Antiquities

While total arrivals continue grow, the composition of that total has shifted significantly, with arrivals from Arab countries increasing by 36 percent and arrivals from North America and Western Europe declining by 47 percent.

The impacts of this shift have been severe, as the peace accord with Israel signaled a potential boom in tourism, which in turn spurred a construction boom that peaked as the in the Palestinian crisis began to escalate, and shortly before the events of September 11.

The end result was a dramatic increase in the number of available hotel rooms, a significant decline in occupancies (particularly in Aqaba and Petra), rates, and profitability, with more than 40 hotels in serious financial trouble or on the verge of default.

Figure 2.2 Number of Hotel Rooms, Jordan 1994-2003

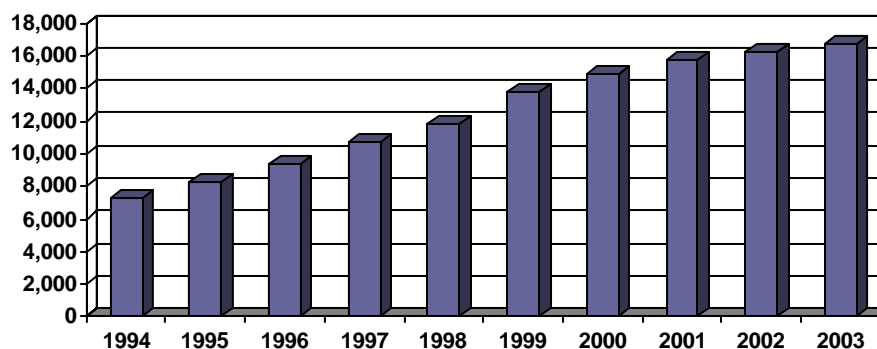
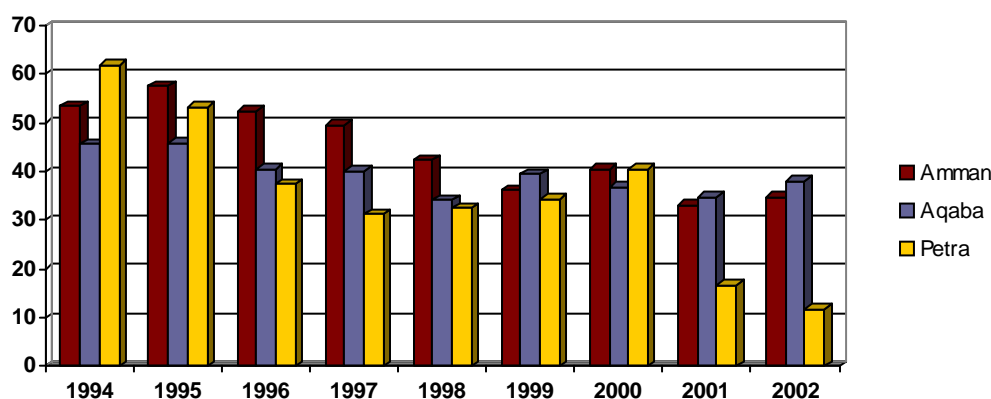


Figure 2.3 Hotel Occupancy, Selected Destinations, Jordan 1994-2002



Looked at from a different perspective, in terms of the total growth of receipts (a much more important measure than arrivals) from major outbound markets, Jordan's underperformance is even more striking. Taking the most complete data set available (1985-1999, World Tourism Organization), international tourism expenditures from the world's largest outbound markets, Western Europe, the United States, Japan, and South Korea, grew by a compounded annual rate of 9.9 percent, or from US\$71.5 billion to more than US\$269 billion over that 15-year period.

Over this same time period, Jordan's international tourism receipts grew by a compound annual rate of only 3.1 percent, from US\$518 million to US\$795 million. If Jordanian tourism receipts had kept pace with the growth in expenditures from those source markets, total receipts would have been nearly US\$2 billion in 1999, and on a cumulative basis several billion dollars higher.

Many of Jordan's competitors, both inside and outside the region have managed to maintain or grow market share over than time period. For example:

Table 2.1 Regional Tourism Receipts Growth Rates

| Country | Receipts 1985 (U.S.\$ millions) | Receipts 1999 (US\$ millions) | Cumulative Receipts 1985-1999 | CAGR, 1985- 1999 (percent) |
|---------|------------------------------------|----------------------------------|-------------------------------------|----------------------------------|
| Egypt | US\$417 | US\$3,903 | US\$27,841 | 17.3% |
| UAE* | 124 | 607 | 4,171 | 14.2% |
| Greece | 1,428 | 8,783 | 53,549 | 13.9% |
| Syria | 260 | 1,360 | 10,717 | 12.5% |
| Cyprus | 380 | 1,894 | 18,840 | 12.2% |
| Turkey | 1,482 | 5,203 | 59,147 | 9.4% |
| Tunisia | 498 | 1,560 | 16,305 | 8.5% |
| Morocco | 619 | 1,880 | 18,719 | 8.3% |
| Israel | 1,101 | 3,050 | 29,968 | 7.5% |
| Oman | 52 | 104 | 1,157 | 5.1% |
| Jordan | US\$ 518 | US\$ 795 | US\$ 8,974 | 3.1% |

*U.A.E. data 1987-1999

Data Source: WTO

As the data above demonstrates, this lack of growth cannot all be blamed on regional instability. Egypt, for example, has managed to capture an increasing market share despite violent attacks targeted directly at foreign tourists, and in 2003 set a new record for tourist arrivals and receipts. Syria, which has a much poorer image in the West than Jordan, has managed to grow tourism income at a rate four times as fast as Jordan.

What this data does show is that there is a considerable untapped opportunity to increase the income that Jordan earns from tourism. As discussed earlier, the two principal challenges are to promote Jordan's image as a tourism destination and to create a base of attractions and services that support that enhanced image. Marketing without product development will yield benefits that will likely be short-lived, and product development without the supporting marketing and promotion will result in continued sub-optimal performance.

Marketing and promotion are being actively addressed through adoption and implementation of the National Tourism Strategy. What is less well advertised is that funds will also be provided in an equal amount for product development; half for physical product development and half for human resources and training.

Thus there is already one identifiable source of new investment targeted toward product development. The principal challenges now are to define how those funds can be most effectively put to work, and what additional sources of investment can be secured to support product development efforts.

The first step in that process is to define what Jordan wants to achieve through increased levels of tourism investment.

CHAPTER 3: DEFINING PRIORITIES

One of the most common failures of governments and destinations embarking on tourism-related investment promotion is a failure to first define desired outcomes. While priorities will need to be balanced with market realities, simply making the objective “attracting more investment” is, at best, a shorted-sighted approach.

Investments are hard to undo, and the type of investments undertaken in a country can have lasting consequences in terms of destination image and social and environmental impacts that may cost more to mitigate than the amount of investment attracted.

While tourism development can deliver a wide variety of benefits to a country, the principle objective of most countries is a financial one. In the broadest terms, the primary objective of Jordan’s tourism investment promotion strategy should be to sustainably increase the country’s income from tourism, maximize the economic impacts of that income, minimize negative impacts, and spread the benefits as widely and as rapidly as possible.

Maximizing Returns

Tourism-related income or revenue is calculated as follows:

total number of arrivals x average daily spend x average length of stay = total income

Total income can grow by increasing any of the three variables on the left side of the equation. The easiest and least preferred method, particularly for Jordan, is to simply seek to increase the total number of arrivals. Easiest (assuming there is existing excess capacity) because it typically involves little more than stepped up marketing and promotion.

In Jordan all that this approach would serve to do is bring in more low-value tourists visiting the same over-visited sites, increase the negative impacts of tourism upon those sites, and fail to achieve the objective of a wider distribution of the benefits of tourism across regions and communities.

The second best option for increasing tourism-related income is to increase the average length of stay. Most importantly, because positive impacts would be spread more widely, and the negative impacts on the country’s most visited sites would not increase significantly.

The final and best strategy for increasing tourism-related income and yield is through increasing average daily spending. In other words, the same targeted level of income gains can be achieved with a fewer number of tourists and number of visitor days, which yields lower marginal intangible costs and maximizes financial returns in terms of customer acquisition and other costs.

So the optimal strategy for increasing tourism revenues, maximizing yield or net income, and minimizing negative impacts is to focus first on maximizing average daily spend, second on average length of stay, and lastly, on number of arrivals.

The two principle strategies for achieving a higher average daily spend are 1) to attract higher spending tourists, and 2) to provide more and higher quality opportunities for those tourists to spend money.

The principal way that average length of stay is increased is by expanding and improving the quality of the product offering. In Jordan, for example, while there are a large number and variety of existing attractions, the quality of the interpretation, services, and facilities at each, with few exceptions, is low. As a result tourists tend to spend less time at each attraction, meaning that they can pack more visits into each day, and visit fewer attractions. (For a more detailed discussion of maximizing returns from tourism investment, see appendix B.)

3.1 Diffusion of Income from Tourism

The next step in defining objectives, and ultimately a strategy for investment promotion, is to define where the income flow from tourism development will have the greatest economic impact. In general terms, and depending upon the destination, benefits flow in some ratio to the following stakeholders:

- Government
- Foreign Companies
- Large-Scale Domestic Companies
- SME's and Individuals located in Highly Developed Areas
- SME's and Individuals located in Less Developed Areas

The list above provides a rough approximation of where the financial of benefits of tourism proportionally tend to flow. According to economic development experts and most economists, the priority in attempting to direct the flow of income that achieves the best outcomes (greatest economic impact) would be the exact inverse of the above list.

3.2 Implications for Investment Promotion

Based upon the concepts defined above, the implications for tourism-related investment promotion are relatively clear:

- The primary focus of tourism investment promotion should be first on increasing average daily spend, through both attraction of higher spending tourists, and by providing visitors more compelling opportunities to spend money.
- Increasing average length of stay, by providing visitors with more compelling reasons to spend more time in Jordan, through the integrated development of attractions.

In terms of economic impact, priorities should be to:

- Promote investments that will create employment and SME opportunities outside of Amman and Jordan's principal tourist attractions, to help reduce migration pressures and lessen the negative impacts of tourism in highly-developed areas;
- Promote larger scale investments by domestic investors, followed by regional investors, which are more likely to reinvest earnings in Jordan;
- Promote foreign investment, which is much more likely to be "leaked" from the domestic economy, in the form of tax-free profit repatriation.

3.3 Defining Types of Investment to be Promoted

There are many definitions of investment. For the purposes of promoting *private sector* tourism investment, a working definition includes:

Monies that are expended in the expectation of generating future profits that provide a total rate of return commensurate with the level of risk an investor assumes in undertaking a given project.

The key word in the above definition is “risk.” For both domestic and foreign investors, those risks include:

- **Market risk** – The risks associated with a new or unproven destination, e.g., lack of airlift, lack of awareness in major outbound markets; a government that is not clearly committed to tourism development and destination promotion.
- **Project risk** – A project that is ill-conceived, or poorly executed, or too highly leveraged. For example, creating supply where there is no excess demand to support it (overbuilding), or no demand at all, i.e., “missing the market.”
- **Political risk** – More so than perhaps any other industry, tourism flows are highly vulnerable to war, insurrection, terrorism, crime, and political instability in general;
- **Economic risk** – Tourism tends to trend with the global business cycle. When economies in major outbound markets drift into recession, international tourism, especially in long haul markets, tends to decline as well.

Additional risks for foreign and to some degree domestic investors, included under the general heading of Country risk, include:

- **Expropriation** and other more common forms of discrimination against foreign owned companies and assets
- **Official corruption**
- **Currency devaluations**, and
- **Currency inconvertibility**

In sum, tourism is seen, particularly by foreign investors, as a relatively risky enterprise. As such, returns on investment must be quite high, particularly for those investing in unproven destinations. For example, it is estimated that the required risk-adjusted or hurdle rate of return for foreign investment in non-city center hotels, for U.S. and European investors is, on average, nearly 20 percent per annum.

These high hurdle rates, and the difficulty in most markets in achieving them, is a principal factor leading to a decline in foreign tourism-related investment – particularly in the hotel sector – over the past 15-20 years.

Replacing this primary source of investment has been domestic and intra-regional investors. For example, in the Middle East, hotel investment has come primarily from domestic and regional investors, and cross-border investment has flowed from countries with surplus capital to invest to countries in need of investment capital.

Based upon the above analysis, and given the high levels of political and market risk associated with Jordan, our two principal targets for private sector investment promotion are domestic and regional investors. If, however, we view investment as a means and not an end, then our definition of investment should be broadened to include the other major sources of funds for tourism development.

While governments have, on the whole, scaled back direct investments in private businesses, such as hotels, they have significantly increased investments in public infrastructure, assets, and human resources. Or, in short, product development.

In summary, the proposed focus of Jordan's near-term tourism investment promotion strategy should be focused on:

- Maximizing the country's yield from tourism, through attracting higher spending tourists, through providing them with more compelling opportunities to spend time and money in Jordan, and by increasing, over time, the total number visitors to the country. In investment promotion terms, that means product development.
- Maximizing the economic benefits of tourism, and minimizing the negative social and environmental impacts, which for the purposes of investment promotion means a focus on community-based product development, and dispersion of tourism activity away from the country's urban centers and most heavily visited sites.
- Attracting a broad mix of investment flows from the domestic and regional private sector, donors, NGO's, local and national government, and foreign investors from outside the region.

All of these objectives must, of course, be balanced with market realities. Specifically, the aim of product development efforts should be focused, at least in the near term, on Jordan's most potentially compelling attractions, and on the development of services and infrastructure that will appeal to higher spending tourists with the time, interest and disposable income to visit Jordan for more than a few days.

CHAPTER 4: MARKET DRIVERS

The first step in attempting to balance investment promotion priorities with market realities is to examine the character and composition of Jordan's principal inbound markets. The country receives overnight visitors from two principal sources:

- The Arabian Gulf and wider Middle East
- Europe and North America

On a percentage basis the Gulf/Middle East market represents the largest and fastest growing share. The European/North American market is significantly smaller and down more than 40 percent from levels recorded only four years ago.

Table 4.1 Arrivals by Region

| Country/Region | 2000 | % of Total | 2003 | % of Total |
|--------------------------|-----------|------------|-----------|------------|
| Total Arrivals | 1,426,879 | 100% | 1,572,615 | 100% |
| Gulf | 594,720 | 41.7% | 847,633 | 53.9% |
| S. Arabia* | 471,142 | 33.0% | 680,617 | 43.3% |
| Other Arab | 176,075 | 11.2% | 198,969 | 12.7% |
| Israel | 136,737 | 9.6% | 161,076 | 10.2% |
| Europe | 326,574 | 22.9% | 182,247 | 11.6% |
| Americas | 126,411 | 8.9% | 90,251 | 5.7% |
| East Asia/Pacific | 59,990 | 4.2% | 77,621 | 4.9% |
| Other | 6,372 | .0% | 14,818 | .1% |

Source: Jordan Ministry of Tourism

* S. Arabia part of Gulf total. Broken out separately.

Each of these markets has significantly different travel interests and preferences, and each requires a much different mix of attractions and services.

4.1 Gulf/Middle East Market Characteristics

As can be seen from the table above, arrivals from the Arabian Gulf accounted for more than 50 percent of all visitors to Jordan in 2003, and one country, Saudi Arabia, accounts for more than 80 percent of that total. The Middle East Market as a whole (including Israel) represents nearly 77 percent of total arrivals (2003). There are, however, a number of characteristics of this market that must be considered in attempting to define investment promotion strategies aimed at maximizing returns from investment.

First, while there is clearly a very wealthy, high spending travel market in the Gulf, Jordan does not appear to be capturing a large percentage of it. From an exit survey conducted over a 12-month period in 1998-1999, it was estimated that the average daily spend of Arab visitors (Gulf and non-Gulf) was only \$52 per day. This compares to an average spend by North American, Western European, and Japanese visitors ranging between \$150 and \$263 per day.

**Table 4.2 Average Length of Stay and Average Daily Spend
Selected Country of Origin of Arrivals, 1999**

| Country | Avg. Length of Stay | Avg. Daily Spend |
|-----------|---------------------|------------------|
| S. Arabia | 3 | US\$70 |
| Kuwait | 3 | \$104 |
| Bahrain | 5 | \$74 |
| U.A.E. | 9 | \$110 |
| Japan | 4 | \$267 |
| Germany | 6 | \$153 |
| France | 6 | \$187 |
| U.K. | 5 | \$180 |
| Italy | 5 | \$202 |

Source: Jordan Ministry of Tourism

Equally striking, some of the lowest spending Arab origin arrivals were from the Gulf. The highest spending Arab visitors were from North Africa (Libya, Egypt, and Sudan).

Second, despite conventional wisdom that Arab visitors spend much more time in Jordan than visitors from western countries, this same survey revealed that some of the country's most important Arab source markets have an average length of stay comparable to or lower than their western counterparts. For example, the average length of stay for visitors from Saudi Arabia and Kuwait is only three days.

Both average length of stay and average daily spend of Gulf tourists may be impacted significantly by the inclusion of visitors transiting Jordan for travel to Lebanon, Syria, and other destinations. The implications are that 1) either there are a very large number of transit visitors, in which case the size of the leisure travel market from the Gulf to Jordan is grossly overstated, 2) visitors that are coming from the Gulf to Jordan are not high income/high spending, or visiting for extended periods, or 3) that both are true to some degree.

Third, a very high percentage of visitors from the Gulf and other neighboring countries are traveling for business or to visit friends and relatives. While these visitors make significant contributions to Jordan's tourism economy, travel based upon these motivations is difficult to promote.

Fourth, based upon visitation patterns at the country's most popular tourist sites, and other surveys conducted of the Arab market, is relatively clear that Arab visitors have very little interest in visiting Jordan's unique and most promising tourist attractions.

Fifth, this market is highly seasonal. Of the approximately one million Arab visitors to Jordan in 2003, nearly 40 percent came in July and August. Visitor services and attractions

targeted specifically at this market would be difficult to sustain, without other clearly identified sources of demand.

Finally, competition for the high spending segment of this market is fierce. The primary travel motivations for this segment are to 1) escape the summer heat, 2) unwind in Arab-speaking countries that are culturally less restrictive, and 3) enjoy nightlife and nighttime entertainment. While parts of Jordan possess the first two attributes, other countries possess all three, and in many cases to a much greater degree. Lebanon in particular.

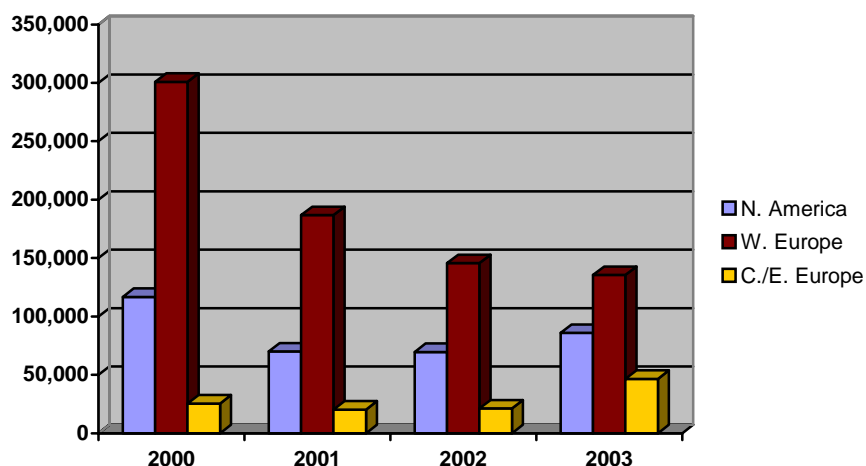
In summary, while the Arab market is, because of its sheer size, an important component of Jordan's tourism sector, there are a number of challenges to be overcome in defining an investment promotion strategy targeted at attracting the high-spending leisure travel segment. As such, this market should probably be a secondary priority in terms of near term investment promotion.

4.2 European and North American Market Characteristics

While arrivals from the Gulf and wider Middle East have grown over the past four years, arrivals from Western Europe, and to a lesser degree North America, have experienced significant declines. A large percentage of that decline can be traced to the decline in the number of visitors to Israel, as one of Jordan's primary sources of arrivals from these markets in the 1990's was via excursions (primarily to Petra) from Israel.

In contrast, Central and Eastern European arrivals have grown significantly over this time period. In 2000, arrivals from Central and Eastern Europe equaled only 7 percent of the number of arrivals from Western Europe. In 2003 that number was more than 34 percent.

Figure 4.1 Tourist Arrivals to Jordan, Selected Regions (2000-2003)



Source: Jordan Ministry of Tourism

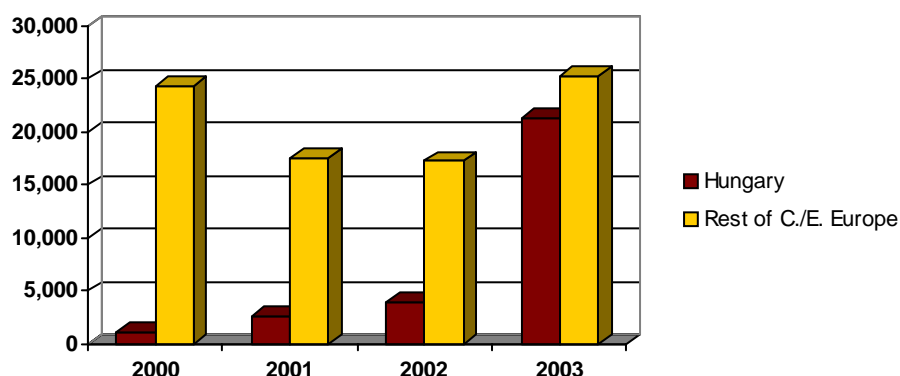
This trend (decline in Western Europe and growth in Central /Eastern Europe) is both troubling and perhaps indicative of significant opportunities to re-ignite growth in Jordan's more traditional markets.

Troubling in the sense that Jordan has, to some meaningful degree, gone down market. While there is no existing data on average daily expenditures in Jordan for Central and Eastern European visitors, it is clear from anecdotal evidence (e.g., package rates being promoted) that the average daily spend is much lower than for their Western European and North American counterparts.

Indicative of opportunities for future growth in the sense that the widely perceived cause of the decline in arrivals from the West – the “fear factor” – can to some meaningful degree be overcome with targeted marketing and promotion and when a good match exists between the product and the market – in terms of services, attractions, accommodations, and price.

Jordan has become popular with Central and Eastern European travelers based upon very targeted promotional efforts carried out by a few individual tour operators. Charters from Hungary to Aqaba that include extended, and very inexpensive stays in the area’s 2, 3 and 4 star hotels accounts for most of the total growth in arrivals from this region.

**Figure 4.2 Tourist Arrivals to Jordan
from Hungary and Central and Eastern Europe (2000-2003)**



Source: Jordan Ministry of Tourism

Based upon the stated objective of attracting higher spending tourists to Jordan, the primary focus of investment promotion efforts should be on creating the services and attractions that will attract visitors from more traditional leisure travel markets (North America, Western Europe, Japan, and Australia).

Competition in these markets is also fierce, but Jordan is much better positioned to compete against its neighbors as the character and composition of its product base is *potentially* very attractive and relatively unique.

Despite the wide geographic distribution of these target markets, they share a large number of common demographic characteristics and interests. In short, for the segments Jordan should

be seeking to attract, they include high income, highly educated, and high levels of interest in history, archeology, indigenous cultures, nature, and adventure.

The existing and potential product base that has the most appeal to this market includes:

- **Ancient History/Archaeology** – Some of the best-preserved remains of the Roman Decapolis, Greek, Byzantine, and Nabatean Civilization, and Lower Paleolithic sites now being excavated that date back some 400,000 years.
- **Christian Holy Land** – Bethany, where John baptized Jesus, Mt. Nebo, where Moses first looked out on the Promised Land, and 26 other Christian sites of varying significance.
- **Modern History** – Lawrence of Arabia, the Seven Pillars of Wisdom in Wadi Rum, Azraq Castle, and the Hejaz Railway.
- **The Dead Sea** – In addition to its historic importance, spa treatments, based upon its super-saline waters and mineral-rich mud.
- **The Red Sea/Aqaba** – Beaches, modern infrastructure and attractions, and world class diving.
- **Wild Jordan** – Nature reserves, wild animal parks, desert trekking, and a wide variety of other nature and adventure activities.
- **Islamic and Crusader Castles** – The latter in particular of significant interest to Europeans and North Americans, and significant untapped potential to develop a wide range of tourism-related services and facilities.
- **Bedouin Culture** – Music, folklore and arts. Camel caravans, Bedouin camps in the Valley of the Moon.

CHAPTER 5: TARGETED INVESTMENT OPPORTUNITIES

Within each of thematic clusters described above lie a wide range of investments that can be promoted, and with the right approach, community-based development opportunities that can help achieve the goals and objectives outlined earlier. Opportunities can be organized, from most to least significant, under three broad headings:

- I. **Historic/Cultural/Natural Attractions**
- II. **Resort Hotels**
- III. **Gulf Market Attractions**

This priority ranking flows from the balancing of tourism development objectives, Jordan's competitive position, and the demands and preferences of its two primary source markets.

5.1 Historic/Cultural/Natural Attractions

Based upon the investment promotion objectives laid out earlier, and defined market opportunities to attract higher spending tourists, Jordan's most significant opportunity to invest in the future growth of its tourism industry lies in the development of its religious, historic, cultural, and natural assets. These assets are what make Jordan unique, and represent its best means of competitively positioning itself.

Challenges:

The principal challenge in developing these attractions is "getting it right." Once these investments are made they will be difficult to undo, so great care should be taken in creatively conceptualizing, planning, and implementing them.

A great deal of work also needs to be done to define organizational and management structures that will ensure the successful operation and maintenance of these sites over time. More specifically, challenges include:

Matching the Product with Targeted Markets – Product development efforts must be market led and customer focused. If higher spending segments are the target, accommodations, infrastructure, interpretation and other services should be developed that will appeal to them. Jordan will not compete on the basis of price, but on the quality services and facilities provided.

An example of the mindset driving this mismatch of product and market is the recent lowering of admissions prices from 1 JD to .5 JD at a number of historic attractions throughout the country. For a Western tourist traveling thousands of miles and spending thousands of dollars for perhaps a once in a lifetime visit to these sites, being able to save \$.75 off the price of admission is meaningless. What that tourist would much prefer is to spend considerably more and in return be provided with the kinds of services that will make that visit memorable. These visitors have money to spend. Jordan is not providing them with opportunities to spend it.

Product Innovation – Directly related to the concept above, and one of the most critical failures of product development efforts in developing countries, is an inability to appreciate how unique and exotic many of these attraction are to foreign tourists, and how to conceptualize attractions from the point of view of the foreign visitor.

This type of creative or innovative thinking needs to be applied across the spectrum of visitor services, including accommodations, food and beverage, interpretation (“edutainment”), and interactive learning experiences, e.g., participating in archeological digs. Other examples include historical reenactments, sound and light shows, festivals, concerts, artisans in action and interactive arts and crafts, temporary and permanent museum-quality exhibitions, adaptive reuse of historic structures, and more broadly, creative (tasteful, careful) juxtaposition of the ancient and the modern.

There are a number of examples and best practices (<http://www.towerof david.org.il/eng/>) that can be studied and used in this process. Specialists with the experience and perspective of the foreign tourist should be engaged to help guide the process.

Community Involvement – Development of historic/cultural sites like Umm Qais, Umm al Rassas, Pella, etc. presents a unique opportunity to more broadly disperse the economic benefits of tourism geographically and socio-economically.

On a more practical level, engaging communities in the development process also creates a more interesting, higher quality product and insures that nearby communities have a stake in ensuring a high quality visitor experience. Disenfranchised locals are unhappy locals that will, if not given formal opportunities to address markets created through product development, will seek to address those markets through informal means that will likely detract from rather than add to that experience.

Sustainability – A good definition of sustainable tourism includes:

“Tourism development formed in consultation with local communities, businesses and other stakeholders. It aims to allow tourism to develop in a way that is fair and equitable for host communities. It is economically sustainable in the long term, and avoids damage to tourist attractions or the physical environment. It offers high quality, diverse experiences to tourists in both the mainstream and specialist markets.”

“Sustainable Tourism Moving from Theory to Practice,” a report prepared by Tourism Concern Published by WWF-UK, Tim Forsyth

Jordan’s challenge is to develop attractions that meet criteria for sustainability. It already has one good model from which lessons can be drawn – Dana Nature Reserve, developed and managed by the Royal Society for the Conservation of Nature, with support from USAID, the Global Environmental Facility, and other organizations.

Competitive Strengths:

A Unique and Diverse Product Offering – As described in the previous section of this report, and in great detail in a number of tourism and product development reports, several product clusters (Holy Land, Ancient History/Archeology, Bedouin Culture, Desert Adventures, etc.) and at least a dozen potentially world-class attractions or clusters of attractions waiting to be developed. Geographically, a partial list includes:

- | | |
|--|--|
| <p>North Central:</p> <ul style="list-style-type: none"> ▪ Amman ▪ Bethany, other Christian sites ▪ Dead Sea ▪ Mujib Nature Reserve ▪ Madaba | <p>Northwest:</p> <ul style="list-style-type: none"> ▪ Ajloun Castle and Nature Reserve ▪ Jerash ▪ Pella ▪ Umm Qais |
| <p>Central:</p> <ul style="list-style-type: none"> ▪ Dana Nature Reserve ▪ Madaba ▪ Petra/ Beidha ▪ Karak/Shobak Castles ▪ Umm al Rassas ▪ Wadi Feinan | <p>Northeast:</p> <ul style="list-style-type: none"> ▪ Azraq Wetlands Reserve ▪ Shaumari Wildlife Reserve ▪ Azraq Castle ▪ Qasr Amra and other Islamic Castles ▪ Umm al Jamal ▪ Black Desert |
| <p>South:</p> <ul style="list-style-type: none"> ▪ Aqaba ▪ Hejaz Railway ▪ Wadi Rum | |

The key to making them world class is addressing all of the challenges described above.

The short term (three-year) target should be to secure the investment necessary to fund first phase development of at least five attractions. Preliminary cost estimate and level of investment required is US\$4 million per site, or US\$20 million. As proposed (and discussed in appendix A), that process would be jump-started with the execution of a Pilot Project, with a preliminary cost estimate of US\$4 million.

Investment Promotion Strategy:

There are a number of strategies now being applied or formulated for site development in Jordan. They include:

- Private sector investment and management through government concessions
- Grants for development, tied to concessions for long-term management, to private companies through a competitive process

- Build, own, transfer schemes where government makes all the required investments and private companies lease and manage sites
- Ongoing government funded and managed initiatives
- Integrated site/community development led by non-governmental organizations (NGOs), most notably the Royal Society for the Conservation of Nature, with funding from international donors.

Each approach has its merits and deficiencies, and different strategies or mixtures thereof may be more appropriate for some sites than others. At its core, the choice boils down to three options:

- A private-sector led approach
- A government led approach
- An NGO led approach

While government may have an important role to play on the investment side, it is widely agreed by most stakeholders (including the government), that government organizations are poorly suited to conceptualize, define, implement, and manage these sites.

There are a number of benefits to a private-sector-led approach, including greater operational efficiencies, a more targeted focus on the customer, and perhaps (though not necessarily) a more creative approach to the development of programs and facilities. The greatest weakness of this approach is the lack of a clearly visible commitment to community-based development, and to spreading the economic benefits of tourism development as broadly as possible.

A private company's primary motivation for operating a business (and rightly so), is to maximize revenues, minimize costs, and maximize profits and returns on investment. While most are quite willing to commit to principals of community-based development, the depth of that commitment may be no deeper than the paper it is written on. The reality is that attempts in this regard are likely to be half-hearted, and in the end will not achieve targeted outcomes. Or, equally likely, well-intentioned efforts will fall short, as private companies do not have the management structures, cultures, or expertise necessary to undertake community-based development.

An NGO led approach also has a number of benefits, including a clearer focus on protecting historic, cultural, and natural assets, and integrating communities in the development process. While all of these sites should be run essentially as businesses, or cost centers, an NGO would likely be much more willing to accept lower operating profits in exchange for more effective achievement of desired socioeconomic development outcomes and resource preservation.

The greatest weaknesses of an NGO led approach can (but do not necessarily) include weak or ineffective management, an unwillingness or inability to make the financial commitment necessary to make some of these sites truly world-class attractions, a lack of laser-like focus

on the customer, and a lack of understanding of market forces that will ensure the financial sustainability of these sites.

The proposed strategy offered here attempts to play on the strengths of each type of organization and exclude them from areas where they are weakest. More specifically, and kicked-off with the development of a Pilot Project, the proposed strategy includes:

Site Conceptualization:

Design competitions for selected sites that provide a cash prize for the winning team. The objective is to engage the private sector, both within Jordan and internationally, to define creative, cutting edge concepts that will appeal to target markets, protect resources, integrate local communities, and create attractions that are financially sustainable. Judges would include tour operators, archeologists, community development specialists, etc.

Each team would be required to include an architect, and the winning team could be contracted to oversee the physical development of the site. In the interests of time, it might make sense to directly contract a well-regarded firm or consortium to undertake the design and oversee development of the Pilot Project.

It is proposed that the Jordanian Government, through the Ministry of Planning and/or the Ministry of Tourism and Antiquities fund the contest and contract the winning team to oversee development.

Site Development Financing:

There are a number of strategies that can be employed, including requests for funding of individual sites/projects made to international donors, international financial institutions, and government agencies.

The proposed strategy is centered upon creation of a **Tourism Product Development Fund**, managed by a public/private board of directors made up of a range of stakeholders, and funded through the two percent of tourism revenues earmarked by the Jordanian Government for product development.

Based upon projections for total tourism revenue to be generated in 2004, and assuming the commitment by Cabinet is followed through on, the Fund would begin with approximately US\$10 million. Jordan should seek funding from international donors and international financial institutions (IFIs), either through grants or long-term loans that could be repaid from the income generated from sites, in an equal amount, or a total fund of \$20 million.

A significant amount of technical assistance will also be required for skills training, and microenterprise and small business development. With the additional one percent of tourism revenues earmarked by the Government of Jordan for human resources, a **Tourism**

Community Development Fund should also be established. Matching funds should also be sought from the international community and the targeted level of total funding should also be \$20 million.

Given the time that will be required to create the Fund, secure promised financing, and the need to get started, funding for the Pilot Project should be sought from the Ministry of Planning, willing international donors, or some combination of the two.

Site Management:

As discussed, there are advantages and disadvantages to private and not-for-profit management of sites. A mixing of the two that leaves management of the overall site and community development to an NGO, which would allocate, through concessions, private management of business units (hotel, restaurants, interactive visitor experiences, etc.) to the private sector is conceptually appealing, but may not be workable. The reality is that profits from major business components may be needed to offset the much less profitable community-based enterprises and initiatives and the costs of overall site management and protection.

An additional complicating factor is that there would appear to be no NGO's in Jordan, particularly for archeological sites (which comprises the bulk of sites with the greatest development potential) that have the institutional capacity to undertake the management of a major tourist site and community-based development programs. Institutional strengthening of one or a partnership of NGO's, e.g., the **American Center of Oriental Research and Friends of Archeology**, is an idea that could be pursued through implementation of the Pilot Project.

Who will manage these sites is the most difficult question to be answered in the strategy development process and is a topic in need of further study and debate. For implementation of the Pilot Project it is recommended that an international NGO specialized in community-based development and capacity building be contracted to oversee community development programs and provide the technical assistance needed for institutional strengthening of one or more NGOs.

The results of that effort would inform the debate regarding how other sites can/should be managed. One conclusion that might be reached is that international NGO's are needed for community-based development and capacity building programs at most of the sites with the greatest development potential. Specialized local NGO's, like the ones mentioned above, could be left to focus all of their energies on site preservation and interpretation.

It might also make sense to pursue the development of a separate Pilot Project that is focused on private sector led development and management of a site. Preferably one that has no or very small nearby communities to integrate into the process. Two that might be good candidates are Shobak Castle and Umm al Rassas.

5.2 Resort Hotels

Promotion of resort hotel development should be focused exclusively, in the short term, on Aqaba and the Dead Sea. While capital-intensive investments will also be required, and competition is also fierce, Jordan is better positioned to compete, this type of development will indirectly create more opportunities for SME and microenterprise development, and it will help promote investment outside of Amman.

Aqaba:

There are a number of challenges to be faced in promoting hotel development in Aqaba. They include:

Competition – Primarily from Egypt, which has aggressively promoted hotel investment along its Red Sea coast. Egypt also spends millions of dollars each year promoting its Red Sea product. In 2003, the country spent more than \$9 million for marketing and promotion in the U.K. alone, with the primary focus of that campaign the Red Sea.

Cost Structures – Hotels are more expensive to build and operate in Jordan vs. hotels on the Egyptian Red Sea coast. Higher development costs combined with rate pressures from the rapid expansion of the hotel industry in the Red Sea make the investment proposition a difficult one both in absolute terms and relatively to similar opportunities in Egypt.

Services and Amenities – Although Aqaba has made great strides in creating a larger base of attractions and services, it still lacks the depth and variety of amenities that can be found in Egyptian resort areas. More nighttime entertainment and daytime attractions need to be promoted and developed. That development should be planned and regulated (zoning, architectural guidelines, etc.) to further enhance Aqaba's image.

Competitive Strengths:

Integrated Development – Many of Egypt's resort areas were built without much in the way of planning (infrastructure, zoning, landscaping, etc.). The often random nature of those developments detracts from the visitor experience and provides an opportunity for Jordan to distinguish itself as a more upscale, better planned resort destination.

The best opportunity to create that image lies in the future development of high-quality, master-planned resorts. Two projects, Tala Bay and the Lagoon Project, will go a long way toward creating an image of Aqaba as a well-planned destination with a wide variety of high-quality amenities, including large marinas, championship golf courses, and casinos.

Climate - Aqaba is cooler and drier than Red Sea destinations to the south. Potential advantages include the ability to attract a larger share of the Arab market seeking to escape the summer heat.

Nearby Attractions – One of the most unique aspects of Aqaba relative to Egyptian resorts is the close proximity of iconic tourist attractions, most importantly Wadi Rum and Petra. Other attractions that are also within close proximity and that could help position Aqaba as a more varied and interesting destination include Shobak Castle and Dana Nature Reserve.

Other Attractions – If Jordan can successfully develop other high quality attractions throughout the country, the increased number of arrivals it will stimulate will directly benefit Aqaba. For example, even hardcore archeology buffs represent a significant potential market for 2 or 3 days of unwinding on the beach at the end of a Jordan itinerary.

Additionally, both in terms of competitive positioning, and in an effort to more fully achieve desired outcomes, Aqaba should also seek to position itself as:

Community Friendly – Tourists appreciate, and in some market segments even choose vacation destinations that are known to be community friendly. Community development initiatives have a number of more practical benefits as well.

Most importantly, an engaged local community that has a stake in and directly benefits from an enhanced visitor experience is a destination's best insurance against visitor harassment and unregulated development of poor-quality services and products.

The short term (three-year) target should be to attract investment sufficient to complete the build-out of hotels programmed for both the Lagoon Project and Tala Bay, or approximately six 200-400 room, first-class hotels. Total required investment: US\$100 - \$195 million. (Dependent upon size and quality of construction of each hotel.)

The Dead Sea:

The Dead Sea also faces a number of challenges in terms of investment promotion, and also possesses a number of competitive strengths.

Challenges:

Competition from Israel – Although Israel's tourism industry as a whole is suffering from the ongoing conflict in the Palestinian Territories, Jordan should not pursue a development strategy that assumes Dead Sea tourism in Israel will not at some point rebound significantly. What it should do is move aggressively to establish itself so that when that rebound does occur Jordan will be well-positioned to compete.

Critical Mass – Of hotel rooms and related facilities, services and amenities. One of the most potentially compelling opportunities for development of Dead Sea tourism is in the Meetings, Incentives, Convention, and Exhibitions (MICE) market. Given its proximity to Amman and the unique nature and quality of the resource base, Jordan's Dead Sea coast is an

ideal location for the development of this market. What is needed is more first-class hotel rooms, meeting facilities, and other tourist amenities necessary to attract large groups.

Competitive Strengths:

Cost Structures – In contrast to the Red Sea, hotel development and operating costs are somewhat lower in Jordan than in Israel.

Integrated Planning – The Jordan Valley Authority has conducted detailed land use/environmental studies and developed a master land-use plan for the area. This not only helps protect the resource but helps insure that development will be pursued in a regulated way that will protect the long-term interests of investors.

Up-Market Focus – Most of the hotels developed recently, including the Marriott and Movenpick, are high-quality projects that have helped position the Jordanian Dead Sea coast as an upscale destination. The focus of investment promotion should be on similar quality developments.

Nearby Attractions – The Dead Sea is ideally situated near some of Jordan's most important tourist attractions, particularly its Jordan's Christian Holy Land product. While these and other attractions are in need of additional development, they add a great deal to the Dead Sea product mix and create market opportunities for extended stays at Dead Sea resorts for groups primarily interested in religion, history, and archeology.

The short term (three-year) target should be to attract investors with the financial capacity to develop an additional 1,000 to 1,500 hotel rooms. Total required investment: US\$80 - \$150 million. (Dependent upon number of rooms and quality of construction.)

Investment Promotion Strategy:

Promotion of resort hotel investment is relatively straightforward, and at the same quite difficult. Straightforward in the sense that 1) projects can be identified and profiled relatively easily, 2) with research and outreach potential investors can be identified and targeted, and 3) with a few to several months of preparation, focused investment promotion activities can be organized and executed.

Difficult, in that even with the most dedicated efforts, these activities may bear little or no fruit. Finding investors with both the financial capacity and the interest and willingness to invest is always a challenge in early stage development of resort destinations. The financial outlays required are significant and the risk of failure or poor financial performance are relatively high.

As a result, hotel developers tend to be drawn to destinations where there are high levels of proven demand and a large number of hotels already operating successfully. Most simply,

resort hotel investment is typically a “feast or famine” proposition, with a handful of proven destinations receiving the bulk of new investment.

What makes a resort destination attractive for investors? Based upon the experiences of some of the most successful ones, characteristics include:

1) **Government financing** or financial assistance in the early stages of development, which greatly reduces risk. Financing incentives run the gamut, from government actually building and then leasing the first few hotels in a new destination, subsidized lending at below market rates and with long maturities and grace periods, or sovereign guarantees that give banks the protection they need to make long term, low interest loans in unproven destinations.

2) **Low operating and development costs.** Developing countries with very low wage rates and construction costs are often the most successful. Mexico and the Dominican Republic are two prime examples. The Egyptian Red Sea coast is another.

3) **An exceptional resource base.** Beautiful white-sand beaches and crystalline blue waters. A necessary, but not sufficient condition for successful resort hotel development.

4) **A proven model.** Once a destination is established and hotels are operating at high levels of occupancy and profitability investment interest tends to grow exponentially. In short, there is a powerful and well-defined herd mentality within the resort industry that tends to concentrate investments in a relatively small number of destinations.

Jordan’s Dead Sea and Red Sea resort industries are in what most would classify as early stage development. There have been a number of new first-class hotels built (with the majority of that investment coming from a handful of investors), and those hotels are performing at relatively high levels of occupancy (after a very difficult period over the past four years), but rates are still relatively low.

Low average daily rates are not, in and of themselves, the primary concern. Many of the world’s most successful resort destinations are relatively inexpensive, with average rates not far from those being achieved in Aqaba and the Dead Sea (for new, first-class hotels) today.

The more important measures are profitability and return on investment. While we have no data regarding profitability being achieved in Aqaba and the Dead Sea, given what we know about operating and construction costs, room rates, and the types of financing available in Jordan today (typically very short maturities, relatively high interest rates, and virtually no non-recourse financing), it is doubtful that either destination is the kind of runaway financial success that would attract the hotel development herd. Investors in these resorts are clearly in it for the long haul and have long time horizons for earning returns on their investments.

Short of providing more aggressive financial incentives to prospective hotel developers, or the Government investing a portion of recently-approved product development funding (one percent of total tourism revenues), the focus of investment promotion efforts will likely need to be focused on targeting investors with similar profiles and a long-term commitment to the development of the industry. The most likely targets are from neighboring countries and from Jordan itself. While there may be investors from Europe and North America willing to invest, the probabilities are much lower there, as the real and perceived political risks (war, terrorism, etc.) for those investors are, at least in the near term, quite high.

Investor Profiles:

While more detailed research and analysis needs to be completed to identify specific targets, some likely profiles include:

Arab and Gulf Construction Companies – Construction companies are frequently minority and sometimes majority investors in new resort hotel projects. Because they can build a hotel at a much lower cost than other potential investors (in essence investing the profits they would normally earn for construction of a hotel in the project) return on investment targets are easier to achieve, and it is an effective strategy for these companies, particularly in slow periods, for keeping their crews busy and covering their fixed costs. The difficulty in the Middle East with this approach is that construction activity throughout the region (due to high oil prices, rebuilding in Iraq) is quite high.

Portfolio Investors and Investment Companies – Companies with very large pools of capital to invest seeking to stay diversified with different asset classes (equities, bonds, different types of real estate, etc.) There are several in the Gulf region and a few within Jordan (many with Gulf shareholders) that have invested in hotels in Jordan and the Egyptian Red Sea and many other parts of the world. One of the first tasks in executing an investment promotion strategy will be to create a detailed database of these investors.

Pension Funds – Both in Jordan and in the Gulf, may represent a source of investment in Dead and Red Sea resort projects. Jordan's Social Security agency is already a shareholder in a number of hotel projects throughout the country but may not have the capacity to or appetite for increasing its exposure to this sector. Pension funds in neighboring countries may or may not have the ability or interest to invest, but it is an idea worthy of further research.

Investment Banks and Other Financial Institutions – A common source of minority investment in some parts of the world. Perhaps not a likely source in Jordan given the apparent low tolerance for risk by banks as it regards hotel lending. Perhaps a worthwhile target in the Gulf and wider Middle East. Another important area of focus for investment promotion efforts is to work with Jordanian banks to see if there are strategies or incentives that can be employed to encourage them to provide non-recourse (i.e., without personal guarantees) financing and loans with longer maturities and grace periods.

International Financial Institutions - Those focused on lending and investment to promote economic development is another important source. For Jordan one of the most important is the World Bank's International Finance Corporation (IFC). Unfortunately the IFC already holds a relatively large debt and equity portfolio in Jordanian hotel projects (it has been involved in one form or another in several of the hotels built in the past few years). Other possible candidates include the Islamic Development Bank, European Investment Bank, and the Arab Fund for Social and Economic Development.

Hotel Companies – Though an increasingly less important source of investment, international hotel companies are still willing, on a selective basis, to take minority equity interests (typically less than 15 percent) in new hotel projects.

In summary, there are a variety of potential investment promotion targets, and there will likely be a variety of types of investors involved in hotel development in Jordan. The equity for large-scale hotel investments (i.e., those costing a minimum of \$25 - \$30 million to develop) is often put together like a layer cake, with a variety of different kinds and sources of equity filling in each layer of financing.

Recommended tactics for implementing a resort hotel investment promotion strategy include:

- Task 1. Identify Projects to be Promoted
- Task 2. Identify Potential Targets and Develop Investor Database
- Task 3. Prepare Prospectus Materials
- Task 4. Organize and Conduct Initial Outreach and Recon Missions
- Task 5. Organize and Conduct Investment Mission(s)
- Task 6. Organize and Conduct Investment Conference

A more detailed description of these tactics is included in Appendix B.

5.3 Gulf Market Attractions

This market is the least important priority in terms of near-term investment promotion because it faces the following **challenges**:

- **Integrated development and community involvement:** The product needed to further penetrate this market will not achieve economic development objectives to the degree that other targeted investment promotion opportunities will. The majority of attractions will require large-scale capital investment that is not as labor intensive and presents fewer opportunities to promote rural community development.
- **Competition:** Jordan's primary competitors have a number and variety of competitive advantages (not least in terms of product uniqueness and market positioning) that will be difficult to surmount.

- **Cost Structures:** Jordan's positioning in terms of cost is difficult when looking at the other markets for Gulf Arab tourists. Countries like Egypt and Turkey offer cheaper accommodations and products, which makes them more convenient for larger families, while others like Dubai and Lebanon offer higher-end and luxury products which makes them attractive for higher spending segments. These competitors have established reputations that will be difficult to compete against.
- **Product Diversity and Suitability:** Jordan's existing product base for attracting Gulf tourists is weak and is centred around restaurants and cafes, and only recently on shopping. The lack of entertaining and recreational activities (beaches, casinos, amusement parks, water parks, parks and gardens, limited shopping malls, sports clubs and open sports facilities) renders Jordan less attractive to the Gulf Arab tourist seeking entertainment, especially family-oriented activities.
- **Product Innovation:** This builds on the previous point and emphasizes the fact that Jordan's product offering is not just weak, but also lacks in uniqueness and innovation, and doesn't build on the country's competitive strengths. In this respect, developing some of the historical/archaeological and natural sites to cater for Gulf Arab tourists is especially lagging.

Competitive Strengths:

Climate: Gulf Arab tourists' main reason to travel is the search for mild weather to escape the heat during the summer months. Jordan enjoys a Mediterranean-style climate but with less humidity. Dry warm weather in the summer and cooler weather in the winter.

Geographic location: Jordan's geographical proximity to Gulf countries makes it easy for many Gulf tourists to travel by car, especially big families who favor having their cars with them for local transportation.

Security: Jordan is perceived as a safe place despite the surrounding political tension. Gulf Arabs seek Jordan to avoid harassment in western countries and difficulties in obtaining visas especially to European countries and the States. They also feel more personally secure, and less prone to be ripped-off or face corrupt situations, than in other neighbouring and competing Arab countries.

Arabic culture and language: Jordan shares the Arabic language with Gulf Arabs and has a somewhat similar culture, which attracts them to Jordan, especially in being perceived as family-oriented country.

Based on the above, development of family-oriented activities, shopping, and nighttime entertainment should be the primary focus of investment promotion efforts.

- **Themed Attractions** – Recently a few amusement parks and water parks started operation in and around Amman. They have proven to be popular, especially among Gulf Arab tourists, and more of them are needed outside Amman, which could be developed through collaboration with Gulf Arab development companies specialized in entertainment, which understand more clearly the Gulf market mentality and the requirements of its people.
- **Special Events:** Festivals and concerts are popular with Gulf Arab audiences; however, all regional competitors offer a variety of such events taking place during summer months. Such events include:
 - Arab Film Festival
 - Arab Music Concerts
 - Arabic Theatre Productions
 - Arts and Crafts Fairs
 - Outdoor Cultural Festivals
 - Sporting Events
- These activities should be very well thought and organized by specialized operators experienced in tailoring activities to the target audience. And although these activities are not oriented towards investment attraction per se, they are an integral part of the package required to attract Gulf Arab tourists.
- **Summer Camps** – taking advantage of cooler weather, greener landscapes, and long summer holidays, create children’s programs in Amman and/or Ajloun.
- **Pedestrian Shopping/Dining Districts** – In Amman, Ajloun, and Aqaba.
- **Nightlife** – Create incentives for and promote development of cafes, cinemas, bars, pubs, nightclubs and nighttime pedestrian areas.
- **Casino Gaming** –In Aqaba or the Dead Sea, high-quality casino gaming facilities, tied to a specified level of resort hotel investment.
- **Ajloun Pilot project:** As an alternative to urban entertainment in Amman, and judging by the appetite of Gulf Arab tourists for mountain-based vacationing in places like Mount Lebanon, the Ajloun area northwest of Amman, could be developed as new site that offers entertainment activities related to its mountainous terrain, fair climate and green scenery.

Proposed activities would include:

1. The development of a nature/adventure park which would involve offering activities that are appealing to Gulf Arabs of different age groups, such as horse-back riding in the mountains, hiking and climbing trails through the area's forest and water sources, and a wild animal park. The nature park would have lodging and dining facilities and should be linked to Ajloun Castle, which would host night-time activities, such music festivals.
2. The establishment of a health spa that caters to Gulf Arabs who come to Jordan frequently for health tourism reasons (usually to undergo operations). This spa would combine world-class medical treatment (hospital and clinics), with the mild weather, a relaxing environment, scenic views, and through treatments offered by the spa.

3. The establishment of a series of restaurants serving local speciality food, along with hotels, cafes, and pedestrian shopping areas.

These suggestions are in line with the envisaged Master Plan for Ajloun (July 2004), which is being developed for the Ministry of Tourism and Antiquities.

The short-term target should be create an incentive structure and attract investors with the capacity to develop one major project and several less capital-intensive ones (i.e., special events) in Amman, Ajloun, and Aqaba. Targeted level of investment, US\$150 million.

Investment Promotion Strategy:

As described above, there are two basic types of product development that should be undertaken to make Jordan a more attractive destination for Gulf tourists:

Capital Intensive – Site development, theme parks, shopping centers, pedestrian areas, casinos.

Creativity Intensive – Festivals, concerts, children’s programs, arts and crafts fairs, sporting events.

The principal investment promotion targets for **capital-intensive** investment are almost similar to those described in the Resort Hotel investment promotion strategy, namely:

- Arab and Gulf Construction and Tourism Development Companies – A list of potential investors from Saudi Arabia and the U.A.E. is included in Annexes D and E. The listed companies are owners/operators of theme/entertainment parks, and tourism development companies as well as construction companies.
- Regional Portfolio Investors and Investment Companies and Funds
- Social Security Corporation
- Investment Banks and Other Financial Institutions
- International Financial Institutions
- Local investors that have historically been very active in tourism investment in Jordan.

The approach to promoting this type of investment is also very similar, with one important exception. The current regime of fiscal incentives, with perhaps the exception of the Aqaba Special Economic Zone, does not specifically address some of these types of investments, as they are typically not viewed as either export-related (free zones, light manufacturing, etc.), or tourism investments (hotels, amusement parks).

The first step in executing an investment promotion strategy for the Gulf should be to clarify the degree to which these incentives can and do apply to these types of investments, and if not, to take steps necessary to incorporate them.

In summary form, the recommended approach includes:

- Task 1. Clarify Ground Rules, in terms of the types projects eligible for fiscal and other investment incentives
- Task 2. Identify Projects to be promoted

- Task 3. Identify Potential Targets and Develop Investor Database
- Task 4. Prepare Prospectus Materials
- Task 5. Organize and Conduct Initial Outreach and Recon Missions
- Task 6. Organize and Conduct Investment Mission(s)
- Task 7. Organize and Conduct Investment Conference

As far as site development for the Ajloun area pilot project, it should follow the same strategy recommended earlier for the historic/cultural/natural attractions, which includes the following steps:

1. Site conceptualization
2. Site development financing through the Tourism Product Development Fund and possibly the Tourism Community Development Fund
3. Site management.

It is recommended that **Creativity Intensive** investments be promoted through a competitive process, through which private companies can submit proposals or applications for grants, soft loans, or some combination thereof, on a matching basis, with the company seeking assistance committing to provide at least 50 percent of required funding. It is further proposed that that program funding could come, at least in part, from the **Tourism Product Development Fund** described earlier.

ANNEX 1: SCOPE OF WORK

I. Specific Challenges Addressed by this Consultancy

Tourism Sector

Tourism has emerged as a key economic driver in the Middle East, including Jordan. Jordan's tourist arrivals and receipts increased at a 10% annual growth rate since the signing of the peace treaty with Israel in 1994, reflecting large increases in the number of Israeli visitors, as well as Kuwaitis and Saudis. The tourism sector is an important source of revenue for Jordan, employing over 21,000 workers and accounting for nearly 8% of GDP in 2000. After worker's remittances, tourism is now the second-largest foreign currency supporter of Jordan's balance of payments. In 2000, total investment in the sector rose substantially, climbing from JD120 million in 1999 to JD562 million, with foreign investment comprising 65% of the total. Despite these impressive growth figures, Jordan's tourism sector remains vulnerable to the regional political environment. For example, the industry has been battered by the recent outbreak of violence in the Palestinian Territories and Israel.

Several major tourism sub-sectors immediately emerge as the main pillars of Jordan's tourism potential.

1. Educational Tourism: attracting students primarily from Arab countries, particularly the Gulf.
2. Medical/Wellness Tourism: attracting visitors to such natural wellness sites as the Dead Sea, as well as the Ma'in and Northern Hemma hot springs and attracting patients (primarily from the MENA region) for treatment in Jordanian hospitals and clinics.
3. Ecotourism: attracting tourist interested in natural reserves, wild life refuges, marine tourism, and so on.
4. Religious Tourism: attracting either Islamic or Christian tourists. There is a particular potential to capture transient Hajj traffic during the pilgrimage and Omra period, as well as Jordan as an end destination.
5. Cultural Tourism
6. Archeological Tourism

Nevertheless, Jordan's tourism products still need to be appropriately developed and packaged for successful promotion. In addition, effective partnership with and active participation by the various tourism stakeholders will be essential to developing Jordan's tourism sector and successfully promoting it.

Jordan Investment Board

In June 1998, the AMIR Program developed Jordan's first investor targeting strategy, entitled the "Investor Promotion Strategic Plan," to identify those sectors and industries most appropriate for promotion by the Jordan Investment Board (JIB). This plan recommended that Jordan focus on attracting inward direct investment in six principal sectors: downstream potash and phosphates, textiles and apparel, Dead Sea cosmetics, information technology, tourism, and pharmaceuticals. This selection was based on an evaluation of Jordan's economic structure and existing trade and industrial profile, and involved a comparison of these elements with similar measures in other countries in the Middle East and North Africa

with which Jordan might compete to attract foreign direct investment. The “Investor Promotion Strategic Plan” has been the basis for the JIB’s promotional effort since its publication.

In early 2003, the AMIR Program worked together with the JIB to update the “Investor Promotion Strategic Plan” for two reasons. First, international best practices generally call for updating investor targeting strategies every three years, suggesting that an update of Jordan’s strategy was in fact overdue. Second, the five years since the previous strategy was developed have seen major changes in the global trading environment and in Jordan’s position in that environment. Among the most important developments have been Jordan’s accession to the World Trade Organization; launch of the U.S.-Jordan-Israel Qualified Industrial Zones program; and signing and implementation of a U.S.-Jordan Free Trade Agreement and an E.U.-Jordan Association Agreement.

This updated investor targeting strategy, entitled “Jordan Investor Targeting Strategy 2003,” was finalized and published in July 2003. It takes into account recent trends in FDI into Jordan and other countries in the region. It also examines some of the more important worldwide trends in different industries, particularly with respect to market growth, investment patterns, market saturation and over- or under-capacity. This examination takes place in the context of a cluster-based approach, which seeks to identify complementarities among industries and to recommend investor targeting approaches that can contribute to the development of overlapping industries and sectors in ways that potentially have a much greater economic impact than focusing on sectors per se.

The “Jordan Investor Targeting Strategy 2003” recommends targeting a number of areas for investment promotion. With appropriate areas for investment promotion having been recommended by the “Jordan Investor Targeting Strategy 2003,” the AMIR Program is currently working with the JIB and other relevant stakeholders to develop detailed, multi-year investment promotion strategies for such areas. It has already completed strategies for a number of sectors, including garments, electronics assembly, precision engineering, and pharmaceuticals. It hopes now to complete a similar strategy for another priority sector: tourism.

Jordan Tourism Board

The AMIR Program is currently providing technical assistance to the Jordan Tourism Board (JTB) to enhance its capacity in effectively promoting Jordan’s tourism sector both regionally and internationally.

The launch of the Jordan Tourism Board (JTB) in March 1998 as an independent, public-private sector partnership was an important step in developing an effective, integrated approach to tourism promotion and business management. The JTB’s 13-member Board of Directors is headed by the Minister of Tourism and includes 9 private sector members representing hotels, incoming tour operators, and tourism transport companies. The Board, not the Government of Jordan (GOJ), appoints JTB’s professional Managing Director. The total budget for 2001 is around JD5 million, with 80% of the funding provided by the GOJ and the remainder by the private sector. JTB is currently negotiating with the government to tie its subsidy of the JTB budget to annual tourism receipts as opposed to the current practice of allocating JTB budget based on political decision.

As part of its marketing plan, the JTB plans and executes an integrated program of international promotional activities in North America, Western Europe and the Gulf region. This program includes overseas representation offices, trade fairs, workshops and road

shows, familiarization trips, brochure production and distribution, and media relations. The adopted strategies are tuned to reflect an image transformation of the Jordanian tourism product from an archaeological one to a diversified cultural, natural, wellness, religious, and “MICE” (meetings, incentive travel, conferences and exhibitions) destination. In comparison to the tourism promotion budgets for other Middle Eastern countries such as Egypt and Israel, JTB’s budget is quite small. This requires the JTB to ensure that promotion activities are tightly-focused and well-researched in order to produce measurable results.

National Tourism Strategy

Jordan’s tourism sector recently took a significant step forward with the development and endorsement of its first national strategy, “Jordan National Tourism Strategy 2004-2010.” This strategy calls for a greater emphasis on investment promotion. Indeed, the achievement of its objectives depends greatly on increases in investment. Yet, the strategy is general in scope and does not provide the specific investment promotion guidelines that are required.

II. Objective of this Consultancy

The objective of this consultancy is to develop a three-year investment promotion strategy for the Jordanian tourism sector, in fulfillment of the “Jordan National Tourism Strategy 2004-2010” on behalf of the Jordan Tourism Board and the Jordan Investment Board.

III. Specific Tasks of the Consultant

Under this Scope of Work, the Consultant(s) shall perform, but not be limited to, the tasks specified under the following categories.

A. *Background Reading Related to Understanding the Work and its Context*

The Consultant shall review, but is not limited to, relevant sections of the following materials to understand fully the work specified under this consultancy.

- JXP
 1. “Jordan National Tourism Strategy 2004-2010” (March 2004)
 2. “Product Development Group Report” (August 2002)
 3. AMIR Program. “Jordan Investor Targeting Strategy 2003” (May 2003)
 4. AMIR Program. “Investment Promotion Sectoral Strategy: Methodology” (April 2004)
 5. AMIR Program. “Investor Promotion Strategic Plan” (June 1998)
 6. AMIR Program. “A Sustainable Institutional Framework for Investment Promotion and Enterprise Development in Jordan” (June 2002)
 7. AMIR Program. “The 2002 Investor Roadmap of Jordan” (October 2002)
 8. Investment Task Force. “Executive Summary” (March 2002) and associated reports
 9. “Jordan Vision 2020”
 10. AMIR Program. “Jordan Vision 2020 Phase II” (January 2003)
 11. AMIR 2.0 Technical Proposal

B. *Background Interviews Related to Understanding the Work and its Context*

The Consultant shall contact personally, by e-mail, or by telephone the following individuals in order to fully understand the work specified under this consultancy.

- JXP
 1. Greta Boye, PSPI Team Leader, AMIR Program
 2. Brad Fusco, Manager, Investment Promotion Subcomponent, AMIR Program

3. Ibrahim Osta, BMI Team Leader, AMIR Program
4. Lina Omar, Business Management Specialist, AMIR Program
5. H.E. Alia Hattough-Bouran, Minister, Ministry of Tourism and Antiquities
6. Representatives of Ministry of Tourism and Antiquities
7. Members of National Tourism Council
8. Marwan Khoury, Managing Director, Jordan Tourism Board
9. Representatives of Jordan Tourism Board
10. Representatives of Jordan Incoming Tour Operators Association
11. Reem Badran, Chief Executive Officer, Jordan Investment Board
12. Tourism Sector Promotional Officer, Jordan Investment Board
13. Imad Fakhoury, Chairman, Aqaba Development Corporation
14. Akel Biltaji, Tourism and Investment Advisor, Royal Hashemite Court
15. Jamal Al-Jabiri, Project Management Specialist, U.S. Agency for International Development

C. *Tasks Related to Achieving the Consultancy's Objectives*

The Consultant shall use his education, considerable experience, and additional understanding gleaned from the tasks specified in A. and B. above to accomplish the following.

- JXP

1. Establish Context

1.1 Define the tourism sector

Due to the complex and complicated nature of the tourism sector, a critical first step in the strategy development process is to define clearly the scope of economic activities to be considered. Special emphasis should be placed on activities in which Jordan has already demonstrated potential or success.

1.2 Provide overview of Jordanian tourism sector

Provide background information about the characteristics of the tourism sector in Jordan. Its information should be organized according to Michael Porter's four broad attributes that constitute the diamond of national competitive advantage.

- Demand conditions
- Firm strategy, structure, and rivalry
- Related and supporting industries (cluster)
- Factor conditions

The assessment of Jordan's tourism cluster should be undertaken in collaboration with a task force of representative local stakeholders.

1.3 Provide overview of regional tourism sector

Provide background information about regional trends in the tourism sector, in order to determine existing or potential regional competition, as well as to highlight possible regional investment opportunities. Describe the major regional players and markets.

The Middle East is a region where – in addition to trade and investment trends – demographic trends and political factors also have substantial implications on the growth, development, and outlook of the sector. For this reason, a brief review of these issues should be made.

1.4 Provide overview of global tourism sector

Provide a brief, but comprehensive picture of the global tourism sector today, including a description of its main trends and characteristics in terms of trade and investment, as well as a description of its structure and dynamics.

2. Determine Jordan's Unique Selling Proposition

2.1 Identify investment location factors

Identify those criteria that investors use when evaluating potential locations for tourism investment. These criteria can either be technical, firm- or industry-specific, or country-specific.

2.2 Perform SWOT analysis

Assess the strengths, weaknesses, opportunities and threats of the tourism sector in Jordan, and how they relate to the investment location factors considered by investors.

Analysis of Jordan's strengths and weaknesses in the tourism sector should be based on comparing findings from the overview of Jordan's sector with the relevant investment location factors considered by investors. In view of the strengths and weaknesses listed, Jordan's competitiveness should be benchmarked against a number of competitor countries, both regionally and globally. These countries should be chosen on the basis of the competitiveness of their existing industry and/or their potential to attract FDI into the industry, as stated in regional and global sector overviews. This benchmarking should be made on the basis of the investment location factors considered by investors and summarized in a table that ranks the countries according to such selected criteria.

2.3 Identify sub-sectors and niches

Determine the specific areas within the tourism sector in which Jordan has competitive advantage today and may have the greatest competitive advantage in the future. Ideally, these sub-sectors and niches should be those that combine Jordan's strengths with an emerging global market opportunity.

3. Develop Three-year Investment Promotion Strategy

3.1 Create investment promotion strategy

Produce a specific marketing plan for attracting tourism investment focused on the identified sub-sectors and niches. This strategy should include the following.

- Annual investment targets (i.e., number and value of projects per year, number of jobs created)
- Core messages
- Principal selling points
- Target markets and investors (i.e., those markets and investors that can benefit most from locating in Jordan. Target investors should be identified in terms of a general profile based on relevant factors, such as sales, company size, and investment history.)
- Promotional approaches
- Resource requirements (i.e., promotional budget and staff)

- Relevant information sources (i.e., leading industry journals and company databases that should be used by promotional staff to implement promotional strategy)
- Potential projects (i.e., approximately 10 brief project and investment profiles of specific investment ideas)

3.2 Create basic marketing content

Draft basic content for brochure and like materials to be used by promotional staff in the course of implementing promotional strategy. This content should take the perspective of potential customers and investors, delivering the core messages, principal selling points, and another other information necessary to generate their interest in outsourcing to or investing in Jordan.

4. Recommend Means of Strategy Implementation

4.1 Assess promotional interests and capabilities

Survey various tourism sector stakeholders. Evaluate their interests in investment promotion for the tourism sector, as well as their capabilities (including financial and human resources) to implement the various aspects of the strategy.

4.2 Determine relationship between export and investment promotion

Define the relationship between activities to promote the export of tourism services, as opposed to investment in the tourism sector.

4.3 Recommend role and responsibilities

Based on the previous steps, recommend specific roles and responsibilities for strategy implementation.

5. Identify Constraints and Remedies

Based on interviews with players in the market and meetings with relevant staff in line ministries, in addition to the conclusions reached through the SWOT analysis, identify and briefly discuss constraints that affect or may affect the growth of the industry in Jordan, as well as its export competitiveness and ability to attract FDI.

Based on input from industry stakeholders, previous analysis, and a review of international best practices, recommend and briefly discuss potential remedies for these constraints, with a special focus on practical recommendations for upgrading performance in the identified sub-sectors and niches.

6. Build Technical Capacity for Sustainability

Demonstrate to local counterparts the way in which the preceding tasks were accomplished, so that they may replicate or update this work in the future. If possible, this should be accomplished by working together with those individuals. Otherwise, this should be accomplished through a presentation or training session.

7. Identify Follow-on Tasks

If appropriate, identify follow-on tasks that require attention from the AMIR Program. Document the background and rationale for, as well as the requirements of these tasks.

ANNEX 2: PILOT PROJECT

As discussed in earlier this report, Jordan's greatest opportunity to sustainably expand its tourism industry is through the development of attractions that will appeal to higher spending market segments from North America and Europe. The attractions with the greatest potential to appeal to these markets are centered on history, archeology, religion, culture, and nature/adventure.

The purpose of the pilot project is to create a laboratory for testing product development ideas and concepts. Most importantly, to help define how:

1. Sites can be creatively conceptualised
2. They can be developed to maximize the visitor experience and visitor expenditures
3. They can be managed to minimize negative impacts, integrate local communities, and spread the benefits of tourism development.

The proposed site for development of the Pilot Project is **Umm Qais**, based on the following attributes:

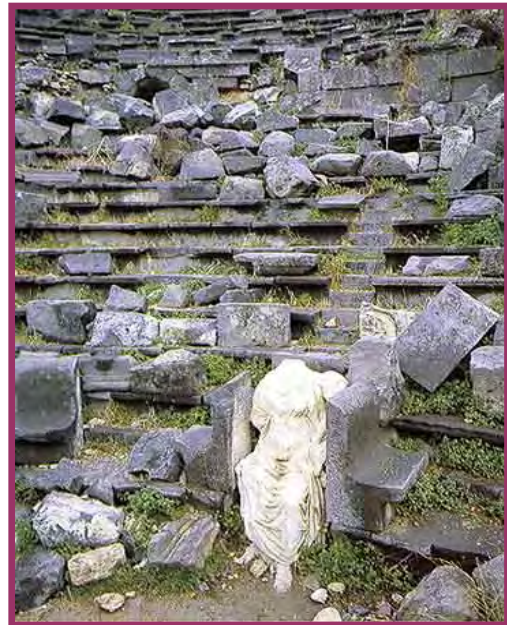
1. It is large, visually dramatic site, with breathtaking views of the Sea of Galilee, the Golan Heights and the Jordan Valley.
2. It contains a rich mix of ancient cultures, including Greek, Roman, Nabatean, and Byzantine ruins, as well as a Christian Holy Land significance.
3. Excavation is still in its early stages, with significant new discoveries recently made.
4. There is a large community nearby that could play an important role in and greatly benefit from development of the site.
5. There are historic Ottoman structures at the summit of the site that could be creatively reused for tourism purposes.
6. There are a number of nearby attractions, most notably Jerash, Pella, and Ajloun, which could form the basis for a very powerful cluster of attractions. Umm Qais could serve as hub for visits to those other sites, and help create a base of attractions significant enough to entice targeted visitors to spend several days in the region, as opposed to a single-day excursion from Amman, which is dominant pattern.

Site History and Overview:

Situated on a broad promontory 378 meters above sea level, this town was known as Gadara, one of the ancient Greco-Roman cities of the Decapolis, and according to the Bible, the spot where Jesus cast out the Devil from two demoniacs (mad men) into a herd of pigs (Mathew 8:28-34). In ancient times, Gadara was strategically situated, laced by a number of key trading routes connecting Syria and Palestine. It was blessed with fertile soil and abundant rainwater.

The town also flourished intellectually, attracting writers, artists, philosophers and poets, the likes of Satirist Menippos (second half of the 3rd century BC), the epigrammist, Meleagros (ca.110-40 BC), and the rhetorician, Theodoros (AD14-37). Gadara was also the resort of choice for Romans vacationing in the nearby Himmet Gader Springs.

Archaeological surveys indicate that Gadara was occupied as early as the 7th century BC. The Greek historian, Polybius, described the region as being under Ptolemaic control at the time. The Seleucid ruler Antiochus III conquered it in 218 BC, naming the city Antiochia and Seleucia. In 63 BC, Pompey liberated Gadara and joined it to the Roman league of ten cities, the Decapolis. Soon after, the fortunes of Gadara improved rapidly and building was undertaken on a large scale, carried out for the love of Pompey's freed man, Demetrius, who had been born there.



During these early years of Roman rule, the Nabateans (with their capital in Petra) controlled the trade routes as far north as Damascus. Unhappy with the competition, Mark Anthony dispatched King Herod the Great to weaken the Nabateans, who finally gave up their northern interests in 31 BC. In appreciation for his efforts, Rome rewarded Herod with Gadara.



The city reached its peak of prosperity in 2nd century AD and new colonnaded streets, temples, theatres and baths sprouted. Meleagros compared Gadara with Athens, which testifies to the city's status as a creative center of Hellenism in the ancient Near East.

Christianity spread slowly among the inhabitants of Gadara. Starting from the 4th Century, its bishop attended the ecclesiastical councils of Nicaea, Chaleedon, and Ephesos. Despite his attendance, the city was no longer a seat of learning. During the 6th century, decline set in, and in AD 636 a decisive military clash between Byzantines and Arab Muslims took place not far from

Gadara. However, there is no evidence of widespread destruction in the city. (Source: Jordan MoT)

Facilities Concepts:

A preliminary list of proposed facilities and concepts includes:

Hotel – Depending on cost of construction and total budget, 40 to 60 double rooms. At an estimated cost of US\$40,000 per room, a 40-room hotel would cost \$1.6 million to construct. The targeted average daily rate would be US\$75-100 (depending upon market mix) per night. The site could be planned in a way that additional rooms could be phased in as demand

increases. The large, and largely abandoned Ottoman garrison that sits atop the site (part of which is currently being used as a police station) could be adaptively reused and include the hotel and other facilities.

There are several models for this type of hotel development, including two sites in Jordan, Kan Zaman and Taybet Zaman and projects now under development at nature reserves, managed and developed by RSCN. More broadly, a series or chain of upscale hotels could be created throughout the country, through adaptive reuse of historic structures (Crusader Castles, Ottoman and Byzantine structures, etc.). A very successful model for this type of development is Spain's Paradores program. <http://www.paradores-spain.com/>

Current condition of Ottoman Garrison at Umm Qais:



Similar adaptive reuse projects at other sites:

Kan Zaman Tourist Village



Kan Zaman Tourist Village



Al-Hawari House restoration,
18th century Ottoman house, Cairo Egypt



Emir Amin Palace Hotel, Beit Ed-Deen,
Lebanon



Hotel Amenities – Indoor and outdoor restaurants (for hotel guests and overflow from day visitors), swimming pool, shopping arcade, spa, fitness center, etc.

Interpretive Facilities - Proposed concepts include a wide range of creatively developed interpretive programs, including interactive displays, participation in archeological digs, artisans in action and interactive arts and crafts programs.

7. Archaeology lab/classroom
8. Expanded Museum and Gift Shop
9. Interpretive Center
10. Arts & Crafts Center
11. Multimedia Displays
12. Roman Bath House

Some of these facilities can be created through adaptive reuse of existing structures. Some can be purpose built using architectural styles that seamlessly blend in with surrounding ruins. Given the mild climate, some could even be semi-permanent structures that would be inexpensive to erect and could be easily moved if located on sites that may be excavated in the future.

It is impossible to provide detailed development costs without first completing some initial site planning, conceptual architectural work, and consultation with archeologists working on the site. For illustrative and budgeting purposes, an order-of-magnitude estimate of total costs is \$1.5 to \$2 million.

The third component of the develop program is the “software” and soft costs for pilot project implementation, including:

13. Physical and land use planning
14. Development of a site management plan
15. Design of creative interpretative programs
16. Development of tourism product development and marketing strategy

A proposed centerpiece of the tourism product development and marketing strategy is an interactive dig or “Volunteerism” program. Examples can be found by clicking on the links below:

<http://www.earthwatch.org/subject/archaeology.html>

<http://www.archaeoexpeditions.com/>

<http://www.greenvol.com/arkeo/>

<http://acl.arts.usyd.edu.au/research/pella/pellavols.html>

<http://www.greenvol.com/arkeo/samples.html>

And specialized archeology tours, that are less hands on and more focused on education, for example:

<http://www.archaeological.org/webinfo.php?page=10003>

<http://www.smithsonianjourneys.org/international/110604egypt.asp>

<http://www.archaeologicaltr.com/>

Implementation Strategy:

Step 1: Consultation

Officials from the Ministry of Antiquities, the government body that has jurisdiction over the site, would need to be consulted and approval granted for site development. There is also a range of issues that must be explored and some sort of consensus reached in terms of where development can take place without impacting current and future archeological excavations or historic artifacts.

It is also suggested that a Working Group be formed, consisting of representatives from the Department of Antiquities, local NGOs, including, for example, Friends of Archeology, the American Center for Oriental Research, Jordan River Foundation, and the Royal Society for the Conservation of Nature, local and international universities that have excavation projects in the area, tour operators, and members of the local community. This Working Group should be consulted throughout the planning and implementation process and help guide development initiatives.

Step 2. Site Evaluation and Planning

A local or international land-planning firm or landscape architect should be retained to conduct, in collaboration with archeology experts, an analysis of the site to determine the most suitable location of proposed facilities.

Step 3. Programming and Management Strategy

A local or international firm or NGO should be recruited to assist in designing and creating interpretive programs, including guided tours, museums, interactive displays, sound and light shows, and site management. There are a number of firms and NGOs that specialize in this area. Two examples are provided below:

<http://www.lord.ca/services/hersitemgmt/hersitemgmt.html>

<http://www.globalheritagefund.org/home.html>

Step 4. Facilities Planning

Based upon the results of the planning and analysis conducted in steps 2 and 3 above, contract an architectural firm to create preliminary concepts and detailed cost estimates for facilities programmed for development. These initial concepts should be reviewed by the Ministry of Tourism and Working Group and refined based upon inputs provided.

Step 5. Financing

Identifying and recruiting potential funding sources should be initiated in the very early stages of this process, but formal proposals for financing should not be presented until preliminary architectural concepts and renderings, programming, and cost estimates are available.

For future site development initiatives a range of options for heritage site development can be employed, including private development and management of sites through concessions, public/private/NGO partnerships, design competitions, the Product Development Fund discussed earlier in this report (and that will likely take some significant time to set up) and other strategies.

In an effort to get the pilot or demonstration project off the ground as quickly as possible it is recommended that funding be sought directly from the Government of Jordan (Ministry of Tourism & Antiquities, Ministry of Planning), and/or donor organizations (USAID, European Union, etc.) It is also proposed that an international NGO be contracted to oversee community-based development aspects of the program, including training, technical assistance, capacity building, and SME and micro financing initiatives, as well as capacity building for a local NGO or NGOs for long term management of the site and future heritage site development initiatives, based to some significant degree on the RSCN model.

Step 6. Implementation

Finalize architectural concepts, blue prints, obtain required permits, contract local construction firms, launch community-based development initiatives, and begin construction.

ANNEX 3: INVESTMENT PROMOTION TACTICS

Resort Hotels:

The principal tasks to be carried out in executing a strategy for promoting resort hotel investment in Aqaba and the Dead Sea are:

Task 1. Identify Projects to be Promoted

This task is relatively straightforward for both Aqaba and the Dead Sea. In the former, near term investment opportunities have already been identified, the build-out of hotels proposed for both the Lagoon project and Tala Bay. Some additional research should also be done to determine whether there are other serious efforts underway on the few remaining beachfront sites along Jordan's Red Sea Coast.

In regard to the Dead Sea, based upon the Jordan Valley Authority's recently completed master land use plan there are only a few sites available for large-scale hotel development. They are reportedly owned by companies that intend to develop hotels on these sites, but there appears to be some confusion regarding their willingness or ability to undertake development of these projects in the near term.

The organization(s) responsible for implementing this strategy should meet with these land owners to discuss their intentions, timetables for implementation, and if they require additional outside investment and would like to include their projects in the investment promotion program being developed.

Task 2. Identify Potential Targets and Develop Investor Database

The primary targets are:

17. Arab and Gulf Construction Companies
18. Regional Portfolio Investors and Investment Companies
19. Regional Pension Funds
20. Investment Banks and Other Financial Institutions
21. International Financial Institutions

Arab and Gulf construction companies can be identified in a number of ways. All that is required is a little legwork. One method is through trade and industry associations in each country in the region. A better initial approach, as it will not only identify construction companies with a proven propensity to investment and that specialize in resort hotel construction, but will also be invaluable in terms of identifying other investors and other types of investors, is to compile a database of all of the owners of resort hotels along the Egyptian Red Sea coast, and the construction companies that built them.

This can be accomplished through both primary and secondary research. The first step should be to request this information from the Egyptian Ministry of Tourism, the Ministry of Planning, the Egyptian Hotel Association, and hotel associations and chambers of commerce

in each destination (Sharm El Sheik, Hurgada, etc.). Information gaps can be filled in through telephone calls to each hotel, or if necessary visits to the properties themselves.

While this information will also be useful for promotion of Dead Sea resorts as well, additional research should be completed into the ownership of hotels on the Israeli Dead Sea coast as well.

Task 3. Prepare Prospectus Materials

This process is also relatively straightforward, but the most effective approach requires an intermediate step. Namely, conducting some initial reconnaissance in an effort to better understand what the primary factors are that have stimulated such high levels of investment in the Egyptian Red Sea Coast. This work can be completed through selected interviews with hotel owners and developers in Egypt. It is likely that a large number of them are headquartered in Cairo, so a weeklong trip there should yield some meaningful information.

It is also recommended that field research be conducted in the Gulf; specifically, interviews with foreign owners of Egyptian Red Sea resorts. All of this fieldwork could be completed over a two to three week period.

Once a basic understanding of the primary drivers is gained, materials can be assembled, with the assistance of landowners and master developers in both Aqaba and the Dead Sea, highlighting the most important/relevant characteristics of each investment opportunity. A preliminary list is likely to include:

Project Description:

- ✓ Site Location
- ✓ Size
- ✓ Beach frontage
- ✓ Project components and amenities (i.e., residential real estate, golf, marina, etc.)
- ✓ Number of rooms and quality levels
- ✓ Estimated rate, occupancy, and market mix
- ✓ Cash flow projections
- ✓ Estimated internal rate of return for first 5-10 years of operations
- ✓ Marketing strategy

Ownership:

- ✓ Description of owner/master developer/joint venture partner
- ✓ Terms of the transaction
 - Ownership distribution
 - Equity Investment required
 - Level, source, and terms of proposed debt financing to be employed

Government Support:

- ✓ Investment Incentives
- ✓ Commitments to destination marketing and promotion
- ✓ Infrastructure to be provided

Task 4. Organize and Conduct Initial Outreach and Recon Missions

Once prospectus materials have been prepared initial outreach efforts should be made to gauge potential levels of interest and determine what refinements may be needed in terms of deal structures, incentives, marketing strategies, etc. It is proposed that 10 potential candidates be selected, that they first be contacted by phone and informed of the investment promotion program be launched. That call would be followed-up by the forwarding of prospectus materials, followed a week or so later with a second phone call to gauge the initial reaction. That follow-up could also be done in person with a second round of interviews.

Task 5. Organize and Conduct Investment Mission(s)

Once the deal structure, sales pitch, and collateral materials have been fine tuned, a group of 8 to 10 potential investors should be invited to visit Aqaba and the Dead Sea, meet with project sponsors, visit sites, and discuss joint venture/development opportunities in more detail, face-to-face.

These missions should be conducted at a high a level as possible, to demonstrate Jordan's serious interest in and commitment to development of these destinations. Investors should have their transportation and accommodations provided on a complimentary basis, receive presentations from high-level government officials, and be briefed on the vision for and commitment of the government and private sector for the integrated development of these destinations. A sample itinerary might look something like the following:

Day 1.

22. Afternoon - Mission participants arrive in Amman, accommodated at one of the city's finest hotels.
23. Evening – cocktail reception and cultural entertainment

Day 2.

24. Morning - Meeting with the Minister of Tourism, head of the Jordan Investment Board, and Jordan Tourist Board, with each making a brief presentation regarding Jordan's strategy for development of Aqaba, the Dead Sea, and the country as world-class tourism destinations.
25. Afternoon – Travel to the Dead Sea. Presentation by JVA of master plan for the area.
26. Evening – Sponsored reception and dinner.

Day 3.

27. Morning – Tour of existing properties and development sites. Visit to some of the areas most important tourist attractions.

28. Afternoon – One-on-one meetings with project sponsors
29. Early Evening – return to Amman.

Day 4.

30. Morning – Early flight to Aqaba (private jet if available), brief presentation by ASEZA.
31. Morning - Tour of existing properties, development sites, tourist attractions.
32. Afternoon – One-on-one meetings with project sponsors.
33. Evening – Closing reception. Overnight in Aqaba

Day 5.

- Morning – Early flight to Amman, connect to return flights home.
- Facilitate follow-up meetings and logistics (hotel accommodations, changes to flight schedules, etc.) for those wishing to remain in Aqaba for an additional day, or return to Amman or the Dead Sea for follow-up.

One Week Later:

34. Follow-up by phone with participants to request feedback on organization and execution of the mission, their impressions, their potential levels of interest, needs for additional information, and to assist with any other follow-up activities.

One to Two Months Later:

35. Depending upon the results of and feedback regarding the first mission, organize and conduct a second mission with targets identified through the database development efforts in Task 1.

Task 6. Organize and Conduct Investment Conference

Depending upon the results of one or more investment missions, organize and conduct a resort development conference for Jordan focused on the Dead Sea, Aqaba, or both.

The conference would have three tracks – education, networking and promotion.

Education:

A series of workshops on trends and strategies for hotel financing, working with international hotel chains, market and promotion, MICE market, yield management, etc. Recruit well-known industry experts from around the world to make panel presentations. These speakers will be one of the primary conference draws.

These workshops also provide a forum for Jordanian officials and private sector leaders to showcase Jordan's new destination marketing and development strategies and provide testimonials for investing in Jordan.

Networking:

Sponsored cocktail receptions, luncheons, seminars, golf outings, etc. all provide opportunities for industry players to transact business in informal settings and is one of the primary drivers of international conferences of this kind. There are a number of examples of Hotel Investment Conferences held in the Far East, Caribbean, Europe and North America that can be used as case study examples.

Promotion:

An exhibition area and breakout rooms/hospitality suites should be set up to promote specific projects/investment opportunities. The exhibition area is also an ideal location for at least one cocktail reception.

Approximately 10-12 months is typically required to organize a conference of this type. A detailed organizational checklist can be provided upon request.

Gulf Market Attractions:

All of the tasks and approaches described above can be used in a slightly modified form to promote capital-intensive investments in Gulf Market Attractions, i.e., themed attractions, shopping/dining areas, etc.

ANNEX 4: GULF MARKET INVESTMENT PROMOTION TARGETS

Table Annex4.1 Saudi Arabia Investment Promotion Targets

| Name | Contact Information | URL | Activity Description |
|--|--|---|---|
| M. Al-Hokair & Sons Group | P.O. Box 57750 Riyadh 11584 Saudi Arabia Tel: 966-1- 4134444 Fax: 966-1- 4131111 info@alhokair.com | http://www.alhokair.com/ | M. Al-Hokair & Sons Group (with 56 large amusement and mobile parks, as well as some 5 star hotel operations in various parts of the country). |
| Taif Investment & Tourism Company | P.O. Box 3610, Taif, Saudi Arabia Tel: 966-2-7384074 Fax: 966-2-7382015 | | Taif Investment & Tourism Company owns a cable car project considered to be one of the five largest in the world and has the following new projects in the offing- an 80 room 5 star hotel, villas, residential units, entertainment centers, shopping stores and King Fad project for the development of Hada and Shifa. |
| National Company for Tourism | P.O. Box: 752, Abha, Saudi Arabia Tel: 966-7-2291516 Fax: 966-7-2291450 Director@syahya.com.sa | http://www.syahya.com.sa/ | National Company for Tourism (a seaside project in Ragaba which will have 300 fully furnished villas on an area of about 1.4 million square meters, a Luna Park in Khamis Mushyat that will occupy an area of about 150,000 square meters, and a development of a Turkish castle.) |
| Al-Mojel Company for Projects | Po Box 20157 11455 Riyadh Saudi Arabia Tel 966-1-4648801 Fax 966-1-4647739 | | Al-Mojel Company for Projects (owns the Al-Khamia Amusement Park, the Al-Hamra Entertainment Village, etc). |
| Durrat Al-Arous City (Developed by Dallah Group) | Dallah Group Po Box 6404, Dammam Saudi Arabia Tel: 966-3-8574441 Fax: 966-3-8571689 | www.dallah.com | Durrat Al-Arous City a US\$480 Million city consisting of a modern full fledged residential village, a 5 star Hotel, an amusement park, an equestrian club, a 320 berth marina, a nine hole golf course, a theme park etc. Phase 3 of the 5-phase project is presently under construction). Developed by Dallah Group |
| Saudi hotels & Resort Areas Company (SHARACO)- | P. O. Box 5500, Riyadh 11422 Tel: 966 1 481-6666 Fax: 966 1 480-1666 | | Saudi hotels & Resort Areas Company (SHARACO)- a major hotel and resort company with projects that includes seven hotels, amusement park in Riyadh and two seaside resort villages in Jeddah (Al-Nakheel) and the Eastern region (Al-Khaleej). The company has seven subsidiaries and 5 affiliates. Private sector ownership: 60%. Government: 40%. |
| Fakieh Company for Tourism | Tel: 966-2-6555550 tourism@fakiehgrou.com | http://www.fakiehgrou.com | Fakieh Company for Tourism (working at the moment on the following projects- an aquarium with a 90 meter viewing tunnel, a residential resort village, an artificial tropical rainforest project, a marina, an artificial lake with waterfalls, a walk through rain forest, an ice skating rink, etc). |

| Name | Contact Information | URL | Activity Description |
|---------------------------------|---|-----|---|
| Atallah Happyland | Po Box 5604 21432 Jeddah Saudi Arabia Tel: 966-2-6836644 Fax: 966-2-6826212 | | Atallah Happyland (has at least 10 major amusement parks that it is developing and is Jeddah's biggest funfair) |
| Saudi Amusement Centers Company | Po Box 6504 31452 Dammam Saudi Arabia Tel: 966-3-8340735 Fax: 966-3-8918765 | | Saudi Amusement Centers Company (one of the largest operators of outdoor theme parks in the Eastern Province of Saudi Arabia, importing amusement equipment, rides, games and family entertainment equipment. |
| Saudi Co for Recreation | Po Box 9632 21423 Jeddah Saudi Arabia Tel 966-2-6710000 Fax 966-2-6694680 | | Amusement Parks |

| AMUSEMENT PARKS | | | |
|--------------------------|--|---|---|
| Al Hokair Land | Tel: 966-1-2600666 Fax 966-1-2600666 ext 1000 majed@alhokairland.com | http://www.alhokairland.com | Abdul Mohsin al Hokair group for entertainment and tourism is one of the leaders in the middle east |
| Castle Children's Park | P.O. Box 2473 Alkhobar, 31952, Saudi Arabia Tel: 966-3-8946551 | | Amusement Park Animal shows, carousel, zoo |
| Jeddah Touristic City | P.O. Box 9632 Jeddah, 21423, Saudi Arabia Tel: 966-2-6710000 | | Amusement Park/Theme Park Aquatic shows, carousel, go-karts, roller coaster, stage shows, water rides, zoo |
| The Train Lake Waterpark | P.O. Box 11763 Jeddah, 21463, Saudi Arabia Tel: 966-2-6820222 | | Amusement Park/Waterpark Bumper boats, kids rides, waterslide, pool, boating/marina |
| Al-Shallal Theme Park | Tel: 966-2-6555550 Saudi Arabia tourisum@fakiehgroum.com | http://www.fakiehgroum.com/shallal.shtml | A theme park on Jeddah Cornish includes Roller coaster, Amazon rides, lagoon, outdoor rides and restaurants |
| Jeddah Aquarium | Tel: 966-2-6555550 Saudi Arabia tourisum@fakiehgroum.com | http://www.fakiehgroum.com/aquarium.shtml | Located in Jeddah, it is the first of its kind in the middle east |
| Sail Island | Tel: 966-2-6555550 Saudi Arabia tourisum@fakiehgroum.com | http://www.fakiehgroum.com/sail_island.shtml | prestigious food court & children water entertainment area in Jeddah |
| Al Nawras Island | Tel: 966-2-6555550 Saudi Arabia tourisum@fakiehgroum.com | http://www.fakiehgroum.com/island.shtml | Resort area and a highly themed seafood restaurant, social health club, private beaches and a themed area development |
| Blue Lagoon | PO Box 8703, Jeddah | | Amusement Parks |

| | | | |
|---|---|-----------------------|--|
| Restaurants and amusement parks | Saudi Arabia Tel: 966-2-6991120 Fax: 966-2-6726592 | | Restaurants, Fast Food |
| Arcade Arabian restaurants & Children Entertainment Co. | PO Box 1733 21441 Jeddah Saudi Arabia Tel: 966-2-6825975 | | Amusement Parks and restaurants |
| OTHER MAJOR GROUPS | | | |
| Saudi Brothers Commercial Company (SBCC) | P.O. Box 5604 Jeddah 21432 Saudi Arabia Tel: 966-2-6606802 /6606925 Fax: 966-2-6608140 info@saudibrothers.com | www.saudibrothers.com | the Saudi Brothers Commercial Company is a multinational company with a diversified industrial and commercial business portfolio, including theme parks, amusement parks. BCC established the first and the largest theme park project in the Arab World in Jeddah |
| Elaf Travel, Tourism & Hotels Group | P.O. Box 13541 Jeddah 21414 Saudi Arabia Tel: 966-2-664-1233 Fax: 966-2-664-0838 mfkayal@sedcogroup.com | www.elaftours.com | one of the largest privately owned conglomerates in Saudi Arabia. SEDCO is involved in investing in world financial markets, real estate and direct investment in travel and tourism. |
| Kingdom Holding Company | P.O. Box 1 Riyadh 11321 Saudi Arabia Tel: 966-1-488-1111 Fax: 966-1-481-1954 Email: dau@kingdom.net | www.kingdom.net | the Kingdom Holding Company invests in banks, hotels, amusement parks |
| Safari Company Ltd. | P.O. 7710 Riyadh 11472 Saudi Arabia Tel: 966-1-2315577 /2329487 Fax: 966-1-2300010 /232-6438 shm@safarico.com | www.safari-e.com | The Safari Company is engaged in travel and tourism |
| A.K. Al-Muhaidib & Sons Group of Companies | P.O. Box 30 Dammam 11314 Saudi Arabia Tel: 966-3-832-2033 Fax: 966-3-833-6065 ch@muhaidib.com | www.muhaidib.com | This subsidiary undertakes large contracting projects including sewer and water lines, school facilities, banks, housing projects, shopping malls, warehouses, and office facilities |

Table Annex4.2 U.A.E Investment Promotion Targets

| Name | Contact Information | URL | Activity Description |
|---|--|---|--|
| AMUSEMENT PARKS | | | |
| Dream Land Aqua Park- | P. O. Box 655 Tel: 971-6-7681888 Fax: 971-6-7681887 info@dreamlanduae.com Um Al Quawain, UAE | http://www.dreamlanduae.com/html/index1.html | Water amusement park in Umm Al Quwain. |
| Hili Fun City | Tel: 971-3-845542 Abu Dhabi, UAE | http://www.uaeu.ac.ae/outreach/alain/funcityinfo.html | Hili Fun City is the biggest amusement park in the Gulf at 1sq km owned by Al-Ain municipality and operated by Abu Dhabi National Hotels Co. |
| Wonder Land (Theme and water park) | Domains@AsiaPak.com Dubai, UAE | http://www.wonderlanduae.com/home.htm | 18-hectare Wonder Land fun park features a wide range of water attractions. Wonder Land's water rides include speed slides, surf hills, twister, wave runners and a Caribbean cruise. |
| Wild Wadi Water Park | P. O. Box 26416 Tel : 971-4-3484444 Fax: 971-4-3480275 info@wildwadi.com Dubai, UAE | http://www.wild-wadi-water-theme-park.com | Aquatic theme park forming part of the Jumeirah Beach Resort development Wild Wadi is part of the prestigious Jumeirah International group. |
| Zabeel park | | http://www.dubaicityguide.com/specials/zabeelpark.html | A new leisure and entertainment park. Zabeel Park to be set up by Dubai Municipality. Zabeel park will include extensive sports and recreation facilities. |
| MAJOR GROUPS | | | |
| Jumeirah International Group | General info@jumeirahinternational.com Jumeirah Card jumeirahcard@jumeirahinternational.com Webmaster webmaster@jumeirahinternational.com Business Planning and Development planning@jumeirahinternational.com | http://www.jumeirahinternational.com/ji_site/index.asp | Jumeirah International operates a number of health and leisure facilities. Combined, they represent the most comprehensive range of health and leisure products in the Middle East, including the regions most comprehensive and luxurious Spa. The Group includes: - Beit Al Bahr Jumeirah - Burj Al Arab Dubai - Carlton Tower Emirates Tower -Hotel Dubai - Emirates Tower Offices & Hotel - Madinat Jumeirah |

| Name | Contact Information | URL | Activity Description |
|---|---|---|--|
| | Human Resources hr@jumeirahinternational.com | | - Jumeirah Beach Club - Jumeirah Beach Hotel - Madinat Jumeirah - World Trade Centre Hotel Dubai |
| Al Futtaim (PVT) Investments (head office) | P. O. Box 152 Dubai, UAE Tel: 971-4-2224101 Fax: 971-4-2212933 | | Major UAE developer. |
| Al Ghurair Investment (L.L.C.) | P. O. Box 16808 Dubai, UAE Tel: 971-4-8816800 Fax: 971-4-8816519 | | Investment & Management for Commercial, Agriculture and Industrial Enterprises. |
| Dubai Palm Developers (L. L. C) | P. O. Box 17777 Dubai, UAE Tel: 971-4-3903333 Fax: 971-4-3903314 info@thepalm.com.ae | http://www.palmisl.com/enter.html | |
| Innpro International FZCO | P. O. Box 17777 Jebel Ali, Dubai, UAE Country of origin: Germany | | Development of Company's Own Project in Palm Island. (It has signed an agreement with Dubai Palm Developers (L.L.C) under which I will build a hotel complex on the west marina of the Palm, Jumeirah.) |