Sustainable Tourism Development Plan for South Sinai 2007 – 2017 Executive Summary

Consulting Services for Sustainable Tourism Development of South Sinai
EuropeAid/122290/D/SV/EG

January 2008

Sustainable Tourism Development Plan for South Sinai 2007 – 2017 Executive Summary

Consulting Services for Sustainable Tourism Development of South Sinai EuropeAid/122290/D/SV/EG

January 2008

Prepared by:

PA Consulting Group
123 Buckingham Palace Road
London SW1W 9SR
Tel: +44 20 7730 9000
Fax: +44 20 7333 5050
www.paconsulting.com

Version: 2.0

TABLE OF CONTENTS

Foreword i

1. Situational Analysis **1-1**
- 1.1 Assessment of Tourism Planning and Management 1-1
- 1.2 The tourism product – price and quality assessment 1-2
- 1.3 Assessment of the Tourism Market and Visitor Attitudes 1-7
- 1.4 Assessment of tourism marketing and promotion 1-12
- 1.5 Assessment of Natural and Cultural Resources 1-17
- 1.6 Assessment of Monitoring Programmes and Equipment 1-19
- 1.7 Monitoring park Planning and Management 1-22
- 1.8 Assessment of Basic and Tourism-Related Infrastructure 1-23
- 1.9 Assessment of Legal Issues Related to Tourism 1-29
- 1.10 Training Needs Assessment and Stakeholder Analysis 1-30

2. Strategic Analysis **2-1**
- 2.1 SWOT Analysis for South Sinai Tourism Sector 2-1
- 2.2 South Sinai's Competitive Position 2-2
- 2.3 Hotel Prices and Yields 2-3
- 2.4 General Development Scenarios for South Sinai 2-3
- 2.5 Vision for Tourism in South Sinai 2017 2-4
- 2.6 Strategic Guidelines 2-4

3. Strategic Plan **3-1**

4. Action Plan **4-1**
- 4.1 Action Plan for Tourism Planning, Policy and Product Development (2008 – 2010) 4-1
- 4.2 Action Plan for Tourism Marketing, Promotion & Information (2008 – 2010) 4-3
- 4.3 Action Plan for Natural Resource Management (2008 – 2010) 4-6
- 4.4 Action Plan For Infrastructure Development (2008 – 2010) 4-9
- 4.5 Action Plan For Capacity Building & Institutional Strenghening (2008 – 2010) 4-15

FOREWORD

The preparation of the South Sinai Tourism Development Plan 2007 - 2017 started in early January 2007 and extended until late September 2007. This Plan has been developed based on a comprehensive evaluation of the current situation, problems and main challenges faced by the tourism industry in the Governorate. It involved extensive interviewing and research with the main stakeholder groups, including local communities, regional and local city authorities, local tourism business, hotel managers and operators, national ministries and organizations, international tour operators and visitors alike. It also involved desktop research, analysis of available documents and other important data. The main recommendations, strategies and activities in the action plan have been prepared on the basis of a participatory planning approach. Extensive consultation took place among the main stakeholders, including members of the private and public sector who participated in the different strategic planning workshops that took place in South Sinai between June and August, 2007.

Significance of the Tourism Development Plan

Tourism planning in Egypt has traditionally been a process developed for and by central government authorities based in Cairo. This top-down approach has yielded some impressive results, including the positioning of the country as a successful multi-destination and the spectacular growth of tourism arrivals in the country, in spite of sometimes adverse conditions. Tourism in Egypt is an important pillar of the national economy and could be considered a success story.

However, while the planning of tourism is national, the impacts of the activity are dealt with and felt locally. Therefore, for a destination to be successful, it is important to undertake regional tourism planning. This type pf planning brings the concerns, challenges and aspirations of people with the primary responsibility of dealing with visitors and their problems (i.e. local stakeholders) to the forefront and proposes solutions that could be either implemented by them or coordinated with the relevant national authorities.

In that regard, the study conducted by our team constitutes a pilot project in regional destination tourism planning in Egypt. As such, the overarching goal of a strategy and action plan is to help the South Sinai tourism industry's stakeholders to gain control of the planning, policy and marketing processes.

Acknowledgements

PA Consulting Group would like to acknowledge the contribution of a series of individuals that have supported us in the preparation of this report. Dr. Khaled Metwally's, SSRDP Project Director, active involvement and support greatly facilitated the dissemination of the results of this study and allowed the team to exceed the time constraints established by the contract. Mr. Willy van Kempen's, Component I Manager, permanent support and dedication to make sure the administrative wheels of the project facilitated the consultants' work is highly appreciated by the team. Finally, Mr. Robert Rowbottom and the late Mr. Mohamed Rashed significantly contributed to our work through the provision of active feedback and involvement in the technical course of this assignment. In addition to the client's team, we would also like to thank the members of the Technical Committee, who facilitated interviews and meetings, particularly the staff of the Egyptian Environmental Affairs Agency (EEAA), Mr. Adel Shukri from the Egyptian Hotel Association (South Sinai branch), Mr. Ismail Imam, head of the to-be-created local branch of the Egyptian Travel Agent Association, Mr. Rolf Schmidt, former director of the South Sinai Divers Association and Mr. Goma Ahmed Salem, a Bedouin entrepreneur who facilitated many of our field trip.

1. SITUATIONAL ANALYSIS

This Analysis is based on a comprehensive evaluation of the current situation, problems and main challenges faced by the tourism industry in the Governorate. Our analysis has focused on the following areas:

- Tourism planning and management (including an economic analysis of current trends)
- Tourism markets, marketing and promotion strategies
- Natural and cultural resource management
- Training and institutional capacity building
- Tourism and basic infrastructure
- Tourism monitoring programmes and equipments
- Legal issues affecting tourism planning and management
- Al Karm Ecolodge as a case study of community involvement in tourism

1.1 ASSESSMENT OF TOURISM PLANNING AND MANAGEMENT

1.1.1 Physical planning management

In South Sinai there are two key planning authorities active in the development of the tourism sector – the **Governorate of South Sinai** which has overall jurisdiction over the region, and the **Tourism Development Authority (TDA)**. Within the designated urban areas of the region, in association with the relevant local authority (e.g. the city council of Sharm el Sheikh), and in all areas that lie outside the lands designated as belonging to the TDA, the Governorate has control of physical planning decisions. While other actors have planning responsibilities in South Sinai (namely the **General Organisation for Physical Planning** and the **Egyptian Environmental Affairs Agency)** they have few decision-making powers as such.

One consequence of this split responsibility is that there appears to be no single ‘master plan’ for the longer-term expansion of tourism in the region but a series of uncoordinated plans that provide an indication of the way in which Sinai’s tourism sector is intended to develop in future.

1.1.2 Planning details

In the long term, there are indicative plans to expand the region’s current hotel room capacity of just under 48,000 rooms to 274,000 by 2017. While there is no evidence that this sharp increase in rooms supply is likely to materialize in so short a timescale, the current increase in supply seems to be a problem from an environmental and economic point of view.

The Governor of South Sinai decreed some years ago that there should be a moratorium on further hotel developments in Sharm el Sheikh (in the land not falling under the control of the TDA). The slow-down in expansion in South Sinai since 2004 suggests that this decree may be having some effect, although it does not apply to hotels approved before the moratorium was decreed.

TDA's Sharm el Sheikh office suggests the following schedule of additions to hotel bed capacity in the TDA areas of South Sinai. (It is important to remember that these data apply only to the land which is under the control of the TDA.)

Table 2.1
Scheduled additions to hotel room capacity on TDA land in South Sinai, as in 2007

	Open	Ready to open but not operating	Under construction	Total
Sharm el Sheikh	10,294	1,079	9,244	20,617
Taba/Nuweiba	5,723	282	8,449	14,454
Ras Sidr	1,776	1,404	10,303	13,483
Total	**17,793**	**2,765**	**27,996**	**48,554**

Source: Tourism Development Authority

On the basis of the above, it is envisaged that there will be an addition of 27,996 rooms, which represents an increase of 136.2% over the combined totals of the rooms currently in operation and those which are ready to open but have not yet been opened. It is noticeable that major expansion is foreseen at the domestic tourism destination of Ras Sidr, where an additional 10,300 rooms are planned, an increase of 324% on the combined total of rooms already open and those ready to open but not yet in operation. The comparable increases in capacity at Sharm el Sheikh and Taba/Nuweiba are 81.3% and 140.7% respectively. However, in the area between Taba and Nuweiba, the TDA states that there are some 2,000 hotel rooms for which licenses have been approved and which are partly constructed but which are stalled for various reasons, and in some cases have remained partially completed for as long as ten years.

In summary, the lack of a comprehensive tourism development plan hampers any meaningful assessment of the probable effects of further rapid expansion and promotes an unhealthy competition to build more. In a nutshell, however, if all these new rooms come on stream, it seems under current market conditions that such rapid growth can only put further pressure on achieved prices and perpetuate the high-volume, commoditized nature of tourism in South Sinai.

1.2 THE TOURISM PRODUCT – PRICE AND QUALITY ASSESSMENT

1.2.1 Product overview

South Sinai provides one of the few genuine year-round destinations based on almost constant sunshine which is also readily accessible to European markets. With clear water and rich marine life, South Sinai's attraction for international tourists originally was based on diving. The hinterland of South Sinai contains a range of historical, religious, scenic and natural attractions with some potential for future development, but at present the development of these, other than at the ancient site of St Katherine's monastery and the mountain known as Gebel Musa, is at an early stage. As a consequence, the coastal region is likely to remain the core tourism product for the foreseeable future.

The extensive accommodation capacities that have been and are still being developed at places such as Sharm el Sheikh are now serving a high-volume, price-driven segment of international tourism markets. Some tourism professionals believe that it will be almost impossible to change this given the high volume of supply-side developments that are in place and the further expansion plans that exist.

1.2.2 General tourism infrastructure

As South Sinai has developed into an important tourism destination, so Sharm el Sheikh has grown into the only major urban centre. The development of a large number of hotels in the area between the southern limit of Sharm el Sheikh and the border with the Nabq Protected Area, has in turn generated the development of housing, both for foreign holiday homes and for Egyptian employees servicing the tourism sector, a range of tourist-related attractions and retail activities, and a developing range of general service activities. Currently, the range of services and facilities for tourism industry workers is incomplete, hampering the establishment of a settled local community.

Elsewhere, the towns of Dahab, Nuweiba and the coast between Nuweiba and Taba all represent smaller settlements in which tourism plays an important role but where the urban centers are less well developed and the density of tourism infrastructure is far lower. These areas should not replicate the nature of the developments that have taken place in Sharm.

1.2.3 The hotel sector

The growth in hotel capacity in South Sinai reflects the rapid expansion of the region as a tourism destination. In 1989 there were just 13 hotels in the region with a total of 1,150 rooms. In 2007, there are 233 hotels with almost 48,000 rooms.

Table 2.2
Growth in hotel capacity in South Sinai, 1989 – 2007

	No of hotels	No of rooms	% change (rooms)
1989	13	1,150	na
1993	18	1,685	na
1996	88	6,979	na
1997	104	10,436	49.5
1998	114	11,622	11.4
1999	133	15,049	29.5
2000	155	21,663	43.9
2001	165	24,295	12.1
2002	203	25,356	4.4
2003	221	35,782	41.1
2007	233	47,843	na

Note that the figures for 2003 – 2007 imply the addition of 12 hotels with an average size in excess of 1,000 rooms per hotel; we have not been able to verify these figures.

Sources: South Sinai Environmental and Development Profile; Egyptian Hotel Association; Governorates Information Centre

Hotel capacity (room numbers) in South Sinai has grown on average by 19.1% a year between 1996 and 2007. In some years there was a particularly large increase as new capacity came on stream; in 1997, for example, growth was almost 50%, and in 2003 it was over 40%.

Since 2003, the hotel room stock has an average annual rate of just 7.5%, considerably slower than in the past but representing nonetheless an addition of over 12,000 new rooms in a four year period. South Sinai now contains 24% of all hotel rooms in Egypt. Almost half of all hotels in South Sinai fall into the 5-star category (including two hotels that are graded as 5-star plus), with a further 30% in the 4-star/-4-star plus grade. Sharm el Sheikh concentrates the highest number of 4 and 5 star accommodation products.

Average occupancy rates in South Sinai's hotels are consistently in excess of 60% and tend to exceed those for the country as a whole. However, these are considerably higher in Sharm el Sheikh than in all the other tourism locations in South Sinai.

Data for 2006 from the Egyptian Hotel Association show that there is considerable further expansion in the hotel stock.

Table 2.3
Hotels under construction[a] in South Sinai, 2005/06

	Hotels	Rooms	Average rooms per hotel
Sharm el Sheikh	63	18,459	293
Dahab	9	550	61
Nuweiba/Taba	36	8,224	228
Ras Sidr	55	12,790	233
El Tur	2	339	170
Total	**165**	**40,632**	**246**

[a] These numbers reflect projects which applied for the necessary licenses to begin construction. They may include hotel projects that have been started but not completed; in particular, we understand that there are over 2,000 rooms under construction between Nuweiba and Taba that have remained incomplete for as long as ten years and whose future is in doubt.

Source: Egyptian Hotel Association *Hotel Guide 2005/06*

If all these plans materialize therefore, South Sinai in a few years' time will offer almost 90,000 hotels rooms, of which 64% will be in Sharm el Sheikh.

1.2.4 Diving and Watersports

The South Sinai Association for Diving and Marine Activities (SSDM) acts as the informal trade association for this part of the tourism industry, with 131 dive operators as members and some 9 "aqua centres" that offer non-diving waterports activities (such as parasailing and fun boat rides). In addition, the SSDM believes that there are further 20-25 dive operators currently active who are not SSDM members, thus suggesting that in total there are around 150 dive operators plus the small number of other watersports operators.

There are also many "informal" watersports operators active in the Sharm el Sheikh area, who operate by means of paying the relevant licence fees but who do not adhere to the highest operating standards. Such operators approach tourists directly, giving rise in some cases to complaints about over-intrusive sales techniques.

In 2006, the Governor of South Sinai decreed that there should be no more than 286 watersports boats of all kinds in operation in Sharm el Sheikh. There are currently up to 250 watersports boats in operation.

1.2.5 The Protectorates

An important facet of South Sinai is the existence of five protected areas that cover a substantial proportion of the land area around the coast of the Gulf of Aqaba and of the immediate hinterland behind Sharm el Sheikh. These protected areas are managed by the Egyptian Environmental Affairs Agency (EEAA) which levies modest entry fees (between US$3 and US$5).

All five protectorates are important to South Sinai from an environmental perspective, containing a wide variety of natural attractions, landscapes, marine resources, flora and fauna. To generalize, building developments within the protected areas are severely curtailed. However, there is also much evidence that the financing and management of these areas is inadequate, that the load on areas such as Ras Mohamed and St Katherine can be excessive, and that the means to monitor and police the protectorates are inadequate.

1.2.6 The coastal hinterland

The hinterland of South Sinai largely comprises barren, mountainous desert. Within this region, there are a number of aspects that are of interest to the foreign visitor. First, the region has an indigenous Bedouin population, consisting of a number of tribes which were the original and only inhabitants of the region. Experiencing something of the Bedouins' traditions and customs is a popular activity for foreign tourists, but the Bedouin play only a minor part in the tourism industry at present.

In addition, the hinterland contains a variety of natural, extractive, religious, cultural and historic sites that are also of potential interest to the visitor, although the degree to which these sites have been developed and made readily accessible to tourists is variable and in some cases rudimentary. Only the monastery at St Katherine and the two mountains nearby – Gebel Musa and St Katherine's peak – could be regarded as attractions capable of generating a significant influx of visitors by themselves.

1.2.7 Ancillary tourism facilities

In Sharm el Sheikh itself, there is a growing range of restaurants and general retail facilities available to the tourist. The restaurant and shopping facilities have turned this area into a vibrant tourist centre. In other towns such as Dahab and Nuweiba (especially the latter) the urban scene is less developed, although Dahab has a small but well-developed retail centre with good pedestrian facilities which clearly attracts visits from tourists staying in Dahab's nearby hotels.

The recent trend towards all-inclusive package holidays provides an in-built incentive to clients who have already paid in advance for meals, drinks etc, to remain in the hotels. Such tendencies have the potential to damage the turnover of tourism businesses in the retail and restaurant sectors that lie outside the location and ownership of the hotels themselves.

1.2.8 General quality and price issues

To generalize, the authorities and private sector players in South Sinai's tourism industry appear to have taken reasonable steps to ensure that quality is maintained.

In the hotel sector, the Egyptian Hotel Association introduced a new hotel grading system in October 2006, developed in conjunction with the International Hotel and Restaurant

Association (IH&RA). The new Egyptian system deals both with the quality of the physical infrastructure and the quality of service.

In the area of watersports, the great majority of dive operators carry international affiliations such as the Professional Association of Diving Instructors (PADI) and similar international diving bodies.

1.2.9 The financial yield from tourism

An historical examination of the prices achieved for hotel accommodation in South Sinai, in contrast to other destinations, can be helpful in analyzing the actual effects of mass, commoditised tourism on local tourism industries, and in setting South Sinai in a regional context.

While hotels in Sharm el Sheikh have achieved reasonable growth in Revenue per Available Room (RevPar) since 2000, a closer analysis over a longer period indicate that they have in fact achieved a less impressive performance than Hurghada, as the following table shows:

Table 2.4
Average room rates and RevPar in US dollars and local currency, 1990-1994 and 2000-2006[a]

	Exchange rate (LE=US$1)	Sharm el Sheikh Average room rate	RevPar (US$)	RevPar (LE)	Hurghada Average room rate	RevPar (US$)	RevPar (LE)
1990	3.00	55.0	38.5	115.5	na	na	na
1991	3.32	35.0	20.3	67.4	na	na	na
1992	3.33	49.0	40.2	133.8	27.0	15.7	52.1
1993	3.37	51.0	36.2	122.0	25.0	12.8	43.0
1994	3.39	60.0	47.4	160.7	25.0	13.8	46.6
2000	3.66	56.4	34.4	126.1	38.3	29.8	108.9
2001	4.23	50.2	28.8	121.8	30.1	20.1	84.9
2002	4.63	43.4	30.0	139.0	25.4	18.9	87.3
2003	5.43	46.7	31.7	171.9	32.3	22.6	122.9
2004	6.20	52.4	42.2	261.8	37.1	31.5	195.3
2005	6.01	57.2	42.6	255.8	39.6	30.6	183.7
2006	5.77	60.4	43.3	249.7	38.3	29.8	172.1

[a] Note that the original data on which international comparisons are made are provided in US dollars. It is therefore not possible to convert these into Euro – the currency used most often in pricing South Sinai's hotels to its core markets – since this would be methodologically inconsistent and, since the Euro only came into being in the late 1990s, would not permit historical analysis back to 1990.

Sources: *International Tourism Reports*, No. 2 1996, Economist Intelligence Unit; *HotelBenchmark Survey by Deloitte*; historical exchange rate data.

This analysis sets the performance of the hotel sector in Sharm el Sheikh into an historical context. In terms of the RevPar achieved in US dollar terms, and despite the upward drift in RevPar since 2000, on average in the period 1990-1994 RevPar in Sharm el Sheikh's hotels was US$36.52, while the average for 2000-2006 was US$36.14, a marginal decline. In contrast, the 1990-1994 average RevPar in Hurghada was US$14.05, while the 2000-2006 average was US$26.17 – still absolutely well below Sharm el Sheikh but representing an increase of 86% nonetheless while Sharm el Sheikh achieved no increase at all between these two periods (and its US dollar RevPar in 2006 – the peak year so far in this decade – remains 9% below that achieved in 1994).

Hotel sector professionals point out two important facts about the sector in Sharm el Sheikh (factors which may also apply elsewhere in Egypt). The first is that the debt for hotel buildings and the great majority of hotel running costs are denominated in local currency, and therefore it is the local currency results that determine the financial viability of the industry rather than US dollar receipts. Second, it was reported that staff costs in Sharm el Sheikh hotels are of the order of 12-15% of turnover, whereas in Europe they would be much higher.

From the preceding table the effects of the devaluation of the Egyptian currency on local receipts are clearly shown. During the first half of the 1990s and into the beginning of the current decade, one Egyptian pound was worth between US$0.33 and US$0.27, and thus showed a slow decline in value but not a drastic one. Between 2000 and 2004, however, its value fell from US$0.27 to US$0.16. By 2006 its value had improved slightly to US$0.17, but was still no more than half the value it enjoyed in 1990. (Given that the base data for this analysis is in US dollars, conversion to the Euro would give broadly the same picture.)

Thus the devaluation of the currency has gone a long way to masking, for Egyptian investors, the underlying weakness of achieved hotel prices in Sharm el Sheikh. However, there has been an upward drift in price in Sharm el Sheikh since the nadir of 2001 while this has not been the case in Hurghada where US dollar RevPar in 2006 was the same as in 2000 (in Sharm it was 26% higher but was still lower than the rate achieved in 1994).

The conclusion for Sharm el Sheikh is a mixed one. On the one hand, hotel rates are rising and are absolutely higher than in Hurghada with which South Sinai competes for some key markets. On the other hand, dollar rates have yet to achieve those reached in 1994 and in international comparative terms, the dollar price of hotel rooms in Sharm is relatively low.

While there are always risks in the tourism industry, and prices could fall back quite sharply in the face of a change in demand or some external shock, recent evidence suggests that there is no “downward price spiral” in Sharm el Sheikh, even though the tourism sector has moved down-market and may be finding it difficult to raise financial and economic yields in real terms.

1.3 ASSESSMENT OF THE TOURISM MARKET AND VISITOR ATTITUDES

1.3.1 Market development

In 2006, the governorate recorded 2.8 million hotel arrivals (accounting for 14 million visitor nights) more than double the number recorded in 2000. This increase equates to an annual average growth of 13%, a rate far higher than that experienced by most developing tourism destinations, and matching that of Dubai, which is generally regarded as an icon of rapid tourism development.

The performances of the three components of the market – the domestic market, Arab visitors and foreign arrivals – have to a degree helped to flatten out sharp market swings. Over the last six years, the national market has accounted for between 13% and 35% of hotel arrivals, the Arab market has represented between 3% and 5%, and the share of international visitors has varied from 62% to 84%. Nevertheless, it is the overseas market that produces the volumes and has been the lynchpin of growth. In 2006, there were 2.3 million foreign visitor arrivals in hotels (83.5% of total hotel arrivals), 376,900 domestic arrivals (13.4%) and 88,000 Arab visitors (3.1%).

This broad picture, however, conceals an international market mix that has been in constant change. This is both as a result of security incidents in Egypt and the pricing shifts that have been adopted to deal with ensuing market collapses, as well as changing economic circumstances and preferences in traditional Western European origin markets.

1.3.2 Major markets

Until 1997, the market for South Sinai was reportedly dominated by Northern Europeans, primarily from Germany and Switzerland. Following the Luxor bombing, the bottom fell out of the market from these origins, prices dropped, the Italians moved in to dominate, particularly during the summer months, and the British market began to increase. Another market shift occurred in October 2004 following the Taba bombs when the Italian market sharply declined, the Israelis stopped coming and – again in response to a drop in prices – the ascendancy of the former USSR countries began. At the same time, a sharp increase in the British market began to manifest itself, but generally at the lowest end of the UK market.

Table 3.1
International arrivals at Sharm el Sheikh and Taba airports by major market, 2004-2006

	No. of arrivals ('000)			% change	% share
	2004	**2005**	**2006**	**2006/04**	**2006**
UK	216.9	421.5	548.4	152.8	25.3
Russia	299.1	375.0	486.0	62.5	22.4
Italy	587.4	451.5	410.5	-30.1	19.0
Germany	135.6	127.8	121.1	-10.7	5.6
Ukraine	43.7	68.1	106.1	142.8	4.9
Poland	43.4	46.9	70.2	61.8	3.2
Netherlands	38.5	51.4	52.5	36.4	2.4
Nordic countries	64.2	81.1	46.1	-28.2	2.1
Czech Republic & Slovakia	40.7	51.3	40.9	0.5	1.9
Switzerland	64.3	57.1	39.9	-37.9	1.8
Belgium	31.8	72.1	38.1	19.8	1.8
Baltic states	22.7	28.2	31.6	39.2	1.5
Austria	34.5	33.9	28.5	-17.4	1.3
France	29.9	25.7	22.7	-24.1	1.0
Total (incl. all others)	**1,759.2**	**2,006.8**	**2,164.9**	**23.1**	**100.0**

Source: Information Centre, South Sinai Governorate

The three main markets – **Russia, the UK and Italy** – remain the leaders, together accounting for around two-thirds of all arrivals, but their rankings have changed and their relative importance to South Sinai has seen a dramatic shift.

The **UK** has seen the sharpest growth in the three year period, increasing its share to a quarter of all arrivals and taking over the number one slot from the Italians in 2006. The **Russian** market has also shown very strong growth and is showing every sign that this buoyancy will continue. The **Italian** market, by contrast, which held the number one slot for several years, has been in decline and has now slid down the rankings to third position.

The main Arab markets are **Jordan**, **Syria** and **Saudi Arabia**. Some come to Sharm el Sheikh by air but the bulk of these arrivals are through Nuweiba port. The **Israeli** market does not appear in the airport statistics, although prior to the Taba bombs was reportedly relatively strong. It appears that the Israeli market to South Sinai has collapsed entirely.

1.3.3 Access points

Access for international visitors is primarily through Sharm el Sheikh Airport, with a smaller number entering the country by air at Taba. Activity at Nuweiba port is a result of the ferry service to Aqaba, with the majority of arrivals accounted for by the Arab market.

1.3.4 Seasonality

South Sinai was traditionally a winter destination with the peak season starting in October. However, the region has been successful in marketing its twelve month-appeal and in effect is now a year-round destination, with different nationalities peaking at different times of the year.

It should be noted that the pattern of monthly arrivals has been distorted by the incidents in Dahab, Sharm el Sheikh and Taba and these events have radically affected the seasonality picture. The figures shown in the table below need to be treated with caution as they do not necessarily therefore reflect the likely long term trend (although they do underline the region's vulnerability to security issues).

Table 3.2
Seasonality of arrivals, 2001 and 2005-2006
(% of total arrivals)

Month	Arrivals in South Sinai hotels 2001	Arrivals at Sharm el Sheikh airport 2005	Arrivals at Sharm el Sheikh airport 2006
January	8.8	8.1	8.2
February	7.6	7.9	7.7
March	10.4	8.2	9.6
April	11.0	11.1	12.1
May	7.7	9.4	6.7
June	6.6	8.1	3.9
July	8.7	7.9	6.8
August	12.6	6.1	7.9
September	8.7	6.1	6.9
October	5.7	9.2	10.2
November	4.6	9.4	9.8
December	7.5	8.6	10.2
	100.0	**100.0**	**100.0**

Sources: Ministry of Tourism, Egypt 2001, *Tourism in* Figures; Ophira Airport, Sharm el Sheikh

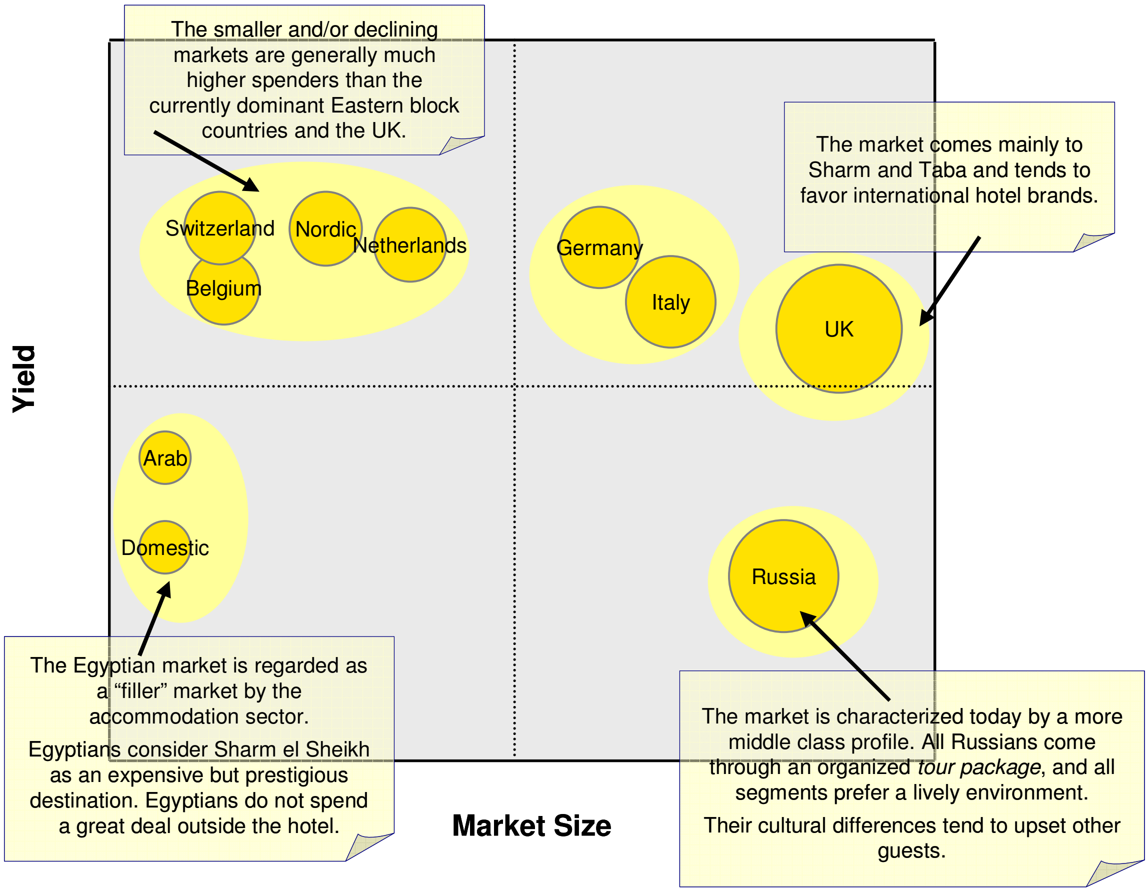
More importantly, different markets peak at different times, a factor which has helped to keep hotel occupancy rates relatively high. In contrast to the peak arrivals' pattern, peak hotel rates are reported to be August, December, January (for the Russian New Year) and over Easter.

The average length of stay (ALOS) in South Sinai is relatively short (around 4.5 to 5 days). Different nationalities have different tour patterns; the Russian market comes on quite short trips of 7 or 8 days, but during the winter months, tours as short as 4 or 5 days are on offer. The Western European market generally stays a little longer; up to 10 or 11 days.

1.3.5 Visitor characteristics

South Sinai is overwhelmingly a mass market destination based on price. It attracts a package holiday, mass market clientele. An estimated 96/98% of all visitors come on an organized package tour.

In discussion with a wide range of tourism professionals in the region, a number of features regarding visitor characteristics were reported to us:

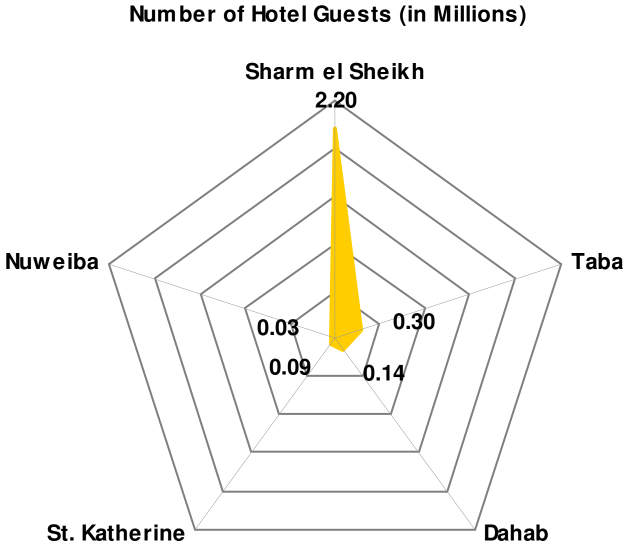


The classic diver who originally put Sharm on the map has tended to move on to more pristine waters. Dahab still attracts the more serious diver, as well as windsurfers. The number of hard core divers has declined and they are now reported to represent no more than 5% of visitors.

There is also a small market for the region's cultural/nature product, although security concerns today currently diminish the potential for developing this market. There is potential for a specialised market that could be attracted to the interior of Sinai as a prime destination, as opposed to those making short, often one-day trips, from the coast.

1.3.6 Destinations within South Sinai

The foreign market frequents all the coastal destinations, while the Arab market tends to stay only in Sharm and Taba. Ras Sidr is primarily a domestic destination for Egyptian holidaymakers and although some foreigners stay there, it is not marketed to international markets since it has no up-market hotels and no functioning international airport. St. Katherine provides hotel accommodation for visitors to the monastery and Gebel Musa but hotel visitor numbers are low (0.09M) since most visit the Protectorate on day trips.



There is a growing number of visitors staying in tourist villas, particularly in **Sharm el Sheikh**, for which no figures appear to be kept.

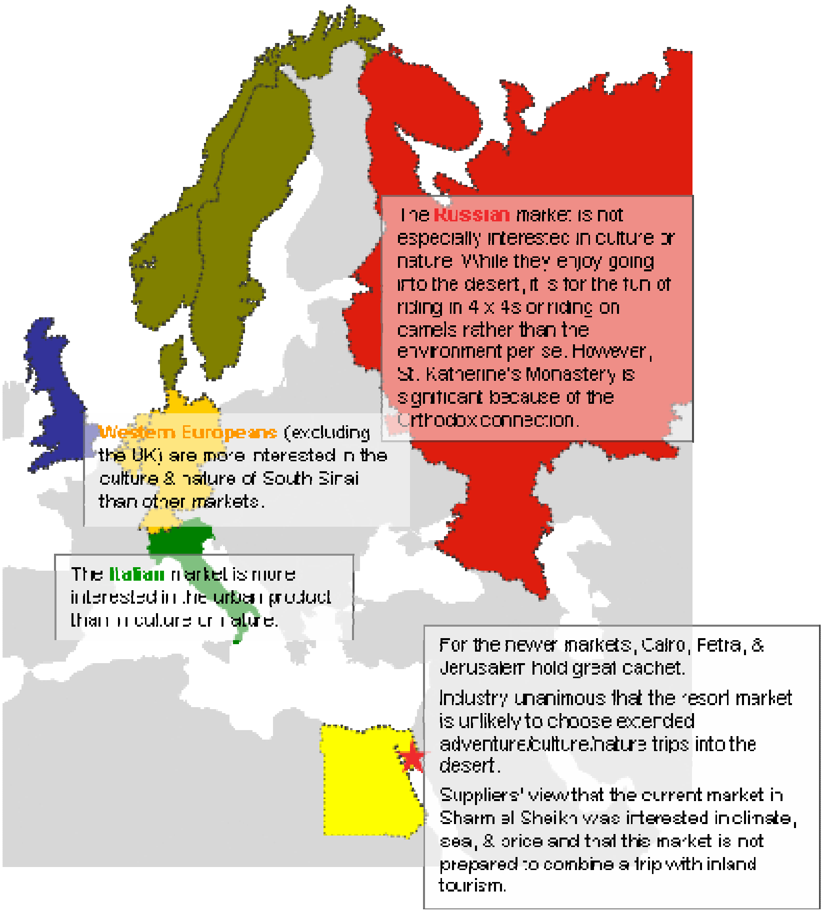
Nuweiba was popular with the Israeli market up to two years ago, but it is no longer the case today.

Guests at **St. Katherine**'s hotels are not generally people staying on the coast but are those on tours coming from Cairo and Upper Egypt or from Israel.

1.3.7 The excursions market

The excursion market is very important for both tour operators and ground handlers and under current market conditions is a key area in which profits are made. The major excursions are day – and sometimes overnight – trips to Cairo/Luxor, Petra in Jordan and Israel. Within South Sinai the main excursions are St. Katherine's Monastery and Gebel Musa, as well as trips to the Colored Canyon and Abu Galum national park. More locally to Sharm el Sheikh and providing the greatest volume of excursions are trips to Ras Mohamed, other marine excursions for snorkelling or diving, short 4 x 4 trips into the desert, Bedouin nights at Bedouin encampments in nearby wadis and activities such as quad biking, horseback riding and camel safaris.

Industry players note a number of features in connection with the excursion market:



St. Katherine and Ras Mohamed are the two Protectorates which receive the greatest number of day visitors. According to the preliminary draft St. Katherine Protectorate Management Plan of 2002, an average of 700 people a day visited the monastery and several hundred climb Mount Sinai. Ras Mohamed receives a large number of visitors on day trip excursions and reportedly operates at well above its carrying capacity. The volume of visitors to the other protectorates is much smaller.

1.4 ASSESSMENT OF TOURISM MARKETING AND PROMOTION

1.4.1 South Sinai's Marketing Mix

The current "marketing mix" implemented by the tourist industry in the South Sinai Governorate reflects a small range of tourist products available, as well as a few number of markets to rely on. Moreover, all marketing-related activities and distribution channels are dominated by international tour operators.

1.4.2 Product range

The following table (Table 4.1) summarizes the most popular products and activities currently offered in South Sinai. This list does not include resort packages.

Table 4.1: Most Popular Activities by Destination

Destination	Activity 1	Activity 2	Activity 3
Sharm El Sheikh	Diving / Snorkelling	Day trips to Cairo or Petra	4X4 tours in the desert / quad rides
Dahab	Diving / Snorkelling	4X4 desert tours / camel rides	Windsurfing
Taba / Nuweiba	Diving / Snorkelling	4X4 desert tours / quad rides	Camel rides
El- Tur	Windsurfing	Visits to Moses Bath's (on return from St. Katherine)	Visits to St. George's Monastery
St. Katherine	Visits to St. Katherine's Monastery	Hiking to Gebel Musa (sunset or sunrise)	Bedouin dinner / tea

Source: PA Consulting Group

A. RESORT-BASED BEACH TOURISM

This constitutes the most important product in South Sinai from both a volume and a revenue-generation perspective. The product can be described as an accommodation package in a beach resort that includes air transportation from the customer's city of origin to one of the two main airports in the Governorate: Sharm el-Sheikh and Taba. These are offered by wholesaler tour operators who own or lease the charter flights on which these packages rely. These operators are in a position to offer huge discounts for volume because they have consolidated operations vertically.

Prices for this type of package tend to be higher for customers in Western Europe and lower for customers in the rapidly-growing markets of Eastern Europe and Russia. As the market share of these latter countries increases, so there will be a stronger pressure to further reduce prices of these packages.

B. DIVING / SNORKELLING

The diving product in South Sinai has a very well-established tradition and reputation. However, the consolidation of the beach tourism product has meant a decline of the specialized diving product in the area. A typical dive package includes one week (or more) of off-shore diving, in most cases with an unlimited number of dives per person. In addition to the instruction and equipment, a diving package typically includes lodging and full-board.

It is reported that over 130 diving centres of varying levels of quality and price currently operate in South Sinai, catering mostly to the beach tourism market. They overwhelmingly focus on snorkelling and diving day trips for beginners.

C. INLAND TOURISM

This product can be broadly divided into three categories: a) day excursions into the desert; b) multi-day adventure packages, a product now in decline; and c) day excursions and extensions to Petra (Jordan) and Cairo, a product that is becoming increasingly popular among beach-goers.

D. WATER-BASED SPORTS

This product focuses primarily on windsurfing packages in Dahab and El Tur. Generally speaking, Dahab caters to a more diversified windsurfing market (the “soft” windsurfer) whereas El Tur caters to an experienced and dedicated windsurfing segment of the market (the “specialized” windsurfer).

Windsurfing packages for the specialized market typically include accommodation and either full or half board, plus unlimited windsurfing. Packages for the “soft” windsurfing market are generally part of a broader resort-based beach package or sold as a day activity.

1.4.3 Distribution channels

The following matrix illustrates the different and most usual distribution channels used for the products currently being offered in South Sinai. We have used average percentages to illustrate the main trends for each product group.

Table 4.2: Distribution Channels Matrix

Product	Main Distribution Channel		
	International Tour Operator / Travel Agent	Local Operators as part of a supply chain controlled by International Tour Operator / Travel Agent	Local Operator with no involvement from International Tour Operator / Travel Agent
Resort-based beach packages	90%	5%	5%
Diving packages	60%	10%	30%
Windsurfing packages	50%	50%	N/A
Day windsurfing packages	15%	75%	10%
Day excursions inland	15%	70%	15%
Snorkeling packages	5%	35%	60%
Multi-day desert adventure packages	5%	5%	90%

Source: PA Consulting Group

Our research indicates that local operators have a higher degree of control in the sales of tourism products that are more specialized and contain more elements that are difficult to replicate elsewhere.

1.4.4 Pricing

The following table summarizes visitors' average daily expenditure for the most common products available in South Sinai.

Table 4.3: Average daily expenditure per visitor in South Sinai

Product	Duration	Daily Expenditure (average)
Resort-based beach package (half-board)	Per night	€ 20 - € 35
Resort-based beach package (full-board)	Per night	€ 25 - € 40
Diving package (inclusive of accommodation and full board)	Per night	€ 40 - € 45
Dive / snorkeling excursion	1 day	€ 20 - € 30
4 X 4 / Quad desert rides		€ 20 - € 25
Excursion to St. Katherine's Monastery and Gebel Musa	1 day	€ 30 - € 40
Excursions to Colored Canyon / White Canyon / Abu Galum	1 day	€ 30 - € 40
Bedouin dinner	½ day (evening)	€ 15 - € 25
Windsurfing package (inclusive of accommodation and half board)	Per night	€ 35 - € 45
Day trip to Petra, Cairo	1 day	€ 120 - € 200
Multi-day desert excursion	Per day (overnight)	€ 100 - € 120

Source: Tour Operators in Sharm El Sheikh, Dahab, Taba and El Tor.
Preparation: PA Consulting Group

Average expenditure (i.e. prices paid by visitors) tends to be at the lower end of the spectrum. However, it is interesting to note that daily expenditure on cultural and adventure tours is roughly equal to or higher than multi-day diving and resort-based beach packages (on a daily expenditure basis). Cultural and adventure tours seem to yield more on a per person basis than diving or resort-based beach packages. This seems to be explained by the fact that those tours are completely handled and sold locally, without intermediaries.

The new and growing markets from Russia and Eastern Europe along with the UK market seem to be more willing to pay for new day excursions than other markets (in particular the Italian market). However, under current market conditions, visitors are not willing to pay for multi-day desert excursions.

1.4.5 Promotion and information

Tourism promotion and information activities in South Sinai are generally conducted by individual businessmen promoting their respective businesses. There is limited "destination-specific" promotion or branding.

A. INDIVIDUAL BUSINESS PROMOTION

Individual business promotion in South Sinai is very active in its two varieties: Business to Customers and Business to Business.

i. Business to Customers (B2C)

- **Internet.** Mainly an informational and promotional vehicle and very few make direct sales through it.
- **Word of Mouth.** The high rate of repeat visitors is an indicator of businesses' reliance on this promotional mechanism.
- **Specialized Media.** This is seldom used among businesses in South Sinai and it is largely confined to the specialized diving and windsurfing products.
- **Direct Advertisement.** This falls under two general categories: a) on the streets, preferred by informal tour operators and b) in hotels, preferred by tour operators with established commercial relations with (or subsidiaries of) the main international tour.

ii. Business to Business (B2B)

- **Travel Fairs.** Participation in travel fairs is too expensive for most local operators. Therefore, this promotion tool is primarily used by specialized diving and windsurf operators as well as some local representatives of international tour operators.

B. DESTINATION PROMOTION AND BRANDING

South Sinai has a good image in terms of health and service quality, especially when compared with other coastal areas in Egypt. However, security perceptions about the region had deteriorated. Accessibility to the region is perceived as one of the strongest selling points for South Sinai but its reliance on charter operations affects the image of the destination, as the high-end of the market tends to prefer independent travel.

The Egyptian Tourism Authority seems to have abandoned its traditional approach to the promotion of the region as a "sea, sun and sand" destination and has started to provide a more tailored approach to the different segments of the market. However, this campaign has not achieved the development of a brand for South Sinai that could help the region position itself advantageously over other competing destinations. There are many elements to building a brand for South Sinai among them:

- **Good value for money**, or the area's ability to offer a moderately priced and reliable product;
- **Mass tourism;** although the presence of some high-end resorts has helped to maintain a level of prestige among the mid to high-end of the beach market; and
- **Complete package**, or a self-contained multi-activity destination

The emergence of sub-brands within South Sinai could strengthen the "complete package" selling proposition. Table 4.4 summarizes the main elements identified as the strongest brand-builders for the different regions:

Table 4.4: Branding elements by Destination

Destination	Branding Elements / Characteristics
Sharm El Sheikh	▪ The big urban centre of South Sinai ▪ Diving, snorkelling and all sorts of watersports ▪ Fine dining, entertainment and nightlife
Dahab	▪ Relaxed and bohemian beach resort ▪ Windsurfing and uncrowded snorkelling / diving
Taba / Nuweiba	▪ Exclusive, smaller resort areas
El- Tur	▪ The centre for windsurfing in Sinai
Ras Sidr	▪ A largely residential community for Egyptians
St. Katherine	▪ The Bedouin heart of South Sinai ▪ The centre for adventure and mountain tourism ▪ Authentic, rugged, historical

Source: PA Consulting Group

These elements can be used later to develop a strategic marketing plan for each of these "sub-destinations" in conjunction with local stakeholders and authorities.

C. INFORMATION SERVICES

Tourist information in South Sinai is available to visitors through brochures, newsletters and advertisements in magazines published by business associations or private promoters.

The region also lacks a centralized, public visitor information/protection system that could provide accurate and reliable information about the different attractions, activities and service providers of the region. Nor has South Sinai developed a mechanism to deal with customer satisfaction and complaints in a positive way.

1.5 ASSESSMENT OF NATURAL AND CULTURAL RESOURCES

1.5.1 General description

According to information provided by Dr. Mohamed Salem, Head of the South Sinai branch of the Egyptian Environmental Affairs Agency (EEAA), the management of the South Sinai Protected Area (PA) system reverted entirely to EEAA only in 2005, which helps to explain why certain management actions are just now being implemented.

To protect the marine and terrestrial ecosystems of South Sinai, five national parks and protectorates were created. Covering in total the equivalent of 25% of the land area and managed under Law 102 of 1983 by the EEAA, these are:

- **Ras Mohamed National Park**, declared in 1983; borders amended 1996 and Egypt's first National Park.
- **Nabq Managed Resource Protected Area**, declared in 1992; borders amended in 1996.
- **Abu Galum Managed Resource Protected Area**, declared in 1992; borders in amended 1996

In 1996 the boundaries of these three Protected Areas were expanded and the entire Gulf of Aqaba within Egyptian waters and up to the high water mark was declared as an integral part of them.

- **St. Katherine Protected Area and World Heritage Site**, declared in 1988; borders amended in 1996 and centred on the historic St. Katherine's Monastery and Mt. Sinai.

- The inland **Taba Protected Area**, declared in 1998.

Based on the projected doubling of tourist numbers from 3.5 million in 2006 to 7.0 million in 2017, a straight line extrapolation would indicate that 1.38 million will visit the protected areas in 2017 as shown by protectorate in Table 4.2.

Table 5.2: Projections of Number of Tourists in Each Protected Area by 2017

Protected Area	2006 Visitation	Projected 2017 Visitation
Ras Mohamed National Park	289,350	578,700
Nabq Managed Resource Protected Area	14,300	28,600
Abu Galum Managed Resource Protected Area	13,700	27,400
Taba Managed Resource Protected Area	80,000	160,000
St. Katherine Protectorate and World Heritage Site	291,000	582,000
Total	**688,350**	**1,376,700**

Source: EEAA, PA Consulting Group

1.5.2 Summary of main issues

The following summarizes the main conclusions of our research related to protected area management and tourism in South Sinai:

- The Protected Area (PA) system is unable to meet its budgetary needs for staff, facilities, resources and equipment. They receive only a small portion of the US $3,200,000 they generate each year (as of 2006).

- As the current levels of funding for management and staffing, the PA system will not be capable of handling the projected 1.38 million visitors by 2017.

- The PA system could capture additional entrance fees vis-à-vis the quality of the resources they hold.

- The restoration of some resources and environments within the PAs require immediate attention.

- There is a need to develop comprehensive management plans for Abu Galum and Nabq. St Katherine's management plan needs to be prepared again or be approved in its current form. The plans for Ras Mohammed and Taba need to be completed and approved. The management plans need to focus on the concept of enhancing the visitor's experience rather than just creating rules and regulations.

- There is need to develop carrying capacity studies and monitoring programs – especially for areas not included in the 40 or so dive sites in the Ras Mohammed National Park and other marine protected areas.

- Management approach of PA system needs to revolve less around scientific research and focus more on fact-based information supporting decision-making to resolve all the complex issues arising from visitor use and local population productive activities.

- There is an opportunity to develop a clearer branding strategy for the PA system. This would provide visitors with a clearer sense of being in an Egyptian PA.

- There is a need for more emphasis on the basic principles of sound management planning and design to assist visitors to appreciate, understand and enjoy the PAs.

- Most of the PA's interpretive centres do not function effectively. The visitor use strategy of the South Sinai's PA system needs to focus on providing better interpretation in order to increase effective visitor management within the PAs.

- There is no central place to get information on the PA system. This is a consequence of a lack of public and visitor outreach strategy.

- While PA staff is of very high quality, morale is poor due to limited resources, operating budgets and equipment.

- There is a need to encourage and expand non-governmental organizations (NGOs) to collaborate with the National Parks of Egypt.

- There is a need to develop an Integrated Coastal Zone Management (ICZM) planning strategy or implementation plan along the entire coast. The lack of this instrument determined that development activities are not planned "proactively" but are regulated "reactively".

- Much of the coastline is covered with abandoned, partially-constructed hotels and others are either vacant or out of business. This creates visual pollution that affects visitor's perception of the value of the PAs.

- Vessel waste dumping in the Gulf of Aqaba is a major issue that needs to be addressed as much of it ends up on the beaches of Abu Galum, Taba, Nuweiba, and Dahab

1.6 ASSESSMENT OF MONITORING PROGRAMMES AND EQUIPMENT

1.6.1 Background to Tourism Monitoring in South Sinai

Monitoring of tourism activities in the PA system in South Sinai has not been organized to serve as an early warning system for park managers of potential risks and as a signal for possible action. In general terms there are three key aspects to monitoring:

- **Monitoring visitor impacts**. Managers need to understand the environmental, economic and social impact that visitors are having so that positive impacts can be maximized and negative impacts minimized.

- **Monitoring tourist service quality**. If the protected areas, or sites within them, are to attract tourists, the quality of the experience of those tourists needs to be monitored.

- **Monitoring management performance.** Managers need to understand the effectiveness of their actions in terms of success or failure.

1.6.2 Current Monitoring Situation

Although there is a strong drive towards responsible management of the parks, there is an opportunity to increase knowledge about the interdependencies between tourism as a service industry and overall park management. This limited knowledge of the dynamics of the tourism industry has in effect resulted in conservation-oriented monitoring programmes in the parks. The five parks have a strong economic and spatial association with popular tourism destinations like Sharm El-Sheikh, Nabq and Taba, but limited monitoring and analysis of the state of tourism and the economic and environmental associations with the parks.

1.6.3 Limitations

Tourism-related monitoring in each of the five South Sinai protected areas has not been effective due to many shortcomings:

- **No process of improvement in the park's tourism decision-making** – increasing risks and costs to the park.
- **Lack of identification of emerging issues in the park's tourism circumstances** – hindering preventive actions.
- **No regular means to identify and measure the impacts of tourism on the park** – encumbering corrective actions when needed.
- **No measurement of the performance of the implementation of plans and management activities** – hampering the evaluation of progress in the sustainable development of tourism.
- **No foundation on which to base tourism planning or reduce risk of planning mistakes** – as the limits and opportunities of tourism development are not identified.
- **Little accountability** – lack of credible information for the public and other stakeholders of tourism does not help to foster accountability and stakeholder consensus.
- **Lack of continuity** – tourism-related solutions are not built into management because a lack of constant monitoring cannot lead to continuous improvement.

A key limitation of the data collected by the South Sinai parks is essentially the need to improve their regularity and accuracy, otherwise any monitoring program will be ineffective and even misleading.

1.6.4 Monitoring and Measurement Practice

Park managers and rangers in South Sinai operate in an environment which can be considered as data-rich but information-poor. None of the parks have any type of monitoring indicators, except some indicator species as in St. Katherine and Ras Mohamed. Currently, there is relatively no indicator measurement in the parks to measure and react to:

- **Changes in a park's internal tourism factors** – measures of the park's tourism services, facilities, and products.

- **Changes in the external factors which affect tourism in a park** – measures of the current state of the tourism industry and the tourism market conditions in South Sinai.

- **Changes caused by tourism** – measures of stress on the park's natural and built resources as well as the impact on the biophysical and socio-economic environments

- **Changes in management effort and effect** – measures for performance and the impact of performance; (i.e. how good is the management in the park in dealing with tourism issues?)

Tourism Impact Monitoring Tools (reported by Park Managers)

- Annual tourism surveys
- Surveys of eco-lodges
- Reports from tour operators
- Analysis of trends in entry fees
- Patrols by rangers
- Reports from the local community
- Reports from the tourism and coastal police
- Information from the City Councils
- Information from hotels

Only a small part of the third category (changes caused by tourism) has been applied. With the exception of some areas in the St. Katherine National Park (SKNP) (which has a detailed management plan in process of approval), there is lack of formal and standard monitoring procedures.

An initial review of the park's current monitoring methods and measurements reveals that the forms in which monitoring outcomes are expressed are limited to either raw data or some category indices.

An assessment of quantitative and qualitative monitoring measures in South Sinai protected areas show that:

- Raw data is the dominant means of measurement.

- Indicators like ratios and percentages to relate data sets to other data or benchmarks are not commonly used.

- Category or nominal indices are sometimes used and predominantly on a park-wide level.

- Opinion-based indicators are rarely used.

- Deliverables from monitoring do not translate insight to action. This can be largely attributed to lack of park-wide management tourism plans.

- High-level data collection is more prevalent than monitoring all levels of park tourism planning and management and production of the relevant indicators at different scales.

Lack of equipment has been perceived as a constraint to the management and monitoring of the protectorates and all the park staff interviewed identified specific equipment needs. However, it is not possible at the present time to say whether the protectorates have the equipment they need to monitor tourism effectively. These needs can only be identified when a strategy for monitoring tourism has been developed.

1.7 MONITORING PARK PLANNING AND MANAGEMENT

Park tourism destination and product planning is absent and accordingly monitoring as a basis for plan measurement and indicators for tourism planning are missing. This is presented in Table 6.1 below.

Table 6.1: Assessment of Tourism Planning Strategies and Relevant Monitoring in South Sinai Protectorates

TOURISM PLANNING PROCESS	CURRENT SITUATION IN SOUTH SINAI PARKS	
	PLANNING	**USE OF MONITORING INDICATORS**
1. Definition/delineation of tourism destinations/tourism development areas within the park.	There is some definition and delineation of tourism areas.	The definition of tourism areas data does not reflect data boundaries (tourism clusters for access and utility).
2. Establishment of a participatory tourism planning process in the park.	There is limited use of participatory processes for tourism development. Some were used in the past, for example in SKNP, but are currently not applied.	Indicators are not part of a participatory planning process and do not act as a catalyst to stimulate it.
3. Formulation of a tourism vision and mission statement.	▪ Some identification of tourism assets and risks. ▪ No long term vision or strategies for park as a tourism destination – no clear definition.	Indicators are not considered essential to identify existing vision, or to clearly define key developments of the parks' mission.
4. Initial assessment and analysis of tourism assets, risks, impacts (situational analysis).	▪ No selection of priority issues and policy questions. ▪ No analysis of tourism assets. ▪ Limited risk assessment through carrying capacity of key sites and selection of indicators. ▪ Limited inventory of data sources, or data collection and analysis for tourism strategies. ▪ EIA regulations of Law No. 4 apply but there is ambiguity about their implementation within the parks. No specific guidelines exist for EIA for tourism projects within the parks.	▪ Indicators are not regarded as essential to clarify key issues, assets, risks and provide accurate information on them. ▪ No use of indicators to report on the results of the initial assessment to stakeholders or decision makers.
5. Setting up tourism development objectives (for the short, medium, and long term, according to priorities).	No tourism development objectives in place.	▪ Indicators do not help to provide clarity to development objectives – are not used to set targets and performance measures. ▪ Monitoring is not seen as essential for the definition of clear targets, timeframes and communication among management or stakeholders.
6. Formulation and evaluation strategies targeting development objectives.	Data gathering and analysis to support tourism do not occur on an on-going basis.	Indicators are not used to define or analyze fit between conservation issues and tourism strategies.
7. Formulation of Tourism Plan	Policy objectives do not target	Indicators do not become key

TOURISM PLANNING PROCESS	CURRENT SITUATION IN SOUTH SINAI PARKS	
	PLANNING	USE OF MONITORING INDICATORS
and implementation projects.	development or capacity of park to support tourism.	performance indicators for tourism projects or activities and hence do not assist in defining specific targets.
8. Implementation of Tourism Plan and implement projects.	Accountability, reporting and communication of a tourism plan do not exist.	Monitoring indicators are not part of the monitoring and evaluation process in park tourism. They are: ▪ Not used in management processes. ▪ Not part of the processes in achieving tourism objectives. ▪ Not used in tracking changes in environmental and socio-economic conditions as a result of actions. ▪ Not part of the public accountability for public accountability and results.
9. Monitoring and evaluation of plan and project implementation	Monitoring and evaluation of tourism-related activities or projects is not conducted on an ongoing basis with reporting of results.	
10. Monitoring and evaluation of plan and project implementation	Monitoring and evaluation of tourism-related activities or projects is not conducted on an ongoing basis with reporting of results.	

Source: PA Consulting Group

1.7.1 Sustainability Issues in Park Monitoring

Out of the five protectorates, St. Katherine National Park (SKNP) had the most monitoring activity likely due to its status as a World Heritage Site. Of the ten categories of sustainability issues, the following were the only ones with some activity: sustaining of cultural assets (SKNP only); capturing economic benefits (all); conservation of natural resources (all); controlling tourism activities (all); and destination planning and monitoring (SKNP only). The sustainability categories with no activity are: impacts on host communities; promoting public awareness and involvement; health and safety; and product development, marketing, and branding.

Note that these results do not reflect whether sustainability issues have been taken into consideration as part of the parks' management and operation; rather, they indicate whether the park management has a monitoring system in place to track the impact of change.

1.8 ASSESSMENT OF BASIC AND TOURISM-RELATED INFRASTRUCTURE

1.8.1 Present Status of Infrastructure Investment

The high investment cost of infrastructure and limited public funds, coupled with the narrowness and dispersion of domestic markets and weak ability to pay by local residents, are major impediments to public investment in South Sinai. The issue is further exacerbated by the reluctance of private businessmen to fulfil their obligations of securing infrastructure services in areas allocated specifically for tourism development (TDA land).

1.8.2 Transport infrastructure

A. ROADS

The road network serving South Sinai consists of 1,565 km. of main roads and nearly 946 km. of local "internal" or secondary roads, of which one-fifth is still unpaved. The majority of South Sinai tourist destinations are served by these main roads through short-distance minor roads, most of which are paved. In general, the main roads have been progressively improved and now have good surfaces and alignment.

The public budget allocated in the Sixth Five Year Development Plan for road projects (LE 56.3 million) corresponds to only 20% of the total investment cost of road projects as proposed by the South Sinai Governorate (LE 282 million), implying partial implementation and/or postponement of some projects. Also there is no prioritization of road projects.

B. AIRPORTS

There are four airports in South Sinai located at Sharm el Sheikh, St. Katherine, El Tur and Taba (Ras el Naqb), in addition to some small airports serving mining and petroleum companies in Ras Sidr, Feiran, Abou Zeneima and Abou Redies.

Sharm el Sheikh Airport is an international airport located 15 km from the city, is the main airport in South Sinai and ranks second after Cairo Airport in terms of number of flights and passengers.

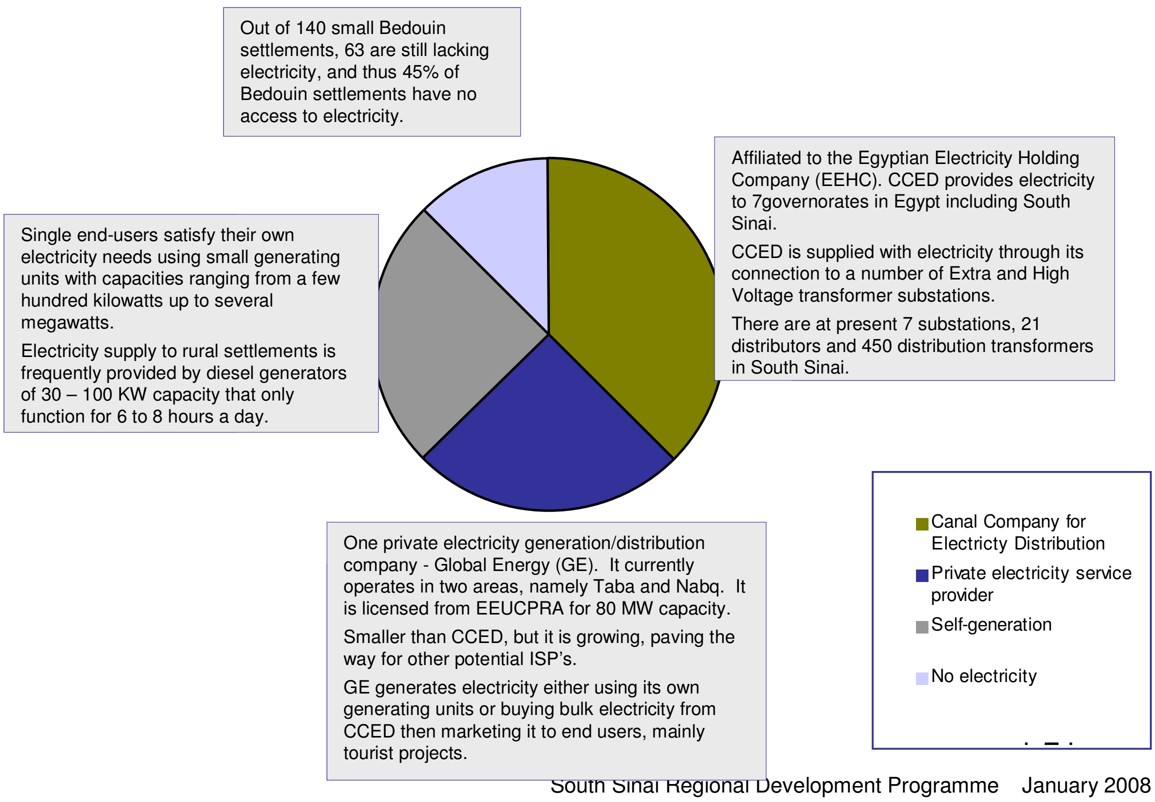
C. SEAPORTS

Seaports in South Sinai come under the Red Sea Port Authority and are located at Nuweiba, Sharm el Sheikh and El Tur.

1.8.3 Electricity

The Delta Company is in charge of electricity generation in South Sinai. All cities in South Sinai are now connected to the national grid. Nominal capacity is about 434.3 MW and actual capacity is nearly 251 MW. Approximately 75% of this capacity is installed in Sharm el Sheikh.

South Sinai loads are mainly supplied with electricity from one or more of the following three sources: The Canal Company for Electricity Distribution (CCED); Private Sector Electricity Service Provider (ISP); and Customer (end user) self generation and distribution system as illustrated by the following graph:



In general, tourist resorts do not complain about the power supply, and power cuts and voltage fluctuations are rare. The extension of power supplies to all villages and Bedouin settlements remains, however, a key issue.

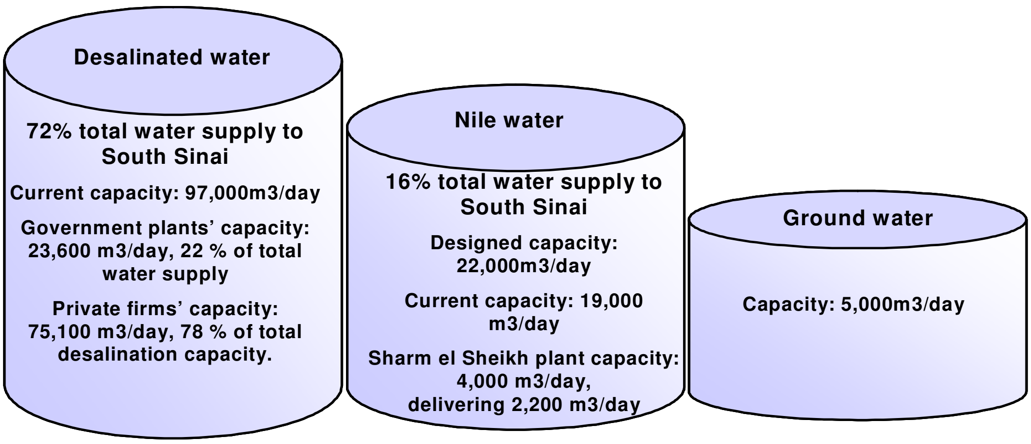
The forthcoming Sixth Development Plan (2007/08-2011/12) includes provision for the installation of a power station with a capacity of 750 MW at Sharm el Sheikh, and a 350 MW steam station at Oyoun Mousa. The investment cost of these two stations is estimated to be about LE 5 billion.

1.8.4 Water and sanitation

A. POTABLE WATER

There are three sources of water supply in South Sinai: ground water, desalination and Nile water carriers. Based on the latest data (2007), total actual water production capacity amounts at present to about 134,000 m^3/day. The following graph illustrates the main characteristics of the three main sources of water supply:

.



Complaints about water shortages are common. The total water supply from the Nile and desalination plants, which amounts to about 26,000 m^3/day is clearly inadequate to satisfy the needs of existing tourist establishments as well as urban centers along the Suez Gulf.

B. SANITATION

Tourist resorts rely on their own on-site collection and treatment systems. Each tourist hotel or village has a small–scale activated sludge treatment, with the effluent being reused for watering green areas. Over the past ten years, nearly LE 310 million have been invested by the South Sinai Development Authority to improve sanitation services.

For the forthcoming Sixth Development Plan, the Ministry of Local Development has proposed some sanitation projects in the South Sinai Governorate. The Ministry of Housing and Utilities plans to execute a set of wastewater projects in the coming five years mainly in the El Aqaba region.

1.8.5 Telecommunications

South Sinai is reasonably well-served with telephone land lines that are all linked to El Tur central exchange by microwave stations. In addition, there are 20 post offices and 15 telegram offices in South Sinai providing reasonable services. The main towns are covered by the two commercial mobile phone systems.

1.8.6 Public Investment

A. CRITICAL OBSERVATIONS

- The El Aqaba region and particularly Sharm el Sheikh, seem to be better supplied with public services than the Suez Gulf region, where most of the resident (i.e. non-tourist population) and Bedouin settlements are located.
- The distribution of public investment in water and wastewater projects displays an attempt to meet the growing demands of tourist resorts in the Aqaba Gulf region. Unfortunately, this seems to leave little room for investment in projects that would benefit local and Bedouin populations in the Gulf of Suez region.
- Lack of co-ordination between stakeholders is a serious issue. Local authorities' projects could have been more beneficial if linked to major development schemes.
- Investment data are sometimes inconsistent, depending on the source of information or the time frame.
- Cost effectiveness and cost efficiency are not usually considered as guiding principles for public investment. This is understandable given the pressing needs faced by the Governorate in providing services to the rapid growing resort areas..

1.8.7 Private Investment

A. TOURIST ACCOMMODATION

The rapid growth of resort destinations in South Sinai is attributable to the improved private investment climate mainly due to:

- the policy resolutions embraced by the government to encourage operations of charter flights, building permits for hotels and tourist establishments, and allow private investment in infrastructure projects;
- accelerating the privatization process and launching extensive marketing campaigns;
- the Tourism Development Authority (TDA) policy of supplying land at a nominal price (US$1 per m^2) and soft loans for developing infrastructure projects; and
- the image that the region has developed in recent years with Sharm el Sheikh labeled as the *City of Peace* hosting international conventions and prominent guests;

1.8.8 Private hotel and tourist-related investment

A. SPATIAL ALLOCATION

Sharm el-Sheikh city with its extensions in Nabq and Montazah acts as a magnet for hotel investment. Sharm el Sheikh accounts for 72% of total lodging capacity in South Sinai and 46% of total lodging capacity under construction in South Sinai.

B. DELUXE HOTELS

There is a strong bias in favor of 4- and 5-star hotels and tourist villages, accounting for 75% of hotel capacity and tending to increase its market share further. It seems that there is a strong positive correlation between hotel category and room occupancy rate.

C. NICHE MARKETS

Because of fierce market competition and frequent downward price pressures in the mass tourism business, some investors have turned to developing niche markets by establishing elegant hotels targeting high-end tourists and high-income market segments.

D. TIME-SHARE ARRANGEMENTS

Some investors have resorted to time-share arrangements as a means of securing liquidity, diversifying hotel income and mitigating the mass tourism risk. This investment pattern has not been successful.

E. RESIDENTIAL TOURISM

Developers have started to use inland sites behind the coastal strip for real-estate investment. Most buyers of residential units were Egyptians, but over the past three years, about 3,000 units were sold to foreigners. There are some constraints that may impede the long-term growth of residential tourism: the decree of 2005 confining real estate transactions to leasing, the lack of mortgage availability and the time-consuming registration process.

F. TOURIST-RELATED ACTIVITIES

There is a trend to focus on tourism-related activities that are complementary to the hotel business but operate independently, offering their services to a larger clientele.

1.8.9 Scale of Tourism Development

A. THE INSTITUTIONAL SET-UP

The main difference between the two organizations in charge of allocating land for development relates to price. TDA provides land at a nominal price of US$1 per m^2 while governorate lands are provided at more or less market prices.

Another important difference relates to the scale of tourism development and the legal status of developers or investors. Lands under the jurisdiction of the Governorate are usually divided into smaller plots compared with TDA's land divisions and are sold to individuals or companies regardless of legal status. TDA deals only with joint-stock companies having at least 51% Egyptian equity participation for projects located in Sinai.

1.8.10 TDA achievements

Considering the implementation status of TDA projects, the following points are relevant:

- the concept of an ***infrastructure mother company*** has not yet been fully grasped by developers;
- because of the scale of investment required, ***integrated development schemes*** are still very limited in number; and
- the individualistic pattern of tourism investment is predominant with the prevalence of ***limited development projects***.
- TDA's prompt monitoring and follow-up of projects under implementation has revealed a number of infringements resulting from non-compliance with TDA regulations and instructions.

1.8.11 TDA tourism investment

TDA figures on investment in tourism are only rough estimates based on some assumptions concerning the average cost of per hotel room and the share of infrastructure, due to a lack of financial and cost accounting staff and experts.

Table 7.1: Planned capacities and investment costs of new hotel construction

	Aqaba Region	Ras Sidr Region	Total
Planned Capacity ('000 rooms)	**58,990**	**23,000**	**81,990**
Investment Cost Estimate (LE million)	11,798	4,600	16,398
Infrastructure Cost Component (LE million)	1,767	690	2,457
Share of infrastructure cost (%)	15	15	15
Average Total Investment Cost per Room (LE 000)	200	200	200

Source : TDA, Sparkling Lights in the Desert, Achievements of Tourism Development 2002.

1.8.12 Tourism Investment and Sustainable Development

A. MARKET DISTORTIONS

The prevailing market structure makes South Sinai a cheap tourist destination. The argument that oversupply of hotel accommodation leads to fierce, cut-throat competition should be seriously considered. Promoting mass tourism in South Sinai is considered as a short-term strategy that does not ensure the sustainability of the tourism industry. Given the present status of market imperfection and price manipulation policies leading to low economic yield, South Sinai's large-scale development will become a major threat to the long run survival of the region as a center of excellence and as an attractive nature-based tourism destination for the global market.

B. ENVIRONMENTAL IMPACT

The real challenge facing South Sinai is how to avoid or reduce the negative environmental impact that may be associated with uncontrolled mass tourism, and how to stimulate new forms of tourism that are environmentally sustainable.

C. COMMUNITY PARTICIPATION IN LOCAL DEVELOPMENT

Te Bedouin are not part of the tourism revival in South Sinai. They consider themselves as leftovers. Unless they are largely and fairly included in the development process, the sustainability of tourism development will be hard to achieve.

D. HUMAN RESOURCE DEVELOPMENT

At present, South Sinai's tourist establishments manage to meet their labor needs by offering higher wages and salaries and recruiting migratory workers from other governorates in Upper and Lower Egypt.

By 2017 according to some estimates, hotel capacity would reach nearly 275,000 rooms with a need for some 825,000 new workers. In the long run new hotel capacity will face a drastic shortage of specialized and well-trained staff. Failure to achieve these goals will put at risk the sustainability of tourism development in the region.

1.9 ASSESSMENT OF LEGAL ISSUES RELATED TO TOURISM

This section of the report outlines the main elements of the key laws which affect the tourism sector in South Sinai. The following graphic summarizes the main legal and institutional issues affecting the development of sustainable tourism in South Sinai:

Tourist Areas Outside City Limits - TDA	Tourist Areas Inside City Limits - Governorate of South Sinai	Natural Protectorates	Tour Operators and Tour Offices	Tour Guiding	Diving

There is a diversity of agencies and authorities responsible for environmental protection, control, and monitoring tasks.

There is insufficient inspection and oversight of tourist projects intended to ensure compliance with the regulations and laws upon which the EIA was based. This has resulted in the deterioration of hotel services, to the extent that a 5 star hotel may only deserve an evaluation of a 3-star lodge.

There is insufficient public awareness of the issue of environmental protection.

The procedures and diverse stages for contracting investors and allocating their lands are lengthy and complicated.

Different rules are applied to selling land between TDA and the projects inside the cordon of the Governorate.

There is a conflict of authority over Nabq between TDA and the South Sinai Governorate.

There is a shortage of patrolling and monitoring boats inside the protectorates.

There is insufficient enforcement of regulations governing the natural protectorates due to the shortage of workers and lack of experienced personnel in those protectorates.

There are a lack of services within the protectorates, which are necessary to attract tourists, a lack of any development projects therein, and access to them is difficult due to the unpaved roads.

Diving center licensing procedures are centralized, as licensees are obliged to process their applications in Cairo.

TDA environmental monitoring employees are not authorized as judicial law officers.

Land allocation procedures are subject to a complicated bureaucracy and have to be concluded at TDA's Cairo headquarters.

There is a diversity of agencies/authorities responsible for the natural protectorates (MOT-MSEA-EEAA-Protectorates Sector at the South Sinai) under which the protectorates have not witnessed any developments.

1.10 TRAINING NEEDS ASSESSMENT AND STAKEHOLDER ANALYSIS

1.10.1 General Findings

The workforce employed in hospitality and tourism in South Sinai is estimated at around 60,000[1]. The current level of expansion is catered for by temporary workers from the Cairo to Alexandria region, influencing the high staff turnover rate. Fewer than 23% of tourism workers remit less than 50% of their wages home, the average being 63% of wages remitted[2].

Job creation is the central tenet of the National Plan to develop Sinai[3], and will have a significant impact on population numbers. This report suggests that the development plans for South Sinai need to be matched with a human resource development strategy that includes encouraging permanent population growth.

1.10.2 Public sector

A. TOURISM PLANNING AND DEVELOPMENT

Six out of South Sinai's eight municipalities would prefer product development and market readiness training. More training in the proactive management of tourism within the scope of the municipal mandate is necessary.

Sharm el Sheikh and Dahab, with more developed accommodation, have shown a preference for information systems to record tourism activity more effectively, in order to enhance decision-making.

TDA's South Sinai office manager informed us that as most employees of the TDA are usually civil engineers, they have limited understanding of what is meant by sustainable tourism development and that the Ministry of Tourism does not provide training for them on such issues.

The Egyptian Tourism Authority works under the umbrella of the Ministry of Tourism with its own identity, to increase inbound and domestic tourism. The region therefore has a limited say in how it is promoted, and country-wide marketing does not reflect regional distinctiveness.

B. NATURAL AND CULTURAL RESOURCES' PROTECTION

The Egyptian Environmental Affairs Agency (EEAA) shared their concerns for the preservation of South Sinai's resources. Further coordination between the authorities in charge of tourism marketing, tourism land use planning, the EEAA and the Supreme Council of Egyptian Antiquities has been called for. Some sites are under great pressure. EEAA will receive funding from EURAid to improve the resources available to police their sites. Besides this funding, key staff at the EEAA showed interest during interviews in

---

[1] Human Resource Development and Training Unit (HRDTU), Egyptian Tourism Federation estimates.

[2] Goodwin, H. & Makary, S (2005) Poverty impacts of tourism in South Sinai, Supporting Environmental Assessment and Management Programme (SEAM), unpublished report.

[3] National Plan for Development of Sinai, 1998.

testing self-financing models that would allow more proactive management at protectorate level of both income and expenditure and greater autonomy from central government.

Heritage conservation and management is important in South Sinai, as this is one of the few ways to differentiate South Sinai and capitalize on its uniqueness for tourists. However, the challenge is to achieve the long-term self-financing of these sites.

1.10.3 Accommodation

For training purposes, it is hotels that are most important. The majority have over 100 rooms and have well established management structures. International hotel chains have well developed training programs and manuals, while Egyptian owned hotels in the main are less structured in training terms. Few hotels have a dedicated staff training manager; in the main hotels, training is limited to operational on-the-job training (imitating peers) and induction.

The implementation of training programs is also hindered by high staff turnover resulting both from staff moving between hotels, as well as the inability of young males to form families and settle in Sharm el Sheikh.

1.10.4 Travel agencies

The number of travel agents with head offices in South Sinai are 24 (12 A and 12 C type), while there is no official record of the number of branches from agencies based elsewhere. Without qualifications available, knowledge of a foreign language is usually the only pre-requisite to work in a travel agency.

The Egyptian Travel Agencies Association (ETAA) sees training as a key priority to professionalize travel agencies nationally and in South Sinai in particular. It plans to develop training standards to reach national skills standards, with qualifications for each position required and a clear career structure.

1.10.5 International tour operators

There is an increased interest by European tour operators in promoting sustainability amongst their suppliers. Tour operators are providing marketing benefits to audited hotels that reach high sustainability standards in both environmental and social/labor aspects.

At the same time, the UK's Travel Foundation has developed sustainability training materials for hotels, translated them into Arabic and is distributing them in South Sinai during 2007. The Travel Foundation is also interested in using the training possibilities derived from the development of an Ecoguide certification in South Sinai to develop parallel travel agent and tour operator staff training materials on sustainability.

1.10.6 Guides

Guiding in South Sinai has not followed the national syndicated system (as for most rural or nature-based destinations). Guides working in such destinations are representatives sent by travel agencies to accompany the guest during the excursions (tour conductors rather than guides). The Guide Syndicate estimates that only 5% of the guiding work in St. Katherine is conducted by the 30 syndicated guides working in the area.

Some licensed guides work as eco- tour guides in rural and nature based destinations. However, the turnover of such guides is very high, because they are mainly trained in history or Egyptology and do not understand eco-tourism. Short training courses on the general environmental and cultural characteristics of the destination are given by some tour operators.

The Egyptian Syndicate of Guides is receptive to the idea of a category of local guide and introduce this legally into its framework of membership and qualifications. This would legalize the situation of many Bedouin guides working in St. Katherine and other tourist sites.

1.10.7 Dive and snorkeling operators

Thanks to well understood international standards such as PADI, diving is well regulated and properly administered locally. Members of the South Sinai Association for Diving and Marine Activities (SSDM) have high standards and contract only qualified instructors. The dive instructor license is compulsory in order to be employed by a dive operator in South Sinai, and must be renewed annually.

Snorkeling and other marine activities are less well-regulated. While there are strict health and safety standards imposed by European tour operators when contracting, the majority of tourists buy direct on arrival (based on price). In doing so they are not protected by the tour operator, and usually get a lower quality product.

1.10.8 The Bedouin community

Sedentary populations mainly work as laborers, drivers (taxis, pick up trucks for deliveries of goods) and provide tourism services. Small minorities continue traditional lifestyles as semi-nomadic herdsmen, particularly in areas far from tourist attractions. Tourism has stimulated growth in construction, particularly hotels and infrastructure, which supports many other families in the region. Training is needed to enable the Bedouin to insert themselves into the tourism industry.

1.10.9 Training providers

Training opportunities are limited in South Sinai. The Hospitality and Tourism Institute in Ras Sudr, and the much smaller secondary school for hospitality in El Tur, are the only two institutions available. Although most of the labor force is not native to South Sinai, formal training is not expected when recruiting for most positions. The most innovative training framework is that of the Egyptian Tourism Federation’s HRDTU, working closely with the Ministry of Tourism in human resources development and training.

Because building permanent training centers is costly and a long-term project, the strategy at present has been to use one hotel as a temporary training centre, and train district by district, with highly qualified key managers in international hotels doing the training.

2. STRATEGIC ANALYSIS

2.1 SWOT ANALYSIS FOR SOUTH SINAI TOURISM SECTOR

The results of the analysis of the Strengths, Weaknesses, Opportunites and Threats of the South Sinai tourism industry are summarised in the following table:

STRENGTHS	WEAKNESSES
• Proximity to major European travel markets (west and east) • Served by wide range of tour operators and charter carriers • Sun, sea and sand destination with year-round warm climate • Has few competitors as winter destination for Europeans • High percentage of repeat visits • High satisfaction ratings • Good sea water quality/marine life for diving/snorkelling • Inexpensively-priced destination • Core product is 4- to 5-star resort hotels • Wide range of international hotel brands • Special-interest products available (e.g. windsurfing, religious, cultural) • Easy access to Bedouin culture • Good range of excursions available • Existence of five Protected Areas • Good communication network between main centres • Potential to develop a range of differentiated products	• Few scheduled air services • Undeveloped inland tourism infrastructure and systems • Much of current market environmentally insensitive • All-inclusive packages limit spread of benefits to local community • Typical tourist is mid- to low-income and low-spending • Quality of product inadequate to attract more discerning/higher-spending markets • Inadequate Sinai brand image • Little Sinai-specific information or promotion • Lack of individuality/character in many resorts/hotels • Limited cultural and natural inland attractions • Only two iconic attractions • Dependence on packages from international tour operators inhibits higher value tourism (FITs, MICE etc) • Marketing and tourist industry in hands of international tour operators and charter airlines • Reputation as a terrorist target • Security bureaucracy inhibits spread of higher-value tourism • Apparent lack of cohesive regional tourism master plan • Lack of social investment to create committed local community • Supply-led development keeps prices down and yields low • Inadequate control of unlicensed operators • Inadequate policing of environmental standards • Lack of committed policy to encourage tourism SMEs • Lack of language and formal education skills among Bedouin • Sinai promotion undertaken centrally • Lack of monitoring in Protected Areas • Current infrastructure unable to cope with increase in visitors • Growing reputation for poor environmental management • Insufficient staff training across most sectors
OPPORTUNITIES	**THREATS**
• Growth in adventure travel market in Europe • New and emerging tourism markets eg Eastern Europe, China, India	• Further terrorist incidents • Decline of IT tourism in Western Europe • Potential changes in taste, fashion or

• Increase in FIT market in Europe • Apparent willingness of central government to support regional tourism planning • Increasingly liberal air transport looking for new destinations • Growing use of Internet as a marketing and sales opportunity in Western European markets • Growing maturity of Eastern European travel markets • Growing demand by Europeans and Egyptians/Arabs for holiday and second homes • Expanding LCC network market in Middle East	security/health perception in 3 core markets • National government delays in implementing open skies policy • Widening gap between required international standards and standards delivered in South Sinai • Declining demand for destinations with poor environmental standards • Emerging destinations continue to attract South Sinai's core dive markets • Higher yielding markets' loyalty to South Sinai eroded by influx of bottom-end tourists • Plans to replicate Sharm's volume image elsewhere eg in Dahab • Continuation of policy transferring Protected Area user charges to central authorities

2.2 SOUTH SINAI'S COMPETITIVE POSITION

The situational analysis included an examination of the price competitiveness of South Sinai for its main leading origin markets in the context of its main competitors and a survey of the market for nature/special interest tourism. It also included an examination of the hotel pricing which has applied to South Sinai in comparison to other parts of Egypt and other destinations in the region.

A. COMPETITIVE POSITION IN WINTER

South Sinai has an almost unique position for winter leisure travel. While there is no real competitor in terms of price and distance, the main comparable winter sun destinations at relatively budget prices are the Caribbean, the Canary Islands, Goa in Asia and the Gambia and Mombasa in Africa. In the Middle East, Dubai and, as emerging destinations, Abu Dhabi and Oman, are strong or potentially strong winter competitors but involve longer travel times from Europe, are more expensive, and generally attract a more up-market clientele.

B. COMPETITIVE POSITION IN SUMMER

In summer there are a host of competing destinations for South Sinai's product offering. Countries bordering the Mediterranean, notably Spain, Italy, Greece, Cyprus and Turkey on the northern shores, and Tunisia and to some degree Morocco on the south, as well as other emerging destinations such as Croatia and Bulgaria, all compete for much the same markets and are in similar price bands. All are served by a dense network of charter airlines. Because of the commoditised nature of the sun and sea product – the destination itself is often of secondary importance - the package holiday market to resort destinations is fickle and responds quickly to price and security issues. This makes South Sinai especially vulnerable.

Generally, however, the analysis showed that in absolute terms, South Sinai is a relatively cheap destination which places it in a different category to, for example, destinations such as Dubai where the winter market is also strong, or Oman where the same applies but where regulated volumes ensure that tourism remains relatively up-market.

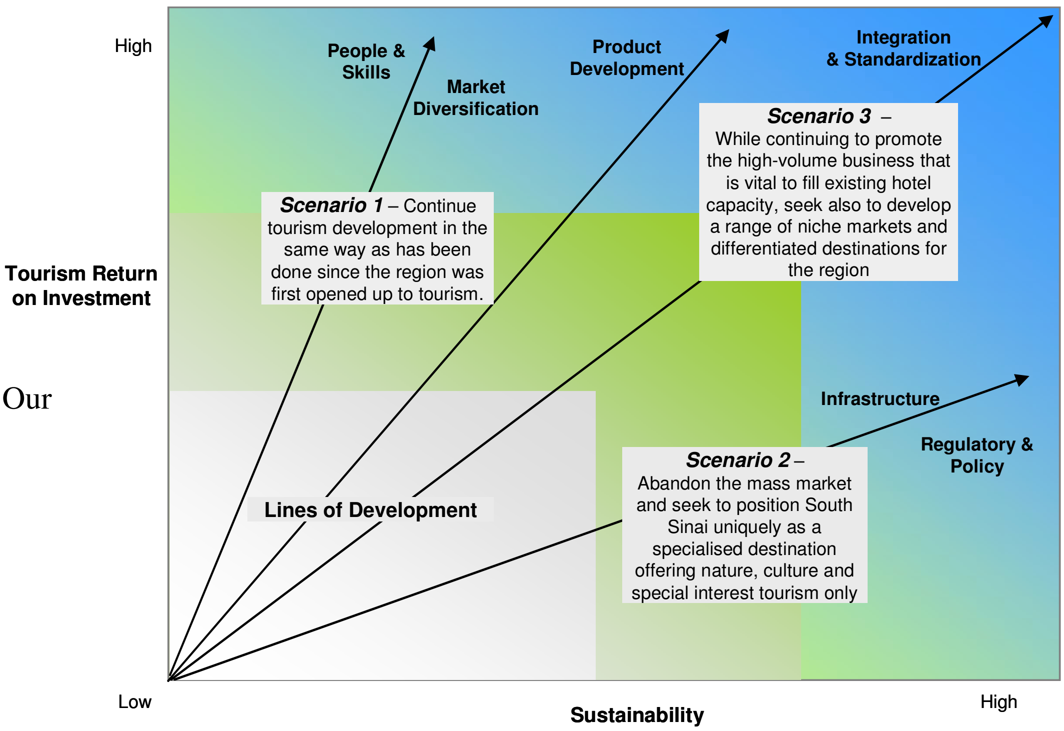
Since the market, or more accurately the markets, for adventure, cultural and nature-based products are specialised, these are more likely to visit a succession of different destinations, with repeat visits being the exception. Competitive destinations offering desert and mountain terrain, within similar flight times from Europe are Morocco, Tunisia, Libya, Jordan, Syria and Oman, and of course other locations within Egypt such as the White Desert.

2.3 HOTEL PRICES AND YIELDS

Our analysis of the hotel price structure in South Sinai showed that, despite the region's success in terms of the number of tourists it attracts and the occupancy rates that hotels achieve, there has been little or no growth in room rates expressed in international currencies for some years. This fact underlines the price pressures that have been applied to the accommodation stock in the region by international tour operators, as well as the effects of supply and demand where hotel supply has expanded very rapidly – arguably too rapidly for the underlying market conditions.

2.4 GENERAL DEVELOPMENT SCENARIOS FOR SOUTH SINAI

The PA Consulting team considers that there are broadly three possible scenarios that could be adopted in establishing South Sinai's future tourism development policy.



Our recommendation that South Sinai should pursue **Scenario 3**, which, in a nutshell, implies taking steps in the short/medium term to ensure that the volume market is sustained and that yields are maximised, and in the medium/long term to diversify the tourism product throughout the region in order to develop as wide a range of tourism attractions, and attract as wide a range of different markets as possible. There are two main elements in this scenario. The first is to ensure that the volume market is progressively improved in quality terms, thereby also raising yields. This will be a long-term process involving a wide range of issues such as training, investment (both in tourism facilities themselves and in supporting infrastructure), marketing and access issues.

The second relates to the progressive diversification of the tourism product and of the markets it seems to attract. This will involve both a careful programme aimed at creating new resort areas which have characteristics that are different from the mass market such as in Sharm el Sheikh, and are able to attract new, more specialised market segments, and longer-term planning for alternative types of tourism in the inland areas. In order to address the region's strengths, weaknesses, opportunities and threats, discussed above, we believe this to be the best course of action to take to ensure that the extraordinary success that the region has enjoyed to date is sustained and strengthened in the future.

2.5 VISION FOR TOURISM IN SOUTH SINAI 2017

"To develop an authentic and multi-faceted Sinai destination that is locally controlled and internationally recognised, delivers increasing visitor yields and is based on sound environmental and community management."

2.6 STRATEGIC GUIDELINES

A. CREATION OF A DESTINATION MANAGEMENT COMMITTEE

In order for the actions and strategies relating to planning, markets and product development to be achievable, a stronger voice is required to represent South Sinai's tourism sector and to reflect those characteristics that are regional, rather than national, in nature. Tourism industry professionals in South Sinai and the PA consulting team are in agreement that the best way to achieve this is by the creation of a **Destination Management Committee**.

B. EFFECTIVE PHYSICAL AND LAND USE PLANNING

The lack of a unified planning authority and of one clear master-plan raises the likelihood of over-investment in capacity and increasing environmental pressures. It also makes it more difficult to adopt a strategy aimed at raising the quality and yield of the tourism sector, in order to ensure that the wider developmental and job creating aspirations for the region are met.

C. DIVERSIFICATION OF ORIGIN MARKETS

In the short term, the best potential is likely to be found in the emerging markets of the former communist bloc, such as Poland or Hungary. In the short-term at least, if these markets can be attracted to South Sinai they would help to maintain demand, even if they are unlikely to raise yields.

Similarly, we believe that there is considerable potential in some smaller, northern European markets. Switzerland, Belgium and Austria have demonstrated recent growth for South Sinai and offer the potential for a higher-spending, less mass-market tourist profile, and there are hopes that interest from Scandinavia can also be revived.

South Sinai is also potentially attractive to some of its Arab neighbours – notably the Gulf States – due to its more liberal environment and, in some cases, more favourable climate than at home.

In the longer term, attention should be paid to the development of established Asian markets such as Japan or Taiwan, which are now relatively mature markets for which South Sinai would be a "new" destination. Also, India and China are recognised as the future powerhouses of tourism demand and should be considered for possible marketing initiatives.

D. IMPROVING MARKET AND PRODUCT QUALITY

Although tourism in South Sinai can in many ways be considered a success, declining quality risks "killing the goose that lays the golden egg" if growth continues unfettered. We believe that it is essential that any market development strategy should be based on the premise that both the quality of the product and the quality of the markets it attracts must be improved.

E. DEVELOPING NICHE MARKETS AND DIFFERENTIATED DESTINATIONS

The development of niche markets has a number of advantages for the region and could also address the different characteristics of resorts other than Sharm el Sheikh. For example, Nuweiba offers the opportunity of being developed as a base for two different types of tourism – regional travel using the existing ferry services to Aqaba, and safari travel to South Sinai's hinterland. Greater diversification could help to raise the calibre of the product by attracting a more demanding and better educated section of the international market. It would leave the region less vulnerable to market change, simultaneously raising economic and social yields. Thus, in concert with the market it has already established, South Sinai has the opportunity gradually to diversify in order to widen its appeal and create higher and more reliable returns.

F. DEVELOPING INLAND TOURISM

Much needs to be done if the interior is to be opened up. However, industry professionals are of the view that it is too early to focus on an extensive development of the inland product, and emphasise the inadvisability of developing inland tourism before detailed overall planning is undertaken. Development must ensure that the region should not be "spoiled" in the same way as has happened at the coast.

It is also generally accepted that the market for inland tourism is of a different character to that for the coast. It would rarely be possible to combine the two and therefore a largely new type of market and product will need to be developed from a standing start.

G. STRENGTHENING THE SOUTH SINAI BRAND

In a marketplace where individuals increasingly choose their holiday destinations through their own efforts, and where the virtual world plays a key role in informing people, it is essential that South Sinai establishes itself as a recognised brand in order to be competitive.

H. ENCOURAGING GREATER BEDOUIN PARTICIPATION IN TOURISM

It is the Bedouin who are South Sinai's indigenous community and who thus help to provide the region with its own distinctive identity. Evidence also suggests that the Bedouin are often very keen to involve themselves further in the tourism sector, and that some at least already seek to run small-scale tourism ventures. Greater involvement of this group, using their local customs, lifestyle, and knowledge of the landscape, flora and fauna, would serve to provide the region with a sense of place and a manifestation of its unique character.

I. AIR ACCESS

While the charter flight system is entirely consistent with the dominance of the inclusive tour, it is increasingly out-of-keeping with a number of important developments in the leisure air transport market. Key among these are (a) the decline in the inclusive tour in Western European markets as a proportion of all holidays, (b) the emergence of low cost ("no frills") carriers that have taken a leading position in European aviation and are emerging also in the Middle East/Arabian Gulf and (c) the general drift towards more liberal, open skies aviation policies internationally. In a nutshell, in order to keep up with international practice, South Sinai's aviation market needs to change, liberalise and modernise.

J. INFRASTRUCTURE DEVELOPMENT

Insufficient coordination between and among relevant authorities and private sector stakeholders is currently constraining the efficient expansion of the tourism industry (for example, in some sites, power and other infrastructure are lagging behind construction). This leads to a lack of integration in infrastructure development and to infrastructure imbalances. The result is often stalled projects and the creation of disincentives to new infrastructure investment, exacerbated by financial constraints and a lack of proper pricing and cost recovery for infrastructure services.

K. SOCIAL INVESTMENT

The research program showed that some tourists to Sinai do not feel that the destination is especially "Egyptian" in character. One aspect which emerged from the research is the high degree of "regional commuters" who staff Sinai's tourist industries but cannot afford to live there, or do not want to do so because of a lack of facilities. Many staff live in the Nile Valley, leave their families there and come to Sinai for their shifts (typically of about three weeks) before returning home to their family bases for a leave period of 7-10 days.

We consider this work pattern to be potentially discouraging to the longer-term interests of the region's tourism sector. Absentee workers have less commitment to South Sinai, other than as a place to earn a living, than they would if they were resident there. This in turn can reinforce the lack of a "Sinai identity" which would stamp a clearer brand image on the destination for visitors, and go some way towards differentiating South Sinai from other competing destinations in the minds of the visitor. In other words, we contend that the encouragement of a more settled residential community of workers serving the industry would reinforce the local integrity of Sinai as a destination and help to stabilise demand.

3. STRATEGIC PLAN

The PA consulting team is of the view that, in order to maximise the success and economic yield from South Sinai's tourism sector in the longer term, more control should be sought of the industry and its future within South Sinai itself. At the heart of such a change is the need to ensure that there exist suitable and capable institutions – both public- and private-sector – within South Sinai itself to take a more active role in the planning and management of the tourism industry in the region. The following table summarizes our key strategic planning recommendations divided in priority strategies (short-term), mid-term strategies and long-term strategies:

Strategic Components for the Sustainable Tourism Development of South Sinai (2007 – 2017)

Area of Strategic Component	Short - Term	Medium - Term	Long - Term
Tourism Planning, Policy and Product Development	1. Produce a Unified Tourism Development Plan (Master Plan) 2. Creation of a Specialized Tourism Unit in the South Sinai Governorate 3. Creation of a TDA Executive Office in South Sinai	1. Support for SMEs (Bedouin and non-Bedouin owned) in South Sinai	1. Pilot liberalization of air transport in South Sinai
Tourism Marketing, Promotion and Information	1. Support for a South Sinai Marketing Body (SSMB) 2. Creation of a "South Sinai" brand and regional sub-brands 3. Conduct market research and implement market information systems	1. Creation of a visitor information and protection service	1. Development of Strategic Marketing Plans for each sub-destination within South Sinai
Natural Resource Management	1. Generate more funds for the PA system 2. Develop comprehensive Management Plans 3. Restore and enhance degraded environments 4. Establish strong partnerships with NGOs and local communities	1. Improve staffing: recruitment, training and facilities 2. Development of a Corporate Brand for South Sinai PA system 3. Provide visitors with the appropriate facilities, services and infrastructure	1. Prepare an Integrated Ecotourism Development Strategy for all PAs 2. Develop a PA Tourism Marketing Strategy
Basic and Tourism-related Infrastructure	1. Improve access to water for towns and resorts in the Suez Gulf Coast 2. Provision of Wastewater, Sewage and Basic Sanitation Services in the Suez Gulf Coast	1. Improvement and expansion of road network on the Suez Gulf region 2. Development and improvement of transportation	1. Establish an international airport in Ras Sidr

	3. Improvement of Water, Wastewater, Electricity and Other Basic Services in El Tor Region 4. Improvement of Water, Wastewater and Electricity Services in Sharm El Sheikh 5. Improvement of Water, Wastewater, Electricity and Basic Services in Dahab 6. Improvement of Water, Wastewater, Electricity and Basic Services in Taba and Nuweiba 7. Development and Improvement of Water, Sanitation and Telecommunication Services in St. Katherine	services in El Tor 3. Upgrading and development of additional transport infrastructure in Sharm El Sheikh 4. Improving access infrastructure in Dahab 5. Development and upgrading of transport infrastructure in Taba and Nuweiba 6. Improvement and upgrade of transport and electricity services in St. Katherine	
Capacity Building and Institutional Strengthening	1. Creation of a Destination Management Committee (DMC) 2. Raise the Quality and Sustainability of Excursions and Activities 3. Implementation of 15 Programmes for building the capacity of Municipalities	1. Raise the quality and sustainability of tourism product through training of private sector	1. Hospitality vocational training

4. ACTION PLAN – IMPLEMENTATION OF SHORT – TERM STRATEGIES

4.1 IMPLEMENTING THE ACTION PLAN

The consolidation and implementation of short term strategies is critical to lay the ground for future change and sustainable development of South Sinai's tourism industry. As stated in the Terms of Reference and the Inception Report, the Action Plan presents a summary of the specific activities to be undertaken in the short term (1-2 years) to achieve the goals and strategies presented as part of the Strategic Planning Report. The consulting team considers that implementation of these activities would set the basis for the transformation of the South Sinai tourism industry from one that relies on a single product to a multi-product destination that provides income opportunities for local people and protects the environment.

We have organised the action plan (which presents a Road Map for implementing short term strategies) using a Logical Framework Matrix (LFM) that provides an easy way to monitor progress and implementation of activities as well as their impact. This has been organized in a series of specific activities recommended by PA Consulting Group in order to achieve the Strategic Components identified in the Strategic Planning Section of this Executive Summary. Our LFM includes a reference to the strategic component in question and spells out the specific activities, including the indicators of completion, means of verification, assumptions and a responsible party. The Short-Term Action Plan for Tourism Planning and Policy (2008 – 2010) for South Sinai entails the following activities:

4.2 ACTION PLAN FOR TOURISM PLANNING, POLICY AND PRODUCT DEVELOPMENT (2008 – 2010)

Activity	Verifiable Indicators	Means of Verification	Assumptions	Responsible Entity
Strategy 1: Produce a unified tourism development plan				
1.1 Governorate to secure funding for long-term tourism master plan	▪ Funding sources identified ▪ Budget secured ▪ Funding agreed	▪ Contract signed with funding agencies	▪ Commitment of South Sinai Governorate ▪ Availability of national or international funding for the initiative	▪ South Sinai Governorate ▪ TDA
1.2 Specify TOR for the project	▪ TOR completed and agreed with partners	▪ Public tenders issued	▪ Adequate technical guidance has been provided for the preparation of TOR	▪ South Sinai Governorate

1.3 Identify and appoint specialists required	▪ Project director and staffing secured	▪ Contracts signed	▪ Combination of national experts and international expertise	▪ South Sinai Governorate
1.4 Initiate planning process	▪ Workplan prepared and approved by Governorate and TDA	▪ Workplan Report	▪ Staff is available and deployed in the field timely	▪ South Sinai Governorate
1.5 Establish consultation procedures with all relevant public and private sector actors	▪ Creation of steering group for the purpose of master planning	▪ Establishment documents ▪ Minutes of the meetings	▪ Relevant partners are aware of the process and its importance	▪ South Sinai Governorate
1.6 Complete South Sinai Tourism Master Plan	▪ Mater Plan available to general public and investor community	▪ Master Plan Report ▪ Public seminar to launch plan	▪ Master plan is enforceable by South Sinai Governorate and TDA	▪ South Sinai Governorate ▪ TDA
Strategy 2: Create a tourism unit in the South Sinai Governorate				
2.1 Governorate to prepare TOR required for the position	▪ TOR prepared and agreed within the Governorate	▪ TOR document	▪ Availability of budgetary resources	▪ Governorate of South Sinai
2.2 Governorate to select and appoint recruitment consultants	▪ Transparency in the hiring process ensured	▪ Public tendering	▪ Recruitment consulting services are available in South Sinai	▪ Governorate of South Sinai
2.3 Appoint and install a head of tourism development and tourism economist	▪ Technical capacity established in house to promote the Governorate's master plan	▪ Contract signed and in place	▪ Professional expertise required is available in South Sinai	▪ Governorate of South Sinai
2.4 Devise and implement procedures for consultation with other Governorate departments and national agencies on tourism development	▪ Governorate becomes the leading tourism authority for the region ▪ Leadership is recognized nationally and locally	▪ Standard Operating procedures in place as part of the work plan for the new position	▪ Coordination and consultations fit into the different organisations agenda	▪ Governorate of South Sinai

Strategy 3: Creation of a TDA executive office in South Sinai				
3.1 Prepare detailed proposals for consideration by the TDA's governing body in Cairo	▪ A serious proposal for decentralisation of executive responsibilities has been prepared and submitted to TDA	▪ Proposal (s) document (s)	▪ A willingness within TDA to revise its operating procedures	▪ TDA Local Branch ▪ South Sinai Governorate ▪ Institutional Re-engineering Consultant
3.2 Define roles and responsibilities of regional office	▪ A modern, decentralised structure and budget has been agreed with TDA central offices	▪ Agreement documents ▪ Executive order from TDA's CEO	▪ A willingness within TDA to revise its operating procedures	▪ TDA Local Branch ▪ TDA Central Headquarters in Cairo
3.3 Appoint TDA's South Sinai regional director	▪ Executive authority has been delegated in the Regional Director	▪ Contract signed ▪ Executive order from TDA's CEO	▪ Availability of financial resources for position	▪ TDA Local Branch ▪ TDA Central Headquarters in Cairo
3.4 Inform South Sinai tourism actors of revised regional office roles and capacities	▪ Relevant stakeholders are familiar with new procedures in place at TDA's regional office	▪ Press releases ▪ Minutes of presentation meetings and roundtables	▪ A willingness within TDA to open up its communication channels	▪ TDA Local Branch ▪ TDA Central Headquarters in Cairo

4.3 ACTION PLAN FOR TOURISM MARKETING, PROMOTION & INFORMATION (2008 – 2010)

Activity	Verifiable Indicators	Means of Verification	Assumptions	Responsible Entity
Strategy 1: Support for a South Sinai Marketing Body(SSMB)				
1.1 Secure commitment for the establishment of SSMB from members of the private sector and local authorities	▪ A consensus has been reached about the importance to secure independent promotion and market research	▪ Minutes of coordination meetings ▪ Official pronouncement ▪ Press articles	▪ Both private and public sector at the local level understand how critical marketing is to the success of the tourism industry	▪ Egyptian Hotel Association (EHA) ▪ ETAA ▪ SSDM

				▪ South Sinai Governorate ▪ ETA
1.2 A promoter has been identified within the private sector who could undertake the establishment of SSMB with funding from private / public contributions	▪ Marketing activities are conducted from South Sinai by a South Sinai industry member. ▪ Ownership of the marketing body is achieved	▪ MOU between promoter and stakeholders	▪ At least one member of the private sector is currently conducting destination specific marketing and wants to be supported	▪ Egyptian Hotel Association (EHA) ▪ ETAA ▪ SSDM ▪ South Sinai Governorate ▪ ETA
1.3 Agree on a SSMB constitution, by-laws, budgetary needs and activities	▪ Effective organisational structure has been put in place with a clear activity plan approved by stakeholders	▪ SSMB Incorporation document ▪ Registration with the Ministry of Tourism	▪ There are proposals as to how the SSMB should work, operate and devote its time to	▪ Egyptian Hotel Association (EHA) ▪ ETAA ▪ SSDM ▪ South Sinai Governorate ▪ ETA
1.4 Secure aid funding for initial two years' operation	▪ Efficient functioning of the SSMB has been secured for the most critical stage	▪ MOU or funding agreement between SSMB and funding agency (ies)	▪ Local public and private sectors are willing to contribute financially to the operations of SSMB ▪ Donor agency is willing to support the activity	▪ Egyptian Hotel Association (EHA) ▪ ETAA ▪ SSDM ▪ South Sinai Governorate ▪ ETA
Strategy 2: Creation of a "South Sinai" Brand and regional sub-brands				
2.1 Secure funding for hiring a branding and marketing consultant to assist in the process	▪ Financial resources to implement the activity have been secured from a mix of private and	▪ MOU or agreement with funding agency (ies) or organization (s)	▪ Financial resources for marketing are available from either the private sector, the public sector	▪ South Sinai Marketing Body ▪ South Sinai

	public sector entities		or a combination of both	Governorate ▪ ETA
2.2 Hire a consultant who could conduct the strategic branding sessions with community groups and relevant stakeholders	▪ Adequate technical expertise secured to successfully implement this activity	▪ Procurement notices ▪ Contract signed by both parties	▪ Required expertise is available in Egypt	▪ South Sinai Marketing Body ▪ ETA
2.3 Develop a workplan that includes a series of workshops in all different 6 “sub-regions” of South Sinai as per this strategy	▪ Clear Road Map for the assignment has been approved by the Marketing Body and local stakeholders	▪ Workplan approved by South Sinai Marketing Body ▪ Workshops minutes	▪ Local stakeholders support and are interested in participating of this initiative	▪ South Sinai Marketing Body ▪ ETA
2.4 Develop a branding strategy including logo, brand management and positioning for South Sinai and the 6 “sub-brands”	▪ Comprehensive brand strategy has been developed and completed ▪ South Sinai brand and sub-brands have been determined and established	▪ Approved brand strategy document	▪ South Sinai Marketing Body feels comfortable to manage the brand consistently with the strategy	▪ South Sinai Marketing Body ▪ ETA
2.5 Disseminate the results of the branding strategy among private sector and public sector so it is widely used and adopted	▪ Ownership of the brand has been developed among local stakeholders and local industry players	▪ Minutes of presentation events and workshops ▪ Press articles ▪ Brand press toolkit	▪ Strategy has been translated into very simple elements that allow easy dissemination	▪ South Sinai Marketing Body ▪ ETA
Strategy 3: Market Research and Market Information Systems				
3.1 Assign one person within the SSMB to be responsible for managing the market research department	▪ SSMB has developed an in-house capacity to handle and disseminate market information	▪ SSMB’s org chart ▪ Contract signed	▪ SSMB has the support of its members to undertake market research and develop information systems	▪ South Sinai Marketing Body
3.2 Organize an annual visitor survey to prepare the “Annual Profile of the Visitor to South Sinai”	▪ Baseline market information has been developed that would serve to monitor market quality progress	▪ Final Visitor Profile document	▪ Budget is available to conduct four surveys a year and process the information	▪ South Sinai Marketing Body

3.3 Affiliate the SSMB to information systems available electronically from the World Tourism Organization and other agencies	▪ Available market intelligence is used by SSMB to inform private sector decision makers	▪ Receipts from membership dues ▪ Copies of documents	▪ Research has been conducted to identify the best sources of market intelligence information	▪ South Sinai Marketing Body
3.4 Prepare an annual workplan including the preparation of annual reports on the culture, adventure, nature and beach market; information on specialized travel fairs, etc.	▪ Workplan for data collection and dissemination has been prepared and updated annually	▪ Annual workplan report	▪ Tasks and workstreams for the department have been identified by the person responsible for them and agree with SSMB	▪ South Sinai Marketing Body
3.5 Prepare an electronic distribution and mailing list to disseminate information through newsletters and other cost-efficient mechanisms	▪ Cost-effective systems to distribute market intelligence among private sector developers have been established	▪ Electronic mailing list	▪ South Sinai Hotel Association and other private sector groups are interested and willing to receive this information	▪ South Sinai Marketing Body

4.4 ACTION PLAN FOR NATURAL RESOURCE MANAGEMENT (2008 – 2010)

Activity	Verifiable Indicators	Means of Verification	Assumptions	Responsible Entity
Strategy 1: Generate more funds for the PA system				
1.1 Develop a business case and present to EEAA Cairo for increased percentage of ticket collection to remain in South Sinai	▪ Business case approved ▪ Increase in funds generated + increase in funds remaining in SS PA	▪ Increased level of assets on Balance Sheets	▪ Willingness on part of EEAA to increase SS PA funding and improve management of parks	▪ Local Branch of EEAA ▪ Business planning consultant
1.2 Regulate and centralise ticket collection in SS PA system through a “single ticket”	▪ Creation of a unified EUR 5 ticket for parks and EUR 1 in airport ▪ Transparent ticket collection system where amounts collected are	▪ Daily reports submitted on number of tickets sold and amount collected	▪ Willingness of EEAA to oversee collection process and make it more transparent	▪ EEAA

	verified against tickets sold.			
1.3 Establish new fees for additional activities within PA: such as: camping, hiking, snorkelling, etc.	▪ Fee structure developed for each activity	▪ Public notices on fee structure	▪ Activities are clearly defined and implemented ▪ Availability of human resources to monitor compliance	▪ EEAA
1.4 Develop new facilities and related fees for using them	▪ New facilities built and operating at international standards levels ▪ Increased revenue collected by use of facilities	▪ Buildings completed ▪ Balance sheet reports	▪ Availability of funding for building additional facilities. ▪ Willingness of EEAA to develop a private concessions programme	▪ EEAA
1.5 Provide increased private sector leasing opportunities through a concession programme.	▪ More efficient and profitable dive centres, interpretive centres, camping facilities, etc. ▪ Increase in private sector involvement in the PAs	▪ Concession programme document ▪ Concession documents and projects' dossiers	▪ Willingness of EEAA to develop a private concessions programme ▪ Interest of private sector and PA to work together	▪ EEAA
Strategy 2: Establish comprehensive management plans				
2.1 Secure donor or other source of funding for completion of existing management plans	▪ Funding secured	▪ Agreement between EEAA and funding partner	▪ Funding is available through donor agencies or central government	▪ EEAA ▪ Donor Agencies
2.2 Hire consultants to work with EEAA in the preparation of plans that include: resource protection, visitor use, and business management	▪ Management plans benefit of international expertise and best practices	▪ TOR ▪ Contracts	▪ International expertise is available and in line with available budget	▪ EEAA ▪ Donor agencies
2.3 Initiate planning process	▪ Workplan prepared and approved by EEAA	▪ Workplan Report	▪ Staff is available and deployed in the field	▪ EEAA

			timely	
2.4 Complete management planning preparation process	▪ Management plans available to general public	▪ Management Plans ▪ Minutes of public event to launch plans	▪ EEAA is willing to secure the enforceability of the plans	▪ EEAA
2.5 Secure approval of management plans by relevant authorities in Cairo and South Sinai	▪ Management plans are approved and implemented	▪ Official approval documents from EEAA and the South Sinai Governorate	▪ Willingness of EEAA to enforce management plans	▪ EEAA
Strategy 3: Restore and enhance degraded environments				
3.1 Identify major degradation sites as part of the management planning process	▪ Degradation sites to be restore have been identified in the management plans	▪ Approved management plans	▪ Management plans have been prepared and approved	▪ EEAA ▪ Donor agencies
3.2 Undertake comprehensive restoration program in each of the PAs as required	▪ Restoration programme developed and approved with clear action plans and indicators	▪ Visible improvement in degraded areas	▪ Commitment on part of stakeholders to improve the environment; ▪ Availability of budgetary resources	▪ EEAA, ▪ Donor agencies ▪ Consultants
3.3 Develop a comprehensive Integrated Coastal Zone Management (ICZM) plan for the entire coastline of South Sinai	▪ ICZM Plan targets and milestones are being met	▪ ICZM report finalized and approved	▪ Commitment on part of stakeholders; ▪ Cooperation among parks along the coastline	▪ EEAA, ▪ Donor agencies ▪ Consultants
3.4 Establish institutional arrangements and agreements with military and environmental police	▪ Military and environmental police are arresting hunters and limiting their activities in the PAs	▪ Signed agreements between the military and environmental police	▪ Willingness of military and environmental police to protect the PAs ▪ Availability of budget and material resources to	▪ EEAA ▪ Ministry of Interior ▪ South Sinai Governorate

Strategy 4: Establish strong relationships with NGOs and local communities				
4.1 Prepare a Strategic Alliances Report identifying specific management activities in PAs that existing NGOs could undertake	▪ Increased use of NGOs in PA management ▪ Clearly defined roles for each stakeholder	▪ Strategic alliances report or document ▪ Minutes of meetings with NGOs	▪ Both NGOs and PA management are interested in working with each other	▪ EEAA ▪ Local NGOs ▪ Local consultants
4.2 Develop a MOU between the NGOs and PA management to include NGOs in park management	▪ NGOs are increasingly active in PA management	▪ Signed MOU	▪ NGOs have the capacity to handle certain management functions	▪ EEAA ▪ Local NGOs
4.3 Conduct an assessment of staffing needs that could be met with local people	▪ Staffing needs for PA management identified and prioritized	▪ Staffing needs assessment report	▪ Managers believe that some staffing needs can be met locally	▪ EEAA
4.4 Develop a MOU between Bedouin Communities and Park management to staff identified positions locally	▪ Bedouin Communities are more active in PA management ▪ Increase in number of Bedouin staff;	▪ Signed MOU	▪ Bedouin communities have interest and ability to work in PAs	▪ EEAA ▪ Bedouin communities

4.5 ACTION PLAN FOR INFRASTRUCTURE DEVELOPMENT (2008 – 2010)

Activity	Verifiable Indicators	Means of Verification	Approximate Cost	Responsible Entity
Strategy 1: Improve access to water for resorts and towns in Suez Gulf Coast				
1.1 Complete the dual – water pipeline from the tunnel (El Shat) to Abou Redies	▪ Capacity of the pumping station located west of the tunnel expanded to reach 35000 m^3/day.	▪ Pipelinel completed ▪ Photographs	▪ LE 350 – 400 million	▪ Ministry of Economic Development ▪ Sinai Development Authority ▪ South Sinai Governorate

1.2 Install water desalination plants in Ras Sidr, Abou Zeneima and Abou Redies	▪ Total desalinated water production capacity increased in 6000 m^3/day	▪ Plants completed	▪ LE 65 – 80 million	▪ Ministry of Economic Development ▪ Sinai Development Authority ▪ South Sinai Governorate ▪ Private Developers
1.3 Improve water supply facilities in tourist attraction sites.	▪ Wells and elevated water tanks have been built in Serebeet el Khadem and other attractions	▪ Infrastructure developed	▪ LE 2 – 3 million	▪ Ministry of Economic Development ▪ Sinai Development Authority ▪ South Sinai Governorate ▪ Private Developers
1.4 Improve current water distribution systems.	▪ Water distribution has reached the areas of Abou Soweir & Ras Masalla, the tourism divisions, the new industrial zone & new housing areas (Abou Zeneima) the Mobarak Housing Scheme & Feiran Village (Abou Redies)	▪ Distribution systems improved and expanded into new areas ▪ Customer surveys	▪ LE 12 – 15 million	▪ Ministry of Economic Development ▪ Sinai Development Authority ▪ South Sinai Governorate ▪ Private Developers
***Strategy 2:** Provision of Wastewater, Sewage and Basic Sanitation Services in the Suez Gulf Coast*				
2.1 Complete the wastewater network and treatment facilities in the area.	▪ The areas of Ras Sidr, Abou Zeneima and Abou Redies have joined the wastewater network and have wastewater treatment	▪ Network completed and houses connected ▪ Pictures	▪ LE 40 – 50 million	▪ Sinai Development Authority ▪ South Sinai Governorate and City Councils

	facilities			
2.2 Increase the number of vacuum tankers to serve communities dependent on septic tanks.	▪ Bedouin settlements that are sparsely populated have sewerage facilities	▪ Vacuum tankers built and operating ▪ Pictures	▪ LE 5 – 10 million	▪ Sinai Development Authority ▪ South Sinai Governorate and City Councils
Strategy 3: Improvement of Water, Wastewater, Electricity and Other Basic Services in El Tor Region				
3.1 Extend the dual water pipeline (Tunnel-Abou Redies)	▪ The dual water pipeline reaches El Tor city	▪ Pipeline concluded and reaching El Tor ▪ Photographs	▪ LE 70 – 80 million	▪ Ministry of Economic Development ▪ Sinai Development Authority ▪ South Sinai Governorate, El Tor City Council, Directorate of Housing and Utilities.
3.2 Install (2) water desalination plants.	▪ Total desalinated water production capacity increased in 10000 m3/day	▪ Water plants built and installed ▪ Photographs	▪ LE 80 – 100 million	▪ Ministry of Economic Development ▪ Sinai Development Authority ▪ South Sinai Governorate
3.3 Complete the construction of buffer dams to protect El Tor.	▪ Flood damage reduced and water retention reduced in El Tor, particularly in the Hammam Mousa area.	▪ Dams built and operational ▪ Photographs	▪ LE 30 – 40 million	▪ Sinai Development Authority ▪ South Sinai Governorate, El Tor City Council, Directorate of Housing and Utilities.
3.4 Replace and renew existing sewerage networks, using pipes	▪ Wastewater and sewage infrastructure renewed	▪ Contract signed with construction company	▪ LE 50 – 60 million	▪ Ministry of Economic Development

of larger diameters.	and replaced in El Tor City	▪ Infrastructure renewed and replaced ▪ Photographs		▪ Sinai Development Authority ▪ South Sinai Governorate
3.5 Complete the extension of electricity network to newly residential areas and satellite villages.	▪ Facilities extended to peri-urban areas and deprived villages (e.g., El Salam, El Gadiada, El Wadi village).	▪ Lines extended ▪ Houses with electrical facilities ▪ Photographs	▪ LE 20 – 25 million	▪ Ministry of Electricity and Energy ▪ Sinai Development Authority ▪ South Sinai Governorate
Strategy 4: Improvement of Water, Wastewater and Electricity Services inSharm El Sheikh				
4.1 Install water desalination units in Sharm el Sheikh.	▪ Water production in areas of Nabq and El Montaza increased in 20000 m3/day.	▪ Water plants built and installed ▪ Photographs	▪ LE 200 – 250 million	▪ Sinai Development Authority. ▪ South Sinai Governorate, Sharm el Sheikh City Council.
4.2 Extend the Nile dual line from El Tor to Sharm el Sheikh (100 km).	▪ The dual water pipeline reaches Sharm El Sheikh	▪ Pipeline concluded and reaching Sharm El Sheikh ▪ Photographs	▪ LE 80 – 100 million	▪ Ministry of Economic Development ▪ Sinai Development Authority.
4.3 Complete the integrated wastewater project, including the mechanical treatment plant.	▪ Sharm El Sheikh enjoys of proper and efficient wastewater and sewage system	▪ Wastewater project completed and operational ▪ Photographs of construction	▪ LE 80 – 90 million	▪ Ministry of Economic Development ▪ Sinai Development Authority. ▪ South Sinai Governorate, Sharm el Sheikh City Council.
4.4 Establish a solid waste recycling plant (100 ton / day).	▪ The region's first solid waste recycling facility is operating in the largest	▪ Press articles ▪ Plant established and operational	▪ LE 12 – 15 million	▪ Ministry of Economic Development ▪ EEAA

	urban area	▪ Photographs		▪ Sinai Development Authority. ▪ South Sinai Governorate, Sharm el Sheikh City Council.
Strategy 5: Improvement of Water, Wastewater, Electricity and Basic Services in Dahab				
5.1 Extend water networks to the Blue Hole road (8km) and to “Kany” valley (6 km)	▪ Projected visitor demand of water is being met	▪ Network extended and operational ▪ Photographs	▪ LE 20 – 25 million	▪ Sinai Development Authority. ▪ South Sinai Governorate
5.2 Replace air networks with ground lines and extend electricity network to the “Kany” Valley	▪ Reliability and connectivity of the electricity network improved	▪ Electricity network replaced and operational ▪ Press articles	▪ LE 10 - 12 million	▪ Ministry of Economic Development ▪ Sinai Development Authority. ▪ South Sinai Governorate
5.3 Establish a recycling unit for solid waste treatment	▪ Issue of growing solid waste disposal in Dahab is addressed. ▪ A second recycling unit is developed in the region’s second largest urban center.	▪ Press articles ▪ Plant established and operational ▪ Photographs	▪ LE 12- 15 million	▪ Ministry of Economic Development ▪ Sinai Development Authority. ▪ South Sinai Governorate
Strategy 6: Improvement of Water, Wastewater, Electricity and Basic Services in Taba and Nuweiba				
6.1 Install a wastewater plant in Taba	▪ Issue of Lack of adequate sanitation facilities in the main tourist city of this area addressed	▪ Plant installed and operational ▪ Photographs	▪ LE 60 – 70 million	▪ Sinai Development Authority. ▪ EEAA

6.2 Upgrade Abou Galum Protectorate infrastructure (water desalination unit – treatment unit).	▪ Water production capacity of water desalination increased from 14000 m^3/day to nearly 25000 m^3/day	▪ Infrastructure upgraded and operational ▪ Photographs	▪ LE 25 -30 million	▪ Sinai Development Authority. ▪ EEAA
6.3 Replace and renew the main water line of Taba (7 km.).	▪ Current requirements of drinking water are met	▪ Water line works completed and operational ▪ Photographs	▪ LE 80 – 100 million	▪ Sinai Development Authority. ▪ EEAA ▪ Ministry of Water Resources and Irrigation
Strategy 7: Development and Improvement of Water, Sanitation and Telecommunication Services in St. Katherine				
7.1 Construct dams for rainfall storage in El Tarfa and El Sheikh Mohsen areas.	▪ The recharge of ground water aquifers is allowed through diversification of water supply sources	▪ Dams built and operational ▪ Photographs	▪ LE 20 – 25 million	▪ Sinai Development Authority ▪ South Sinai Governorate, Housing Directorate, St. Catherine City Council
7.2 Complete and expand the forest annexed to the wastewater treatment plant.	▪ Sound environmental management measures are applied to infrastructure projects ▪ Pasture development is promoted that benefits local communities	▪ Maps showing forest's extension and surface ▪ Photographs	▪ LE 15- 18 million	▪ Sinai Development Authority ▪ South Sinai Governorate
7.3 Provide trucks and loaders for solid waste collection in St. Catherine and El Tarfa village.	▪ A properly functioning solid waste management system is operating in the urban core of St. Catherine's area	▪ Procurement notice and award ▪ Procurement contract ▪ Photographs		▪ Sinai Development Authority ▪ South Sinai Governorate

4.6 ACTION PLAN FOR CAPACITY BUILDING & INSTITUTIONAL STRENGHENING (2008 – 2010)

Activity	Verifiable Indicators	Means of Verification	Assumptions	Responsible Entity
Strategy 1: Creation of a Destination Management Committee (DMC)				
4.1 Secure international funding for appointment of consultant to facilitate DMC creation	▪ Funding to implement this activity has been secured	▪ MOU or formal agreement with donor or funding agency	▪ Donor funding is available for this activity	▪ SSRDP ▪ South Sinai Governorate
4.2 Appoint consultant for a 6 month implementation program	▪ Capacity to design and implement the activity has been secured	▪ Procurement notice ▪ Contract with Institutional capacity building consultant	▪ Specialists are available to conduct this work in Arabic	▪ An international funding agency
4.3 Secure commitment of members of the Technical Committee and other leading individuals within the private sector	▪ Agreement and consensus between the TC members and the private sector has been achieved	▪ MOU signed among members of the TC and representatives of the private sector	▪ There is interest and support for the constitution of the DMC among stakeholders	▪ Consultant/facilitator
4.4 Secure aid funding for initial two years' operation	▪ Operational budget has been developed and funding secured	▪ MOU or formal agreement with donor or funding agency	▪ Regional tourism industry to assume funding of DMC after two years	▪ Consultant/facilitator
4.5 Devise DMC constitution, agree budgets, appoint director and secretariat staff	▪ Establishment of DMC secretariat office	▪ Establishment decree ▪ Approved by-laws, constitutions, etc. ▪ Recruitment notice for staff	▪ Local capacity exists to staff DMC properly	▪ South Sinai Governorate ▪ Private sector Board of Directors ▪ Technical Committee
4.6 Establish DMC website, lobby central government, forge working relationships with Governorate, TDA, EEAA, liaise with authorities on operational issues (e.g. security issues), etc.	▪ DMC consolidates as the voice and advocate of South Sinai's tourism sector	▪ Regular (e.g. six-monthly) reporting of activities and results via newsletter to members	▪ Financial and management support is available for implementation of DMC's activities.	▪ DMC Director

Strategy 2: Raise the Quality and Sustainability of Excursions and Activities				
2.1 Organizing a training workshop for local travel agencies on issues of sustainability	▪ Travel agencies have gained an understanding on new market trends towards sustainable development	▪ Number of travel agents and dive operators attending training workshop ▪ Number of travel agents and dive operators preparing action plan	▪ Travel agents have been timely informed and invited to the workshop	▪ SSRDP ▪ PA Consulting Group
2.2 Institutionalise the local eco-guiding pilot certification programme for adventure / desert guides	▪ 10% of guides working on inland tours in South Sinai have been certified	▪ Number of trained guides by background ▪ Number of travel agents supporting the scheme	▪ Travel Foundation funding secured ▪ Marketplace enforcement of qualification requirement	▪ UK Travel Foundation ▪ EEAA ▪ Leeds Metropolitan University
2.3 Develop national qualifications for eco-guiding and pilot a certification programme for adventure / desert guides	▪ National standards for ecoguiding have been developed and tested	▪ Number of trained guides by background ▪ Number of travel agents supporting the scheme	▪ Travel Foundation funding secured ▪ Legal enforcement of qualification requirement via guide syndicate	▪ UK Travel Foundation ▪ Helwan University ▪ ETAA ▪ Guide Syndicate ▪ Ministry of Tourism ▪ Leeds Metropolitan University
2.4 Developing a snorkelling certification and training programme for guides	▪ 90% of South Sinai snorkelling guides are qualified and members of SSDM	▪ Number of trained guides by background ▪ Number of travel agents supporting the scheme ▪ Percentage of trained guides contracted by committed travel agents	▪ Travel Foundation funding secured ▪ Legal enforcement of qualification requirement	▪ UK Travel Foundation ▪ SSDM ▪ Leeds Metropolitan University

Strategy 3: Local Tourism Capacity Building and Institutional Strengthening				
3.1 Organizing a first Tourism Destination Management training course for local municipalities	▪ Municipality staff gain an understanding of sustainability	▪ Individual action plans for each municipality	▪ Municipalities attend the workshop and accept the need for sustainable change.	▪ SSRDP ▪ PA Consulting Group
3.2 Developing a Comprehensive Professional Development Training Programme (15 modules)	▪ Scheme of work for the programme is developed. ▪ Programme is embedded into MOT's development plans for municipalities, and tested in South Sinai	▪ Plans developed per municipality. ▪ Evidence of actions taken from these plans, such as minutes of meetings with stakeholder lists and activities undertaken as a result.	▪ Municipalities welcome and accept the idea of their involvement in tourism management	▪ PA Consulting Group
3.3. Implementation of the Comprehensive Professional Development Training Programme (10 modules)	▪ 10 modules have been implemented in two-years with local municipal authorities	▪ Training workshop proceedings and list of participants	▪ MOT accepts the importance of bottom up planning and the mandate of municipalities to be more proactive in tourism planning, management and marketing.	▪ SSRDP ▪ South Sinai Governorate ▪ Ministry of Tourism