Initiative for the Palestinian Economy

Tourism
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Executive summary
Executive summary

- The Palestinian Territories have a high concentration of World Heritage Sites and **large variety of tourist attractions**

- A relatively **high volume of same day visitors** (~1.8M/year)\(^1\) does not convert into overnight tourists (0.5M), compared to 2.8m (Is) and 4.5m (Jor)

- Tourism accounts for ~$271M of annual revenue and ~**15,000 jobs**. Marketing budget is very small ($0.5m) compared to $10m (Jor) and $40M (Is)

- Hotel **room capacity and occupancy** has a lot of room to grow

- Potential tourists are deterred by a **poor overall perception of security**, and difficulties for nationals of neighbouring Arab countries to obtain visa

- But unlocking the industry’s potential could increase overnight tourists to 3 million, spending up to **$2B** over 6 years

- Potential can be captured through the development of **5 tourist hubs, strong marketing** (including jointly with regional countries) and investment in skills and infrastructure.

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\(^1\) This was an initial estimate. The 2013 statistics by the Tourism and Antiquities police show a total of 2.15m same day visitors and 0.55m overnight tourists. Palestinian statistics across this document are based on the 2009 PCBS reports.
The strategy for tourism builds on the current offering in the short term and expands into new segments, supported by aggressive marketing.

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Description</th>
<th>Potential add’l revenue in year 3</th>
<th>Estimated cost in year 3</th>
</tr>
</thead>
</table>
|          | ▪ Develop the Palestinian Territories as a religious and cultural destination in the short term, by building global awareness of the wealth of tourism attractions offered and by upgrading existing site and activity infrastructure  
▪ Attract new segments to the Palestinian Territories by developing a high end, strategically located offering of upscale branded hotels and by facilitating ease of access for visitors from Arab countries | ▪ $80-110M | Opex (annual)  
▪ $150 M average marketing budget\(^2\)  
▪ $10-15M hospitality training  
▪ $860-1,740M hotel development\(^1\)  
▪ $1.5-3M site development |
|          | 23. Launch annual marketing plan to communicate the Palestinian offer and travel itineraries globally to promote the Palestine brand and for joint marketing campaigns with Jordan first and later on with Israel through PR, travel agents and digital media  
24. Develop 5 tourism hubs around major cities with a cohesive plan covering infrastructure, hotel development and site upgrades for East Jerusalem, Bethlehem/Hebron, Jericho/Dead Sea, Nablus, and Gaza  
25. Set up a Tourism Public-Private-Partnership Body to coordinate implementation of marketing and hub improvement projects, as well as hospitality training | ▪ $215-515M | ▪ $80-110M |
| Critical enablers | ▪ Simplified process for Arab nationals, including GCC, to obtain tourist entry permits/visas  
▪ Ease of movement for tourists within the Palestinian Territories, at Israeli checkpoints, and at the Jordanian border | ▪ Predictable and simplified process for obtaining work and business permits (for Palestinian tour guides to enter Israel and for foreign investors to enter Palestine)  
▪ Access to land and permitting to enable development of the Palestinian tourism offer  
▪ Tourism partnerships with neighbouring countries | ▪ $80-110M |

1 Includes cost of land, hotel construction, renovations. Excludes interest during construction & local taxes.  
2 10% of cross regional budget
The tourism sector could grow by up to ~0.3-0.6b USD over 3 years, and create up to ~15-30K jobs.

### Economic impact

<table>
<thead>
<tr>
<th></th>
<th>Current situation</th>
<th>3 year horizon</th>
<th>6 year horizon</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue from Tourism</strong> (USD Mn)</td>
<td></td>
<td>~30-40% p.a.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>~2% p.a.</td>
<td>635</td>
<td>1,200-1,900</td>
</tr>
<tr>
<td></td>
<td>4% p.a.</td>
<td>590</td>
<td></td>
</tr>
<tr>
<td></td>
<td>~30-40% p.a.</td>
<td>519</td>
<td></td>
</tr>
<tr>
<td><strong>Employment</strong>¹ (’000 FTEs)</td>
<td></td>
<td>~25-35% p.a.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2% p.a.</td>
<td>15</td>
<td>60-90</td>
</tr>
<tr>
<td></td>
<td>4% p.a.</td>
<td>30-45</td>
<td></td>
</tr>
<tr>
<td></td>
<td>~30-40% p.a.</td>
<td>271</td>
<td></td>
</tr>
<tr>
<td><strong>Investment</strong>³ (USD Mn)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2% p.a.</td>
<td>~25-35% p.a.</td>
<td>650-925</td>
</tr>
<tr>
<td></td>
<td>~30-40% p.a.</td>
<td>0.5</td>
<td>1,385-2,280</td>
</tr>
<tr>
<td><strong>Key indicators</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Overnight arrivals</strong> (Mn visitors)</td>
<td></td>
<td>~25-35% p.a.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>4% p.a.</td>
<td>0.5</td>
<td>1.9-3.0</td>
</tr>
<tr>
<td></td>
<td>2% p.a.</td>
<td>1.0-1.5</td>
<td></td>
</tr>
<tr>
<td><strong>Spend per stay</strong> (USD)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2% p.a.</td>
<td>519</td>
<td>635</td>
</tr>
<tr>
<td></td>
<td>~30-40% p.a.</td>
<td>590</td>
<td></td>
</tr>
</tbody>
</table>

¹ Based on benchmark country growth levels  
² Assumes 5% direct employment per 6% of revenue growth  
³ Cumulative capex and opex, which does not reflect investments in the economy (e.g., marketing)
Current situation
Compared to neighbouring countries, the Palestinian Territories underperform on key tourism metrics

<table>
<thead>
<tr>
<th>Drivers</th>
<th>Palestinian Territories</th>
<th>Jordan</th>
<th>Israel</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tourism revenue drivers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of tourists, millions(^1)</td>
<td>0.5</td>
<td>4.0</td>
<td>2.8</td>
</tr>
<tr>
<td>Nights per tourist(^2)</td>
<td>2.5</td>
<td>2.4</td>
<td>3.2</td>
</tr>
<tr>
<td>Spend per tourist, USD</td>
<td>519</td>
<td>700</td>
<td>870</td>
</tr>
<tr>
<td>Spend per day, USD</td>
<td>207</td>
<td>291</td>
<td>272</td>
</tr>
<tr>
<td><strong>Hotel revenue drivers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Hotels</td>
<td>103</td>
<td>210</td>
<td>338</td>
</tr>
<tr>
<td>Number of rooms, thousands</td>
<td>5.5</td>
<td>23.9</td>
<td>47.0</td>
</tr>
<tr>
<td>Occupancy rate (%)</td>
<td>26</td>
<td>61</td>
<td>66</td>
</tr>
</tbody>
</table>

1 Excludes same-day visitors. PT gets approx. 2.3M international tourists/year  
2 Calculated as hotel nights per visitor

International tourist arrivals to the Palestinian Territories are among the lowest in the Middle East

International Tourist Arrivals, 2010

<table>
<thead>
<tr>
<th>Country</th>
<th>Arrivals in Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>14,051</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>10,850</td>
</tr>
<tr>
<td>Syria</td>
<td>8,546</td>
</tr>
<tr>
<td>UAE</td>
<td>7,432</td>
</tr>
<tr>
<td>Jordan</td>
<td>4,557</td>
</tr>
<tr>
<td>Israel</td>
<td>2,800</td>
</tr>
<tr>
<td>Lebanon</td>
<td>2,168</td>
</tr>
<tr>
<td>Qatar</td>
<td>1,866</td>
</tr>
<tr>
<td>Iraq</td>
<td>1,518</td>
</tr>
<tr>
<td>Yemen</td>
<td>536</td>
</tr>
<tr>
<td>Palestinian Territories</td>
<td>522</td>
</tr>
<tr>
<td>Kuwait</td>
<td>207</td>
</tr>
</tbody>
</table>

Average: 2,580

1 Tourist arrivals considers visitors that stayed at least one night
Reference: World Tourism organisation, Israel ministry of tourism

Proprietary: Office of the Quartet Representative
Palestinian tourism destinations receive fewer visitors than comparable destinations in Israel

Hotel nights by location

Thousands

<table>
<thead>
<tr>
<th>Location</th>
<th>North WB</th>
<th>South WB</th>
<th>Middle WB</th>
<th>Israel</th>
<th>P.T.</th>
<th>Jerusalem</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tiberias</td>
<td>220</td>
<td></td>
<td>352</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>824</td>
</tr>
<tr>
<td>Netanya</td>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gaza strip</td>
<td></td>
<td></td>
<td></td>
<td>2,326</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tel Aviv</td>
<td>220</td>
<td></td>
<td>352</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle West Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>824</td>
</tr>
<tr>
<td>West Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>824</td>
</tr>
<tr>
<td>Jerusalem</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,692</td>
</tr>
<tr>
<td>East Jerusalem</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,692</td>
</tr>
<tr>
<td>West Jerusalem</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,692</td>
</tr>
<tr>
<td>South West Bank</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>570</td>
</tr>
<tr>
<td>Dead Sea</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>587</td>
</tr>
<tr>
<td>North West Bank</td>
<td>23</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North WB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>824</td>
</tr>
<tr>
<td>South WB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>824</td>
</tr>
<tr>
<td>Middle WB</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>824</td>
</tr>
</tbody>
</table>


Proprietary: Office of the Quartet Representative
Major areas in the Palestinian Territories capture a fraction of the number of visitors to nearby sites in Israel.

**Nazareth**
- Church of the Annunciation
- Church of the Transfiguration
- Church of St. Gabriel
- Cana and the Wedding Church

Attracts ~1 million visitors per year
That’s equal to... 3600

**Burqin Church**
- One of top 5 oldest churches in the world
- Believed to be the location where Jesus miraculously cured lepers
- Church and cave open well restored and open to tourists

Attracts ~5,000 – 10,000 tourists per year
That’s equal to... 30

Total trip length: Under 35 minutes
The quality of the Palestinian Territories tourism offer is well developed, but can be better communicated to potential visitors.

Quality of attractions
- Variety of historical and cultural sites exists
- Sites are restored and well maintained
- Supplementary offerings available, such as nature trails and walking tours

Availability and quality of hotels
- Rooms available in desired locations
- Hotel quality is cost competitive to region
- Hotel options provided across quality grades

Quality of roads and access infrastructure
- Desired locations are accessible by roads of acceptable quality
- Multiple forms of transportation available (e.g., car, bus, train)
- No significant delays when traveling by road

Though Palestinian offer is overall strong, perception is poor
- Low awareness of variety of site offerings
- Low occupancy in hotels across Palestinian cities
- Perception of conflict and access barriers discourage tourists from considering the Palestinian Territories as a destination
The wide range of historical and ecological attractions offers variety ...

Non-exhaustive

Nablus and Jenin
- Mount Gerizim
- Umm Al-Rihan Forest
- Sebastia
- Jacob’s well
- Local souq
- Soap factories
- Turkish baths

Ramallah
- Palestinian business hub
- Cafes, bars, and restaurants

Gaza – Tourism closed
- Palestine Square Bazaar
- Beaches, amusement parks
- Archaeology museum

Jericho
- St George Monastery
- Mount of Temptation
- Hisham’s Palace
- Wadi Qelt
- Tell Es Sultan
- Naraan Synagogue

Jerusalem
- Old Jerusalem
- Garden Tomb
- Mount of Olives
- Al Aqsa Mosque

Bethlehem/Hebron
- Church of Nativity
- Rachel’s Tomb
- Shepherd’s Fields
- Solomon’s pool
- Mosque of Omar
- Star Street
- Banksy graffiti
- Herodium
- Monastery of Mar Saba
- Milk Grotto chapel
- Ibrahimi Mosque

Major cities

DEAD SEA

15km

1

Proprietary: Office of the Quartet Representative
... and the Palestinian tourism offering is strong compared to neighbouring countries

Example World heritage sites in Israel, Jordan and Palestinian Territories

<table>
<thead>
<tr>
<th>Country</th>
<th>Approved Sites</th>
<th>Nominated for Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>Israel</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Jordan</td>
<td>4</td>
<td>15</td>
</tr>
<tr>
<td>Palestinian Territories</td>
<td>1</td>
<td>13</td>
</tr>
</tbody>
</table>

The Palestinian Territories have the highest concentration of World Heritage Sites

<table>
<thead>
<tr>
<th>Number of World Heritage Sites</th>
<th>Sites per 1000 square miles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Israel</td>
<td>7</td>
</tr>
<tr>
<td>Jordan</td>
<td>4</td>
</tr>
<tr>
<td>Palestinian Territories</td>
<td>1</td>
</tr>
</tbody>
</table>

1 "Old City of Jerusalem and its Walls" is categorised independently from country listings by UNESCO

Reference: UNESCO

Proprietary: Office of the Quartet Representative
In the short term, the tourism market is not constrained by hotel availability

<table>
<thead>
<tr>
<th>Hotel occupancy</th>
<th>Hotel profiles by city: Upscale hotels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent</td>
<td></td>
</tr>
<tr>
<td>Israel</td>
<td></td>
</tr>
<tr>
<td>66</td>
<td>Occupancy: 70%</td>
</tr>
<tr>
<td></td>
<td>Average rate: $290</td>
</tr>
<tr>
<td></td>
<td>RevPAR(^1): $203</td>
</tr>
<tr>
<td>Jordan</td>
<td></td>
</tr>
<tr>
<td>61</td>
<td>Occupancy: 66%</td>
</tr>
<tr>
<td></td>
<td>Average rate: $225</td>
</tr>
<tr>
<td></td>
<td>RevPAR(^1): $149</td>
</tr>
<tr>
<td>P.T.</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Occupancy: 50%</td>
</tr>
<tr>
<td></td>
<td>Average rate: $170</td>
</tr>
<tr>
<td></td>
<td>RevPAR(^1): $85</td>
</tr>
</tbody>
</table>

1 RevPAR = Revenue per available room; 2 Sample based on selection of upscale hotels
Reference: Expert interviews, Industry report
Despite the quality of the offering, Palestinian tourism marketing efforts are underdeveloped, particularly compared with neighbouring countries.

<table>
<thead>
<tr>
<th>Jordanian spend on marketing</th>
<th>Palestinian spend on marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>** Millions, USD **</td>
<td>** Millions, USD **</td>
</tr>
<tr>
<td><img src="image1" alt="Wadi Rum" /></td>
<td><img src="image2" alt="Palestinian travel" /></td>
</tr>
<tr>
<td><img src="image3" alt="Amman" /></td>
<td><img src="image4" alt="Palestinian travel" /></td>
</tr>
<tr>
<td>16</td>
<td>0.4</td>
</tr>
<tr>
<td>14</td>
<td>0.4</td>
</tr>
<tr>
<td>21</td>
<td>0</td>
</tr>
<tr>
<td>10</td>
<td>0</td>
</tr>
</tbody>
</table>

$10M spent of $54M annual budget requested on tourism marketing

Budget primarily for travel to trade fairs; received sponsorship from trade fair countries to attend

0.5m USD one year budget to be funded by USAID. Ministry budget discontinued since 2011

Reference: USAID
Despite the high concentration of important tourism sites, Palestinian attractions are underrepresented to tourists

### Regional facts

<table>
<thead>
<tr>
<th>Category</th>
<th>Galilee</th>
<th>West Bank and Gaza Strip</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Area ('000 sq. mi)</td>
<td>1.4</td>
<td>2.3</td>
</tr>
<tr>
<td>World Heritage Sites ¹</td>
<td>3.0</td>
<td>15.0</td>
</tr>
</tbody>
</table>

¹ Includes Approved and Prospective sites

### Lonely Planet summary of tourism offering

<table>
<thead>
<tr>
<th>Category</th>
<th>Total Coverage Book</th>
<th>Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Things to do</td>
<td>28-58%</td>
<td></td>
</tr>
<tr>
<td>Sights</td>
<td>28</td>
<td></td>
</tr>
<tr>
<td>Restaurants</td>
<td>18</td>
<td></td>
</tr>
<tr>
<td>Activities</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Entertainment</td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>

1 Includes Approved and Prospective sites

Reference: Lonelyplanet.com, UNESCO World Heritage Center

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**Lonely Planet coverage of West Bank**

Cover image on website Initial words

Security around both territories is extraordinarily tight, with hundreds of checkpoints, fences, walls and road blocks built around them to monitor the movement of Palestinians.

Total coverage in book: 13 pages

**Lonely Planet coverage of Galilee**

Cover image on website Initial words

With its lush scenery and religious heritage, Galilee's green valleys, verdant forests, fertile farmland and, of course, the Sea of Galilee, all provide relief from the drier lands to the south.

Total coverage in book: 14 pages
Strategy and aspiration
Palestinian tourism arrivals to grow up to 3 times in the short term, and up to 6 times within 6 years

Potential future arrivals
Millions

- Current Arrivals: 0.5
- 3 Year Potential Arrivals: ~1-1.5
- 6 Year Potential Arrivals: 4-6x

Calculation methodology
A Benchmark countries have grown from 500k arrivals to between 1M and 1.5M in 3 years

Additional data points
B Countries with catalytic changes and a focus on tourism have seen sustained growth over 30% p.a.
C Capturing 1/3 of current same-day visitors would alone double Palestinian overnight tourism arrivals
C Ability to capture a healthy portion of neighbouring arrivals has the potential to double tourism arrivals

1 ~26% growth rate for years 3-6. Compound Annual Growth Rate of benchmark country growth 3-6 years after reaching ~50k arrivals
 Countries with similarly underdeveloped tourism industries have grown from ~500k arrivals to ~1-1.5K arrivals over a three year period

International tourism arrivals, by year

Thousands of visitors

Years, since ~500,000 visitors

Benchmark countries selected based on:
1. Proactive **tourism strategy**
2. Original **arrival levels in line** with Palestinian Territories
3. Historically underdeveloped tourism economies with recent political conflict

Countries affected by regional or internal conflict and that focused on tourism marketing have grown arrivals by an average of at least ~30% per year, while Palestinian tourism is stagnating.

<table>
<thead>
<tr>
<th>International tourism arrivals, by year</th>
<th>Tourism related event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thousands of visitors</td>
<td></td>
</tr>
<tr>
<td><strong>Palestinian Territories</strong></td>
<td></td>
</tr>
<tr>
<td>2008: End of Georgia-Ossetian conflict; tourism supported by significant infrastructure renovations</td>
<td></td>
</tr>
<tr>
<td>2004: Approval of Tourism strategy; including clean-up of all coastal areas</td>
<td></td>
</tr>
<tr>
<td>2010: Political changes promoting increased openness and trade; aggressive tourism marketing</td>
<td></td>
</tr>
<tr>
<td>2009: Opening of Samdrupjongkhar and Gelephu for tourism and increased access to private tours</td>
<td></td>
</tr>
<tr>
<td><strong>Georgia</strong></td>
<td></td>
</tr>
<tr>
<td>2008: End of Georgia-Ossetian conflict; tourism supported by significant infrastructure renovations</td>
<td></td>
</tr>
<tr>
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<tr>
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<td></td>
</tr>
<tr>
<td><strong>Albania</strong></td>
<td></td>
</tr>
<tr>
<td>2006: End of Georgia-Ossetian conflict; tourism supported by significant infrastructure renovations</td>
<td></td>
</tr>
<tr>
<td>2004: Approval of Tourism strategy; including clean-up of all coastal areas</td>
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</tr>
<tr>
<td>2010: Political changes promoting increased openness and trade; aggressive tourism marketing</td>
<td></td>
</tr>
<tr>
<td>2009: Opening of Samdrupjongkhar and Gelephu for tourism and increased access to private tours</td>
<td></td>
</tr>
<tr>
<td><strong>Myanmar</strong></td>
<td></td>
</tr>
<tr>
<td>2010: End of Georgia-Ossetian conflict; tourism supported by significant infrastructure renovations</td>
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<td></td>
</tr>
<tr>
<td><strong>Bhutan</strong></td>
<td></td>
</tr>
<tr>
<td>2008: End of Georgia-Ossetian conflict; tourism supported by significant infrastructure renovations</td>
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<td>2004: Approval of Tourism strategy; including clean-up of all coastal areas</td>
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<tr>
<td>2009: Opening of Samdrupjongkhar and Gelephu for tourism and increased access to private tours</td>
<td></td>
</tr>
</tbody>
</table>

Capturing even 1/3 of the current 1.8 million same day visitors to the Palestinian Territories would bring Palestinian tourist arrivals into the target 3-year growth range of 2.8 to 4.0.

Palestinian Territories currently capture only \(~20\%\) of total visitors as overnight visitors, compared with \(~70\%\) in Jordan and \(~80\%\) in Israel.

<table>
<thead>
<tr>
<th>Category</th>
<th>Current</th>
<th>3 Year Projection</th>
<th>Israel</th>
<th>Jordan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Same Day Tourists</td>
<td>1.8</td>
<td>2.3</td>
<td>3.5</td>
<td>5.9</td>
</tr>
<tr>
<td>Overnight Visitors(^1)</td>
<td>0.5</td>
<td>1.0-1.5</td>
<td>0.7</td>
<td>1.9</td>
</tr>
</tbody>
</table>

\(^1\) International Tourist Arrivals
Reference: Jordanian ministry of tourism and antiquities, UNWTO, Statistical Abstract of Israel

Proprietary: Office of the Quartet Representative
If the Palestinian Territories were attracting a healthy proportion of tourists visiting neighbouring countries, arrivals could increase to ~1 – 2M visitors.

### If the Palestinian Territories captured 50% of the tourist arrivals visiting their neighbours, they would reach arrivals growth target

<table>
<thead>
<tr>
<th>Country</th>
<th>International tourism arrivals, thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Israel</td>
<td>2,800</td>
</tr>
<tr>
<td>Palestinian Territories</td>
<td>522 859 1,381</td>
</tr>
<tr>
<td>Jordan</td>
<td>4,557</td>
</tr>
<tr>
<td>Palestinian Territories</td>
<td>522 1,726 2,248</td>
</tr>
</tbody>
</table>

### Countries are typically well positioned to benefit from on average 50% of the tourism volumes of their larger neighbours

<table>
<thead>
<tr>
<th>Regional Pair</th>
<th>Percentage of Larger Country Arrivals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jordan - Palestinian Territories</td>
<td>11%</td>
</tr>
<tr>
<td>Saudi - Iraq</td>
<td>14%</td>
</tr>
<tr>
<td>Syria - Iraq</td>
<td>18%</td>
</tr>
<tr>
<td>Israel - Palestinian Territories</td>
<td>19%</td>
</tr>
<tr>
<td>Egypt - Israel</td>
<td>20%</td>
</tr>
<tr>
<td>Syria - Lebanon</td>
<td>25%</td>
</tr>
<tr>
<td>Saudi - Jordan</td>
<td>42%</td>
</tr>
<tr>
<td>Jordan - Israel</td>
<td>61%</td>
</tr>
<tr>
<td>Saudi - UAE</td>
<td>68%</td>
</tr>
</tbody>
</table>


Proprietary: Office of the Quartet Representative
Visitors from Arab countries could be ~25-50% of tourism arrivals in Palestinian Territories, based on regional benchmarks.

Potential tourist arrivals in Palestinian Territories, 3 year projection, in Millions:

- Current Arrivals: 0.5
- Regional: ~0.4-0.6
- Europe: ~0.4-0.5
- Asia: ~0.1
- Other: ~0.2-0.3
- Total Future Arrivals: ~1.5

Arrivals from the Middle East as a % of total arrivals in Egypt and Jordan (2012):

- Egypt: 26%
- Jordan: 49%

~30% of Arab travellers in Jordan from Kingdom of Saudi Arabia

Reference: Jordanian ministry of tourism and antiquities, UNWTO, Statistical Abstract of Israel

Proprietary: Office of the Quartet Representative
Though European travellers make up the largest contingent of non-Arab visitors to the region, there is high growth potential from Asia and Africa.

### Potential tourist arrivals, 3 year projection, in Millions

<table>
<thead>
<tr>
<th>Category</th>
<th>Share of Arrivals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Arrivals</td>
<td>0.5</td>
</tr>
<tr>
<td>Regional</td>
<td>~0.4-0.6</td>
</tr>
<tr>
<td>~25-50</td>
<td></td>
</tr>
<tr>
<td>Europe</td>
<td>~0.4-0.5</td>
</tr>
<tr>
<td>~30-45</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>~0.1</td>
</tr>
<tr>
<td>~5-10</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>~0.2-0.3</td>
</tr>
<tr>
<td>~15-25</td>
<td></td>
</tr>
<tr>
<td>Total Future Arrivals</td>
<td>1.0-1.5</td>
</tr>
</tbody>
</table>

### Non-Arab international Tourism arrivals

**Percent of total arrivals**

- **Africa**: 4.9%
- **America**: 21.4%
- **Asia**: 23.4%
- **Europe**: -5.9%

**Percent growth in last year**

- **Africa**: 9.2%
- **America**: 4.9%
- **Asia**: 4.9%
- **Europe**: -4.1%

**Current Arrivals**

- **Israel**: 60
- **Jordan**: 56

**Future Arrivals**

- **Israel**: 24
- **Jordan**: 19

1 Excludes Jordanians Residing Abroad  
2 Israel: Change from 2010-2011, Jordan: Change from 2011-2012

Reference: Jordanian ministry of tourism and antiquities, UNWTO, Statistical Abstract of Israel

Proprietary: Office of the Quartet Representative
The midscale leisure segment is likely to continue to constitute the largest part of the market, and the upscale segment could grow to ~35% of arrivals.

Potential International Tourism Arrivals
Percentage of total arrivals

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>3 Year Projection</th>
<th>6 Year Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>63</td>
<td>62</td>
<td>57</td>
</tr>
<tr>
<td>Leisure Upscale</td>
<td>22</td>
<td>26</td>
<td>35</td>
</tr>
<tr>
<td>Leisure Midscale</td>
<td>15</td>
<td>11</td>
<td>8</td>
</tr>
</tbody>
</table>

1 Average of projected range, assumes unconstrained market (including accommodation constraints)

Reference: Jordan Ministry of Tourism

Proprietary: Office of the Quartet Representative
Approximately 80 new hotels would need to be built within 6 years to meet aspirational demand growth

Potential new hotel demand
Number of hotels, high case

<table>
<thead>
<tr>
<th>New hotels completed by Year 3</th>
<th>New hotels completed by Year 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>~+80 hotels</td>
<td></td>
</tr>
<tr>
<td></td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>83</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Hotels = 103</td>
<td></td>
</tr>
<tr>
<td>New Midscale hotels</td>
<td></td>
</tr>
<tr>
<td>New Upscale hotels</td>
<td></td>
</tr>
<tr>
<td>New Guest houses</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

Potential new hotel room growth
Thousands of rooms, high case

<table>
<thead>
<tr>
<th>Current Rooms = 5,500</th>
<th>New Midscale hotels</th>
<th>New Upscale hotels</th>
<th>New Guest houses</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5.0</td>
<td>4.5</td>
<td>0.6</td>
<td>10.1</td>
</tr>
<tr>
<td></td>
<td>3.4</td>
<td>3.7</td>
<td>0.2</td>
<td>7.5</td>
</tr>
<tr>
<td></td>
<td>1.6</td>
<td>0.8</td>
<td>0.4</td>
<td>2.6</td>
</tr>
<tr>
<td>Next Year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Current hotel occupancy is ~26%, and average rooms per hotel is ~54. Target hotel occupancy is 60%. Upscale market: 250 rooms per hotel. Midscale market: 150 rooms per hotel. Guest House: 20 rooms per hotel. 2 High case assumes high end of target arrivals range; 1.5M in year 3, 3.0M in year 6. Low case reached though ~33% reduction of high case estimate.
Biggest opportunity for room growth lies in Jerusalem and Bethlehem, which expect the greatest increase in non-corporate travellers.

Potential new rooms per city by hotel type

<table>
<thead>
<tr>
<th>City</th>
<th>Midscale</th>
<th>Upscale</th>
<th>Guest House</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Jerusalem</td>
<td>1,802</td>
<td>1,584</td>
<td>99</td>
<td>3,485</td>
</tr>
<tr>
<td>Bethlehem</td>
<td>1,201</td>
<td>264</td>
<td>138</td>
<td>1,603</td>
</tr>
<tr>
<td>Ramallah</td>
<td>901</td>
<td>1,056</td>
<td>39</td>
<td>1,997</td>
</tr>
<tr>
<td>Gaza</td>
<td>901</td>
<td>264</td>
<td>39</td>
<td>1,204</td>
</tr>
<tr>
<td>Jericho &amp; Dead Sea</td>
<td>150</td>
<td>1,320</td>
<td>59</td>
<td>1,530</td>
</tr>
<tr>
<td>Nablus</td>
<td>0</td>
<td>0</td>
<td>256</td>
<td>256</td>
</tr>
</tbody>
</table>

| Total hotels | 33 | 18 | 32 | 83 |

1 Upscale market: 250 rooms per hotel. Midscale market: 150 rooms per hotel. Guest House: 20 rooms per hotel  
2 High case assumes high end of target arrivals range; 1.5M in year 3, 3.0M in year 6. Low case reached through ~33% reduction of high case estimate  
3 Bethlehem hub includes Hebron  
4 Nablus hub includes Jenin
Growth in tourism revenues could reach ~600m USD within 3 years, creating 15,000-30,000 new jobs

<table>
<thead>
<tr>
<th>Potential tourism revenues</th>
<th>Potential employment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Millions</strong></td>
<td><strong>thousands</strong></td>
</tr>
<tr>
<td>Current</td>
<td>255</td>
</tr>
<tr>
<td>3 years</td>
<td>550-880</td>
</tr>
<tr>
<td>6 years</td>
<td>1,200-1,900</td>
</tr>
</tbody>
</table>

**Methodology**
- Average spend per tourist increases from 590 USD to 635 USD due to shift in segment mix
- 1-1.5m tourists in 3 years

**Methodology**
- Assumption that sector revenue grows at 120% of employment growth
- 4-6x employee growth in 6 years

---

1 High end segment spending 2.5x higher than medium range spending  
2 Portland Trust report on Tourism in Palestinian economy, 10/2010
Potential initiatives: Marketing plan
Case Study: Burma experienced rapid growth in arrivals and revenues, despite internal conflict and reportedly unsafe travel conditions

Despite significant concerns for travellers...

- Ongoing sectarian conflict continues to incur casualties
- Travel by plane and bus has resulted in frequent casualties
- Travel restrictions are inconvenient, including limited use of credit and lack of transparency and reliability of obtaining visas

Recent news stories

At least **20 people have died** in two days of rioting between Buddhists and Muslims in a central Myanmar town
- *Times of India, August 26, 2011*

Nine people were killed and 27 injured when an express bus travelling from Rangoon to Mandalay crashed in the early hours of Sunday
- *DVB, November 14, 2011*

Burma Air Bagan emergency landing **kills two** at Heho
- *BBC, December 12, 2012*

...there has been a recent focus on tourism marketing ...

...and tourist arrivals and revenue have risen dramatically

<table>
<thead>
<tr>
<th>Year</th>
<th>Tourism arrivals</th>
<th>Tourism receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>763</td>
<td>196</td>
</tr>
<tr>
<td>2010</td>
<td>792</td>
<td>254</td>
</tr>
<tr>
<td>2011</td>
<td>816</td>
<td>319</td>
</tr>
<tr>
<td>2012</td>
<td>1,059</td>
<td>534</td>
</tr>
<tr>
<td>2013E</td>
<td>1,500</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>+3% p.a.</th>
<th>+30% p.a.</th>
<th>+42% p.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>763</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>792</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>816</td>
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</tr>
<tr>
<td>2013E</td>
<td>1,500</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>+28% p.a.</th>
<th>+67% p.a.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>196</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>254</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>319</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>534</td>
<td></td>
</tr>
</tbody>
</table>

Launch of marketing campaign and political opening
India's tourism marketing campaign was well received and resulted in the increasing importance of the tourism industry for the country’s economy

**Inbound tourist arrivals (Thousands)**

- **2000**: 2,677
- **2001**: 2,591
- **2002**: 2,428
- **2003**: 2,774
- **2004**: 3,512
- **2005**: 4,038
- **2006**: 4,626

**Well received campaign**

- Popularity of official website:
  - Hits to "Incredible India" website touched 13 million hits per month within 2 months
  - Online page views touched 25 million in 2005
- Indian tourism ministry won award in the best travel advertisement category in 2004

"Incredible India is a very good advertising campaign. It has great visuals and a simple message, it reaffirms the colors and the tunes and the great spectacles of India in an effective way."

--A traveller, Sunday Post

"(in) 2002... it launched its hugely successful 'Incredible India' campaign that enticed millions of well-heeled tourists from around the world to explore the wonders of India."

--Reuters

Reference: UNWTO, Lit research
India’s tourism growth was driven by the Incredible India Tourism Marketing campaign

Background:
- Before 2002, the absence of a concerted government-led push on tourism meant that India attracted very few tourists.
- In 2002, the tourism ministry made a conscious effort to change that, promoting India as the destination of choice for the discerning traveller.

Positioning:
To become a mysterious destination that attracts foreign tourists. Provide tourists with experience of spiritual recreation for the body, mind and soul including Yoga and Indian religious culture.

Messages:
Incredible India, where culture echoes, tradition speaks, beauty enthrals and diversity delights.

Media:
- **TV channels**: Omnipresent on CNN and various other Western TV channels.
- **Magazines**: Appear in a selection of high-end magazines.
- **Online**:
  - Official sites: http://incredibleindia.org/
  - YouTube online video platform for featured videos.
  - Extensive online outreach campaign in country specific travel portals, websites and search engines, including tourism specific online contests and live chats with famous Indian personalities.
- **Country specific marketing roadshows** in 2005:
  - "Walk with Buddha" in Thailand and China.
  - Tram in Germany painted in Indian colours.

Initiatives with industry:
- **Select brand ambassador**: Aamir Khan, a popular Bollywood actor, was chosen as the official brand ambassador of the 'Incredible India' campaign.
- **Campaign 'Athithi Devo Bhava' for the Indian public** in 2005: meaning that guests are akin to God, aimed at sensitizing travel operators and the public on the importance of treating guests with warmth.
- **Featured TV and print ads**: created TV series and print ads promoting the logo and showcasing the rich and varied cultural heritage of India.
- **Regional and new tourism product campaigns under the same slogan**, e.g., "Madhya Pradesh, the heart of Incredible India", "Incredible India Bed & Breakfast scheme".

Reference: Lit research
Significant investment needed to spur Palestinian marketing campaign and lead to rapid growth in tourism arrivals and spend

$54M budget request for 2013 tourism marketing

Year 1 marketing spend equivalent to $20 per visitor projected to visit Israel-Jordan-Palestinian Territories in year 3 (assuming no increase in visitors to Jordan and Israel)

Egypt spent $50M on tourism marketing in 2004

1 High end of estimate range for three year growth

Reference: USAID, India Ministry of Tourism

16 14 21 10

2009 10 11 12

8 8 12 10

2007 08 09 10

0 200 150 100

Year 0 Year 1 Year 2 Year 3

Jordanian spend on marketing Millions, USD

“Incredible India” TV campaign Millions, USD
# Elements of a tourism marketing campaign

| Communicaton strategy | • Develop a powerful **value proposition** for the Palestinian Territories  
• Create compelling **visualisation** (including images and logos)  
• Timeline for evolution of messaging to the consumer |
|------------------------|--------------------------------------------------------------------------------------------------|
| Go-to-market           | • Select **communication channels** to deliver messages, including to best **address target groups** in individual countries (e.g., bill boards vs. magazines vs. TV)  
• Construct a compelling **website** to promote the concepts |
| Co-marketing           | • Identify potential **opportunities** for co-marketing and co-branding  
• Select the most appropriate **partners** in terms of strategic fit and conditions  
• Develop **joint marketing activities** along several dimensions (e.g., advertising, pricing) |
The first step is to develop a brand story that highlights the Palestinian tourism offering of history, ecology, and culture.

**Top historical sites**

**Diverse ecological landscape**

**Rich heritage and culture**

---

**Defining a brand can be done with the help of a small professional team**

- Marketing expert: Elaborate brand definition and develop marketing story
- Historian: Record all tourism sites, hotels, restaurants, and related activities
- Photographer: Document tourism activities with high quality images to be used in marketing materials
Messages can be phased to first address top of mind safety concerns, then focus primarily on major tourism offerings.

- **Safe to travel**
  - Years 1-2
  - Core theme to be highlighted
  - Re-branding in consumer consciousness
    - Low crime and danger to travellers
    - Relaxing and restorative
    - Welcoming and fun

- **Strong offering**
  - Years 2-4
  - Building distinctive offering
    - Selection of world’s most important religious sites
    - Diverse cultural experiences
    - Proximity to other top travel destinations

- **Niche campaigns**
  - Years 5-10

- **Expanding to specialized segments**
  - Ecotourism
  - Luxury resorts
  - Culinary tourism

- **Segments**
  - Pilgrimage
  - Recreation and Leisure
  - Corporate
  - Luxury
  - Pilgrimage
  - Family
  - Corporate
  - Luxury
  - Family
  - Independent travellers

1 Not exhaustive; other messages to be included
High performing marketing channels typically include PR, digital, and joint advertising; trade shows are important to attract investors.

<table>
<thead>
<tr>
<th>Tourism marketing channels for consumers</th>
<th>Awareness</th>
<th>Purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR</td>
<td><img src="image" alt="Green" /></td>
<td><img src="image" alt="N/A" /></td>
</tr>
<tr>
<td>Internet</td>
<td><img src="image" alt="Green" /></td>
<td><img src="image" alt="Green" /></td>
</tr>
<tr>
<td>Joint marketing</td>
<td><img src="image" alt="Gray" /></td>
<td><img src="image" alt="Green" /></td>
</tr>
<tr>
<td>Paid search</td>
<td><img src="image" alt="Gray" /></td>
<td><img src="image" alt="Green" /></td>
</tr>
<tr>
<td>Social media</td>
<td><img src="image" alt="Green" /></td>
<td><img src="image" alt="Gray" /></td>
</tr>
<tr>
<td>Online banners</td>
<td><img src="image" alt="Green" /></td>
<td><img src="image" alt="Gray" /></td>
</tr>
<tr>
<td>TV</td>
<td><img src="image" alt="Green" /></td>
<td><img src="image" alt="Gray" /></td>
</tr>
<tr>
<td>Radio</td>
<td><img src="image" alt="Green" /></td>
<td><img src="image" alt="Gray" /></td>
</tr>
<tr>
<td>OOH</td>
<td><img src="image" alt="Green" /></td>
<td><img src="image" alt="Gray" /></td>
</tr>
<tr>
<td>Print ads</td>
<td><img src="image" alt="Gray" /></td>
<td><img src="image" alt="Gray" /></td>
</tr>
<tr>
<td>Brochures</td>
<td><img src="image" alt="Gray" /></td>
<td><img src="image" alt="Gray" /></td>
</tr>
<tr>
<td>Trade shows</td>
<td><img src="image" alt="Red" /></td>
<td><img src="image" alt="Red" /></td>
</tr>
</tbody>
</table>

1 Level of importance in consumer’s decision to purchase

Reference: Expert interviews

Proprietary: Office of the Quartet Representative
A strong tourism website is important to attract visitors and to enhance the quality of the tourist experience.

Robust tourism website offers practical information and ideas for planning a visit:

- Visa and access information
- Currency introduction
- Useful travel tips

Additional tools help customise the user’s experience:

- Dynamic hotel, restaurant, and activity list filter
- Ideas for tour itineraries by region
- Trip planner tool to build custom itineraries
- Online booking platform for hotels

Reference: Egypt.travel
Travel agents and tour operators are critical elements for joint marketing of the region given their existing customer relationships.

**Potential initiatives**

**With travel agents**
- Use agents’ digital and press channels (i.e., own website and magazine) as a cost-neutral marketing channel
- Invite to conferences and trade fairs to promote destination
- Conduct joint market research to refine targeting of segments

**With tour operators**
- Conduct workshops to enable promotion of destination on the basis of comprehensive information, including on-the-ground know-how
- Finance training of tour guides and develop and provide information material
- Coordinate negotiations with hotels to align commissions

**Note:** Tours routes are illustrative

- **Major cities**
  - Jenin
  - Jericho
  - Nablus
  - Bethlehem
  - Jeresalem
  - Ramallah
  - Hebron
  - Jerusalem

- **Tours routes are illustrative**
  - Christian Heritage Tour
  - Islamic Heritage Tour
  - Ecotourism
  - Bike Tour

- **Suggested routes to travel agents and tour operators should include sites in Jordan and Israel to maximize value proposition**
- **Revenue sharing program necessary between private and public players**
Potential joint-marketing with countries in the region such as Jordan (and Israel in the future) would most effectively promote the complementarity of sites and would boost the overall aspiration for tourist arrivals.

All 3 countries have ambitious tourism goals:

- **Jordan**
  - Increase tourist arrivals to 9.4m as outlined in the Jordan National Tourism Strategy.

- **Israel**
  - Increase tourist arrivals to 10m as announced by Prime Minister in May 2013.

- **Palestinian Territories**
  - Increase tourist arrivals to up to 2.5m as described in this strategy.

Total ambition to increase annual tourist arrivals to 22m across all 3 countries.

Revenue sharing program necessary between private and public players.

Potential to combine attractions in regional packages:
Potential initiatives: Hub development
A tourism hub model enables concentrated investment in a few areas and capitalises on regional attractions

**Hub model**

<table>
<thead>
<tr>
<th>Pre-requisites</th>
<th>Functions</th>
</tr>
</thead>
</table>
| ▪ High quality tourism resources  
▪ A complete line of functions including transportation, reception, and entertainment  
▪ Located at the centre of several tourist sites, offering proximity and therefore convenience | ▪ Provides core content upon which the brand themes are built  
▪ Convenient for providing connections  
▪ The focus for overnight stays |

**Satellite**

| ▪ Diversified and complementary to other sites  
▪ Close to the centre, possible to return on the same day | ▪ Complementary to the hub theme  
▪ Diversified tourist sites and attractions |

**Benefits**

- **Easy to create more value for the region** with diversified satellite sites satisfying diverse needs and providing options for filling a full 1-2 day visit based from the hub
- **Supports development of a unique destination brand and can serve as an optimal container for various tourism-related service infrastructure for the area.** The core value of the hub can be emphasized and strengthened using the multiple satellite elements, helping to create a rich resource image.
- **Optimises economic and social benefits** placing development efforts around tourism hubs to attract attention and investments, building scale and efficiency, ultimately creating a ripple effect to nearby areas

**5 Potential Tourism Hubs**

- Nablus
- Jerusalem
- Jericho
- Bethlehem
- Gaza City (off map)
Vision for East Jerusalem hub: improve the quality and visibility of the Palestinian cultural offering and enhance the upscale offer

Proposition: Reposition East Jerusalem for the upscale segment, tapping into the pilgrimage and international markets

<table>
<thead>
<tr>
<th>Project goals</th>
<th>Impact</th>
<th>Potential hotel investment</th>
<th>Enablers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Hotel development</td>
<td>• Increase guest overnights by 3 times&lt;sup&gt;1&lt;/sup&gt;</td>
<td>$M^2$, hotels to be built in 6 year horizon</td>
<td>• Facilitating zoning, planning, permitting</td>
</tr>
<tr>
<td>– Renovate existing hotels to meet international service standards</td>
<td>• Restore balance with West Jerusalem, from 15% to ~50% of total market</td>
<td>411</td>
<td>• Eased tourist access and information for Al Aqsa mosque</td>
</tr>
<tr>
<td>– Target is for 1-2 brand name hotels</td>
<td></td>
<td>591</td>
<td>• Access to attractive financing for small/medium hotels &amp; service providers</td>
</tr>
<tr>
<td>– Build new hotels to relieve high occupancy rates, currently ~75%+ and compete with West Jerusalem</td>
<td></td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>• Attractions</td>
<td></td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>– Improve awareness of unique trails and site offering to tourists and guides</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Develop materials and activities to highlight unique experience</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Services and activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Provide resources for official travel information to address travel concerns</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Improve transport between hotel and tourism sites further afield</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Reference: Development of cost benchmarks from expert input

<sup>1</sup> East Jerusalem attracted .5M guest nights in 2011; West Jerusalem attracted ~2.7M guest nights. 2 High case assumes high end of target arrivals range; 1.5M in year 3, 3.0M in year 6. Low case reached though ~33% reduction of high case estimate.
Vision for East Jerusalem hub: improve the quality and visibility of the Palestinian cultural offering and enhance the upscale offer

<table>
<thead>
<tr>
<th>Development initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Potential Hotel growth and renovation</strong></td>
</tr>
<tr>
<td>Number of hotels, high estimate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Midscale</th>
<th>Upscale</th>
<th>Guest Houses</th>
<th>Renovations</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>10</td>
<td>7</td>
<td>18</td>
</tr>
</tbody>
</table>

- Renovations
- 3 Year Growth
- 6 Year Growth, Incremental

- Attract 1-2 brand name hotels

**Hotels**
- Improve signage and documentation for the full range of small sites
- Leverage empty buildings in Arab quarter of Old City, for example as exhibition spaces and museums
- Improve on-site retail and souvenir offering to monetise tourist interest and provide durable value to the visitor

**Tourism sites**
- Tourism centre to provide official guidance and provide comprehensive information to tour companies, hotels, and tourists
- Shuttle services to sites within 1 hour of Jerusalem and nearby hiking from hotels and key locations
- Expand conference offering by developing and expanding convention and meeting spaces
- Developed retail and restaurant experience on Salah-al Din street

**Services**
- Developed tour route options, operating across major tourism sites and minor city treasures
  - Hiking tour of three Jerusalem hilltops
  - Night tour of the Old City and its walls
  - New routes through Old City, focusing on Palestinian culture and shared history
- Improved culinary quality and options

**Activities**
Vision for Bethlehem hub: converting short day visits to varied overnight experiences

Proposition: Capitalize on large volume of same-day visitors to unlock Bethlehem's potential and to increase spend

Project goals
- Hotel development
  - Build midscale offering to accommodate influx in pilgrim stays
  - Grow upscale rooms to encourage conference tourism
- Attractions (To coordinate with BDI plans)
  - Provide historical information and signage on site
  - Lengthen stay and encourage visits beyond main sites by developing integrated walking tours
  - Increase tourist visits to non-pilgrimage sites such as Herodion, Mar Saba, Solomon's Pools
  - Services and activities
    - Facilitate tourist-friendly links to Jerusalem building on shuttle service

Impact
- Significant conversion of same day tourists to overnight visitors
- Increased visitation to non-pilgrimage sites from 20% of visitors to 50%

Potential hotel investment
$M^2$, hotels to be built in 6 year horizon

<table>
<thead>
<tr>
<th>Midscale</th>
<th>Guest House</th>
<th>Upscale</th>
<th>Renovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>214</td>
<td>142</td>
<td>19</td>
<td>24</td>
</tr>
</tbody>
</table>

Enablers
- Integrated management of tourism sites
- Ease of tourist experience through checkpoints
- Improve access roads to allow passage across the entire Bethlehem area

1 Assumes high rate of arrival and hotel growth. Development cost benchmarks from expert input
**Vision for Bethlehem hub: converting short day visits to varied overnight experiences**

### Development initiatives

#### Potential Hotel growth and renovation

<table>
<thead>
<tr>
<th>Number of hotels, high estimate</th>
<th>Midscale</th>
<th>Upscale</th>
<th>Guest Houses</th>
<th>Renovations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>13</td>
</tr>
</tbody>
</table>

- **Renovations**
- **3 Year Growth**
- **6 Year Growth, Incremental**

#### Tourism sites
- **Enhance Nativity Church and Manger Square presentation** and offering
- **Aesthetic improvements** and restorations (e.g., traffic and parking in Manger Square)
- **Provide ancillary attractions** (e.g., terraces and grass area for relaxation and refreshments)
- **Improve educational information** and signage to promote awareness of other sites
- **Create comprehensive Palestinian folk and history museum**
- **Extend open hours** of major pilgrim destinations

#### Services
- **Accessible tourism centre** with updated information and materials
- **Improved access to public transportation and parking facilities**
- **Develop and promote facilitated travel to Jerusalem**
- **Improve conference offering through upgraded infrastructure** and incentives
- **Incentivize diversified and upscale retail and F&B offering**, particularly around Star Street, Manger Square, and at Solomon Pools

#### Activities
- **Regular cultural and folklore shows** in prominent areas of city
- **City sponsored activities around major holidays**; e.g., festival for Christmas
- **Walking tours of Bethlehem**, directing visitors to experience sites other than main pilgrimage attractions

---

1. Currently included in Bethlehem Development Initiative (BDI) tourism sector efforts

In progress under Bethlehem Development Initiative
Vision for Jericho and the Dead Sea hub: development as an upscale resort hub

Proposition: Build on existing plans to invest in Jericho for the domestic market, with long-term planning for an up-scale Dead Sea resort serving as a base for wider travel

<table>
<thead>
<tr>
<th>Project goals</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel development</td>
<td>• Opens market to <strong>new tourism category</strong></td>
</tr>
<tr>
<td>Build <strong>upscale resorts on Dead Sea</strong></td>
<td>• Resort sector brings <strong>lengthened stay and spend per visit</strong></td>
</tr>
<tr>
<td><strong>Renovation of current hotels</strong> to improve site attractiveness</td>
<td></td>
</tr>
<tr>
<td>Attraction</td>
<td></td>
</tr>
<tr>
<td>• Provide high end resorts competitive with the region</td>
<td></td>
</tr>
<tr>
<td>• Develop cohesive <strong>R&amp;R and eco-tourism</strong> experience complementing quality historical site offering</td>
<td></td>
</tr>
<tr>
<td>Services and activities</td>
<td></td>
</tr>
<tr>
<td>• <strong>Restaurant and retail</strong> offering to support longer average length of stay</td>
<td></td>
</tr>
<tr>
<td>• <strong>Facilitated transportation</strong> within day trip radius, and to Jerusalem</td>
<td></td>
</tr>
</tbody>
</table>

**Impact**

- Opens market to **new tourism category**
- Resort sector brings **lengthened stay and spend per visit**

**Potential hotel investment**

$\text{M}^1$, hotels to be built in 6 year horizon

<table>
<thead>
<tr>
<th>Midscale</th>
<th>Guest House</th>
<th>Upscale</th>
<th>Renovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>53</td>
<td>285</td>
<td>8</td>
<td>8</td>
</tr>
</tbody>
</table>

**Enablers**

- Provision of energy and water needs for hotel and service infrastructure
- Ease tourist movement through border with Jordan for all tourists
- Access to develop on Dead Sea shore

---

1 Assumes high rate of arrival and hotel growth. Development cost benchmarks from expert input

Reference: Palestine Investment Fund
Vision for Jericho and the Dead Sea hub: development as an upscale resort hub

**Development initiatives**

<table>
<thead>
<tr>
<th>Potential Hotel growth and renovation</th>
<th>Renovations</th>
<th>3 Year Growth</th>
<th>6 Year Growth, Incremental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hotels, high estimate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td></td>
<td>3</td>
</tr>
</tbody>
</table>

- **Hotels**
- **Tourism sites**
  - Dead Sea coast to be developed as a hub for resort tourism throughout the region
  - Potential for further resort and **tourism centre developments surrounding city of Jericho**
  - Enhanced site experience, including development of **recreational areas and site-related food and retail** offering
  - Expanded **opening hours** and minor renovations at religious/historical sites

- **Services**
  - Improved **rental car services** for day travel from resort base
  - Facilitated **transportation options to Jerusalem and for day travel** from resort base
  - Facilitated **transportation options to Jordan** for day travellers

- **Activities**
  - Emphasized **eco-tourism offering through hiking** tours and exploration of Wadi Qelt area
  - **Activities to supplement resort offering**, including development of culinary attractions and family activities, including development of amusement and water park
Vision for Nablus hub: targeted, niche offerings for local and international tourists

Proposition: Reveal and promote Northern West Bank sites to international tourists as little-explored major cultural trails and nature trails

<table>
<thead>
<tr>
<th>Project goals</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Hotel development</td>
<td>• Up to 2x number of guest houses</td>
</tr>
<tr>
<td>– Renovate existing guest houses</td>
<td>• Additional mid-scale hotel would increase current arrival base by 50%</td>
</tr>
<tr>
<td>– Develop as location for upscale boutique guest houses</td>
<td></td>
</tr>
<tr>
<td>• Attractions</td>
<td></td>
</tr>
<tr>
<td>– Improve quality of archaeological sites</td>
<td></td>
</tr>
<tr>
<td>– Improved, cohesive and integrated cultural offering</td>
<td></td>
</tr>
<tr>
<td>• Services and activities</td>
<td></td>
</tr>
<tr>
<td>– Improved transport links along Biblical route</td>
<td></td>
</tr>
<tr>
<td>– Improve quality and variety of restaurant options</td>
<td></td>
</tr>
</tbody>
</table>

Potential hotel investment
$M^1$, hotels to be built in 6 year horizon

<table>
<thead>
<tr>
<th>Enablers</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Access to attractive financing options</td>
</tr>
<tr>
<td>• Improved planning and zoning</td>
</tr>
<tr>
<td>• Improved public services (trash collection)</td>
</tr>
</tbody>
</table>

1 Assumes high rate of arrival and hotel growth. Development cost benchmarks from expert input
Vision for Nablus hub: targeted offerings for local and international tourists

### Development initiatives

#### Potential Hotel growth and renovation

<table>
<thead>
<tr>
<th>Number of hotels, high estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Midscale</td>
</tr>
<tr>
<td>0</td>
</tr>
<tr>
<td>0</td>
</tr>
</tbody>
</table>

- **Small scale restoration** of sites in the region, to emphasize richness of cultural offering such as soap factories
- Major **excavation of Sebastia** and improved **educational information** and signage at site
- Improved signage and information in Nablus and around to facilitate walking tours
- Improved **access to transportation** and information both to access Nablus and for continuation from Nablus along biblical pilgrimage routes
- Aesthetic improvements to local cafes and restaurants, and development of more
- Integrate range of **cultural activities such as soap making, Turkish baths, and collecting olives with locals** into tour offering targeted at international tourists
- Development of **culinary tourism** offering to meet needs of upscale guest house clientele and develop Nablus’s niche offering
## Vision for Gaza hub: high-end, seaside resort offer and family vacation destination

**Rationale:** Capitalise on the potential of the Mediterranean coast, underpinning its potential development by in the short-term building infrastructure and services around current cultural & political tourism

### Project goals

- **Hotel Infrastructure**
  - **Upscale resorts and midscale hotels** on Mediterranean coast in the north
  - Attract both regional and domestic market currently visiting Tel Aviv, Eilat
- **Attractions**
  - Development of **museum and archaeological site** locations
  - **Clean up beaches** to serve visitors
- **Services and activities**
  - Develop strong **retail offering** to meet needs of growing hotel population
  - Improved **transport links** to major surrounding cities

### Impact

- Potential to double upscale market in 6 year time horizon

### Potential hotel investment

$\text{M}^1$, hotels to be built in 6 year horizon

- **Upscale**
  - 75
- **Midscale**
  - 6
- **Guest House**
  - 16
- **Renovation**
  - 153

### Enablers

- Provision of energy and water needs for hotel and service infrastructure
- Financing for historical site renovations
- Major shift in access and movement of people to Gaza

---

1 Assumes high rate of arrival and hotel growth. Development cost benchmarks from expert input.
Vision for Gaza hub: high-end, seaside resort offer and family vacation destination

### Development initiatives

<table>
<thead>
<tr>
<th>Potential Hotel growth and renovation</th>
<th>Renovations</th>
<th>3 Year Growth</th>
<th>6 Year Growth, Incremental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of hotels, high estimate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>3</td>
<td>8</td>
</tr>
</tbody>
</table>

**Hotels**

- Midscale: 2
- Upscale: 3
- Guest Houses: 0
- Renovations: 1

**Tourism sites**

- Coordination among Gaza sites on **messaging and educational materials**
- Development of upscale resorts and large midscale **hotels on Gaza beaches** to satisfy growing demand
- Enhance public beaches and beach front **restaurant and cafe development**

**Services**

- Availability of public transportation and rental cars to facilitate **day trips across Gaza and to Jerusalem**
- **Convention spaces** to cater to international missions and business people located in Gaza City

**Activities**

- Expand family and relaxation offering through **development of amusement parks, Turkish baths and spas**
- Develop **upscale retail and restaurant options** in Gaza City to cater to international and upscale tourists attracted by resorts

---

Proprietary: Office of the Quartet Representative
For food and beverages, existing successful concepts in Ramallah and East Jerusalem could be encouraged to expand in other tourist locations.

**Target segment for expansion**
- High end dining experience
- Co-offering of Palestinian culinary and cultural nightlife experiences

**Example upscale target restaurants:**
- Orjuwan: Palestinian – Italian fusion
- Azure: Italian
- Beit Aneeseh: International
- Pronto: Italian
- Darna: Middle Eastern

**Enablers**
- Access to attractive financing terms or funds targeted toward expansion of cultural tourism offering
- Facilitation of construction permits
- Architectural and interior design extension services
Potential initiatives: Public-Private-Partnership
Locations targeting high growth in tourism have set up Tourism organisations to coordinate their efforts

**Houston**
- 1 organisation markets to leisure, business and convention visitors

**Los Angeles**
- 1 organisation (LA Inc.) is the sales and marketing vehicle for the City of LA, promoting domestic and international tourism

**Jordan**
- 1 organisation develops strategy, leads international marketing of tourism and coordinates training delivery
- Strategy to reflect ‘true image’ of Jordan as a cultural, natural, religious, adventurous, leisure and conference destination

**Characteristics**
- The Greater Houston Convention and Visitors Bureau elects to conduct co-op marketing with the Texas Tourism Office
- LA Inc has the sole authority to market the City of LA as a tourist destination
- Launched in 1998 as an independent, public – private sector partnership to drive marketing and promotion
- Managed by the private sector, with Minister of Tourism as Chair
- Board has 12 private sector companies representing and promoting Jordan in 12 countries

**Elements of Structure**
- 2010 Funding sources: $16M (5%, County; 5% Member/Sponsor fees; 90% City)
- 2012 Funding sources: ~$27M (43%, City TOT; 30%, Tourism and Marketing District; 14% sponsorship; 13%, other)
- 54m USD annual budget planned for 2011-2016 on marketing for tourism
- Government and Public Sector
- Private sector and NGOs
- 2% from annual tourism receipts allocated to JTB to promote Jordan tourism products

Reference: Jordan Tourism Board, LAInc, Houston Tourism Office
A public-private partnership body can coordinate ambitious growth of the sector

<table>
<thead>
<tr>
<th>Potential Palestinian Territories Tourism Body</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Roles and responsibilities</strong></td>
</tr>
<tr>
<td>• Develop and deliver cohesive Tourism Palestinian branding and marketing strategy across sites</td>
</tr>
<tr>
<td>• Improve tourism product</td>
</tr>
<tr>
<td>– Lead site clean up and aesthetic improvement</td>
</tr>
<tr>
<td>– Improve experience; provide signage and onsite amenities including relaxation areas, tourism information centres, and educational materials</td>
</tr>
<tr>
<td>– Set architectural guidelines for tourism sites, buildings and hotels</td>
</tr>
<tr>
<td>• Provide infrastructure including online services and transportation</td>
</tr>
<tr>
<td>• Coordinate delivery of hospitality training</td>
</tr>
<tr>
<td>• Develop donor funding program for marketing and site improvements</td>
</tr>
<tr>
<td><strong>Potential members</strong></td>
</tr>
<tr>
<td>• Public Private Partnership, which could include</td>
</tr>
<tr>
<td>– Public representatives: MoTA, Chamber of Commerce</td>
</tr>
<tr>
<td>– Private institutions: PIF, PADICO</td>
</tr>
<tr>
<td>– SMEs: Arab Hotel Association, HLITOA, Arab Tour Guides</td>
</tr>
<tr>
<td>– NGOs: USAID, OQR</td>
</tr>
<tr>
<td><strong>Key elements of funding</strong></td>
</tr>
<tr>
<td>• Allocation of tourism taxes</td>
</tr>
<tr>
<td>• Donor funds</td>
</tr>
<tr>
<td>• Revenue sharing with selected private partners</td>
</tr>
</tbody>
</table>
Enablers
<table>
<thead>
<tr>
<th>Access (GoI)</th>
<th><strong>Tourist and investors visas</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Simplified process for Muslim and Arab visitors, including GCC nationals to obtain tourist visas</td>
</tr>
<tr>
<td></td>
<td>• Simplified, reliable and predictable process for potential foreign and Arab investors and technical operators to obtain long term visa</td>
</tr>
<tr>
<td></td>
<td>• Tour information booth provided at Ben Gurion airport on Palestinian attractions and transportation methods</td>
</tr>
<tr>
<td></td>
<td>• Passage through checkpoints facilitated for tour busses and tourists</td>
</tr>
<tr>
<td></td>
<td>• Allenby crossing open 7 days per week, 24 hours a day during the week, and until at least 8:00 pm at weekends</td>
</tr>
<tr>
<td></td>
<td>• Facilitated access to Gaza through Erez Crossing</td>
</tr>
<tr>
<td>Transportation</td>
<td>• Build tourism infrastructure in Area C, including in Dead Sea region</td>
</tr>
<tr>
<td></td>
<td>• Excavate, develop and manage the site at Sebastia</td>
</tr>
<tr>
<td></td>
<td>• Build access road(s) between the Solomon’s Pools area and centre of Bethlehem</td>
</tr>
<tr>
<td></td>
<td>• Develop service infrastructure in East Jerusalem</td>
</tr>
<tr>
<td></td>
<td>• Efficient permit process for construction in Areas A &amp; B, approval under 3 months</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industry standards</th>
<th><strong>Coordination of industry operations</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Tourism Public-Private-Sector Body to coordinate, implement and deliver marketing joint international marketing strategy</td>
</tr>
<tr>
<td></td>
<td>• Health and safety standards applied to all sites, including architectural compliance of developments</td>
</tr>
<tr>
<td></td>
<td>• Open central tourist office to address visitor questions and manage concerns</td>
</tr>
<tr>
<td></td>
<td>• Improved signage and maps on city and site level, including ecotourism destinations</td>
</tr>
<tr>
<td></td>
<td>• High standard hospitality and tourism training institutes to upgrade basic service in hotels; with specialized focus on high end service need in resorts and upscale hotels</td>
</tr>
<tr>
<td></td>
<td>• Training programs for restaurants and tourism-facing businesses, including for tour guides &amp; tour operators</td>
</tr>
<tr>
<td></td>
<td>• Online platforms to provide comprehensive hotel, restaurant, attraction and event information including rating, location, contact information, and to facilitate booking</td>
</tr>
<tr>
<td></td>
<td>• Transportation options among sites and hotels; improved access to inter-city travel</td>
</tr>
<tr>
<td></td>
<td>• Improved facilities on the Jordanian side at Al Karama (Allenby) bridge for commercial and passenger crossing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financing</th>
<th><strong>Tax incentives</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Tax allowances for new hotel construction</td>
</tr>
<tr>
<td></td>
<td>• Site specific tax caps (e.g., Aqaba at 7%, Dead Sea at 8%, vs. 16% standard rate)</td>
</tr>
<tr>
<td></td>
<td>• Tax free fixtures and fittings to furnish new hotels</td>
</tr>
<tr>
<td></td>
<td><strong>Attractive loans</strong></td>
</tr>
<tr>
<td></td>
<td>• Need for low interest, long term loans and attractive security guarantees to support renovation and improvement in restaurants and existing hotel infrastructure</td>
</tr>
</tbody>
</table>

---

1 Currently included in USAID tourism sector efforts
Appendix
Development of luxury travel is likely to be a major source of growth for the Palestinian tourism market

<table>
<thead>
<tr>
<th>Global luxury market</th>
<th>Palestinian luxury market</th>
<th>Implications for Palestinian market growth</th>
</tr>
</thead>
</table>
| **$180 billion luxury spend per year** | **Revenues from luxury tourism** | • At current share of 0.05% of tourism arrivals, current potential is for luxury spend to reach $100M  
• With estimated market growth, **luxury spend expected to increase 2-5x** |
|  | USD millions |  |
|  | 96 – current potential  |  |
|  | 250 - 500 |  |

<table>
<thead>
<tr>
<th>Average spend per trip for luxury travellers is $7,500²</th>
<th><strong>Spend per visitor, all categories</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD</td>
<td></td>
</tr>
<tr>
<td>London</td>
<td>1,249</td>
<td></td>
</tr>
<tr>
<td>Paris</td>
<td>1,113</td>
<td></td>
</tr>
<tr>
<td>Dubai</td>
<td>1,000</td>
<td></td>
</tr>
<tr>
<td>Palestinian Territories</td>
<td>550</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Luxury hotel rooms in Palestinian Territories</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number</td>
<td></td>
</tr>
<tr>
<td></td>
<td>900</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,500-7,000</td>
<td></td>
</tr>
</tbody>
</table>

1 Assumption: Target luxury hotel occupancy = 60% rooms/hotel = 300
2 $7,500 is average spend/trip for moderate luxury traveller, average trip length = 10 days. Assumed that luxury travellers spend 2.5x standard traveller


Proprietary: Office of the Quartet Representative
# Current distribution of hotels and rooms in Palestinian market

## Distribution of Hotels

<table>
<thead>
<tr>
<th>Location</th>
<th>Number of Hotels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jerusalem</td>
<td>35</td>
</tr>
<tr>
<td>Bethlehem</td>
<td>23</td>
</tr>
<tr>
<td>Ramallah</td>
<td>16</td>
</tr>
<tr>
<td>Gaza</td>
<td>15</td>
</tr>
<tr>
<td>Jericho</td>
<td>6</td>
</tr>
<tr>
<td>Nablus</td>
<td>5</td>
</tr>
<tr>
<td>Jenin</td>
<td>3</td>
</tr>
<tr>
<td>Hebron</td>
<td>2</td>
</tr>
</tbody>
</table>

## Distribution of Rooms

<table>
<thead>
<tr>
<th>Location</th>
<th>Number of Rooms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jerusalem</td>
<td>1,575</td>
</tr>
<tr>
<td>Bethlehem</td>
<td>1,400</td>
</tr>
<tr>
<td>Ramallah</td>
<td>800</td>
</tr>
<tr>
<td>Gaza</td>
<td>780</td>
</tr>
<tr>
<td>Jericho</td>
<td>340</td>
</tr>
<tr>
<td>Nablus</td>
<td>100</td>
</tr>
<tr>
<td>Jenin</td>
<td>40</td>
</tr>
<tr>
<td>Hebron</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Proprietary: Office of the Quartet Representative
Broken down by region, the hotel growth plan aligns with both current hotel distribution and hub model aspirations

<table>
<thead>
<tr>
<th>Hotel market by Hub, 6 year time horizon</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of hotels, high case</strong></td>
</tr>
<tr>
<td><strong>Current hotels</strong></td>
</tr>
<tr>
<td>Jerusalem</td>
</tr>
<tr>
<td>Bethlehem²</td>
</tr>
<tr>
<td>Ramallah</td>
</tr>
<tr>
<td>Gaza</td>
</tr>
<tr>
<td>Jericho &amp; Dead Sea</td>
</tr>
<tr>
<td>Nablus³</td>
</tr>
</tbody>
</table>

*Total = 105*  
*Total = 33*  
*Total = 18*  
*Total = 32*

1 High case assumes high end of target arrivals range; 1.5M in year 3, 3.0M in year 6. Low case reached though ~33% reduction of high case estimate  
2 Bethlehem hub includes Hebron  
3 Nablus hub includes Jenin  
4 Occupancy average from 2008-2011  
Reference: PCBS data 2011, HVS Dubai (2009), Expert market examination, local stakeholders interviews

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Definitions

Tourism definitions

• Tourism arrivals: International tourists that spend at least one night in country according to the UN World Tourism Organisation definition

• Guest house: Upscale accommodations with 20 rooms

• Upscale: Large, high-end hotels with 250 rooms, typically 5 stars

• Midscale: Large, mid-range hotels with 150 rooms, typically 4 stars or less