

Japan International Cooperation Agency (JICA)  
Tourism Development Authority (TDA) /Ministry of Tourism / Egypt

# The Study on Tourism Development Projects in the Arab Republic of Egypt

Final Report  
Volume - **1**  
Summary

July, 2000

The exchange rate applied in this study is  
US\$1=LE3.4 (As of November 1999)

## Preface

In response to the request from the Government of the Arab Republic of Egypt, the Government of Japan decided to conduct a Study on Tourism Development Projects in the Arab Republic of Egypt and entrusted the Study to the Japan International Cooperation Agency (JICA).

JICA selected and dispatched a study team headed by Mr. Takahide Fujihira of Pacific Consultants International to Egypt, three times between June 1999 and July 2000. In addition, JICA set up an advisory committee headed by Mr. Susumu Takizawa, President, Japan Tourist Association, between June 1999 and July 2000 which examined the study from specialist and technical points of view.

The Study Team held discussions with the officials concerned of the Government of Egypt, and conducted field surveys at the study area. Upon returning to Japan, the team conducted further studies and prepared this final report.

I hope that this report will contribute to the promotion of this project and to the enhancement of friendly relations between our two countries.

Finally, I wish to express my sincere appreciation to the officials concerned of the Government of Egypt for their close cooperation extended to the Study Team.

July, 2000



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Kimio Fujita  
President  
Japan International Cooperation Agency

July 2000

Mr. Kimio Fujita  
President  
Japan International Cooperation Agency  
Tokyo, Japan

## Letter of Transmittal

Dear Sir,

We are pleased to formally submit herewith the Final Report of "The Study on Tourism Development Projects in the Arab Republic of Egypt."

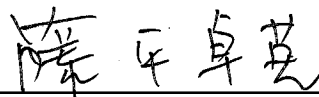
This report compiles the results of the Study which was undertaken in the Arab Republic of Egypt from June 1999 through July 2000 by the Study Team, represented by Pacific Consultants International.

We had been assisted by many people for the accomplishment of the Study, and we would like to express our sincere gratitude and appreciation to all those who extended their kind assistance and cooperation to the Study Team, in particular, the Tourism Development Authority who acted as the counterpart agency.

Also, we acknowledge the effective assistance by all the officials of your Agency and the Embassy of Japan in the Arab Republic of Egypt.

We hope that the report will be able to contribute to formulate appropriate policies and measures for the future development of Egypt.

Very truly yours,



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Takahide Fujihira  
Team Leader,  
The Study Team for the Study on  
Tourism Development Projects in the  
Arab Republic of Egypt

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# **The Study on Tourism Development Projects in the Arab Republic of Egypt**

Study Period: June 1999-July 2000  
Counterpart Agency: Tourism Development Authority (TDA)

## **1. Introduction**

### **1.1 Study Objectives**

The objectives of the Study are:

- To review the current development plans and development conditions relevant to Egypt's tourism sector, and to select areas earmarked for priority development;
- To prepare a regional tourism development plan for the priority areas, to select priority project packages, and to execute pre-feasibility studies for the priority project packages;
- To recommend improvement measures for Egypt's tourism sector as a whole; and
- To transfer technology to Egyptian counterparts regarding the formulation of Master Plans and the implementation plans for the short-term priority projects/programs.

### **1.2 Study Area and Target Year**

The study area is defined as follows:

- The whole area of Egypt for the review of existing plans and the analysis of development conditions at the national level. Five tourism regions and 13 tourism sub-regions were defined according to the characteristics of tourism resources, geographical conditions and market conditions.
- Two areas were identified as priority areas for the formulation of the regional tourism development plans

The target years of the Study are defined as:

- 2012: for the regional tourism development plan, and
- 2007: for the priority project packages within the framework of the regional tourism development plans.

### **1.3 Study Organization**

The Study is carried out by the JICA study team, which closely collaborates with the Egyptian counterparts, organized by the Government of Egypt. The Egyptian Steering Committee and JICA Advisory Committee are also set up for the Study. The overall study organization is shown in the next page.

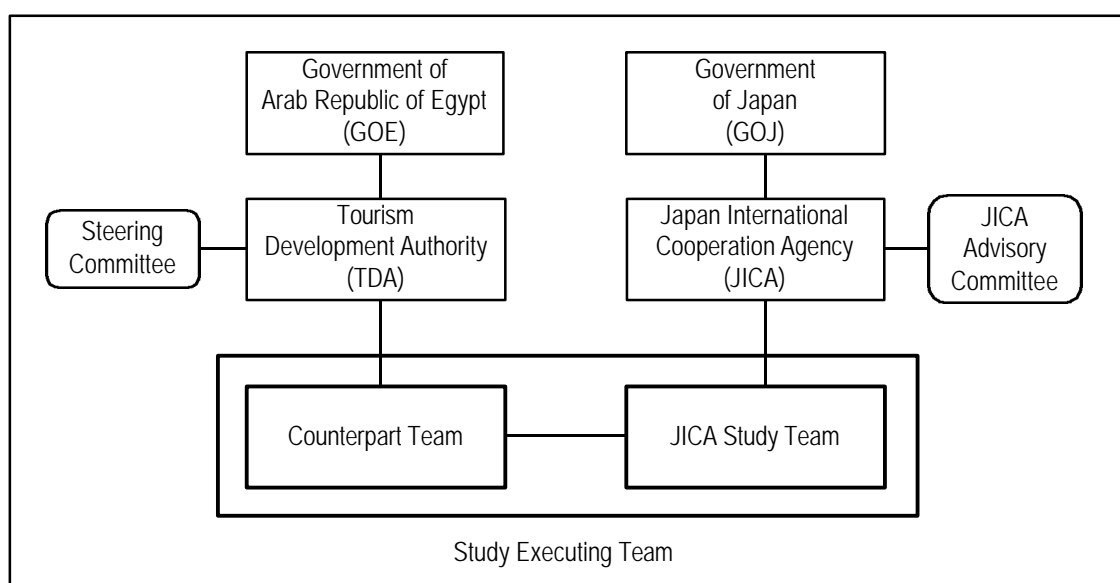
### **1.4 Counterpart Agencies**

As shown in the figure above, the responsible counterpart agency for this study is the Tourism Development Authority (TDA). Under this agency, the Egyptian Counterpart Team consists of staff of the following ten counterpart agencies.

- Egyptian Tourist Authority
- General Authority of Red Sea Ports
- Aswan Municipality
- Supreme Council of Luxor

- Ministry of Environment
- Ministry of Transportation-General Authority of Roads
- Ministry of Physical Development
- Civil Aviation Authority
- General Authority of Investment
- Ministry of Defense-Army Forces Operation Authority

Figure 1 Study Organization



Source: JICA Study Team

## 2. Review of National Tourism Development Plan

### 2.1 Position of Tourism Development in the National Plan

Tourism long had been a principal economic sector for Egypt, owing to its strategic location in the European market, and abundant historical monuments, which are internationally known. Foreign exchange earned from the tourism sector is a significant source of income for Egypt.

In the 1990s, with support from the IMF and the World Bank under a structural adjustment program, conditions for private investment inducing foreign capital have been improved through privatization, deregulation, and other related measures. The Tourism Development Authority (hereinafter referred to as TDA) has also been established aimed at facilitating and improving private investments into Egypt's tourism sector. At the same time the Egyptian government allocated desert land for tourism development, including coastal areas at the Red Sea and the Mediterranean Sea. Since then the Red Sea coast has been developed as a marine resort area by the private sector. It has become a popular alternative destination, adding to the historical tourism products on which Egyptian tourism has depended upon.

The number of international visitor arrivals in Egypt has fluctuated in the 1990s, because of the Gulf War in 1991 and terrorism-related incidents in Egypt, such as the Luxor incident in November 1997. Under this situation, the number of international visitors reached 3.9 million in 1997 and it is anticipated that the level will recover to 4 million in 1999.

The Egyptian government plans to increase habitable land in order to divert the population from the Nile River. In the "Egypt and the 21<sup>st</sup> century," the government laid out an ambitious

economic targets. The targeted GDP annual growth rate is 6.8% over the period 1997 to 2002 and 7.6% after 2003. GDP per capita is to reach over US\$ 4,000 in 2017. Regarding the tourism sector, it is targeted that the number of visitor arrivals will increase to 27 million in 2017 with an average annual growth rate of 10%. The tourism sector is also expected to lead the population diversification policy through employment generation in the remote areas. However, expansion of the other economic sectors and related services should be at the same pace as that of the tourism sector, because the tourism sector has strong backward linkages to other sectors. Human resource development to meet the expanding demand with the required quality is also an indispensable factor.

## 2.2 Tourism Products and Markets

Egyptian tourism products, which are attractive to international visitors, are represented by historical tourism along the Nile River as well as by marine resort tourism and marine sports such as diving activities along the Red Sea coast. The activity pattern and the market of these tourism types are quite different from each other. While the historical tourism takes the form of sightseeing tours, the marine resort tourism calls for long-term stay for visitors. While the historical tourism attracts visitors from all over the world irrespective of distances from the origin areas (long, medium and short haul market), the marine resort tourism attracts visitors mostly from European countries (short and mid haul market). Integrated products, which include both types of tourism destinations, are rare. In most cases, these two products are separated into each Tourism Sub-region and prepared as optional tours with each other. The reasons are that: (1) the market of each product is different; (2) the domestic transportation system is not adequate to absorb the integrated tourism product, and (3) the capacity of the Egyptian tourism industry is not satisfactorily developed to meet the various needs of visitors. In other words, the capability of the Egyptian tourism industry is not yet matured enough to meet the various requirements from independent international visitors. The other large market of Egyptian tourism is the Arab country. They enjoy city tourism, staying in Cairo or Alexandria. Most of them are independent visitors, and there is no language problem.

## 2.3 Tourism Development Framework

The Study Team defined three alternative scenarios with respect to the number of inbound visitors in order to determine the tourism development framework as shown below:

- Scenario-1: Market Shear Scenario: to keep the past the highest market share of international visitor arrivals at Egypt against the world tourism of 0.730%.
- Scenario-2: Ambitious Scenario: to follow the target in the “Egypt and the 21<sup>st</sup> Century” prepared by the Egyptian government that number of visitor arrivals will reach 27 million in 2017.
- Scenario-3: Intermediate Scenario: to set a target in-between the Market Shear Scenario and Ambitious Scenario.

The outlines of each scenario are shown in Table 1.

The Study Team selected the third scenario out of these three alternatives as a favorable scenario with a major evaluation criteria of the annual growth rate of Egypt between 1982 and 1999, which records 7.40% in spite of many and big fluctuation in the period.

The Study Team recommends an Optimum Scenario as a target to achieve, but with efforts of agencies concerned, which is higher than the Intermediate Scenario as shown in Table 1, considering advantages of Egypt in tourism resources, potential products, and market potentials, etc. In the Optimum Scenario, international visitor arrivals will be 14 million in 2012 with 8.8% of annual growth rate.



**Table 1 Comparison of alternative scenarios and optimum ones**

Scenario	1997*	2002	2007	2012	Average annual growth rate (%)
International visitor arrivals in the world	611,000	758,700	932,000	1,139,000	4.24
Scenario-1: Market shear scenario					
International visitor arrivals (x 1,000)	3,961.4	5,535.0	6,799.1	8,309.9	5.06
World market share of Egypt (percent)	0.648	0.730	0.730	0.730	
Scenario-2: Ambitious growth scenario					
International visitor arrivals (x 1,000)	3,961.4	6,400.2	10,341.5	16,709.9	10.07
World market share of Egypt (percent)	0.648	0.844	1.110	1.467	
Scenario-3: Intermediate growth scenario					
International visitor arrivals (x 1,000)	3,961.4	5,969.5	8,572.6	12,512.2	7.97
World market share of Egypt (percent)	0.648	0.787	0.920	1.099	
Optimum/recommendable Scenario					
International visitor arrivals (x 1,000)	3,961.4	6,400.0	9,600.0	14,000.0	8.78
World market share of Egypt (percent)	0.648	0.844	1.030	1.229	

Source: JICA Study Team

The share of Egyptians' Bed nights at hotels in total visitors is assumed to increase from 11.9% in 1997 to 17% in 2012, due to the rapid growth of GNP that the National Development Plan foresees. Egyptian's bed nights will be 23 million in 2012. Based on these figures, the accommodation development framework in 2012 is set to be 400,000 rooms. This development target means that the number of international visitor arrivals will increase 3.5 times, total bed nights of international visitors will increase 4.5 times, and the accommodation rooms will increase 5.3 times over the period from 1997 to 2012.

## 2.4 Development Issues

The Study Team has identified the following five development issues and strategies in order to achieve the tourism development target.

- Expansion of international/Egyptian tourism market and extension of average length of stay: Development, diversification, and integration of tourism products will be required.
- Provision of accessibility to destinations and development of transportation facilities for tourism circuits: Expansion of international and domestic transportation capacity/Diversification and reinforcement of inter-regional transportation services will be required.
- Sustainable tourism development: Introduction of pollution prevention countermeasures, environmental management and protection measures will be required.
- Development of harmonized and matured tourism destinations: Appropriate demarcation and coordination of roles of the TDA, other related agencies, and the private sector will be required.
- Tourism service improvement: Development of human resource and tourism related industries would be required.

## 2.5 Selection of Priority Areas

The priority areas for the Study have been selected based on an analysis of each Tourism sub-region:

- On existing conditions of tourism resources, market, development maturity, accessibility, and natural and social considerations, and
- On development potentials and potential of priority development areas designated by the Egyptian Government, tourism infrastructure, and accommodation development.

As a result, the Upper Nile Sub-region (hereinafter referred to as the Upper Nile) and the Red Sea Sub-region (hereinafter referred to as the Red Sea) are selected as priority areas. These two regions are regarded as one region, namely, the Upper Egypt.

### 3. Upper Egypt Regional Tourism Development Plan

#### 3.1 Development Framework

The tourism development framework for the Upper Nile and the Red Sea has been formulated through the following two steps:

- Based on the existing conditions of the international and domestic tourism trend combined with accommodation development, the target number of visitor arrivals and bed-nights by Tourism Sub-regions are set, and
- The accommodation development targets are set as shown in Table 2 in coordination with the national-level accommodation development plan.

**Table 2 Accommodation Development Targets in Upper Egypt**

	1997	2002	2007	2012
Upper Nile	18.9	25.0	35.0	50.0
Red Sea	11.1*	43.0	75.0	130.0
Total	30.0*	68.0	110.0	180.0

Note: \* including the accommodation rooms whole Red Sea Governorate

Source: Tourism in Figure 1997 by MOT, JICA Study Team

#### 3.2 Development Strategies and Development Plans of Priority Areas

The following tourism development strategies and development plans are formulated in connection with the national tourism development issues mentioned above.

##### 3.2.1. Tourism product diversification and integration

To expand the international tourism market and extend the average length of stay, the Study Team suggests new tourism products in the Upper Egypt in addition to the historical tourism in the Upper Nile and marine tourism in the Red Sea. Creation of a variety of products, such as new historical tourism spots, historical tourism information system, Nubian and Bedouin tourism, safari desert tourism, handicraft center and water sports base, and so on, are recommended in order to diversify the tourism products. Improvement and formulation of various tourism circuits connecting the Upper Nile and the Red Sea, utilizing shared attractions, are also recommended.

Cairo will continue having the role of national gateway. Most international visitors, especially from long haul market, will visit Cairo at first, and then go to their destinations. The improvement of traffic congestion in Cairo City and enhancement of tourism products, for example, new construction of Cairo National Museum, are needed.

##### 3.2.2. Expansion of transportation capacity and improvement of inter-regional road network and services

The target number of international visitor arrivals in 2012 is almost 9 million in the Upper Nile and the Red Sea. The number of international passengers is expected to reach about 11 million at Cairo Airport, 4.3 million at Hurgada Airport, 6.5 million at Marsa Alam Airport, 2.0 million at Aswan Airport and 1.7 at Luxor Airport, and 0.5 million at Abu Simbel Airport.

Not only the expansion of facilities in Cairo Airport, but also the strengthening and expansion of the local airports as tourism gateways are necessary to meet the required capacity and accessibility. The improvement of services, including that of domestic air transport network, is

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also required. To support product development of tourism circuits in Upper Egypt, the operation of passenger trains between Qena and Safaga and the development of station plazas are recommended. In addition, introduction of a reservation system and regular and safe operations are also recommended. The three roadways connecting the Upper Nile and the Red Sea should be improved and the service facilities, such as high way oasis on the roads, should be developed as well.

### **3.2.3. Environmental consideration for sustainable tourism development**

Nile cruises represent the tourism product of the Upper Nile. The Study Team proposed that the number of rooms and number of cruise ships should be kept below 13,750 rooms and 300 ships; berthing facilities should also be developed to ensure passenger security, to control water pollution, and to protect the river's environment. The coral reefs on the Red Sea coast lead the tourism image of the Red Sea and they are indispensable resources for marine tourism activities. The Study Team recommends marine environmental conservation and management measures in conjunction with the conservation of the coastline and prevention of water pollution. The development of public marinas, utilizing natural small bays, to be used jointly by all hotel operators in tourism centers, should be considered.

At the Red Sea, the large-scale tourism accommodations, the gateways, and the service towns will be developed in unused areas except the scattered small Bedouin communities. It is proposed to prevent any negative social impacts by the formulation of environmentally sound urban and infrastructure development plans and the establishment of environmental management centers for monitoring, guidance, training, and awareness.

### **3.2.4. Demarcation and co-ordination of roles of TDA and other related agencies.**

Tourism development at the Red Sea does not only imply the accommodation development of about 130,000 rooms, but also the generation of 155,000 direct employment opportunities; the development of tourism related industries, which in turn will generate 206,000 indirect employment opportunities; and the development of service towns with a population of around 621,000 inhabitants in 2012. It is indispensable toward that end to develop urban infrastructure, such as water resource, water supply, electric power generation, electric power supply, communication network, and sewerage facilities in the four cities of Hurghada, Safaga, Quseir and Marsa Alam, and the TDA tourism development areas. The development of social infrastructure, such as educational and medical facilities, is also indispensable. In order to develop these infrastructures at each development stage, it is recommended to demarcate and coordinate appropriately the roles of TDA and related agencies, to formulate sustainable development plans considering the natural and social environment, and to build public-private partnerships.

### **3.2.5. Development of human resource and tourism-related industries**

The quality of tourism services in Egypt is not rated highly in the international tourism market and the quantity of human resources to meet the national development target is not enough. To develop the required human resources and improve the tourism services, the training facilities development plan to meet both the additional direct employment (estimated at 488,000 by 2012) and indirect employment is formulated. The number of additional indirect employment of tourism establishments (restaurant, coffee shop, and so on) travel agencies, shops and bazaars, and tour guides will reach 325,000, 130,000, 182,000, and 13,000 (or an estimated 650,000.). Especially, expansion of capacity for the practical training of mid and sub-management level personnel is urgently necessary.

A continuous approval and ranking system of accommodation facilities is recommended in order to improve the quality of tourism-related industries. The handicraft center development plan to promote grassroots industries and souvenir sales has been formulated. Culture-related tourism in association with local Nubian and Bedouin communities is recommended.

### 3.3 Projects/Programs

The priority projects and program, which are based on the regional tourism development plan, to be implemented by 2007 have been selected as follows:

- Service area development along Route 77, 88 and 99;
- Expansion of the transport capacity of the railway from Qena to Aswan;
- Road network improvement at the Upper Nile and at the Red Sea;
- Improvement of existing railway stations including service counter, station plaza including bus terminal, pedestrian route and parking area (Aswan, Kom Ombo, Edfu, Esna Luxor and Qena);
- Solid Waste Management in Marsa Alam;
- Urban development planning at the Red Sea;
- Water conveyance from the Nile River to the Red Sea coast;
- Development of passenger landing facility along the Nile River;
- Beautification of access and pedestrian network;
- Development of handicraft village;
- Development of museums, site plaza and internet museum
- Development of New Cairo Museum;
- Tourism institute development; and
- Marine environment management program with development Marine Environmental Center.

In addition to these projects/programs, improvement of international airports and air transportation services, tourism information, enhancement of domestic transportation (air, railway, and road network) capacity and service improvement are the most important issues. These issues should be included in the national development plans of each transportation sector.

## 4. Conclusion and Recommendations

Tourism, one of the key industries in Egypt, has developed satisfactorily the last 10 years. It is a major contributor to the national economy owing to its increasing foreign currency earnings and employment opportunities.

To sustain tourism development, the TDA and the MOT has to undertake a number of projects and programs. First, in cooperation with local governments and private firms, is the development of tourism products, which can attract a diversified tourism market. Then there is the need to expand the transportation capacity both of domestic transport and international transport, as well as improve and develop transportation services to various tourism products, especially for the benefit of foreign individual visitors. The increase in number of visitors means the expansion of employment in the tourism industry, which is primarily labor intensive, and the most important human resources are middle managers and technical experts. To satisfy these needs and other future manpower requirements of the tourism industry, coordination should exist between the concerned agencies and institutions. In this regard, both the national and local governments must have the initiative in the development of human resources in order to bring about expansion of employment for the local people.

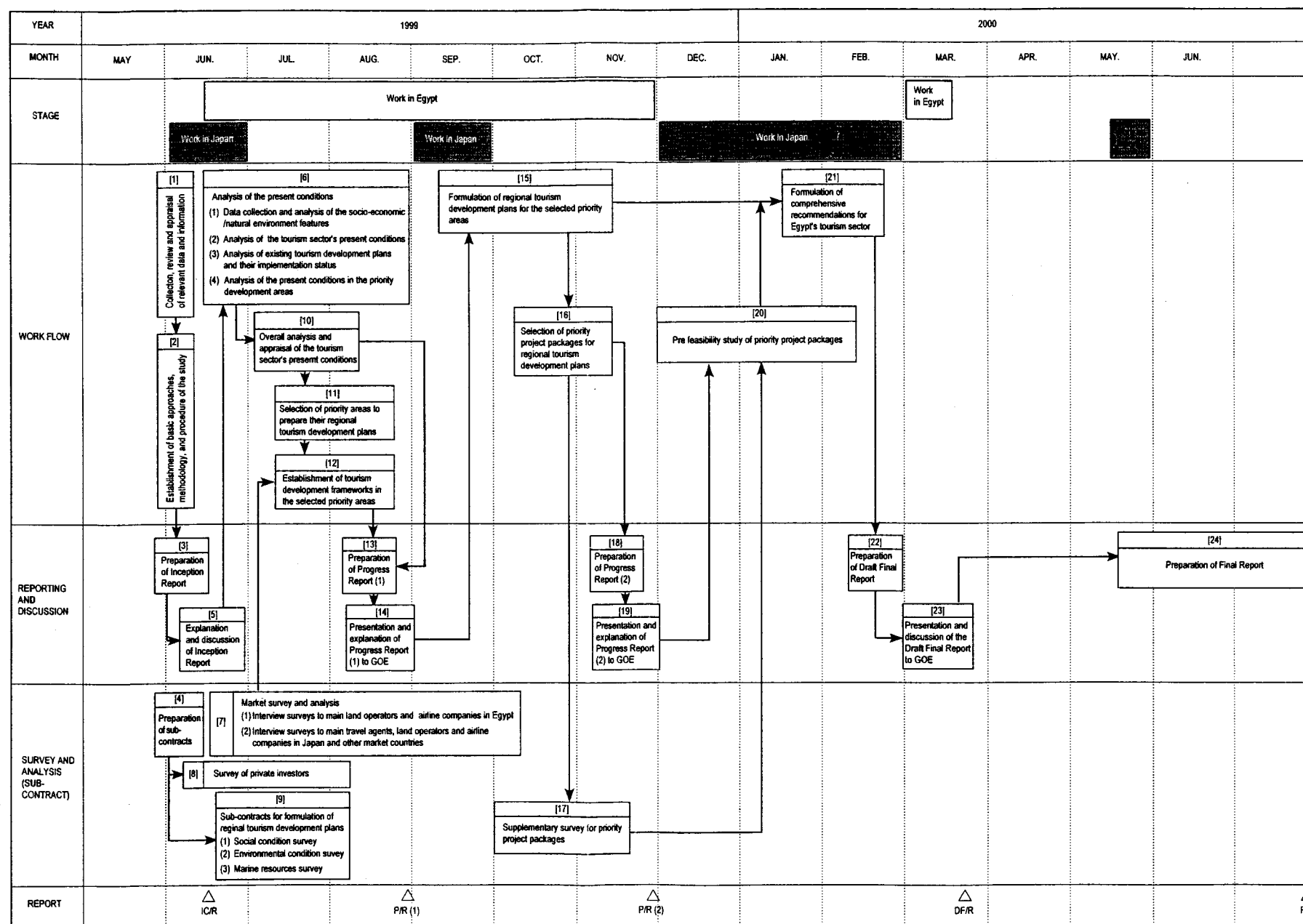
Development of the marine tourism, which is a new tourism product, will bring about a rapid increase of visitors in the Red Sea coast. This will in turn give rise to the increase in employment of tourism-related service industry and population in the urban areas. TDA and MOT has to develop an environmental management system for the Red Sea and to carry out an

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orderly tourism development program to minimize its impact on the environment. It is necessary to formulate an urban development master plan, which is coordinated with the tourism development plan, and to implement the urban development according to the master plan.

Developments of other sectors proposed by the Study Team are essential to satisfactorily develop the tourism sector. MOT has to closely coordinate with other governmental agencies and thus contribute to national development.

Figure 2 Work Flowchart



## 1. Overview of National Tourism Development

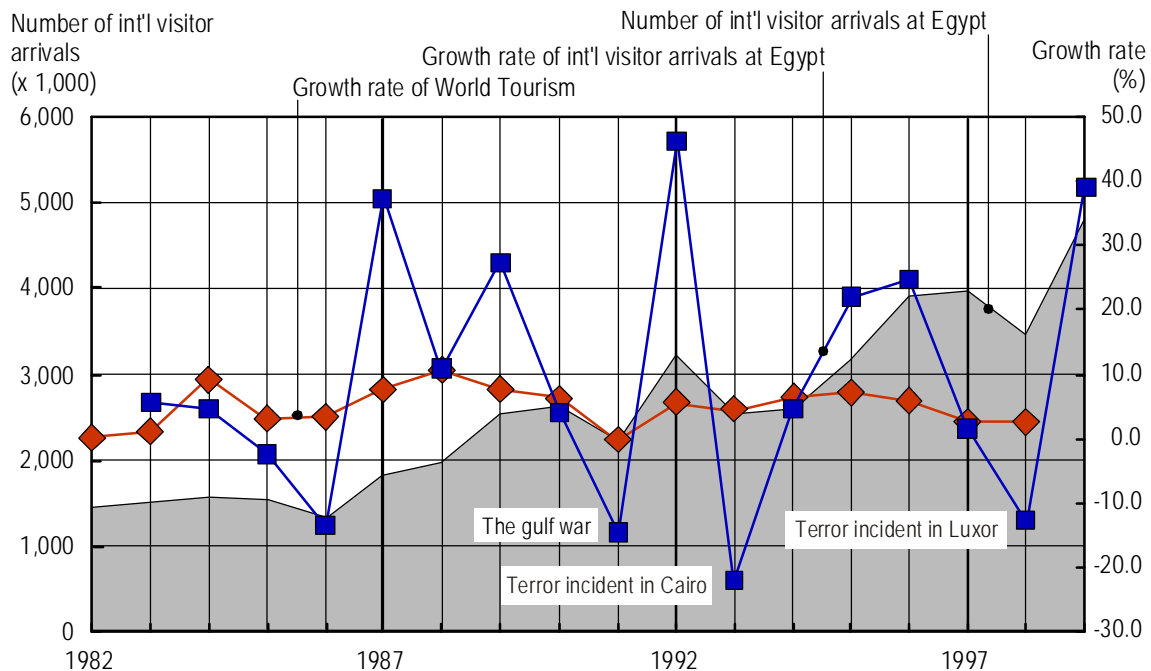
### 1.1. Position of Tourism Development Plan in the National Plan

Tourism has long been a principal economic sector and a significant source of foreign exchange earnings for Egypt. The popularity of Egypt as a tourism destination is attributed to its close geographical ties to the European market and renowned historical monuments.

In the 1990s, with support from the IMF and the World Bank under a structural adjustment program, conditions for private investment had been improved through privatization, deregulation, and other related measures. The Tourism Development Authority (TDA) was also established aimed at facilitating and increasing private investments into Egypt's tourism sector. At the same time the Egyptian government allocated desert land for tourism development purposes, including coastal areas of the Red Sea and the Mediterranean Sea. The TDA has been given the responsibility for development of these lands. Since then the Red Sea coast has been developed as a marine resort area by the private sector. It has become a popular alternative destination, adding to the historical tourism products on which Egyptian tourism has depended upon.

The number of international visitor arrivals in Egypt has fluctuated in the 1990s, because of the Gulf War in 1991 and terrorist acts in Egypt, like the Luxor incident in November 1997. Under this situation, the number of international visitor arrivals reached 3.9 million in 1997, but it is anticipated that the level will recover to 4 million in 1999. Over the period 1991 to 1999, international visitor arrivals in Egypt ultimately increased at the rate of more than 7% per year. This was much higher than the growth rate of international visitor arrivals in the world, which was 4.6% during the same period.

Figure 1.1 Number of International Visitor Arrivals



Source: Egyptian Tourism by Ministry of Tourism 1996, Egyptian Tourism in Figures annual issues by Ministry of Tourism, Number of worldwide tourists 1982-1999 by WTO

In 1996, Egyptian Government announced a middle term development plan called "Egypt and the 21<sup>st</sup> Century". Though this plan contains various middle term targets such as GDP per capita, poverty reduction and infrastructure development, getting rid of heavy population in the Nile Valley is one of important issues. Egypt has an area of about 1,002,000 km<sup>2</sup> and over 90% of its

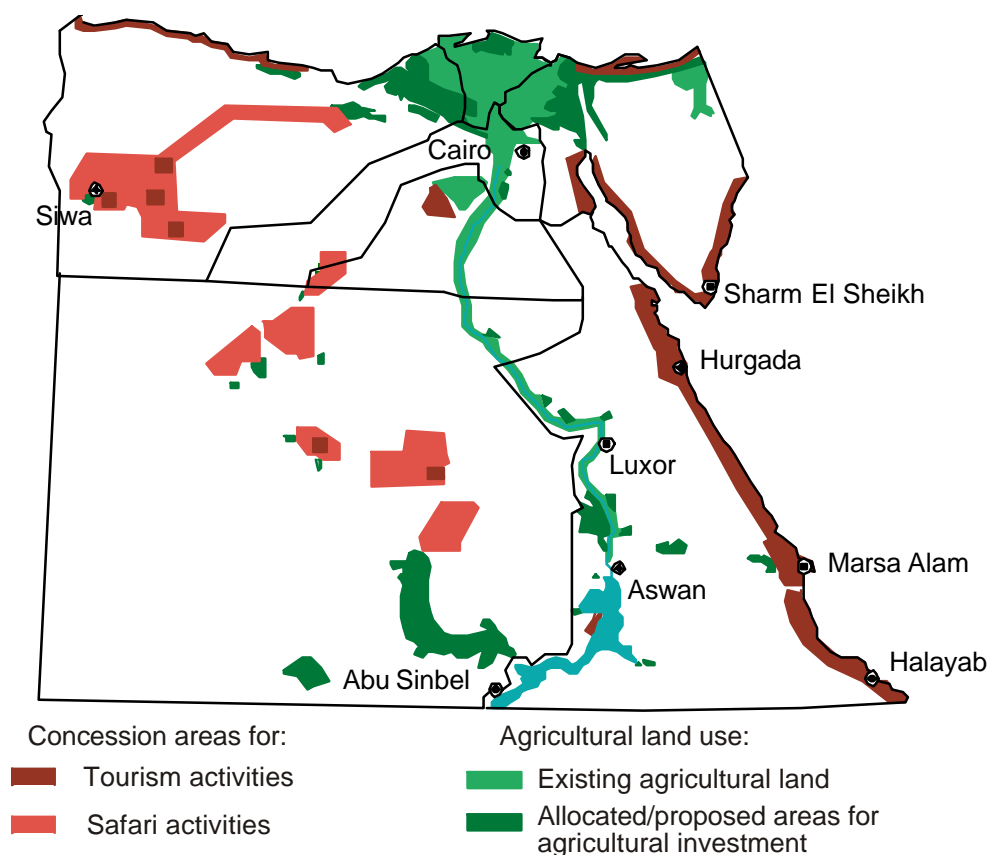
population are currently concentrated along the Nile River. This population pattern is expected to change with the government's plan to increase habitable land from the current 5.5% to 25% by 2017.

In 1991, under Law No. 7/1991 regarding the State's ownership of land, desert lands have been allocated to satisfy the following tree categories of land development.

- Land for reclamation and plantation,
- Land for the construction of new urban communities, and
- Land for the construction of tourism projects.

The economic development targets in “Egypt and the 21<sup>st</sup> Century” are quite ambitious. It is expected that GDP growth rate will be 6.8% over the period 1997 to 2002 and 7.6% after 2003. GDP per capita is to reach over US\$ 4,000 in 2017. Regarding the tourism sector, it is targeted that the number of tourists will increase to 27 million in 2017 with an average annual growth rate of 10%. The tourism sector is also expected to lead the population diversification policy through employment generation in the remote areas. However, expansion of the other economic sectors and related services should be at the same pace as that of the tourism sector, because the tourism sector has strong backward linkages to other sectors. Human resource development to meet the expanding demand with the required quality is also an indispensable factor.

Figure 1.2 National Development Plan



Source: Land use map

## 1.2. Tourism Development Areas

This study was carried out to clarify the required conditions in order to achieve the tourism development target as well as national development goals. Reviews of existing plans and analysis of development conditions were done, based on which the regional tourism development plan for the priority areas were then formulated taking into account the future



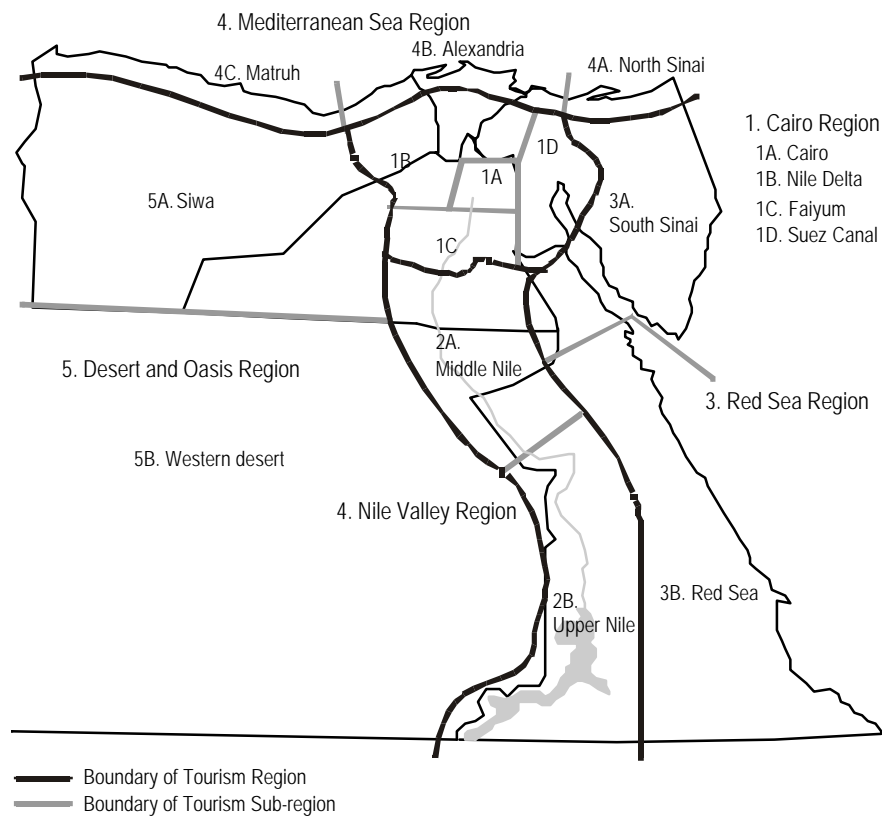
impact and significance to the sector. Five Tourism Regions and 13 Tourism Sub-regions were defined as shown in Figure 1.3.

**Table 1.1 Tourism Regions and Tourism Sub-regions**

Tourism Regions	Tourism sub-regions	
Cairo Region	1A	Cairo Sub-region
	1B	Nile Delta Sub-region
	1C	Faiyum Sub-region
	1D	Suez Canal Sub-region
Nile Valley Region	2A	Middle Nile Sub-region
	2B	Upper Nile Sub-region
Red Sea Region	3A	South Sinai Sub-region
	3B	Red Sea Sub-region
Mediterranean Sea Region	4A	North Sinai Sub-region
	4B	Alexandria Sub-region
	4C	Matruh Sub-region
Desert and Oasis Region	5A	Siwa Sub-region
	5B	Western Desert Sub-region

Source: JICA Study Team

**Figure 1.3 Location of Tourism Regions and Tourism Sub-regions**



Source: JICA Study Team

### 1.3. Tourism Products and Market

Because of the rich tourism resources covering wide range of the fields as shown in Figure 1.4, Egypt has various potential tourism products.

#### Historical/Archeological Tourism:

This segment represents the tourism of Egypt traditionally with huge number with high value of archeological resources represented by Pyramids in the Cairo and various temples and tombs in Luxor, which are the specific in Egypt, but no other countries. Therefore, this attracts visitors from all over the world irrespective of distances from the origin areas (long, medium and short haul market). Some efforts to add value such historical/archeological products have done until now. Nile Cruise is an example of success in such efforts.

#### Marine Resort Tourism:

This is also one of the traditional products at the beaches along the Mediterranean Sea, but in old-fashioned development. However, new style of the marine resort development has gotten significant success in the southern Sinai region since the beginning of 1990's. It is recognized that a door has been opened to a new era of the marine resort development in Egypt with a geographical advantage; having a huge market of European countries nearby, and beautiful seawater with various types of coral reefs and unique species of sea animals.

Following the development of the southern Sinai, the development is started along the coastal areas of the Red Sea with the unique development system of TDA.

The product attracts visitors mostly from short and mid haul markets. However, this is rather hard to attract the long haul market, since there are many of competitor destinations with beautiful beaches and marine resorts in any places closer than Red Sea.

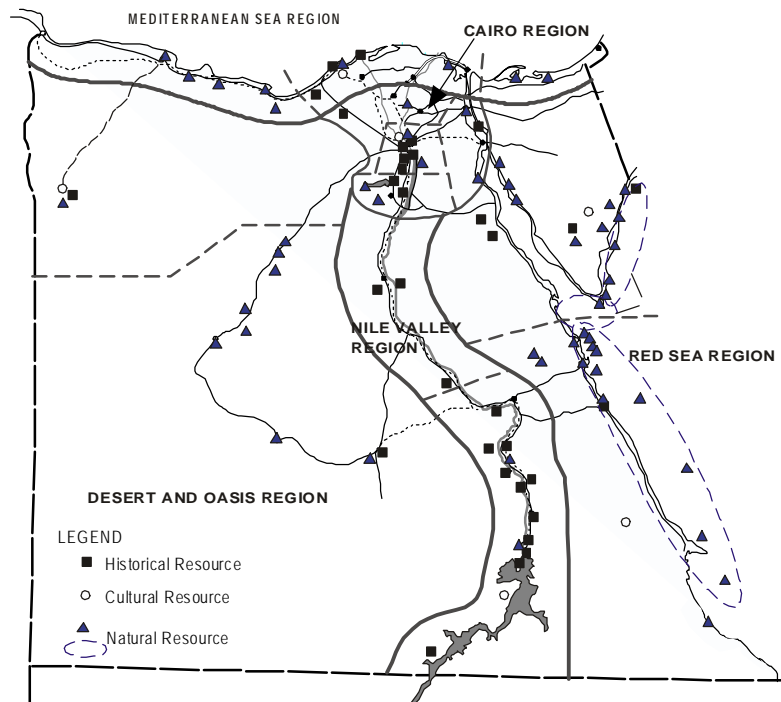
And more, though historical tourism can attract rather up markets of high aged group according to the trend of the world tourism, the marine resort tourism is meet for the all segments of market, but rather down markets.

Historical/archeological tourism takes the form of sightseeing tours, while marine resort tourism involves long-term stays. Integrated products, which include both types of tourism destinations, are rare. In most cases, these two products are separated in each sub-region and prepared as optional tours with each other. The reasons are that: (1) the market of each tourism is different; (2) the domestic transportation system is not adequate to absorb the integrated tourism product; and (3) the capacity of Egyptian tourism industry is not satisfactorily developed to supply the services for various needs of tourists. In other words, the capability of Egyptian tourism industry is not mature enough as yet to meet the various requirements from international independent tourists.

The other large markets of Egyptian tourism are the Arab countries. They enjoy city tourism, staying either in Cairo or Alexandria. Most of them travel as independent tourists, because there is no language barrier.

Table 1.2 shows the major products, second products, and target market of 13 Tourism Sub-regions.

Figure 1.4 Main Tourism Resources in Egypt



Source: JICA Study Team

Table 1.2 Characteristics of Tourism Sub-regions

Tourism Region	Tourism Sub-region	Ancient	Coptic/Christian	Islamic	Modern Monuments	Folklore, Handicraft	City Life	Cultural Facilities	Marine Resort	River Resort	Lake Resort	Landscape	Spa	Fauna & Flora	River Cruise	Lake Cruise	Eco-tourism	Convention Tourism	Urban Tourism	Egyptian	Arabic	European & Others
		History			Culture			Nature			Cruise			Eco-tourism			Market					
Cairo	Cairo																					
	Nile Delta																					
	Faiyum																					
	Suez Canal																					
Nile Valley	Middle Nile																					
	Upper Nile																					
Red Sea	South Sinai																					
	Red Sea																					
Mediterranean	North Sinai																					
	Alexandria																					
	Matruh																					
Desert & Oasis	Siwa																					
	Western Desert																					

Note: major products, second products, main target, second target

Source: JICA Study Team

## 1.4. National Tourism Development Framework

The Study Team defined three alternative scenarios with respect to the number of inbound visitors, in order to determine the tourism development framework as shown in Figure 1.5.

Table 1.3 Comparison of alternative scenarios and optimum ones

Scenario	1997*	2002	2007	2012	average annual growth rate (%)
<b>International tourism in the world</b>	611,000	758,700	932,000	1,139,000	4.24
1st scenario: Market shear scenario					
International visitor arrivals (x 1,000)	3,961.4	5,535.0	6,799.1	8,309.9	5.06
World market share of Egypt (percent)	0.648	0.730	0.730	0.730	
2nd scenario: Ambitious growth scenario					
International visitor arrivals (x 1,000)	3,961.4	6,400.2	10,341.5	16,709.9	10.07
World market share of Egypt (percent)	0.648	0.844	1.110	1.467	
3rd Scenario: Intermediate growth scenario					
International visitor arrivals (x 1,000)	3,961.4	5,969.5	8,572.6	12,512.2	7.97
World market share of Egypt (percent)	0.648	0.787	0.920	1.099	
Optimum/recommendable Scenario					
International visitor arrivals (x 1,000)	3,961.4	6,400.0	9,600.0	14,000.0	8.78
World market share of Egypt (percent)	0.648	0.844	1.030	1.229	

Note: International tourism in the world by WTO

Source: JICA Study Team

Scenario-1, Market Share Scenario is set as the one to be achieved that the past market share of international visitor arrivals to the world tourism should keep 0.730%, which is the highest level for Egypt in 1999. In that case, international visitor arrivals will reach 8.3 million in 2012. The average annual growth rate in the period between 1997 and 2012 will be 5.06% to achieve.

Scenario-2, Ambitious Scenario is set from the target of “Egypt and the 21<sup>st</sup> Century” prepared by the Egyptian Government and assumes that number of visitor arrivals will reach 27 million in 2017. In that case, market should increase to 1.467% in 2012 gradually and the annual growth by 2012 from 1997 should achieve in 10.07%. International visitor arrivals in 2012 will be about 16.7 million.

Scenario-3, Intermediate Scenario assumes that the market share will be middle of Market Growth Scenario and Ambitious Scenario. In that case, the market share should be 1.10% in 2012 with annual growth rate of 7.97% in the period, and international visitor arrivals will be 12.5 million 2012.

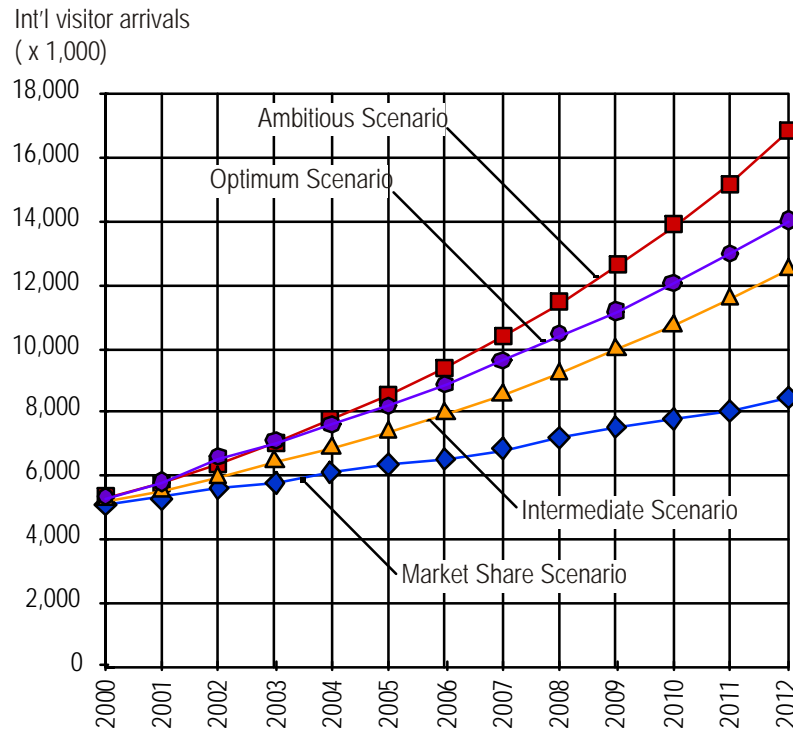
The Study Team selected the third scenario out of three alternatives as a favorable scenario with a major evaluation criteria of the annual growth rate of Egypt between 1982 and 1999, which records 7.40% in spite of many and big fluctuation in the period.

Scenario-1 is the easy target to achieve comparing with the past growth rate. For the market share, it is also necessary to achieve as a target with efforts by the all agencies concerned even it is the highest. Scenario-2 can be said the target of too heavy to achieve, since the growth rate should increase approximately 35% from the past one and the market share should expand more than 2 times of the past highest share. Scenario-3 should have growth rate of 7.97% and the market share should be expanded to approximately 50% of the past share. It can be said that these are in the possible range to achieve.

The Study Team recommends an Optimum Scenario as a target to achieve, but with efforts of agencies concerned, which is higher than the Intermediate Scenario as shown in Table 1 considering advantages of Egypt in tourism resources, potential products, and market potentials, etc. In the Optimum Scenario, international visitor arrivals will be 14 million in 2012 with 8.8% of annual growth rate.

The share of Egyptians' Bed nights at hotels in total visitors is assumed to increase from 11.9% in 1997 to 17% in 2012, due to the rapid growth of GNP that the National Development Plan foresees. Egyptian's bed nights will be 23 million in 2012. Based on these figures, the accommodation development framework in 2012 is set to be 400,000 rooms. This development target means that the number of international visitor arrivals will increase 3.5 times, total bed nights of international visitors will increase 4.5 times, and the accommodation rooms will increase 5.3 times over the period from 1997 to 2012.

**Figure 1.5 Alternative scenarios of international visitor arrivals**



Source: JICA Study Team

**Table 1.4 Target International Visitor arrivals, Bed Nights at Hotels and Rooms (Unit: thousand)**

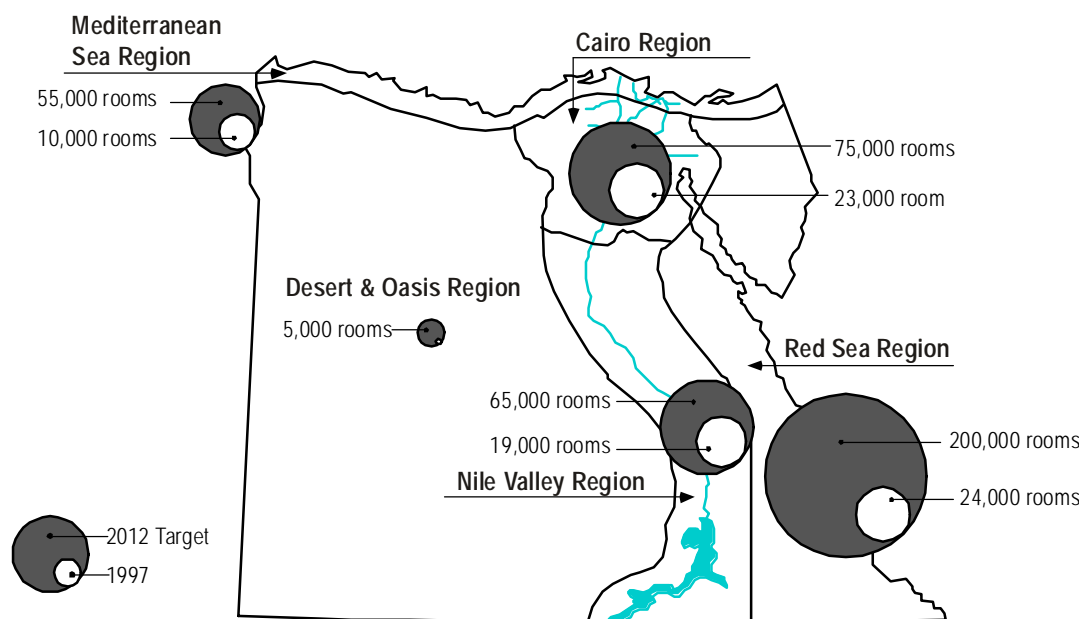
Target		1997	2002	2007	2012
International Visitor Arrivals		3,961	6,400.0	9,600.0	14,000.0
Bed nights at hotels	International visitors	26,578.8	45,313.0	71,775.7	112,261.3
	Egyptian	3,591.8	4,754.4	8,477.2	22,966.4
	Total	30,170.6	50,067.4	80,252.9	135,277.7
Number of Rooms		76,000	150,000	240,000	400,000

Source: JICA Study Team

**Table 1.5 Distribution of Accommodation Rooms (Unit: thousand rooms)**

Tourism Regions/ Tourism Sub-regions	1997		2002		2007		2012	
	Number	Share	Number	Share	Number	Share	Number	Share
Cairo	23	30.3	28	18.7	45	18.8	75	18.8
Nile Valley	19	25.0	26	17.3	38	15.8	65	16.3
Red Sea	24	30.6	80	53.3	130	54.2	200	50.0
Mediterranean	10	13.2	15	10.0	25	10.4	55	13.8
Desert & Oasis	0	0.0	1	0.7	2	0.8	5	1.3
Total	76	100.0	150	100.0	240	100.0	400	100.0

Source: JICA Study Team

**Figure 1.6 National Tourism Development Framework (Accommodation distribution)**

Source: JICA Study Team

### 1.5. National Tourism Development Issues

The Study Team has identified the following five development issues, in order to achieve the tourism development target described in 1.4.

- (1) Expansion of international/domestic tourism market and extension of average length of stays: Development, diversification, and integration of tourism products will be required.

Tourism has been a principal economic sector for Egypt and it is highly expected to lead the high economic growth stated in the national development plan. The development target of the international visitor arrivals by the Study Team is around 14 million, which is 3.5 times the number of 1997 tourist arrivals (average annual growth rate will be 8.8%), and the target number of the accommodation development is around 400,000 rooms.

The development of attractive tourism products and the diversification of tourism activities in five tourism regions are big issues in order to achieve the development target above.

Not only an increase in visitor arrivals but also an increase in the total bed nights caused by extension of average length of stay, is also necessary to achieve the accommodation development target. The formulation of various tourism circuits connecting the five tourism regions and/or thirteen sub-regions is also required.

- (2) Provision of accessibility to destinations and development of transportation facilities for tourism circuits: Expansion of international and domestic transportation capacity/ Diversification and reinforcement of inter-regional transportation services will be required.

The number of international passengers at major airports is expected to reach 29 million a year over the period of 1997 to 2012, which is an increase of around 3.4 times. The expansion of airport facilities in Cairo Airport, and the strengthening and the development of other airports of which function as gateways to tourism destinations are necessary to provide various accessibility to meet the international tourist demand.

In addition, the expansion and the diversification of domestic transportation facilities, such as those of air, road, railway and water transport and the provision of appropriate and suitable services are necessary in order to support the formulation of tourism circuits connecting tourism

regions. The transportation service improvement and diversification within each tourism region are also necessary to provide accessibility to tourism spots, such as the improvement of road transportation network in Cairo, where traffic congestion is big problem.

- (3) Sustainable tourism development: Introduction of pollution prevention countermeasures, environmental management and protection measures will be required.

Egyptian tourism consists of historical tourism utilizing historical and cultural resources along Nile River, natural tourism utilizing marine resources mainly at Red Sea, and urban tourism. The environmental conservation and management system as below should be established in order to sustain the tourism development utilizing these resources, to preserve the world and national heritages, and to maintain the balance of preservation and utilization of the historical and natural heritages.

- Reinforcement of zoning system and conservation and management system for the preservation and restoration of historical heritage sites, and for the conservation of historical climate around them
- Reinforcement of zoning system for the conservation of coastal, terrestrial and freshwater environment executed by the environment related agencies /Establishment of conservation and management system for each natural resource
- Reinforcement of EIA enforcement system and its appropriate operation in order to prevent any negative impacts on natural resources, historical heritage sites and local communities and to promote sustainable and harmonized developments

- (4) Development of harmonized and matured tourism destinations: Appropriate demarcation and coordination of roles of the TDA, other related agencies, and the private sector will be required.

Appropriate tourism promotion activities by ETA, coordination of tourism administration and promotion activities on tourism industry development by MOT, and development of accommodation and tourism facilities by TDA and of related transportation facilities are identified as basic issues in order to attract the target number of 14 million international visitors. Supreme Council of Tourism or Ministry of Tourism has to act coordinator of tourism policy formulation.

In addition, urban development, which is required to receive a population of about 2.3 million, including additional 1.14 million direct and indirect employees and their families, is necessary. It is recommended to demarcate and coordinate appropriately the roles of TDA and related agencies in order to develop the necessary urban infrastructure such as transportation, water supply, waste disposal, and sewerage facilities, and social infrastructure such as educational and medical facilities.

Aside from large-scale accommodation and urban development, the encouragement and promotion of local industries, such as construction industry, agricultural, fishing and food processing industry, and souvenir industry and sales, are also identified as important issues in order to develop harmonized and matured tourism destinations.

- (5) Tourism service improvement: Development of human resource and tourism related industries would be required.

Although Egypt is considered as one of the major international tourism countries in the Middle East, the tourism services in Egypt are not highly rated except for accommodation facilities, banks and passport/customs. It is required to improve the quality of tourism services and to develop the human resources.

The following issues are identified in order to improve the quality of personnel to meet future rapid expansion of tourism industry:

- Improvement of training curriculum and facilities as well as teaching staff of faculty at university for the training of management class and tour guides;

- Improvement and expansion of capacity of the practical training for middle management class of accommodations and tourist establishments; and
- Expansion of existing training institutes and retraining of employees.

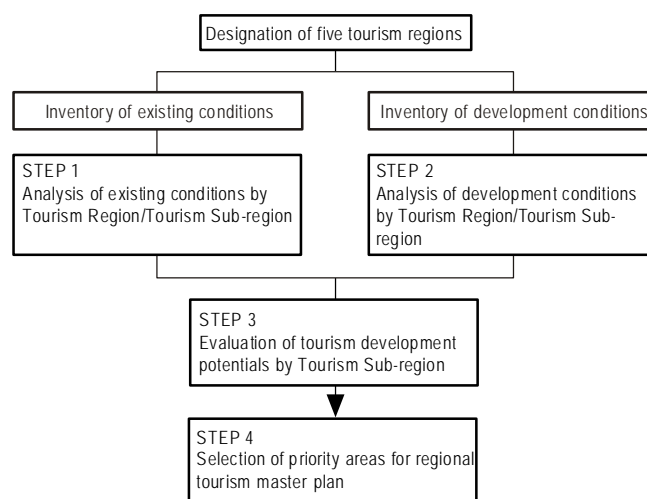
The following issues are also identified to improve the quality of tourism services:

- Conduct of regular follow-up survey for a continuous approval and ranking of accommodation facilities, including cruise ships, by MOT;
- Improvement of tourism administration, such as retraining system corresponding to the approved system of tour guidance in different languages;
- Enlightenment of the people to be hospitable;
- Improvement of domestic transportation services including reservations and operation; and
- Development, promotion and improvement of tourism-related industries, such as souvenir and restaurant industries.

## 1.6. Selection of Priority Areas

The priority areas for the study were selected based on an analysis of 13 tourism sub-regions using the following step-wise procedure:

Figure 1.7 Procedure of Selection of Priority Areas



Source JICA Study Team

Four Tourism Sub-regions were selected as tourism potential sub-regions in STEP 3.

Table 1.6 Results of Evaluation of Sub-regions

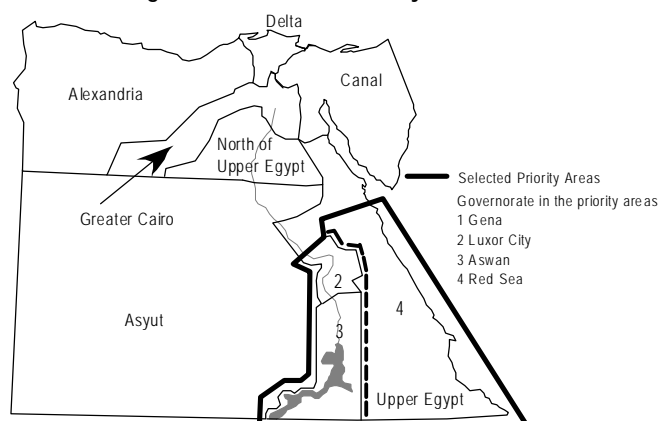
Tourism Sub-region	Existing conditions	Planning conditions	Total points	Order
Red Sea	15	25	40	1
South Sinai	15	23	38	2
Upper Nile	15	14	29	3
Cairo	13	6	19	4

Source: JICA Study Team

The Study Team integrated the Red Sea sub-region and Upper Nile sub-region into one region, namely, the Upper Egypt Region, and selected it as a priority area for the regional tourism development plan.



**Figure 1.8 Selected Priority Area**



Source: JICA Study Team

**Table 1.7 Comparison Chart of Potentiality**

Tourism Regions		Cairo		Nile Valley		Red Sea		Mediterranean Sea			Desert/Oasis	
		Sub-region										
Evaluation criteria		Cairo	Nile Delta, Fayum, Suez Canal	Middle Nile	Upper Nile	South Sinai	Red Sea	North Sinai	Alexandria	Matruh	Siwa	New Valley
Existing conditions	(A) Products: Type of tourism	Historical and cultural tourism		Historical tourism		Marine resort		Marine resort			Safari and Oasis resort	
	(B) Maturity	4	0	0	6	6	6	0	1	1	0	0
	International Hotel Guests											
	Share of Hotel Rooms											
	(C) Market	6	0	1	6	6	6	2	2	2	0	0
	Origin of tourists											
	Hotel class											
	(D) Accessibility	3	0	1	3	3	3	1	3	1	0	1
	Airport facilities											
	(E) References: Critical issues											
Development conditions	Population											
	Minority											
	Natural environment											
	Historical environment											
	Source of water											
	(1) Potential Area Set by MOT	1	2	1	7	10	10	4	1	7	4	3
	Tourism development area											
	Priority zones											
	Suggested development areas											
	Concession areas											
Evaluation	(2) Infrastructure development	4	0	1	4	6	6	1	3	0	4	3
	Certification of Tourist Center											
	Airport Development											
	(3) Accommodation development	1	1	1	4	7	9	1	1	2	0	0
	Ongoing projects by TDA											
	Accommodation until 2012											
	(4) Order	4	11	10	3	2	1	7	6	5	8	9
(5) Overall evaluation												

Note: : High 3 point, : Moderate 1 point, : Low 0 point

Source: JICA Study Team

## **2. Regional Tourism Development Plan for Upper Egypt**

### **2.1. Tourism Development Direction and Scenario**

(1) Diversification of tourism products

Diversification of tourism products is needed to strengthen the competitiveness of tourism destinations in both Upper Nile and the Red Sea, and to attract a wider range of tourism market in the world.

In Upper Nile, railway and road transport tours are proposed to diversify and enhance classic historical tourism. Potential tourism resources, such as the natural environment and traditional culture and daily life of rural areas in the Nile Valley, should be utilized to diversify tourism products there.

In the Red Sea, the potential of marine and inland natural resources should be utilized for diversification of beach resort tourism products. Incentive and convention tourism is also proposed to enhance the Red Sea coastal resort development.

(2) Integration and establishment of the Upper Egypt tourism circuit

The establishment of tourism circuits will expand the length of stay of tourists, and promote product diversification, which aims at generating synergy effects on both products of Upper Nile and the Red Sea.

Classical tourism products in Upper Nile and beach resorts products at the Red Sea should be integrated. In order to do this, the following items should be undertaken:

- Formulate “Tourist Circuit” and improvement of transportation and access;
- Connect Gateways, Tourist Towns, spots each other;
- Diversify transportation measures to destinations (cruise, railway, others);
- Develop roadside amenities (Highway Oasis, observation/shopping points); and
- Utilize potential historical resources.

(3) Development Scenario

A strategic phased development approach is required in order to realize the Regional Tourism Development in Upper Egypt. It consists of the following three stages:

First stage: Reinforcement of Upper Nile/establishment of the north Red Sea coast

The Nile cruise, which enhances historical cultural tourism, should be reinforced. And marine resort development on the north Red Sea coast should be organized strongly in consideration of adequate urbanization and fragile coastal environment.

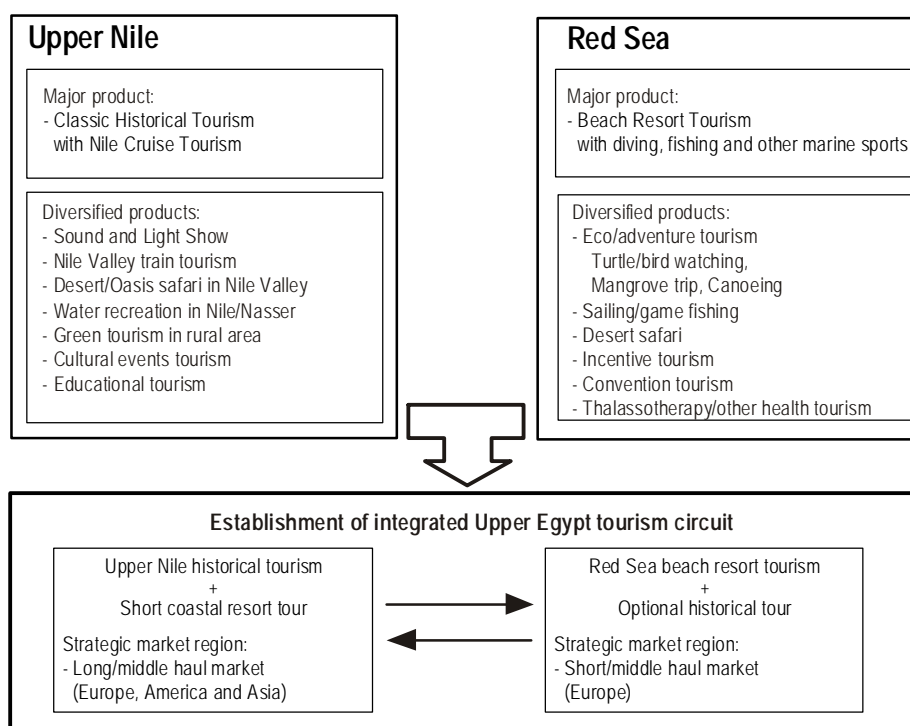
Second Stage: Formulation of tourism structure with gateways and tourist towns

It is important to develop a network between Upper Nile and the Red Sea, in order to generate a synergy effect between historical tourism and marine resort tourism. Four gateways in Upper Egypt should be established with proper tourism functions such as international airports. The mid part the Red Sea coast should be developed as an international beach resort destination.

Third Stage: Establishment of the Upper Egypt tourism circuit

Based on the integration of tourism product network, tourists would be able to enjoy a variety of tourism products under a well-managed environment and high-quality hospitable services.

Figure 2.1 Tourism Product Development in the Upper Egypt



Source: JICA Study Team

Table 2.1 Tourism Development Scenario

Development strategy	First stage: 2002	Second stage: 2007	Third stage: 2012
	To reinforce Upper Nile and establish the Northern Red Sea	To diversify tourist destinations and formulate gateways	To integrate and establish the Upper Egypt tourism circuit
Development scenario	<ul style="list-style-type: none"> <li>• Improvements of airport facilities at Luxor, Hurghada, Abu Simbel</li> <li>• Development of New airport in Marsa Alam</li> <li>• Improvements of cruise facilities in the Nile River and conservation of historical environment</li> <li>• Developments and improvement of visitor facilities and tourist services for historical/archeological tourism in Upper Nile</li> <li>• Establishment of environmental conservation methods in the Red Sea coast</li> <li>• Improvement of NR 77 with development of Highway Oasis</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of four major international gateways in Upper Egypt</li> <li>• Improvements of NR 88, 99 with Highway Oasis development</li> <li>• Improvement of Safaga Port for international cruise ships</li> <li>• Expansion of cruise facilities in the Nile River</li> <li>• Development of new tourism products in Upper Nile</li> <li>• Acceleration of marine resort developments in the Red Sea with development of service town</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of various Tourism Circuit in Upper Nile and the Red Sea</li> <li>• Acceleration of marine resort development in the Mid Red Sea coast</li> <li>• Start tourism development in Lake Nasser</li> <li>• Improvement of railway facilities between Qena and Aswan, and to start operation between Qena and Safaga</li> </ul>

Source: JICA Study Team

## 2.2. Tourism Structure and Development Framework for the Upper Egypt

### (1) Tourism structure

The future tourism structure for Upper Egypt should comprise four gateway systems in Luxor, Aswan, Hurghada and Marsa Alam. They include urban functions, international airport/transportation terminal functions, tourist information and other service functions, and accumulated accommodation base.

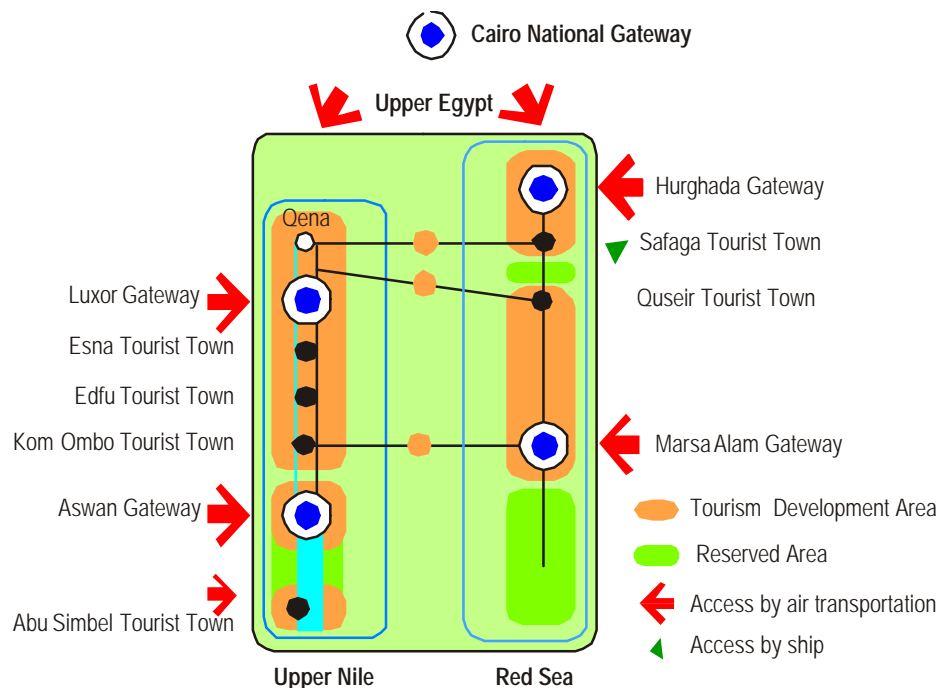
The structure also has Tourist Towns, which are Qena, Esna, Edfu, Kom Ombo, and Abu Simbel in Upper Nile, and Safaga, Quseir in the Red Sea.

### (2) Distribution of accommodation

Upper Nile as a classic historical tourism destination and the Red Sea as a new international beach destination would undoubtedly play the most important role in Egyptian tourism. In order to enhance their capacity to accept large volume of tourists, the framework should be set strategically, in terms of accommodation development. The following factors are considered for the formulation of regional tourism development framework:

- Develop adequate volume of accommodation from the point of sustainable environmental use in the Red Sea,
- Improve tourist facilities at Upper Nile, in harmony with the environment of world heritage sites and future market demand,
- Develop a flow of tourists between the Red Sea, the biggest tourism base, and Upper Nile, which has historical cultural resources, and
- Coordinate with other tourism regions, such as Cairo Region, for a balanced national development.

Figure 2.2 Tourism Structure in the Upper Egypt



Source: JICA Study Team

**Table 2.2 Distribution of Accommodation in Upper Nile (Unit: room)**

Governorate	Location	1997	2002	2007	2012
Qena	Qena City	116	200	500	1,000
	Armanat/Esna	0	0	200	500
	Qena Total	116	200	700	1,500
Luxor	Luxor City	4,669	6,500	8,500	10,000
	El Toad	0	0	500	1,700
	Luxor Total	4,669	6,500	9,000	11,700
Aswan (Nile River) (Lake Nasser)	Aswan City	2,739	4,350	5,200	7,500
	New Aswan City	0	2,200	4,600	7,700
	Edfu	0	0	200	600
	Kom Ombo	0	0	500	1,000
	Toshka/Abu Simbel Tourist town	161	200	1,880	5,650
	Aswan Total	2,900	6,750	12,380	22,450
Cruise ship	Nile River (Luxor-Aswan)	11,088*	11,250	12,500	13,750
	Nasser Lake	155	300	420	600
Total	Cumulative Grand Total	18,928	25,000	35,000	50,000

Note: \* Includes the number of Cairo region cruise ship except the number of Red Sea cruise ship (Number in 1998 is 10,675)

Source: JICA Study Team

**Table 2.3 Distribution of Accommodation in the Red Sea (Unit: rooms)**

TDA development areas and cities	Length of shoreline (km)	1999	2002	2007	2012
North Hurghada Sector (TDA)	23	1,459	3,000	4,000	4,000
Hurghada City	43	14,300	17,000	21,000	21,000
Hurghada-Safaga Sector (TDA)	56	5,649	13,000	21,000	23,000
Safaga City including Safaga-Quseir Sector (TDA)	51	2,178	3,000	3,000	3,000
Quseir City	31	800	1,000	3,000	8,000
Quseir-Marsa Alam Sector (TDA)	103	987	4,000	14,000	42,000
Marsa Alam City	31	1,300	1,500	3,000	8,000
Marsa Alam-Ras Benas Sector (TDA)	71	102	500	6,000	21,000
Total of TDA Development Areas	253	8,197	20,500	45,000	90,000
Total of City Areas	155	18,578	22,500	30,000	40,000
Grand Total	408	26,775	43,000	75,000	130,000

Source: JICA Study Team

## 2.3. Socioeconomic Impact

### (1) Socioeconomic impacts of tourism development

The impact of tourism development on the national economy is significant. Direct economic benefits of tourism include generation of employment, increase of foreign exchange earnings, income generation and contribution to government revenues. Tourism also provides indirect economic impacts on the other economic sectors, such as agriculture, fisheries, souvenir manufacturing, and construction, which supply the goods and services for tourism sector. Furthermore, the improvement of transportation and infrastructure facilities and services encourage the economic and cultural development of the community. On the other hand, it sometimes happens that rapid growth in tourist arrivals deteriorates the urban environment when the municipal utility cannot be improved at the same time.

### (2) Employment Generation

Employment generated by tourism varies widely among the sectors. It creates direct employment in accommodation establishments and indirect employment in related tourism industries, such as restaurants, tour operators, shops, and guides transportation development. Based on the number of additional rooms reflected in the accommodation framework, new job creation is estimated for direct and indirect employment in Table 2.4.

**Table 2.4 Additional Employment until 2012**

		Additional number of rooms (thousand)	Additional number of employment generation		
			Direct employment (thousand)	Indirect employment (thousand)	Total (thousand)
National Tourism Development		325.0	488	650	1,138
Upper Egypt Regional Tourism Development	Upper Nile	31.0	47	62	109
	Red Sea	103.0	155	206	361
	Upper Egypt total	134.0	203	268	470

Note: Direct employment = additional number of room x 1.5, Indirect employment = additional number of room x 2.0

Source: JICA Study Team

The tourism sector is estimated to generate 1,138 thousand jobs in the whole of Egypt until 2012. In the national economic development, 8.25 million new employment opportunities are required to absorb the increasing labor force, and new job opportunities of tourism sector is estimated to account for 14% of the total during that period.

The Upper Egypt tourism development will generate 470 thousand jobs, of which 109 thousand and 361 thousand are in Upper Nile and the Red Sea respectively.

Upper Nile, with a population of 3,775 thousand, shows a comparatively high rate of unemployment in 1996. Tourism related industries are expected to absorb the labor force and reduce unemployment there. At the same time, Upper Nile will play the role of labor force provider for the tourism industries in the Red Sea.

The population of the Red Sea Governorate was 156 thousand in 1996. Tourism development in the Red Sea requires an additional 361 thousand workers until 2012, which is twice more than the present population. In addition, a considerable number of employment opportunities for construction of accommodation and infrastructure facilities will be continuously generated. Employment for manufacturing or primary sector to supply goods and services to the tourism sector will also be generated. Some of the workers will bring their family along. Thus, especially in the Red Sea, tourism development will promote frequent inflows of population and lead the population diversification policy to the remote area.

(3) Rapid population increase at the Red Sea

In 2012, the population of the Red Sea is estimated to reach 621 thousand including natural growth and immigration due to tourism development. The annual average growth rate is estimated at 12.4% over the period 1999 to 2012.

The impacts of rapid population increase on urban areas are unavoidable for the cities in the priority areas, such as Hurghada, Quseir and Marsa Alam. The planning of municipal utilities, such as water supply and sewerage system and solid waste management, is urgently required for the benefit of people living in those cities as well as the sustainable tourism development in those areas.

(4) Tourist expenditure and foreign exchange earnings

Tourist expenditures of international and domestic tourists in the whole of Egypt are estimated to amount to LE 53,400 million in 2012, of which 93.6% and 6.4% are expenditures by international and domestic tourists respectively. Foreign currency earnings will be US\$15 billion though it was US\$3.6 billion in 1997.

In the Upper Egypt, total tourist expenditure will increase to 25,051 million and foreign currency earnings will be US\$7 billion in 2012.

(5) Contribution to GDP (Generation of value added)

By using tourist expenditure and Input-Output table, value added generated by tourism development can be introduced. It is estimated that the amount of value added would be LE 33.4 billion in 2012, which is 4.5% of countries GDP of LE 750 billion.

On the other hand, as regards the Upper Egypt Tourism Development, it is estimated that the contributions of tourist expenditure at Upper Egypt to GDP are LE 15.7 billion.

(6) Contribution to Government Revenue

Government receives revenues in the forms of income taxes on tourism enterprises and persons working in the tourism sector, sales tax on tourism expenditures, and import duties on goods and services in the tourism sector. However investment projects of hotels and tourist transportation, etc. are granted tax holidays on corporate profit, personal income and taxes on dividends, and customs duties for 5 to 10 years.

Local tax is imposed on the expenditure of tourists in hotels at the rate of 2% of accommodation and food & beverage bills. In the current budgetary system of local administrative units in Egypt, local tax revenues are collected by the Governorate, transferred to the State government and redistributed to the State government. A rapid increase of tourists usually results in a large increase of municipal infrastructure management cost. It is proposed to allocate the revenue of local taxes for such special purposes in order to contribute to an environmentally sound and sustainable development of tourism.

## 2.4. Upper Nile Tourism Development Plan

### 2.4.1. Tourism Product Diversification in the Upper Egypt

The JICA Study Team suggests new tourism products in Upper Egypt to enhance the classical tourism there and the marine tourism in the Red Sea in order to expand the international tourism market and extend average length of stay. Creation of a variety of products, such as new historical tourism spots, information system for historical tourism, rural tourism, Nubian and Bedouin tourism, Safari tourism, handicraft center and water sports base, are recommended in order to diversify tourism products. It is also recommended to improve and formulate various tourism circuits connecting Upper Nile and the Red Sea.

#### (1) Upper Nile

##### Harmony with historical heritage sites and environment

- Upgrading of information system for visitors (site museums, networked museum by use of the Internet, signs for visitors, etc.),
- Development and improvement of amenity facilities for visitors,
- Utilization of potential historical heritage sites and climate,
- Conservation of historical heritage sites, and
- Implementation of the conservation zoning system for historical sites (sanctuary, conservation zone, buffer zone, control zone for riverside scenery).

##### Development and improvement of tourist gateways and towns

- Development of new destinations with hotel accommodation, and
- Development of access road with roadside amenity.

##### Diversification and upgrading of tourist circulation system

- Development and improvement of river cruise facilities and its system (safety berthing facility, water/fuel supply, sewerage/garbage collection system, parking, facility for riverside amenity),
- Enhancement of railway tour (comfortable coach and station with terminal functions, and frequent, scheduled and safe operations), and
- Enhancement of bus tour (road network on east/west banks of the Nile, resting facility).

##### Development of tourism related industries

- Fresh vegetable/agricultural processing industry in Upper Nile and the Red Sea,
- Plant nursery for tree planting in the Red Sea, and
- Characterized handicraft village, souvenir shop.

#### (2) The Red Sea

##### Gateways and tourist towns to establish an international beach destination

- Public sector participation, in order to improve municipal infrastructure and social service for gateways and tourist towns, and to support tourist center developments in the TDA area.

##### Balanced utilization and conservation of marine and inland natural resources

- Establishment of environmental management and utilization systems, and



- Development of programs and management systems for diving and marine sports tour and inland eco-tour/desert tour.

#### Attractive marine tourism facilities

- Development of international marine center with marine environmental management in Quseir-Marsa Alam TDA Tourist Sector,
- Development of international cruise bases on Safaga tourist town, and
- Development of public marinas, marine sports centers at natural bay areas in each TDA Tourist Centers.

#### Attractive Inland Tourism Facilities

- Rehabilitation of traditional Islamic town and fort with museum in Quseir
- Desert safari and eco-tour center in each TDA Tourist Center.

#### Tourism-related local industrial development

- Utilization of fish and other resources as food material,
- Development of traditional textile and handicraft of Ababuda and Beduin tribes for souvenirs, and
- Development of fossil/shell/other handicraft souvenir industry.

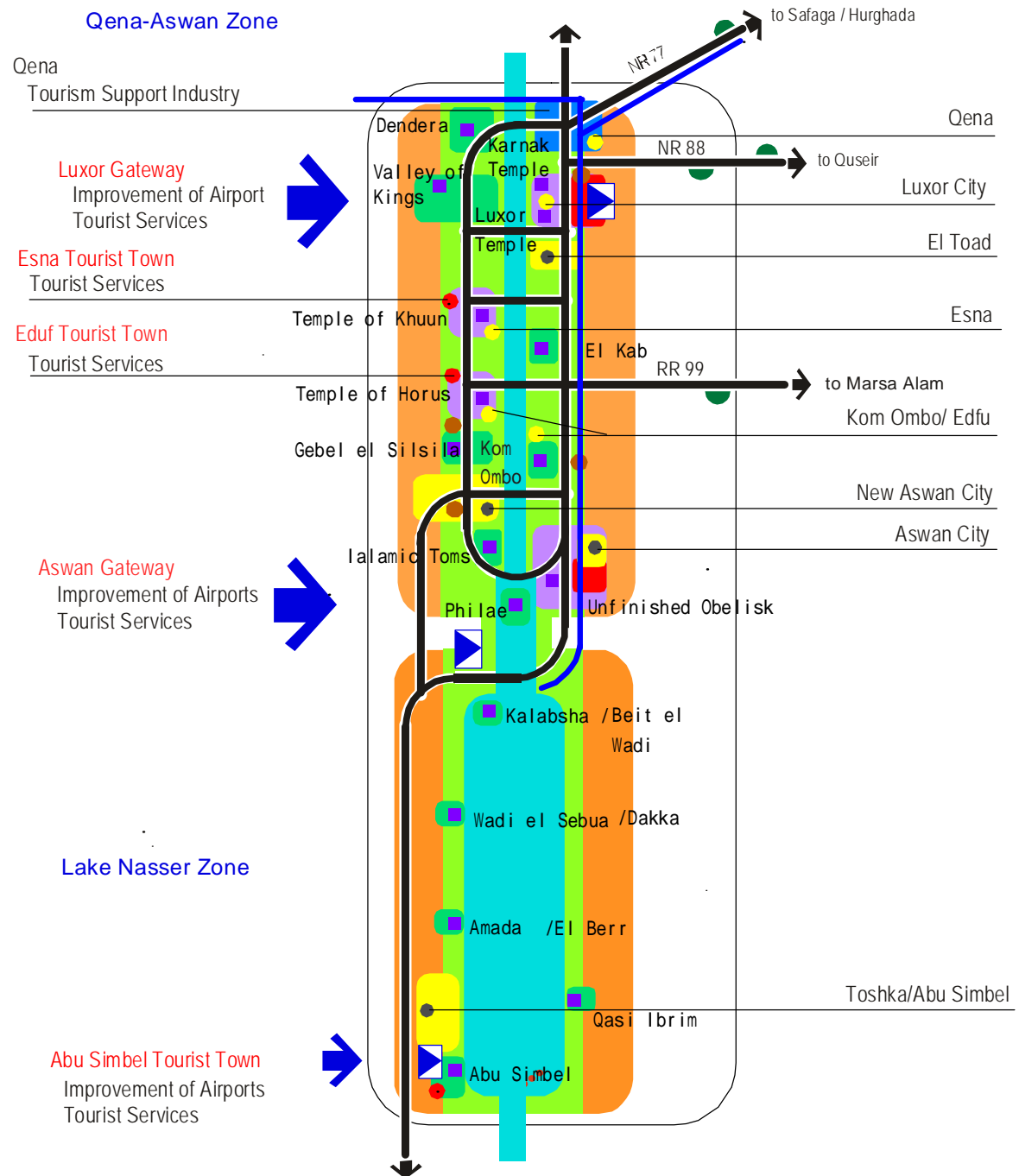
#### Fishery port, fish processing and fish market/seafood restaurant

- Establishment of fishery ports with ice plants, cold storage and market in each town, and
- Development of seafood restaurants/market, amusement centers in TDA Tourist Center and port side areas in each town.

#### Goods distribution/trading center development

- Development of nursery and greening service industry.
- Development of materials supply industry and construction material industry in each city, and
- Development of goods distribution center in Safaga.

Figure 2.3 Tourism Development in the Upper Nile



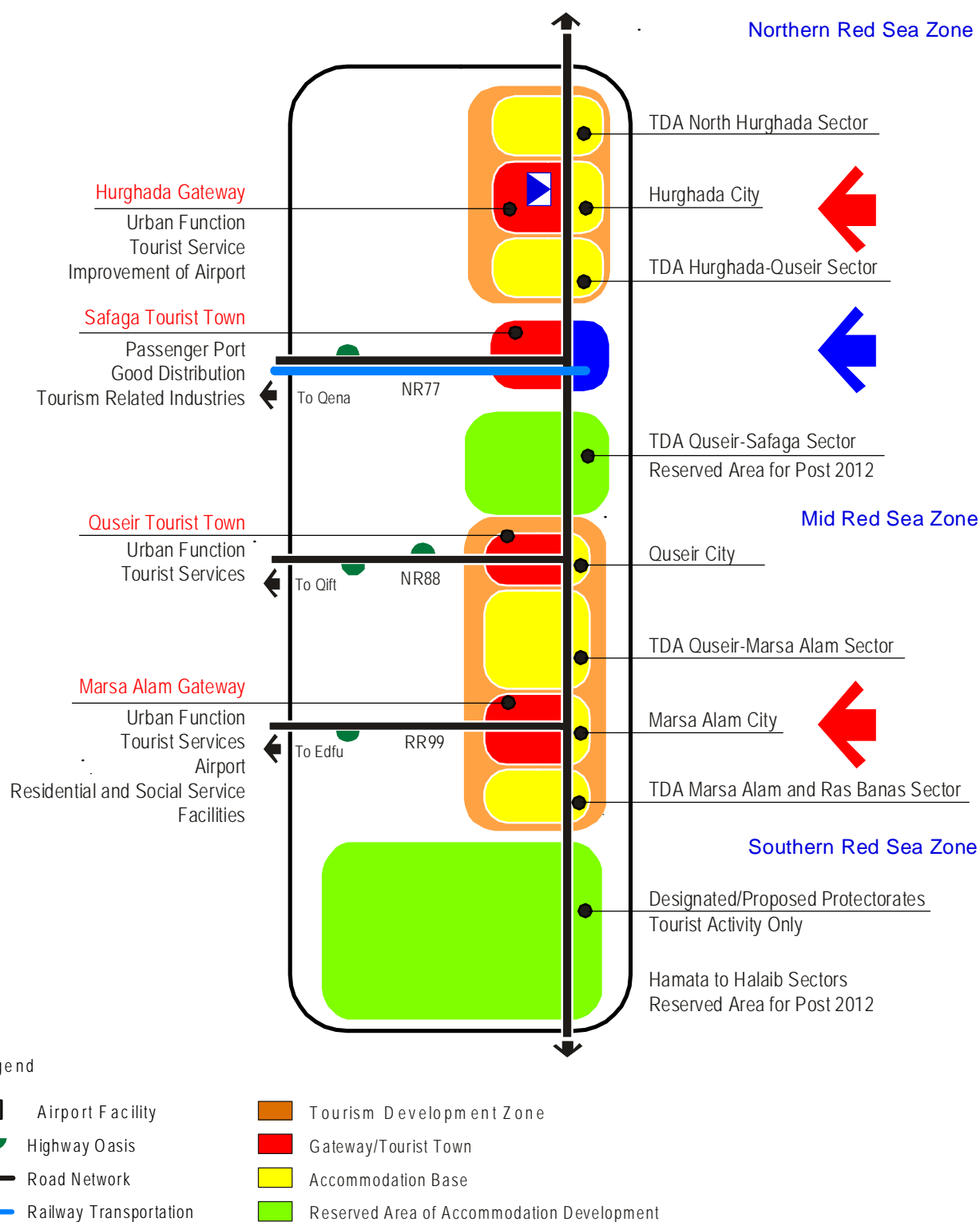
Legend

**Tourism Development**

- Airport
- Highway Oasis
- Handicraft Village
- Road Network
- Railway Transportation

Source: JICA Study Team

Figure 2.4 Tourism Development in the Red Sea

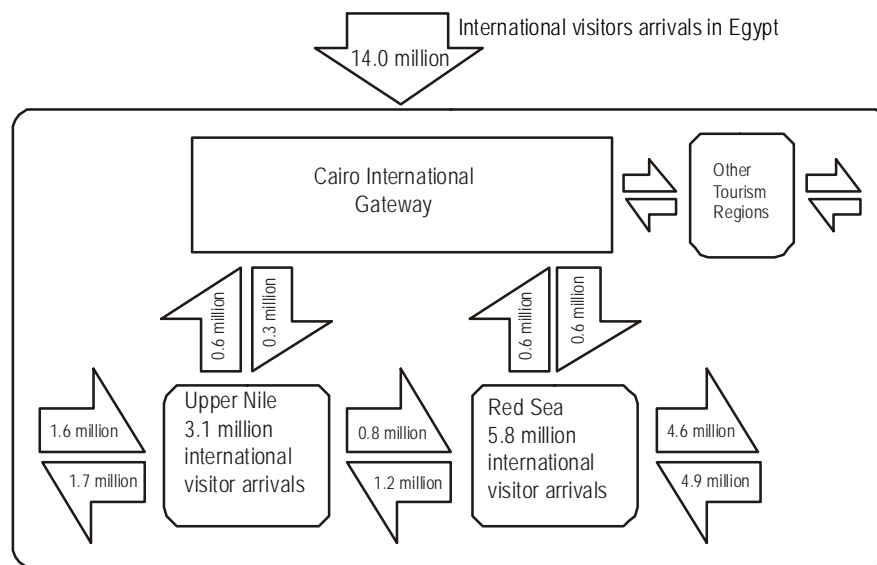


Source: JICA Study Team

## 2.4.2. Transport Capacity Expansion and Regional Integration

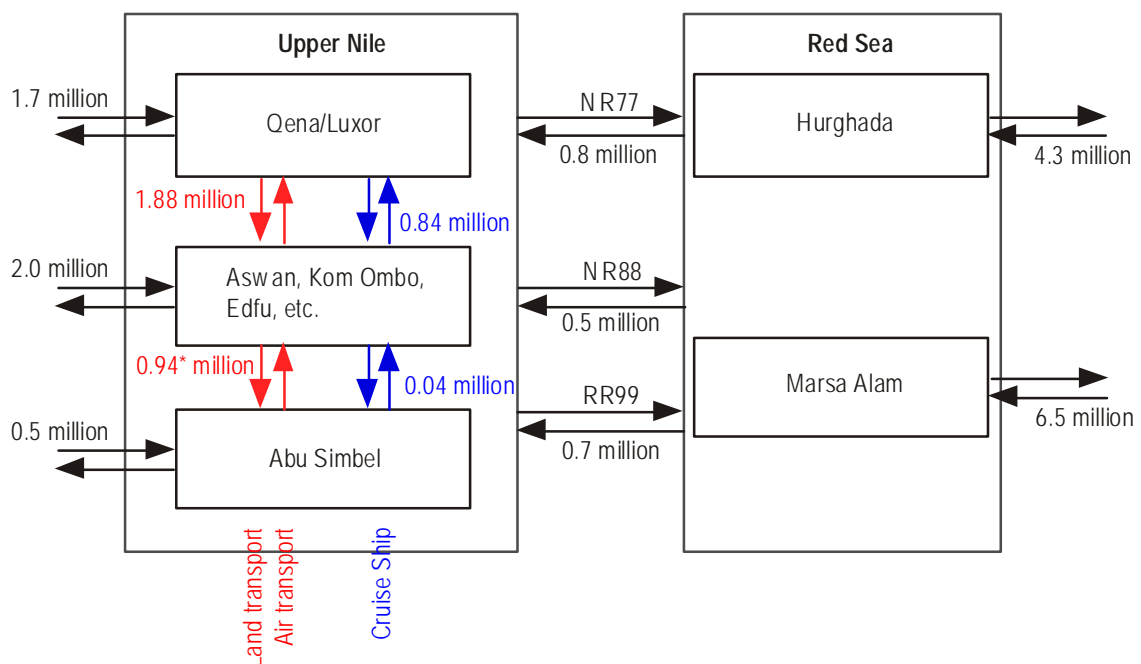
In 2012 about 9 million of international visitors will visit Upper Egypt. It is necessary not only to expand airport facilities in Cairo Airport, but also to expand the airports in the gateways to meet this future traffic demand. It is also required to improve frequently used domestic air transport networks. Improvement of the railway and road networks will be necessary to support the tourism circuits in Upper Egypt.

Figure 2.5 Inter-regional flow of International Visitors in 2012



Source: JICA Study Team

Figure 2.6 Transportation Demand on International Visitors in 2012



Source: JICA Study Team

(1) Air Transportation

The Cairo Airport Authority and Egyptian Civil Aviation Authority have already studied the expansion of airport facilities, such as runways, taxiways and terminal buildings at Cairo (both International and Domestic), Luxor and Hurghada to meet the future demand. These are expected to be implemented under BOT scheme.

Marsa Alam new airport is now being constructed under BOT scheme. This airport will start operation in 2002 and be completed by 2010.

The Study Team recommends implementing these airport development/improvement projects as scheduled. Especially, the development of Marsa Alam airport has to be pushed through because it is one of the most important factors to the success of tourism development in the Red Sea. In addition to development/improvement of airports, there is also a need to improve air transportation services, including flight schedule, operation, reservation, etc.

(2) Road transportation

Road transport is the most convenient mode for tourists who circulate within Upper Egypt. In accordance with the increase of tourist numbers, the volume of road traffic is expected to increase at a faster pace than the rate of increase in tourists.

Upper Nile

- Construction of bypass roads on National Road No. 2 between Qena and Aswan; and
- Improvement and widening of existing road along the west bank of the Nile River between Qena and Aswan.

The Red Sea

- Construction of bypass roads and widening of National Road No. 44 between Hurghada and Hamata.; and
- Development of highway oasis facilities on National Road Nos. 77, 88 and Regional Road 99.

(3) Railway transportation

Tourist demand for railway transportation is presently low because it has not developed as a tourism product yet. But the role of railway will be important in the future when the number of international independent tourist arrivals increase. It is important to develop/improve railway transportation as a tourism product in order to provide tourists with wide options of transport mode.

The aspects of railway improvement are:

- Improvement of signaling and communication systems between Qena and Aswan; and
- Operation of passenger trains between Qena and Safaga.

It is also necessary to improve stations and station plaza. Railway station with station plaza is a transportation node for trains, vehicles and pedestrians, and is one of the main gates to the city. A well-developed station and station plaza will not only make a good impression of the city to tourists, but also provide convenience of transfer for them.

- Qena, Luxor, Esna, Eduf, Kom Ombo Aswan and Safaga.

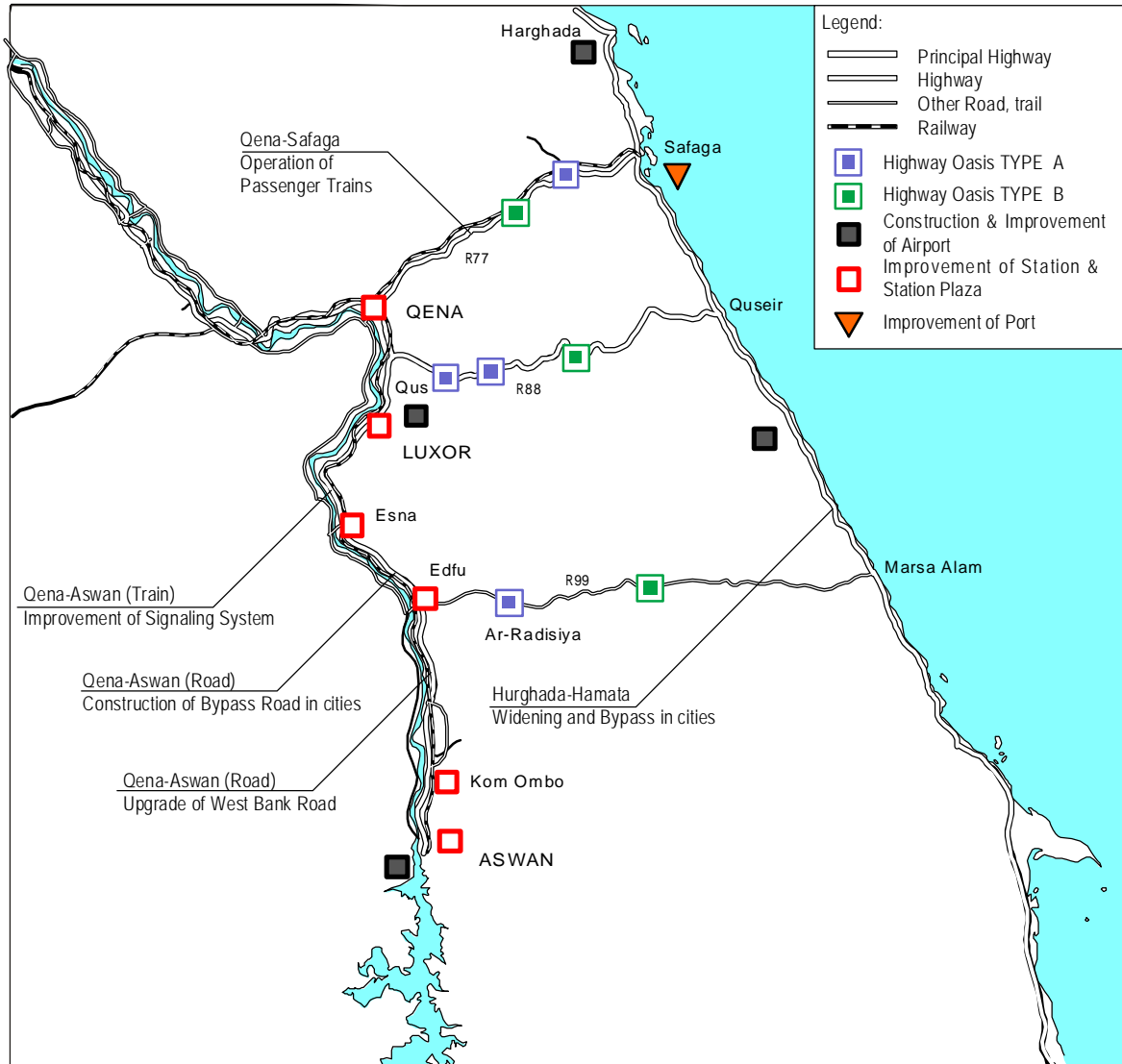
(4) Nile Cruise

The improvement and expansion of berth facilities is the most important issue from the point of environmental consideration, security and attractiveness. It is important to mitigate damage to natural environment by the increase of visitor at the Nile River and Lake Nasser. And it is needed to improve berth facilities in order to prevent accidents caused by berth of cruise ship in

a row.

In 2012, the number of cruise ship on the Nile River will be 275. Developments and improvements of 258-berth lot are needed. On the other hand, in Lake Nasser, the number of cruise ship will be 10, and 9-berth lots are needed.

Figure 2.7 Development and Improvement of Transportation Network



Source: JICA Study Team

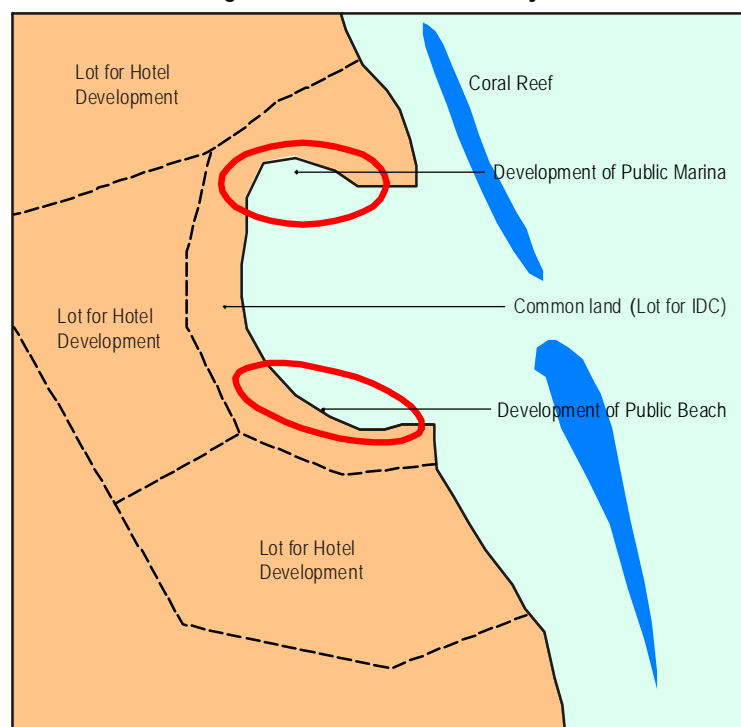
#### 2.4.3. Environmental Conservation and Tourism Development

Nile Cruise represents the tourism products at Upper Nile. The Study Team proposes that the number of rooms and number of cruise ships should be kept below 13,750 rooms and 300 ships and to develop berthing facilities to ensure passenger security, to control water pollution, and to protect the river's environment. The coral reefs of the Red Sea coast lead the tourism image of the Red Sea, and they are indispensable resources for the marine tourism products.

The Study Team further recommends marine environmental conservation and management measures in conjunction with the conservation of the coastline and prevention of water pollution. The development of public marinas, utilizing natural small bays shall be considered. At the Red Sea, the southern coastal area from the south of Marsa Alam to Halaib is proposed for nature conservation and future expansion area of coastal tourism development by the Study Team. Developments of large-scale tourism accommodation, gateways, and service towns have to be

implemented in almost all unused areas except for the scattered small Bedouin communities. Finally, the Study Team recommends the formulation of environmentally sound urban and infrastructure development plans and the establishment of environmental management centers for monitoring, guidance, training, and awareness, in order to prevent negative social impacts arising from the proposed developments.

Figure 2.8 Land Use in the Bay Area



Source: JICA Study Team

#### 2.4.4. Urban Population Increase

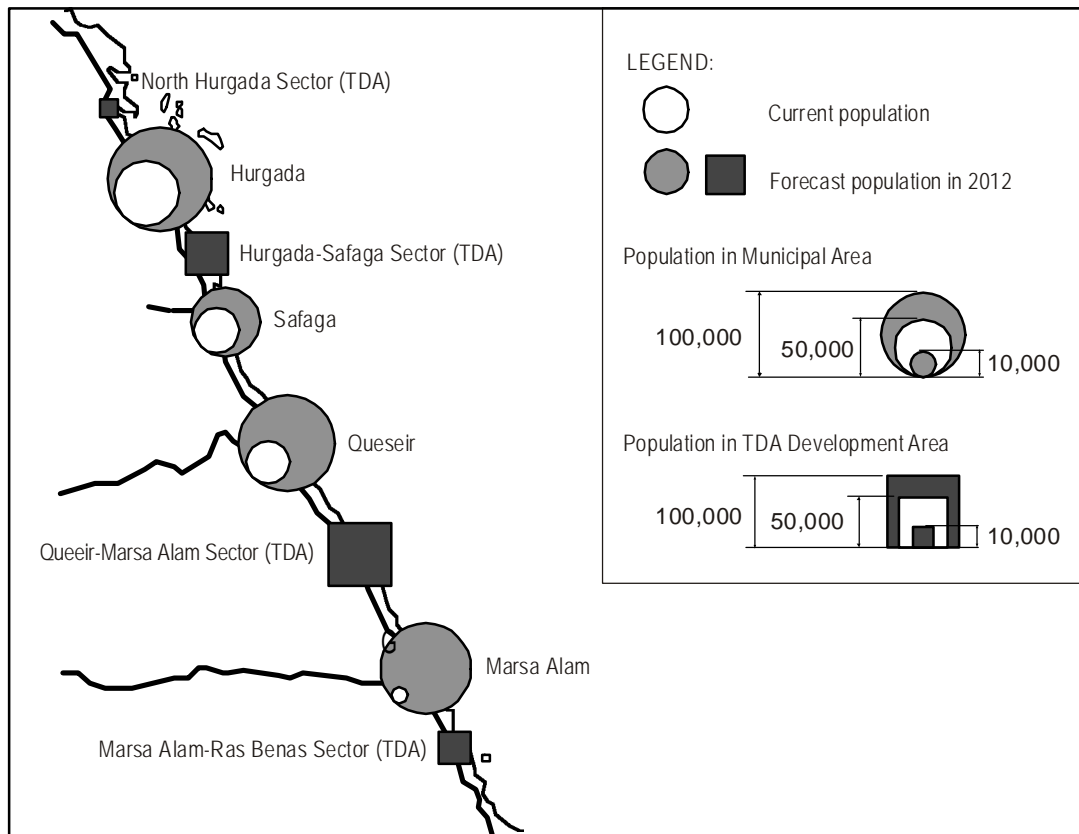
Tourism development in Upper Egypt can contribute to the national policy of population diversion away from Cairo and the Nile Valley to remote areas. Development of 190,000 accommodation rooms including 160,000 additional rooms will generate around 470,000 direct and indirect job opportunities in Upper Egypt. And it will generate 450,000 urban populations in the Red Sea until 2012.

Coordinated and controlled urban development should be implemented in the Red Sea with proper municipal infrastructure, social service and housing. These urban developments should be well controlled from the point of natural and social environmental conservation. Urban developments of gateways, such as Hurghada and Marsa Alam, and Tourist Towns, such as Safaga and Quseir, should also be well coordinated with the development in the surrounding TDA Tourist Center.

The roles and functions of public and private sectors to develop infrastructure and social services should be well coordinated with each other.

In these circumstances, the Study Team recommends to formulate the master plan study in order to define the roles of each city in the Red Sea and to clarify the required urban infrastructure in the future.

Figure 2.9 Population Distribution in the Red Sea



Source: JICA Study Team

#### 2.4.5. Demarcation and Coordination of TDA and Related Agencies

The 520-km-long coastal area from north Hurghada to the south of Marsa Alam is designated as tourism development area by the government. The coastal area is composed of the TDA Tourist Centers, buffer areas and beachfront tourism development areas of four cities.

Table 2.5 Shoreline of the Red Sea Coast

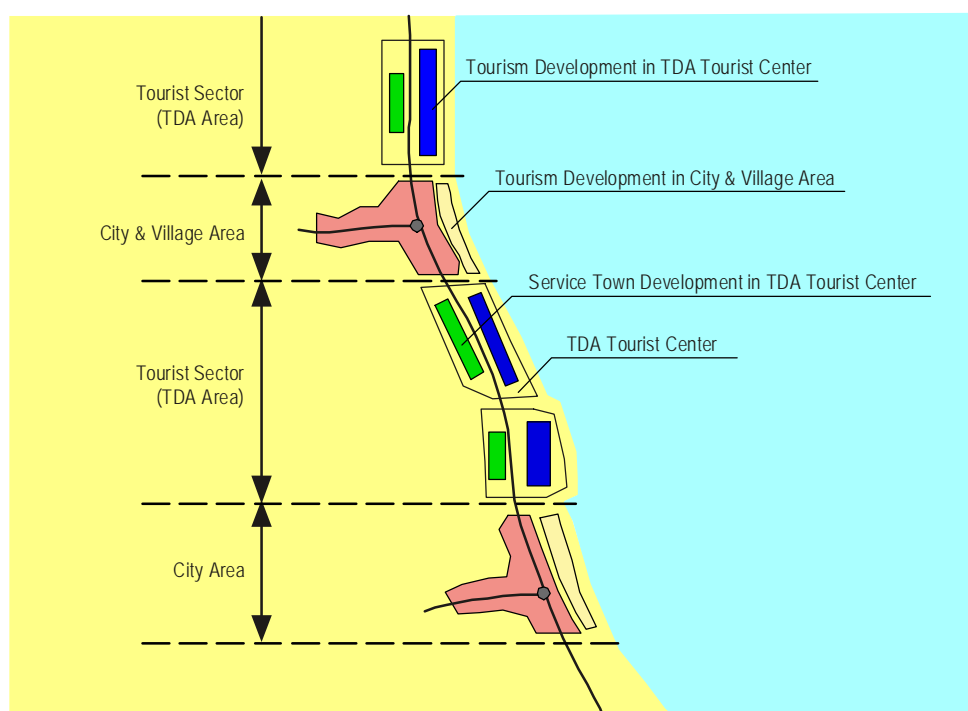
	Shoreline (km)
Four Cities (Hurghada/Safaga/Quseir/Marsa Alam)	140 (27%)
TDA Tourist Centers	260 (50%)
Buffer Area for Tourist Center and cities	120 (23%)
Total	520 (100%)

Source: JICA Study Team

Tourism development in the Red Sea includes not only accommodation development, which generates 155 thousand direct employees, but also the developments of tourism-related industries, which generate 206 thousand indirect employees, and the development of service towns with around 621 thousand population. It is necessary to develop urban infrastructures in Hurghada, Safaga, Quseir and Marsa Alam, and the TDA tourism development areas. Development of social infrastructure, such as educational and medical facilities, is also needed. To develop these infrastructures, it is recommended to demarcate and coordinate the roles of the TDA and related agencies in the formulation of sustainable development plans considering the natural and social environments, and to build public-private partnership.



Figure 2.10 Tourism Development by TDA and Local Governments



Source: JICA Study Team

#### 2.4.6. Service Improvement and Human Resource Development

Based on the tourism development target until 2012 by the Study Team, the number of international visitor arrivals, total bed nights and required rooms to accommodate those tourists have been estimated at 14 million, 135 million nights and 400 thousand rooms respectively in 2012. Until 2012 1.1 million new jobs are estimated to be generated in the tourism sector based on the framework. In line with the economic transition and the tourism boom, the role and function of the private sector will become a leading one. However there is a bigger responsibility of the public sector to lead and educate the people working in the tourism sector.

The quality of tourism services in Egypt is currently not highly rated in the international tourism market, and the quantity of human resources to meet the development target is not enough. For the future rapid expansion of the tourism industry, 488 thousand direct and 650 thousand indirect jobs will additionally be required until 2012. The number of additional indirect jobs is estimated to be 325 thousand, 130 thousand, 182 thousand, and 13 thousand for tourism establishments (restaurant, coffee shop, etc.), travel agencies, shops, and tour guides, respectively.

Personnel required in the tourism industry cover a wide field and level, encompassing a number of educational institutions from secondary to university levels. From the viewpoint of tourism service improvement, the education and training should be focused on personnel who provide services directly to tourists, such as hotel and restaurant staff and tour operators and guides.

The current capacity to train and educate tourism-related personnel in Egypt is summarized as follows:

- Training capacity for management level and tour guides is sufficient in terms of number of graduates. However, there is a need to improve the training curriculum and facilities as well as teaching staff to meet with actual ability required by the tourism industry.
- Training capacity for mid-management level in target type of work (accommodation and tourist establishment) is not enough. Expansion of training capacity in terms of facilities

and quality of teaching method is required. Most significant education and training is on-the-job training with scientific method.

- There is a need to expand the education and training to other than formal full-time course, such as refresher course, part-time course, apprenticeship training with crediting system and so on. Providing a wide range of training and education opportunity for all levels of personnel is quite effective for skill improvement.
- Adjustment of the syllabus to meet actual needs and creation of a new certification system should be adopted.

Human resource development, coordination with the private sector, and support from both private and public sectors are indispensable. There should be the provision of incentives for both students and industries.

## 2.5. Projects and Programs

### 2.5.1. Priority Projects and Programs

A number of projects and programs have been identified and formulated based on the regional tourism development plan. They have been prioritized taking into consideration the solutions to five main issues and the importance of public sector involvement. Eleven priority projects and programs to be implemented by 2007 have been selected.

**Table 2.6 Priority Projects and Programs**

Code No.	Location	National	Upper Nile	Red Sea
	Projects and Programs			
<b>T</b>	<b>TRANSPORTATION</b>			
T-1	Service area development along Route 77, 88 and 99			
T-2	Expansion of Transportation Capacity of Railway from Qena to Aswan			
T-3	Road Network Improvement			
T-4	Improvement of Existing Railway Stations and Station Plaza			
<b>U</b>	<b>URBAN DEVELOPMENT PLANNING</b>			
U-1	Solid Waste Management in Marsa Alam			
U-2	Urban development planning in the Red Sea coast			
U-3	Water conveyance from the Nile River to the Red Sea coast			
<b>P</b>	<b>TOURISM PRODUCTS DEVELOPMENT AND CONSERVATION</b>			
P-1	Development of passenger landing facility along the Nile/Nile River environment			
P-2	Beautification of access and pedestrian network			
P-3	Development of handicraft village			
P-4	Development of museums, site plaza and internet museum			
P-5	Development of New Cairo Museum	<b>Cairo</b>		
<b>I</b>	<b>INSTITUTIONAL DEVELOPMENT</b>			
I-1	Tourism institute development	<b>Cairo</b>		
I-2	Marine Environment Management Program with Development of Marine Environmental Center			

Source: JICA Study Team

In addition to these projects/programs, improvement of international airports and air transportation services, tourism information, enhancement of domestic transportation (air, railway, and road network) capacity and service improvement are the most important issues and should be included in the national development plans of each transportation sectors.

Further studies have been carried out for the selected projects and programs as shown in Table 2.7.

**Table 2.7 Further Studies on Proposed Projects and Programs**

Pre-feasibility Study	T-1	Service Area Development along Route 77, 88 and 99
	P-1-1	Development of Passenger Landing Facility along the Nile/ Nile River Environment
Re-evaluation	U-2	Water Conveyance from the Nile River to the Red Sea Coast
Implementation Program	I-1	Tourism Institute Development of EGOTH

Source: JICA Study Team

## 2.5.2. Further Studies on Projects and Programs

Following are further studies recommended by the Study Team and the details are referred to the separate volume, "Projects and Programs":

**Table 2.8 Pre-feasibility Study on Service Area (Highway Oasis) Development along Highway Route 77, 88 and 99**

Background and Rationale of Project	Upper Nile Valley has long been a magnet attracting cultural visitors to Egypt; however, marine resort tourism has begun to emerge as the highest growth pole of Egyptian tourism in the Red Sea and Sinai resort areas. This phenomenon does not imply that holidaymakers to the Red Sea coast stay only at beach resorts. It has been observed that some tourists staying at beach resorts are apt to take a tour to Upper Nile Valley, which is offered as an optional product by tour agents.  Based on the regional tourism development strategy to formulate the corridor to connect both sub-regions of the Red Sea and Upper Nile in the above context, this study has been set out.											
Brief of Project	The Highway Oasis development project consists of road service area development and visitor facilitation projects for historical areas along the highways in order to offer drivers and passengers a comfortable trip environment. Project categories are divided into: (1) Type A: Full Development (3 sites) Road sign and information (general information, direction sign, gate sign, etc.) Car service area (fuel station, car repair shop, other service facilities) Visitor service facilities (restaurant, coffee shop, public toilet, parking, etc) Tourism facilities (archeological site museum, desert tourism base, etc) (2) Type B: Limited Development ( 4 sites) Road sign and information (general information, direction sign, gate sign, etc.) Visitor service facilities (public toilet, parking, etc) Tourism facilities (archeological site museum, desert tourism base, etc)											
Location	Project sites are located on the National Highway (National Road No. 77, 88 and 99).											
	Route	Highway Oasis facilities type		Distance (km)		Reference/Location						
				Qena	Safaga							
	Route 77	Type A		80	85	Improvement of existing facilities in Wadi Abu Shih Mons Claudianus in the branch road of route 77						
		Type B		144	67							
	Route 88	Type A		90	54	With Bir Umm Fawakhir historical site El Laqeita historical site Qasr el Banat historical site						
Type B			38	106								
Type B			81	63								
Route 99	Type A		110	120	Barramiya historical site El Knayis historical site							
	Type B		60	170								
Stopover passenger demand	2,750, 2,210 and 3,200 stopover passengers per day in 2012 for the facilities along Route 77, 88 and 99 respectively.											
Development body	Ministry of Transport and Telecommunications/ TDA											
Project cost (at 1999 constant prices)	(1) Initial investment cost: LE 15.0 million (2) Annual OM cost: LE40 thousand (2003-2005), LE90 thousand in 2006, LE150 thousand after 2007											
Financial Evaluation	(1) Revenue: The implementing agency develops the land and rents it to private. The implementing agency will not own and operate any kind of visitor service facilities, vehicle service facilities and tourism facilities except museum. The revenue consists of following two sources: - Land rent fee in Type A (Service Area) Development; and - Entrance fee of site museum in Type B (Site Museum) Development (2) FIRR: 11.1 % (3) Financing: For the initial investment amounting to LE 15.0 million, the special subsidies from the state government should be provided.											
Economic Evaluation	(1) Benefits: Direct and indirect contribution of passenger expenditure to GDP (2) EIRR: 19.7% (Direct contribution), 25.4% (Direct and Indirect contribution)											
Construction Schedule	Urgent action				Short term				Medium term			
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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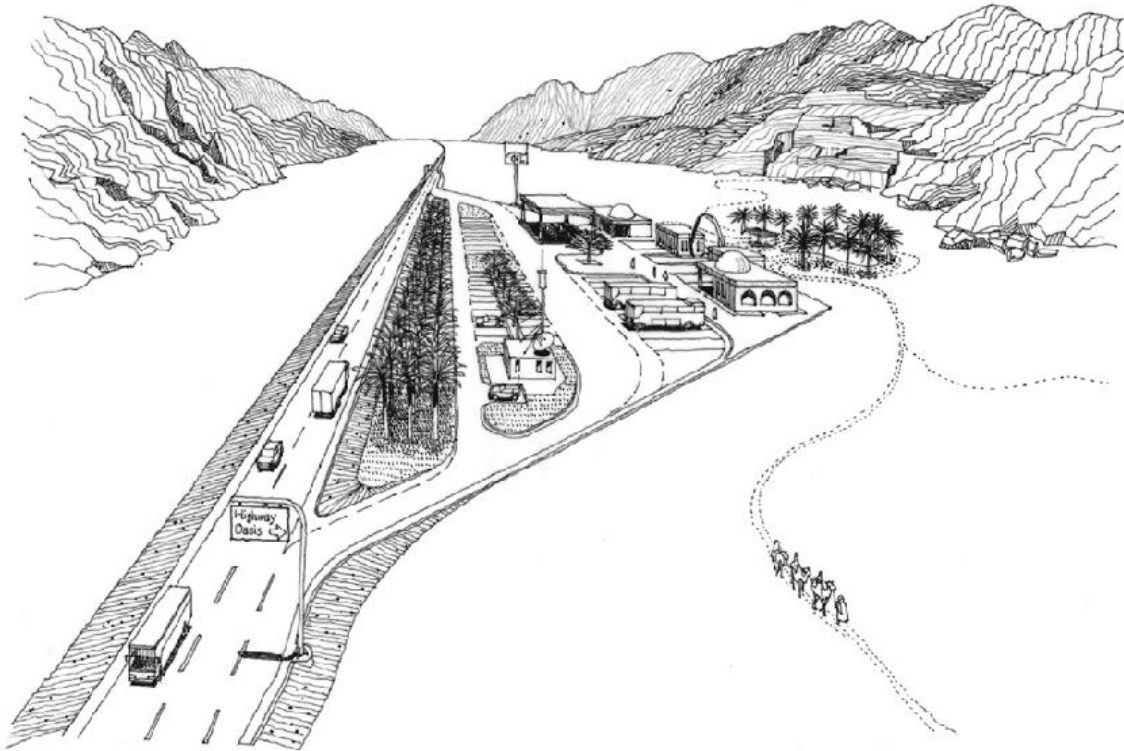
Source: JICA Study Team

**Table 2.9 Pre-feasibility Study for Development of Passenger Landing Facility along the Nile/ Nile River Environment**

Background and Rationale of Project	The great numbers of cruising ships in the Upper Nile sub-region has brought its environment on problems from the viewpoint of convenient tourist services, environmental conservation and safety of cursing tour. The Project aims: <ul style="list-style-type: none"><li>- To consolidate the Nile tourism development as a major product of Upper Nile Sub-region, in terms of securing convenient and safe use of cruising accommodation and other water recreational facilities</li><li>- To support adequate management of water transportation in terms of achieving efficient service and smooth operation of river tourism</li><li>- To formulate attractive and comfortable environment of waterfront area as a base for historical tourism and recreational tourism of the Nile river</li><li>- To prevent Nile River and Nasser Lake with historical assets from deteriorating its environment due to cruising tourism development</li></ul>											
Brief of project	Passenger Landing Facility Improvement project consists of three types of improvement and the project includes existing facilities improvement, expansion and new development. (1) Major station for cruising ships and other boats (9 sites) With utilities facilities and visitor facilities in front of major gateway city (2) Sub-station for cruising ships and other boats (10 sites) With limited utilities and visitor facilities for the destinations access and remote sites development (3) One-stop pier for cruising ships (6 sites) With limited visitor facilities only in front of historical attractions											
Location	Project sites are spreading out the Nile river between Qena and Aswan and Nasser Lake, stretching 617 km. The project consists of 10 packages including 17 sites in Nile River and the 8 sites in Lake Nasser.											
	1. Qena Dendera		1. Qena-Dendera				7. Kom Ombo		Existing improvement-Kom Ombo			
			Expansion-Qena City						Expansion-east bank Kom Ombo			
	2. El Toad area / Luxor		New development- west bank/ El Toad				8. Aswan New City		New development-east bank Kom Ombo			
			New development- El Toad						New development-Aswan New City			
	3. Esna City		Existing improvement-Esna City				9. Aswan City		Existing improvement-Aswan City			
			Expansion-Esna City						New development-east bank Aswan			
	4. El Kab		New development-El-Kab site				10.Nasser Lake		Existing improvement- High Dam Port and Abu Simbel			
	5. Eduf City		Existing improvement-Eduf City						New Development- Pier for Kalabsha, Dakka/Wadi, Amada, Qasr Ibrim, North Kohr Toushka and North Abu Simbel			
			Expansion-west bank Eduf City									
New development-east bankEduf City												
6. Gebel el Silsila		New development-Gebel el Silsila site										
Development body	TDA/Governorates											
Project cost (at 1999 constant prices)	(1) Initial investment cost: LE 1,354 million (2) OM cost: Land rent, O& M for facilities, berth and public area											
Financial Evaluation	(1) Revenue: i) Berthing charge of cruising ships, ii) Utility service charge for sewerage and waste disposal of cruising ships, iii) Berthing fee for leisure boats, iv) Land rent fee to shops and restaurants, and v) Parking charge for vehicles (2) FIRR of each 10 packages vary from 0.8% to 11.9% (average:5.2%) and it indicates the magnitude of requirements for public sector's involvement for financing of the individual project packages. Qena-Dendera: 11.9%, El Toad: N/A., Esna City:11.9%, El Kab: 9.9%, Eduf City: 6.2%, Gebel el Silsila: 9.3%, Kom Ombo: 7.6%, Aswan New City: 0.8%, Aswan City: 9.4%, Nasser Lake: 5.6% (3) Financing: In order to mobilize long-term financing, financial support sponsored by external financing sources such as ODA loan through the state government should be sought.											
Economic Evaluation	(1) Benefits: Direct and indirect contribution of visitor expenditure to GDP, and increase of willingness to pay of cruising ship company (2) EIRR: 10.0%											
Construction Schedule	Urgent action				Short term				Medium term			
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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Source: JICA Study Team

Figure 2.11 Image Sketch of Service Area (Highway Oasis) Development along Highway Route 77, 88 and 99



Source: JICA Study Team

Figure 2.12 Image Sketch of Development of Passenger Landing Facility along the Nile/ Nile River Environment



Source: JICA Study Team

**Table 2.10 Re-evaluation of Feasibility of Water Conveyance from the Nile River to the Red Sea Coast**

Project Brief & Location	Pre-feasibility of the water supply project in Marsa Alam City is evaluated. In the evaluation, the following two options of water resource are considered and compared: (1) Water conveyance from the Nile River through pipeline along highway from Edfu to Marsa Alam <ul style="list-style-type: none"><li>• Source of water: Nile River</li><li>• Length of pipe: 225 km</li><li>• Size of pipe: 1000 mm (average velocity of water in pipe is 0.96 m/sec.)</li></ul> (2) Desalination Plants of seawater from the Red Sea <ul style="list-style-type: none"><li>• Source of water: seawater</li><li>• Reverse Osmosis Membrane Method</li><li>• Number of plants: 8 (2 plants x 18,000 m³/day and 6 plants x 5,000m³/day)</li></ul>											
Water Demand	18,000 m³/day in 2007 and 62,000 m³/day in 2017											
	(1) Pipeline						(2) Desalination plant					
Implementing Body	Public Works and Water Resources						Private					
Construction Cost	LE 1,080 million						LE 761 million					
Operation and Maintenance Cost	LE 1.0 million per year						LE 6.3 million per year and cost of change of ROM is additionally required					
Unit Cost of Water Production over the Project Period	Unit cost of water production including construction cost and operation and maintenance cost is estimated at:											
	LE 1.76 per m³						LE 2.13 per m³					
Construction Schedule	Urgent action				Short term				Medium term			
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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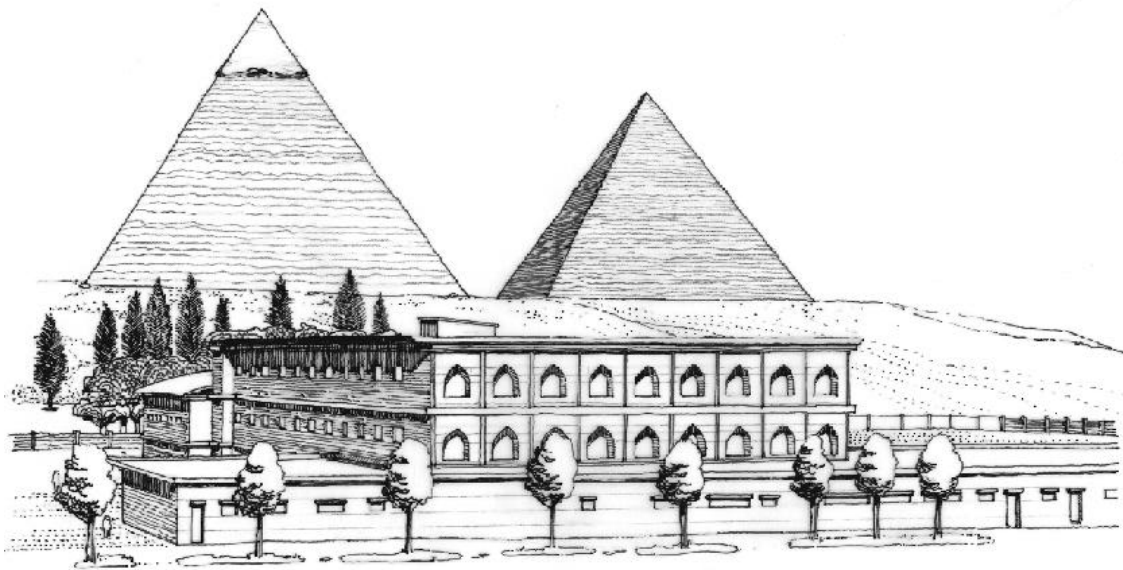
Source: JICA Study Team

**Table 2.11 Implementation Program for Tourism Institute Development of EGOth**

Project Brief	<p>Construction of a new tourism institute</p> <p>1) Training courses:</p> <ul style="list-style-type: none"> <li>• Diploma: hotel management (4 years) for 30 students</li> <li>• 2-year courses: a) housekeeping &amp; laundry, b) food &amp; beverage, c) kitchen and d) front desk operation for 50 students for each course</li> <li>• Refresher and temporary courses</li> </ul> <p>2) Facilities</p> <ul style="list-style-type: none"> <li>• Classrooms, training facilities (kitchen, demonstration restaurant, guest rooms language laboratory)</li> <li>• Library, meeting room</li> <li>• Dormitory (200 students)</li> <li>• Training equipment</li> </ul>											
Location	Project site is located near the Giza Pyramids at the beginning of Cairo & Alexandria Desert Road with a total area of 21,000 m <sup>2</sup>											
Development Body	Egyptian General Company for Tourism & Hotels (EGOTH)											
Project Cost	Initial investment cost: LE 60.4 million O & M cost: LE 5.0 million per year											
Revenue	Tuition and dormitory fee: LE 2.8 million per year											
Financing	For the initial investment amounting to LE 60.4 million, special subsidies from the State government or external-financing sources such as ODA loan or Grant should be sought. Annual operation & maintenance cost can be covered by the tuition of students and allocation of the EGOth budget. It is proposed that the EGOth have an annual budget of LE 2.2 million.											
Construction & Procurement Schedule	Urgent action				Short term				Medium term			
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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Source: JICA Study Team

Figure 2.13 Image Sketch of Tourism Institute Development of EGOTH



Source: JICA Study Team

## 2.6. Conclusions

Tourism, one of the key industries in Egypt, has developed satisfactorily the last 10 years. It is a major contributor to the national economy owing to its increasing foreign currency earnings and employment opportunities.

To sustain tourism development, the TDA/MOT has to undertake a number of projects and programs. First, in cooperation with local governments and private firms, is the development of tourism products that can attract a diversified tourism market. Then there is the need to expand the transportation capacity of both domestic and international transport, as well as to improve and develop transportation services to various tourism products, especially for the benefit of international independent tourists. The increase in number of tourists means the expansion of employment in the tourism industry, which is primarily labor intensive, and wherein the most important human resources are middle managers and technical experts. To satisfy these needs and other future manpower requirements of the tourism industry, coordination should exist between the concerned agencies and institutions. In this regard, both the national and local governments must have the initiative in the development of human resources in order to bring about expansion of employment for the local people.

The development of marine tourism, which is a new tourism product to Egyptian tourism, will bring about a rapid increase of tourists in the Red Sea coast. This will in turn give rise to increase in employment of tourism-related service industries and population in the urban areas. TDA/MOT has to develop an environmental management system for the Red Sea and to carry out an orderly tourism development program to minimize its impact on the environment. It is necessary to formulate an urban development master plan, which is coordinated with the tourism development plan, and to implement urban development according to the master plan.

Developments of other sectors proposed by the Study Team are essential to satisfactorily develop the tourism sector. MOT has to closely coordinate with other governmental agencies and thus contribute to national development.