For the currency conversion, in case necessary,
Exchange rate in January 2001is applied:

JPY 100 = TD 1.14

THE STUDY ON TOURISM DEVELOPMENT PLAN
FOR THE YEAR 2016 IN THE REPUBLIC OF TUNISIA
Upgrading the Condition of Cultural, Ecological
and Saharan Tourism Resources

FINAL REPORT
(SUMMARY)

TABLE OF CONTENTS

ABBREVIATION

AAGR	: Average Annual Growth Rate
AFT	: Tourism Estate Agency
ALS	: Average Length of Stay
AMVPPC (or APPC)	: Heritage Valorization and Cultural Promotion Agency
ANPE	: National Agency for Environment Protection
EIA	: Environmental Impact Assessment
FTAV	: Tunisian Travel Agency Federation
FTH	: Tunisian Hotel Federation
GDP	: Gross Domestic Product
INP	: National Heritage Institute
INS	: National Statistic Institute
MA	: Ministry of Agriculture
MAE	: Ministry of Foreign Affaires
MAS	: Ministry of Social Affaires
MC	: Ministry of Culture
MCIIE	: Ministry of International Cooperation and Foreign Investment
MDE	: Ministry of Economic Development
MEAT	: Ministry of Environment and Land Planning
MEH	: Ministry of Equipment and Housing
MF	: Ministry of Finance
MFPE	: Ministry of Professional Training and Employment
MI	: Ministry of Interior
MICE	: Meetings, Incentives, Conventions and Exhibitions
MS	: Ministry of Public Health
MT	: Ministry of Transport
MTLA	: Ministry of Tourism, Leisure and Handicraft
OECD	: Organization for Economic Cooperation and Development
ONAT	: Tunisian National Handicraft Office
ONTT	: Tunisian National Tourist Office
SNCFT	: Tunisian Railroad Company
SOCOPA	: Handicraft Product Marketing Company
TCB	: Tunisian Convention Bureau
TD	: Tunisian Dinar
UNESCO	: United Nations Educational, Scientific and Cultural Organization
WB	: World Bank
WTO	: World Tourism Organization

Digest of the Executive Summary	
Study Title	The Study on Tourism Development Plan for the Year 2016 in the Republic of Tunisia, Upgrading the Condition of Cultural, Ecological and Saharan Tourism Resources
Study Period	From March 2000 until June 2001 (15 months)
Implementing Agencies	Ministry of Tourism, Leisure and Handicraft (MTLA) Tunisian National Tourism Office (ONTT)
Objectives of the Study	1 Review and analysis of present conditions on tourism industry; 2 Formulation of a national tourism development master plan (2016); 3 Formulation of a regional tourism development plan in the selected regions (2016); 4 Feasibility study for selected priority projects (2006); and 5 Technology transfer on tourism development through the Study.
Formulated Tourism Development Objectives and Strategies	Objective A: Competitiveness Strategy 1: Creation of Star Attraction Strategy 2: Diversification of Products Strategy 3: Innovative Promotion Approaches Objective B: Profitability Strategy 4: Competitive Beach Resorts Strategy 5: Visitor Facilitation Upgrading Strategy 6: Improved Training Objective C: Sustainability Strategy 7:Improved Environment Management Strategy 8: Improved Agency Collaboration Strategy 9: Infrastructure Strategy 10: Complementary Products
Priority Project Packages and Programs	Package A: Carthage Heritage Park (TD 27.4 millions) Package B: Islamic Urban Heritage (TD 25.1 TD million s) Package C: Sahara and Oasis Life (TD 35.2 millions) Package D: Cultural Tourism Upgrading (TD 30.4 million) Package E: Improved Competitiveness for Beach Resorts (TD 7.1 million) Package F: MICE Tourism Promotion (TD 1.0 million)
Economic Evaluation (EIRR, NVP, B/C ratio)	Package A: (25.7%, 27.0, 1.9) Package B: (20.6%, 15.3, 1.6) Package C: (25%.0, 20.0 , 1.8%) Package D: (24.4, 29,6, 1.9)
Suggestions and Recommendations	1) As a result of the Study, six proposed packages are considered technically, environmentally and economically appropriate. 2) Tunisia should diversify tourism products and improve visitor facilitation and overall service quality. 3) Central Coordination Committee and Regional Committee should be organized and Central Project Office should be established within ONTT for effective implementation of project/program packages. 4) Cooperation between the public and private sectors is essential. 5) It is recommended that the Tunisian government apply for international loan for projects/programs implementation.

Abstract

Objectives of the Study

The objectives of the Study agreed upon in the Scope of Work for the Study are:

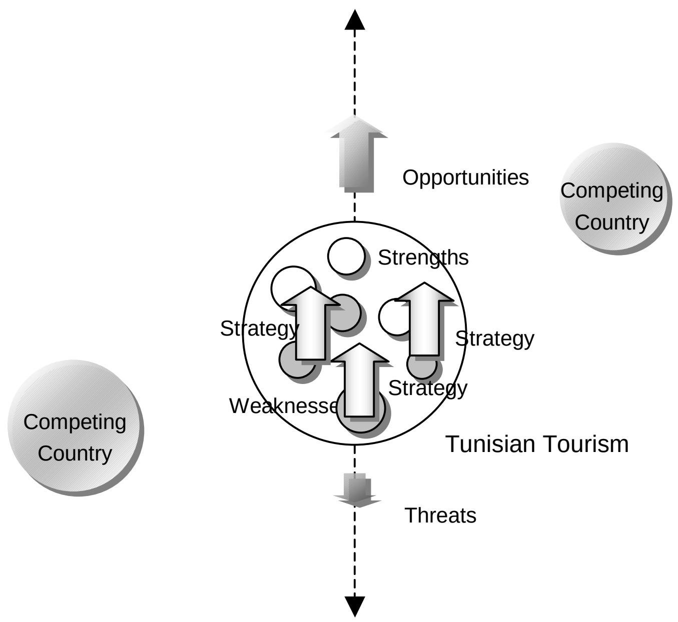
1. Review and analysis of present conditions on tourism industry;
2. Formulation of a national tourism development master plan (2016);
3. Formulation of a regional tourism development plan in the selected regions (2016);
4. Feasibility study for selected priority projects (2006); and
5. Technology transfer on tourism development through the Study.

Summary of the Study

Tourism Development Strategies

A total of ten strategies have been defined. They have been developed as a function of the three defined objectives and taking into account the results of the SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis.

Conceptual Role of Strategies



After careful assessment of tourism sector in Tunisia, a SWOT analysis was made. The followings were identified:

Strengths:

1. Proximity to the European markets
2. Environment of security and peace
3. Rich variety of natural and man-made tourism resources
4. Attractive beaches
5. Mild winter climate
6. Exceptional mix of heritage from different eras
7. Favorable foreign investment environment
8. Good air, rail and road transport internally
9. Expanding hotel capacity
10. Tradition of hospitality of Tunisians

Weaknesses:

1. Perception as a budget destination close to Europe lacking exoticism
2. Low satisfaction level of visitors and low rate of return visitation
3. Absence of promotional trump cards to differentiate its image in target markets
4. Substandard quality of tourism products and services
5. Heavy reliance on beach tourism with a severely seasonal pattern
6. Low profitability of tourism industries
7. Insufficient provision of visitor facilitation, information and amenities at cultural sites, museums and medinas
8. Lack of collaboration and coordination among tourism-related actors
9. Some deterioration of the natural and cultural environment

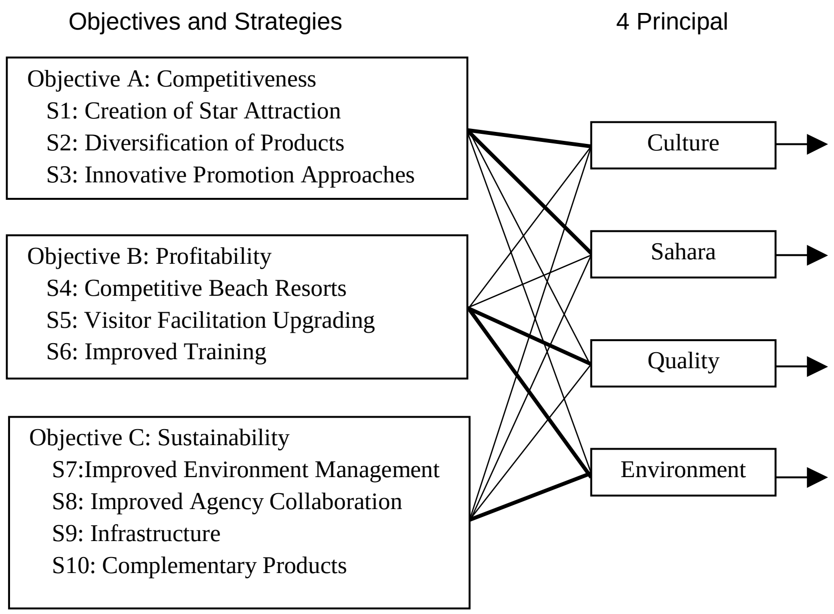
Opportunities:

1. Repositioning in the Mediterranean marketplace to capture higher value beach tourism
2. A prime meetings, incentives, conventions and exhibitions destination at the gateway of the Arab world and African continent
3. A crossroads of Mediterranean, Oriental and Western civilizations
4. A welcoming Saharan gateway with spectacular indigenous mountain civilizations

Threats:

1. Slow progress in conquering the quality problem
2. Slow progress in upgrading visitor facilitation at cultural sites
3. Failure to effectively reinvent the country’s image in key source markets
4. Continued lack of coordination of efforts between government agencies
5. Increasingly fierce nature of international competition

Based on the above SWOT analysis, 3 objectives and 10 strategies were proposed. Then, in order to develop more specific and action-based plans under the strategies, four core themes; Culture, Sahara, Quality, and Environment were introduced, on which Tunisia's future efforts for tourism development should focus. Subsequently, demand projections made for the year 2006 and 2016, and numbers of concrete component plans were proposed.



Greater Tunis region, Central region, and Southwest region were selected according to the 4 core themes, and development plan for 2016 were formulated. An action plan for 2006 including both physical construction projects and software programs were also formulated.

Package Cost

Package A: Carthage Heritage Park	TD 27.4 million
Package B: Islamic Urban Heritage	TD 25.1 million
Package C: Sahara and Oasis Life	TD 35.2 million
Package D: Cultural Tourism Upgrading	TD 30.4 million
Package E: Improved Competitiveness for Beach Resort	TD 7.1 million
Package F: MICE Tourism Promotion (TD 1.0 million	TD 1.0 million

Economic Evaluation of Priority Projects

Each project package was evaluated for a period of 20 years by EIRR, NPV and B/C. All of the indicators point to the clear economic viability of the projects.

Indicator	Package A: Carthage Heritage Park	Package B: Islamic Urban Heritage	Package C: Sahara & Oasis Life	Package D: Cultural Circuit Upgrading	Total
EIRR (%)	25.7%	20.6%	25.0%	24.4%	24.0%
NPV (million TD)	27.0	15.3	30.0	29.6	101.9
B/C ratio	1.9	1.6	1.8	1.9	1.8

Conclusion and Recommendation

The main question is how to increase the competitiveness of Tunisian tourism to hold a steady position in the world tourism marketplace where the competition is getting fiercer. The formulated objectives and strategies, component plans and priority projects are the result of an attempt to answer the question. All the measures proposed must enhance the value of Tunisian tourism.

Introduction

1 Introduction

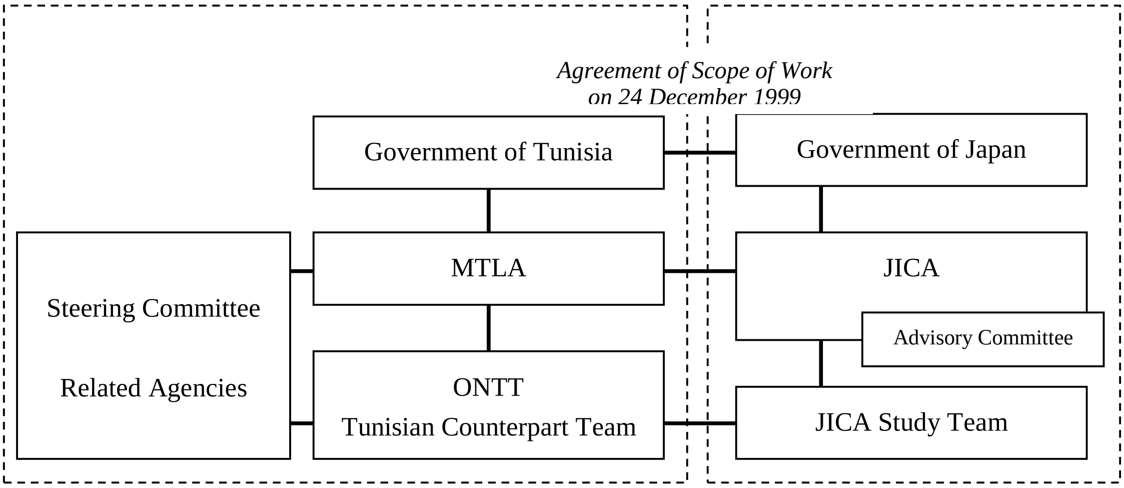
1.1 Background of the Study

In response to the request of the Government of the Republic of Tunisia, the Government of Japan has decided to conduct the Study on Tourism Development Master Plan in the Republic of Tunisia.

In March 2000, Japan International Cooperation Agency (JICA) engaged a team of experts organized by PADECO Co., Ltd. and Nippon Koei Co., Ltd. as the JICA Study Team.

On the part of the Government of Tunisia, MTLA and ONTT, which are the counterpart agencies to the Study Team, formulated Tunisian counterpart team for the smooth implementation of the Study, and a Steering Committee for the purpose of coordination in relation to the other organizations concerned.

Study Organization



The Study was carried out in Tunisia and in Japan for a period of a little more than a year since March 2000.

This Final Report presents the result of the Study as of the end of February 2001 and a Final Report will be submitted in June 2001.

1.2 Objectives of the Study

The objectives of the Study agreed upon in the Scope of Works are:

1 Review and analysis of present conditions on tourism industry;

2 Formulation of a national tourism development master plan (2016);

3 Formulation of a regional tourism development plan in the selected regions (2016);

4 Feasibility study for selected priority projects (2006); and

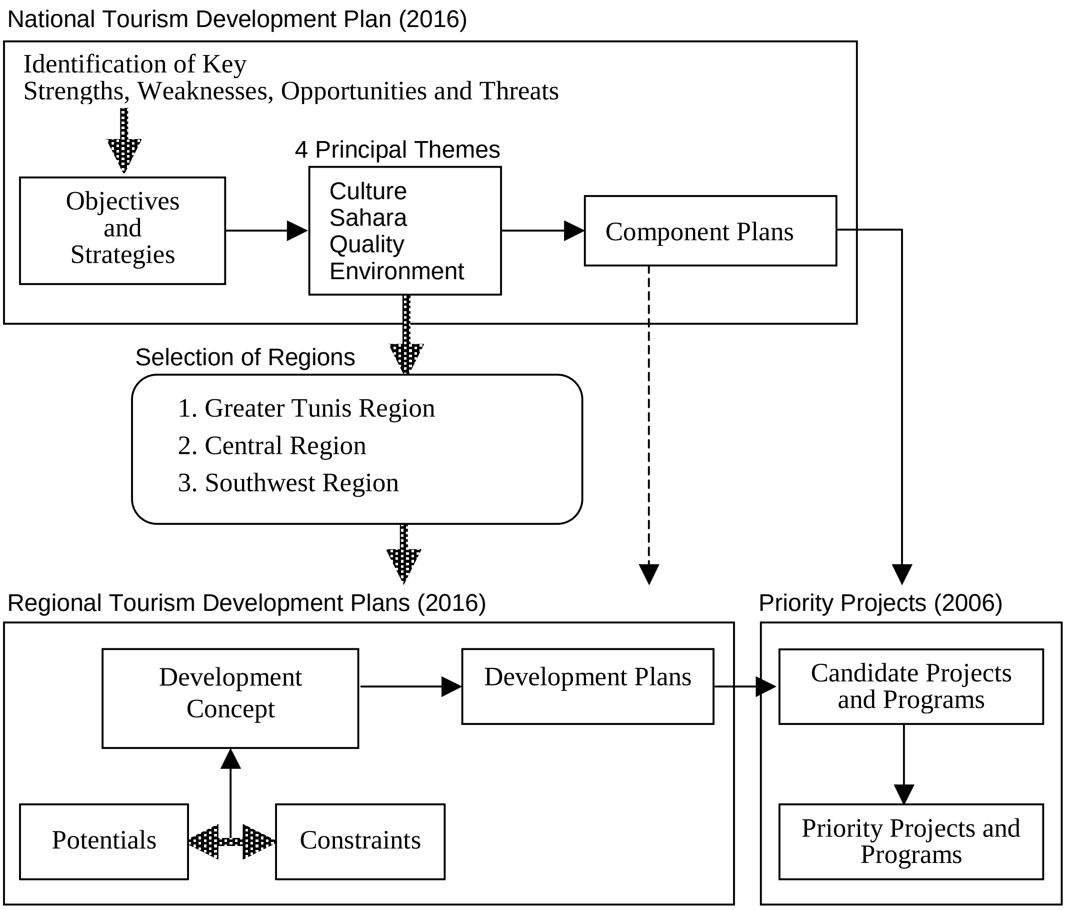
5 Technology transfer on tourism development through the Study.

1.3 Methodology of the Study

The basic approach adopted in the Study was to understand tourism in Tunisia as a result of interaction between the tourism demand and supply under prevailing socio-economic and institutional settings.

Their integration by SWOT analysis (strengths, weaknesses, opportunities and threats) led to the formulation tourism development objectives and strategies. Based on a synthesis of overall demand prospects and development strategies, numerical demand projections were generated for different segments of the market, for which specific and concrete measures were then recommended. Four themes of “Culture”, “Sahara”, “Quality” and “Environment” were used as tools indicating clear and precise directions of future tourism development for Tunisia.

1.4 Study Framework



Source: JICA Study Team

Methods and data sources included the following:

- A large number of site visits covering all of Tunisia by the experts of the Study Team backed up by a similarly large number of interviews with government and private sector personnel at all levels;
- Data from various ministries and WTO were collected and analyzed carefully by the Study Team:
- All relevant reports, books and documents containing matters related to tourism in Tunisia were assembled and assessed;
- Data concerning the tourism in the competing countries such as Egypt, Morocco, Turkey, Greece were also collected through their responsible agencies in tourism and comparative analysis was made; and
- Surveys were carried out including the following:
  1. A market survey interviewing 3,600 tourists in July and August 2000,
  2. A market survey interviewing major tour operators in Spain, Netherlands, Italy, Poland and Japan in July to September 2000,
  3. An interview survey of major tour operators in Germany by comparing Tunisia with other destinations,
  4. A socio-economic impact survey interviewing 350 families and number of tourism related enterprises in the several parts of Tunisia in July and August 2000, and
  5. An EIA to identify possible environmental issues and mitigation measures for the proposed priority projects.

1.5 Tourism Regions

Tunisia is currently divided into 10 tourism regions for the purpose of ONTT administration. Until 1999, it was divided into 8 tourism regions and starting from 2001, it will be divided into 11 tourism regions.

The Study will basically follow this partition of 8 or 10 tourism regions for the analytical purpose. However, the names of tourism regions will be abbreviated as follows.

1 Tunis-Zaghouan (Tunis-Z),
2 Nabeul-Hammamet (N-Hammamet),
3 Sousse-Kairouan (Sousse-K),
4 Monastir-Mahdia-Sfax (Monstir-S),
5 Jerba-Zarizis,
6 Gafsa-Tozeur,
7 Bizerte-Beja,
8 Tabarka-Ain Draham

(9 Monastir-Mahdia)
(10 Sbeitla-Kasserine)
(11 Hammamet Sud)

1.6 Report Organization

The Final Report consists of an executive summary and 3 volumes as follows:

1 Executive Summary

2 Volume I: National Plan

- Part 1: Diagnosis of the Current Situation
- Part 2: National Plan (2016)

3 Volume II: Regional Plans and Action Plan

- Part 3: Plans for the Selected Regions (2016)
- Part 4: Action Plan (2006)

4 Volume III: Appendixes – Sector Analysis

Part 1: Diagnosis of Current Situation

2 Assessment of Tunisian Tourism

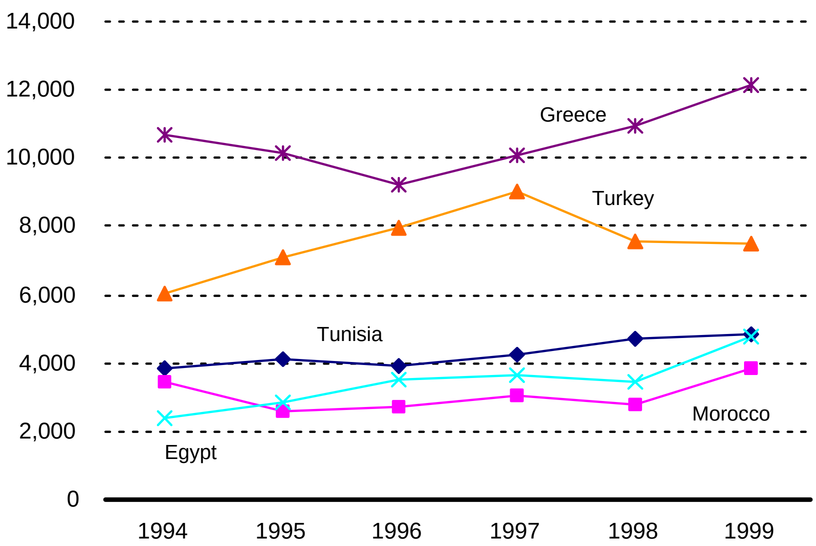
An assessment of tourism sector in Tunisia was made. The results are summarized below. Detailed analysis of each sub-sector is described in Volume III: Appendix-Sector Analysis.

2.1 International Tourism Market for Tunisia

There is no doubt that Tunisia is one of the leading pioneer destinations in the Mediterranean beach holiday tourism for the masses of Western European holiday market as early as the mid-1950s.

Tunisian tourism, however, seems to have been smug in receiving a continued substantive influx of traditional West European beach tourists. Tunisia was rather disinclined to pursue the development of a variety of new market segments in the global tourism marketplace, or to develop new tourism products to diversify its market potentials for the last decade or so. In the meantime, there have emerged in the Mediterranean region not a few competitive destinations, which have clandestinely eaten away Tunisia's valued market share.

Visitor Arrivals-Tunisia and the Four Competing Destinations



Source: WTO Statistics Yearbook

Turkey and Egypt are the two typical new entrants for beach tourism market in the late 1980s and 1990s. They have successfully targeted such other new lucrative market segments and products as conference, yachting, spa, discovery, and soft adventure as well. It should be remembered also that both Turkey and Egypt have long been and continue to be an established destination for culture circuit tourism, endowed with many archaeological, historical, cultural and folkloric resources of world renown

2.2 Major Markets for Tunisia

An exercise was made to identify the top ten tourist-generating countries of Europe for Tunisia in the recent six years of 1994 to 1999.

Ranking of European Arrivals to Tunisia

	1994	1995	1996	1997	1998	1999
1	Germany	Germany	Germany	Germany	Germany	Germany
2	France	France	France	France	France	France
3	UK	Italy	Italy	Italy	Italy	Italy
4	Italy	UK	UK	UK	UK	UK
5	Netherlands	Switzerland	Austria	Austria	Belgium	Austria
6	Belgium	Belgium	Scandinavia	Belgium	Austria	Belgium
7	Switzerland	Netherlands	Belgium	Switzerland	Poland	Switzerland
8	Austria	Austria	Switzerland	Scandinavia	Switzerland	Spain
9	Scandinavia	Scandinavia	Netherlands	Netherlands	Netherlands	Netherlands
10	Spain	Spain	Spain	Czech	Spain	Scandinavia

Source: WTO Statistics Yearbook and ONTT

Germany and France are the two dominant source markets, annually holding some 35% of the total Tunisian arrivals. UK, Netherlands and Spain generally occupy the lower ranks in the total Tunisian arrivals, compared to the other competitive destinations. This suggests weaker penetration of Tunisian tourism into these very productive markets.

2.3 Tunisia's Position vis-à-vis Competitive Destinations

Tunisia's position is compared, by using various criteria, with three other destinations of more or less similar characteristics, North African or Islamic heritage in the Mediterranean, namely Morocco, Egypt and Turkey.

Comparative Position of Tunisia as a Tourist Destination

	Beach Holiday	Archeology	History/ Culture	Scenic Wonders	Sports/ Adventure	MICE	Health/ Cure	Themed Attraction
Tunisia Beach destination	Very Strong	Weak	Weak	Fair	Fair	Weak	Weak	Weak
Morocco Multi-obje ctive	Fair	Strong	Strong	Strong	Fair	Strong	Fair	Strong
Egypt Multi-obje ctive	Strong	Strong	Strong	Strong	Fair	Strong	Fair	Strong
Turkey Multi-obje ctive	Strong	Strong	Strong	Strong	Fair	Strong	Fair	Strong

Source: JICA Study Team

While Tunisia's tourism is focused heavily on beach holiday, the types of holiday enjoyed by European outbound travelers are much more diverse.

Tunisia's heavy reliance on traditional beach holiday, coupled with its weaker position in various other products results in the low level of tourism earnings per visitor arrival.

Outbound Travelers from Major European Countries by Type

Holiday						Business	Other types of leisure
Sun + Beach	City holiday	Touring	Countryside	All others	Total		
25%	12%	13%	6%	19%	76%	13%	11%

Source: IPK International, World Travel Monitor 1998

Comparison of Tourism Earnings per Visitor Arrival in 1999

Destination	Tourism earnings per arrival (US$)	Tunisia = 1.0 (including visitors from Maghreb)	Tunisia = 1.0 (excluding visitors from Maghreb)
Tunisia*			
Including visitors from Maghreb	340.3	1.00	-
Excluding visitors from Maghreb	420.6	-	1.00
Morocco	512.6	1.51	1.22
Turkey	694.9	2.04	1.65
Egypt	813.6	2.39	1.93
Greece	720.6	2.12	1.71
Portugal	445.6	1.31	1.06

Source: Central Bank of Tunisia, WTO

2.3.1 Tourism Product Development

Tunisia has been and still is enjoying her dominant position as easy-access and affordable beach destination especially from west European countries. Tunisia has been so smug in receiving a substantive volume of western beach tourists for so many years that Tunisia fails to upgrade or exploit other forms of tourism in earnest such as "culture circuit," "city discovery," "traditional way of life," "MICE," all of which are vigorously and successfully developed and marketed in the competitive destinations of Morocco, Egypt and Turkey.

2.3.2 Overseas Tourism Promotion

One-shot participation in travel fairs in the major markets makes little or no impact on the target market, engulfed by the more aggressive and sophisticated approaches adopted by competitive destinations. There seems to be no repetitive sales mission to follow up the trade fair participation.

Trade fair participation is only effective when Tunisian team consists of not only ONTT representatives but more importantly of key players of the tourist industry such as airlines, hotels, ground service/transport operators, convention bureau, etc.

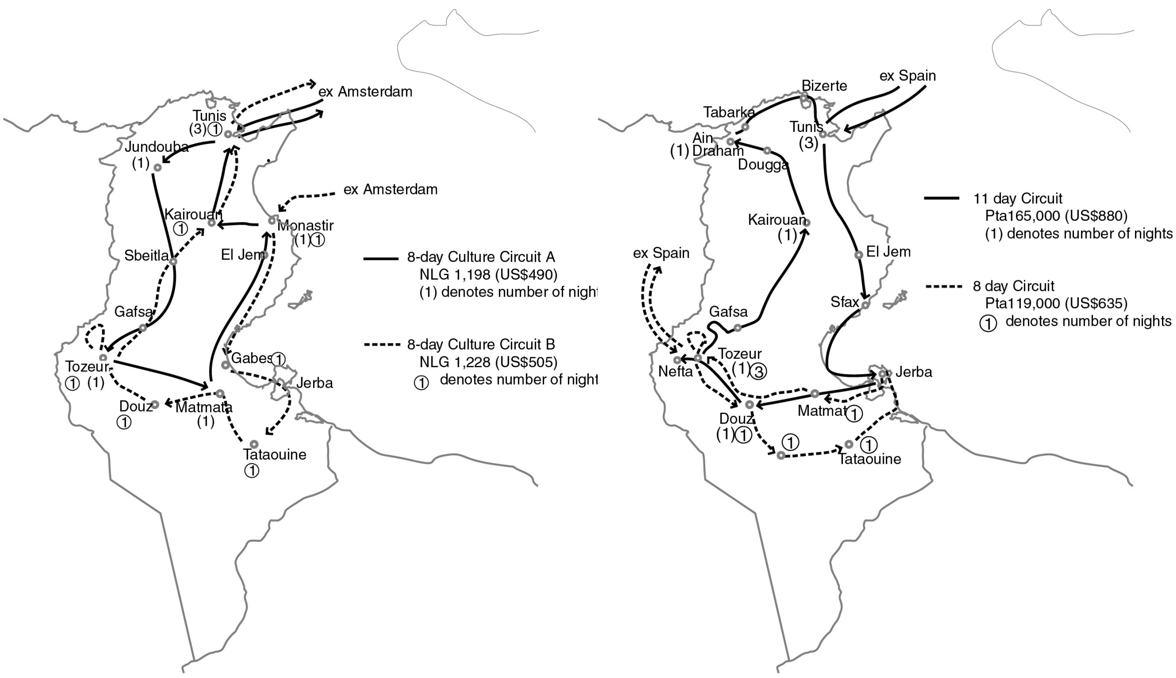
ONTT's role is to provide a venue for business opportunities to these key players, who actually cut business deals with potential tour operators in the source markets. This is the reason why repetitive follow-up missions are indispensable to ensure the fruitful conclusion of negotiations.

2.4 Typical Tour Patterns by Different Markets

Package tour patterns have been examined in the three important tourist-generating markets of different characteristics: Western Europe (Netherlands and Spain), Eastern Europe (Poland) and Japan.

- The majority of tour packages from Western Europe are focused on "sea, sand and sun" or "beach holiday tourism," with an average stay of two weeks at one chosen beach destination such as Sousse, Jerba or Hammamet However, some tour packages feature add-on options usually of one-week duration for "culture circuit" or "jeep safari" to be combined with one/two-week "beach holiday package.

Typical Tour Pattern from Netherlands and Spain

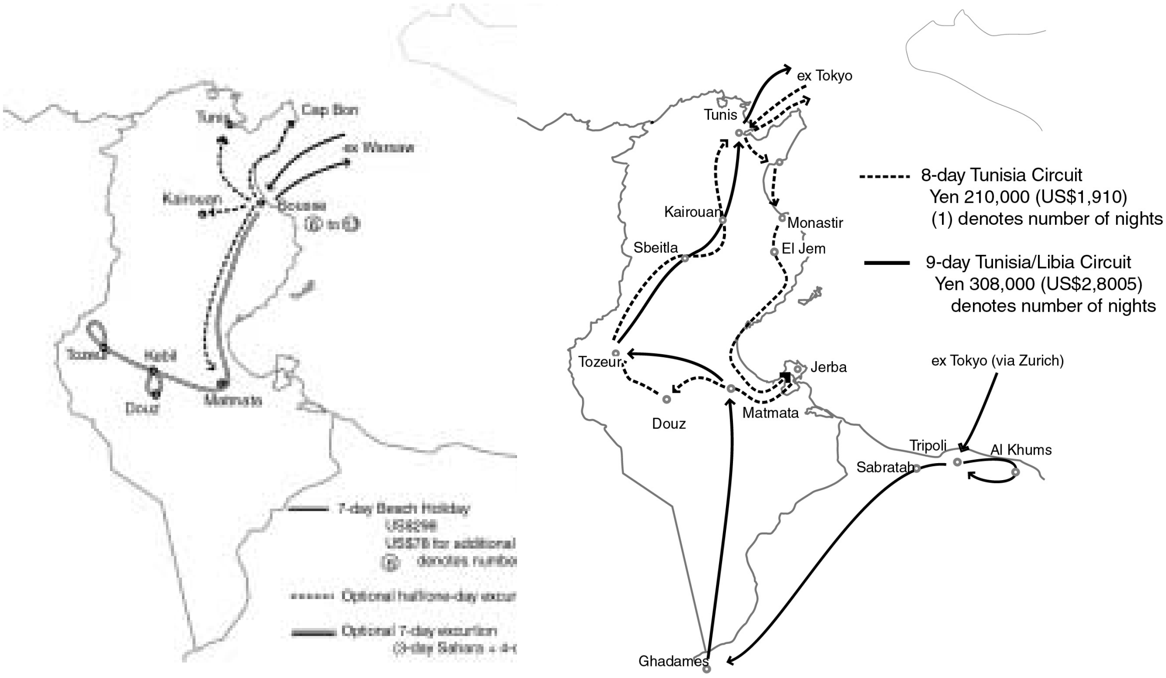


Source: JICA Study Team

- Polish package itinerary is characterized by a combination of beach holiday (one to two weeks according to option) and Sahara/Oasis discovery.
- Japanese tour packages merit the appellation of "culture circuit" in real terms, since these are not an add-on option as in the case of most of Western European packages, but solely targeted for the "culture tourism" clientele. Needless to say, there is no market potential in Japan/East Asia for Tunisian

beach holidays because of the long distance involved and consequent high tour prices.

Typical Tour Pattern from Poland and Japan



Source: JICA Study Team

2.5 How European Tour Operators View Tunisia

An in-depth interview survey was planned with the eight key operators in the four European countries: Italy, Spain, Netherlands and Poland. The typical issues raised by most of the operators interviewed include:

- Too much focused on "sun, sand and sea," and little effort/promotion to sell "history, culture and traditional lifestyle,"
- Poor resource (historical/cultural) presentation (labeling only in French/Arabic),
- Poor maintenance at hotels and lax service delivery (slow service, French language only),
- More aggressive promotion in Egypt and Morocco, compared to Tunisia, and
- Egypt and Morocco more appealing for history/culture circuit than Tunisia.

[See Table 2.5.1 in Volume I]

2.6 How Tourists View Tunisia

The tourist interview survey conducted as part of this study in July and August

2000 provides valuable information that can suggest the direction in which Tunisian tourism should be going. The results and implications described below are those judged particularly important and useful for devising effective tourism development strategies.

- Among the vacationers interviewed, 82% of them visit Tunisia for beaches. Importantly, however, the result also suggests that even today, a significant number of beach holiday vacationers (45%) choose Tunisia for its cultural aspects and natural wonder “in addition to its beach products”.

Composition of Vacationers by Purpose

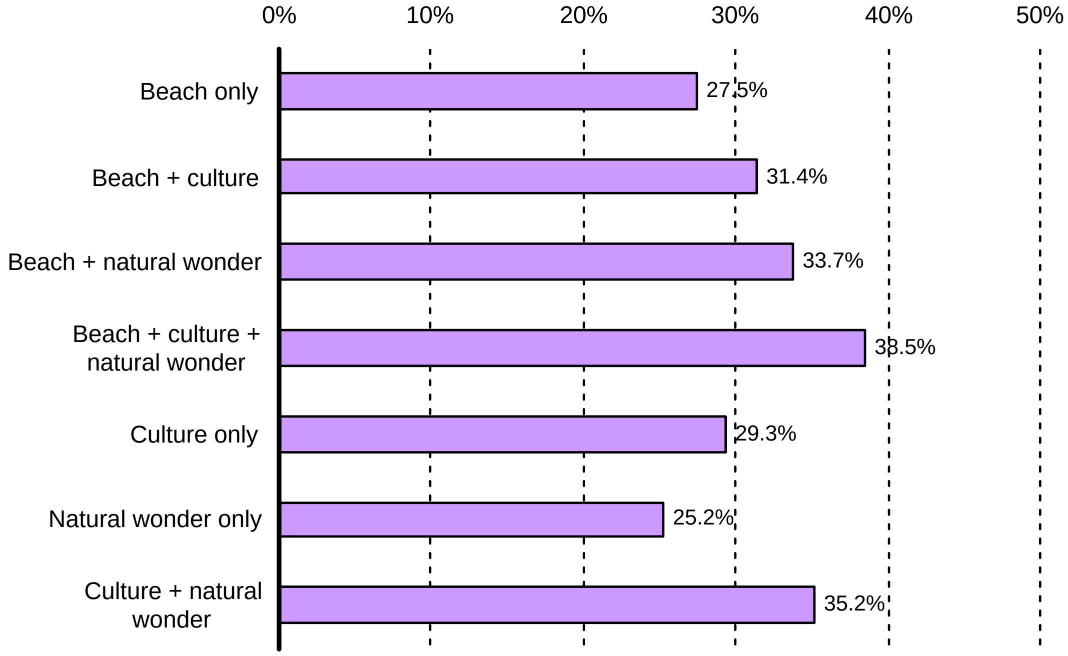
Holiday Purpose	% of Total Vacationers	% of Beach Holiday Vacationers
Beach only	45.2%	55.0%
Beach + culture	14.5%	17.7%
Beach + natural wonder	11.4%	13.9%
Beach + culture + natural wonder	11.0%	13.4%
Beach total	82.0%	100.0%
Culture only	5.2%	-
Natural wonder only	9.1%	-
Culture + natural wonder	3.6%	-
Total	100.0%	-

Note: The sample of Japanese tourists was excluded in order to avoid potential bias.

Source: JICA Tourist survey conducted in July-August 2000

- The extent to which visitors are satisfied with the trip to Tunisia is crucially important, particularly because their influence on potential visitors is significant as exemplified by high percentages of those finding “word-of-mouth” a useful information source.
- Importantly, the level of satisfaction of those with multiple purposes is higher than that for single-purpose visitors. Those coming for the combination of beach, culture and natural wonder are the most satisfied with the visit to Tunisia.
- Tunisia is endowed with rich natural and man-made tourism resources located relatively closely to each other. Visitors can enjoy a combination of different kinds of tourism products relatively easily thanks to their geographical closeness as well as relatively good transportation network. The results suggest that it is a promising direction to offer quality combination of these, fully taking advantage of their richness and closeness.

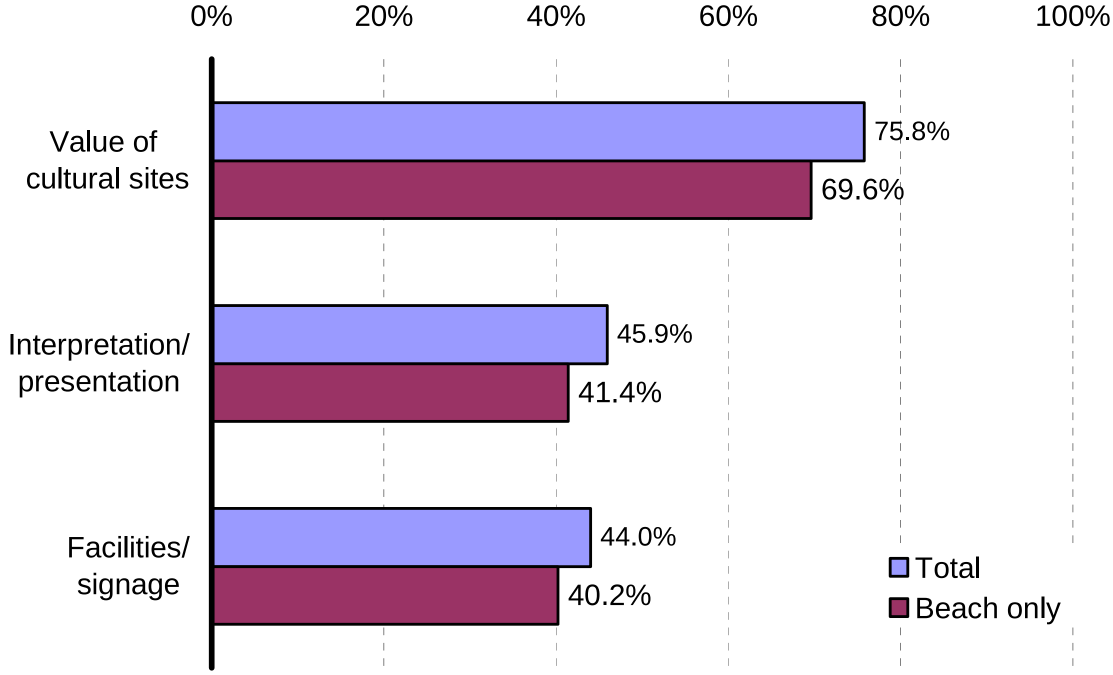
Level of Vacationers' Satisfaction by Purpose



Source: JICA Tourist survey

- Despite the richness of cultural heritage in Tunisia, major cultural sites in the country tend to be viewed as less attractive to tourists than the monumental sites in competing countries (e.g., Egypt, Turkey, Morocco). This is also pointed out by those engaged in tourism in the country as well as by European tour operators interviewed during this study. This seems to be a universal view, particularly in terms of the physical prominence of Tunisian cultural sites.
- At the same time, it should be recognized that tourists' perception about the value of cultural sites in Tunisia is not necessarily low, but is in fact relatively high. As shown in the figure below, 75.8% of the visitors to major cultural sites (c.f. note of the table about these sites) rate these sites as "Good" in terms of their value. Even about 70% of the visitors to these sites whose purpose of visit is beach only rate their value as "Good".

Visitors Rating Major Cultural Sites as "Good"



Source: JICA Tourist survey

- While the Sahara area attracts a number of tourists thanks to its natural tourism resources, the area is generally viewed merely as one of the several destinations visited by circuit tourists, not a primary destination. One major reason for this current status of the area is apparently a lack of tourist attractions, which is also evident from the result of the tourist survey. Increasing tourist attractions in the Sahara area can contribute to enriching beach product offering, particularly in Jerba as well as making the area more attractive to non-beach vacationers.
- Major natural tourism resources Tunisia is endowed with include beautiful coasts, desert and oases, and mountains. The landscape created by these resources is rated relatively high by vacationers. On the other hand, man-made environment is rated far lower, including urban amenity (street furniture, sanitary facilities, parks, street beautification and landscaping, etc.) and sanitary conditions (hygiene, solid waste management, etc.).

3 SWOT Analysis

Based on the results of assessment of Tunisian tourism, SWOT analysis has been performed to identify the key strengths and weaknesses of the sector in order to develop an understanding of the sector's best future potentials or opportunities. Identified key elements are:

3.1 Strengths

1 Proximity to the European markets

There is good scheduled air service from numerous European metropolitan areas into Tunis and some flights into the provincial airports of Monastir, Jerba and Tozeur. Many European points fall in the 2-3 hour flight range. This easy proximity is particularly important in building up time-sensitive segments [See Section 2.5 "How European Tour Operators View Tunisia", Chapter A10 "Supporting Infrastructure"]

2 Environment of security and peace

Tunisia is one of the safest countries in the entire Mediterranean basin. [See Section 2.5 "How European Tour Operators View Tunisia"]

3 Rich variety of natural and man-made tourism resources

Its natural resources include the beaches, desert marked by green oasis. Key man-made resources include the medinas, archeological sites and the museums. Moreover Tunisia is expanding its tourism activities in the form of new golf courses, thalassotherapy and spa facilities. [See Chapter A5 "Tourism Resources and Products"]

4 Attractive beaches

The coastline of nearly 1,300 km, very scenic in parts, is a core asset as seaside holidays is the mainstay of Mediterranean tourism. [See Chapter A2 "Natural Environemt"]

5 Mild winter climate

This is relevant in raising hotel capacity utilization and building profitability by drawing off-peak markets such as long-stay, seniors, and meetings. [See Chapter A2 "Natural Environment"]

6 Exceptional mix of heritage from different eras

This mixture of eras is an asset of strong interest to culturally motivated segments of tourism. A substantial 45% of beach tourists also cite cultural and natural attractions as part of their purpose of travel to Tunisia, reinforcing the strong appeal of what Tunisia *uniquely* possesses. [See Section 2.6 "How Tourists View Tunisia", Chapter A5 "Tourism Resources and Products"]

7 Favorable foreign investment environment

There is clear evidence that Tunisia has gained significant foreign investment in the form of capital invested by foreign interests, many Arab ones, and managerial expertise provided by mainly European hotel and resort management firms. [See Chapter A7 “Tourism Industries and Their Performance”]

8 Good air, rail and road transport internally

The infrastructure for internal travel within the country by these different modes is good and the quality of passenger services high. Inland areas of the country are not isolated and tourism along themed circuits can readily expand as attractions along them are developed and promoted. [See Chapter A10 “Supporting Infrastructure”]

9 Expanding hotel capacity

Renewal of capacity is essential to draw higher-spending segments with demanding requirements such as MICE participants. [See Chapter A5 “Tourism Resources and Products”, Chapter A7 “Tourism Industries and Their Performance”]

10 Tradition of hospitality of Tunisians

Being at the crossroads of the east and west basins of the Mediterranean Sea, Tunisians have the advantage of being at ease in welcoming and dealing with people of different origins. This is an ideal characteristic for the tourism industry. [See Section A2.4 “Social Impact Survey Result”]

3.2 Weaknesses

1 Perception as a budget destination close to Europe lacking exoticism

In the European marketplace Tunisia is recognized and promoted as a popular budget destination for beach holidays. While value-for-money is a strength, it cannot overcome the lack of any clear, distinguishing images making favorable, lasting impressions and positive word-of-mouth. [See Section 2.5 “How European Tour Operators View Tunisia”]

2 Low satisfaction level of visitors and low rate of return visitation

Tour operators indicate that the rate of return visitation is not high, reflecting some disappointment of tourists with the Tunisian product cutting their desire to return in the future. Tourist interview surveys indicate evidence of some dissatisfaction with conditions in the country and the quality of service. [See Section 2.5 “How European Tour Operators Vie Tunisia”, Section 2.6 “How Tourists View Tunisia”]

3 Absence of promotional trump cards to differentiate its image in target markets

Unlike Egypt, Turkey or Morocco, Tunisia does not enjoy the considerable benefit of visually powerful and widely recognized symbols representing any of its main attractions. [See Section 2.3 Tunisia's Position vis-à-vis Competitive Destinations"]

4 Substandard quality of tourism products and services

Issues causing this include limited staff training and unsatisfactory hotel profitability. [See Section 2.5 "How European Tour Operators Vie Tunisia", Chapter A7 "Tourism Industries and Their Performance", Chapter A8 "Human Resources"]

5 Heavy reliance on beach tourism with a severely seasonal pattern

If Maghreb visitors are excluded, more than 90% of the total is estimated to fall in this one category. There is a severely peaked pattern to this demand with peak volume equaling up to five times off-peak volume. [See Chapter A4 "Tourism Demand", Chapter A7 "Tourism Industries and Their Performance"]

6 Low profitability of tourism industries

Industry leaders indicate that the majority of tourists are believed to visit on package holidays. Their expenditure in Tunisia including transportation is estimated at around 300 TD per each. The low profitability is the cause of limited expenditures on staff training, physical plant upkeep and rehabilitation. [See Chapter A2 "Socio-Economic Impact of Tourism Sector", Chapter A7 "Tourism Industries and Their Performance"]

7 Insufficient provision of visitor facilitation, information and amenities

This problem is a major one with visitors leaving many sites with little knowledge as to their significance and with a low level of satisfaction. The quality of exhibits and of the tour guides is also often lacking, greatly reducing visitor satisfaction. [See Section 2.6 "How Tourists View Tunisia", Chapter A5 "Tourism Resources and Products"]

8 Lack of collaboration and coordination among tourism-related actors

There is weak coordination of efforts in a number of important areas in which ONTT is involved. Both public-public as well as public-private efforts are sometimes lacking. [See Chapter A9 "Administrative Systems"]

9 Some deterioration of the natural and cultural environment

There are warning signs of problems requiring attention at locations along the coastlines, in the Medinas, with the fragile earthen structures like gorfas and ksour, and in aging colonial structures. [See Section 2.6 "How Tourists View Tunisia", Chapter A3 "Natural Environment"]

3.3 Opportunities

1 Repositioning in the Mediterranean marketplace to capture higher value beach tourism

Tunisia has the opportunity to use its well-established reputation as a beach destination as a springboard to shift up or reposition itself in the Mediterranean marketplace as a prime mid to upscale leisure destination. As such it can offer marketable, high value combination products like culture plus beach, desert adventure plus beach, or Medina plus beach. Tunisia can revamp or reinvent its image in the world marketplace by upgrading its cultural assets, and by crafting promotional messages to the promising, higher-income segments that are now largely bypassing it.

2 A prime meetings, incentives, conventions and exhibitions destination at the gateway of the Arab world and African continent

With its central location on Africa's doorstep, at the crossroads of the Mediterranean, Tunisia can emerge as a favored destination for meetings and conventions because of its growing community of capable organizers and suppliers who can efficiently service the events. Tunisia is developing a growing range of secondary activities raising the competitiveness of Tunis and other cities.

3 A crossroads of Mediterranean, Oriental and Western civilizations

The ongoing improvement of the country's cultural assets is not solely for the purpose of image reinvention, but also to develop a broader range of genuine travel products. These improvements create opportunities that will appeal to culturally motivated travelers coming in all seasons of the year, spending more money and time in the interior of the country. Innovations such as educational courses, short breaks for urban exploration, combination packages with Libya, and cultural exchanges for youth groups as well as for seniors will be easier to arrange.

4 A welcoming Saharan gateway with spectacular indigenous mountain civilizations

With improvements in the tourist services in Tunisia's south, and with increasing air service from additional European cities into Tozeur, Tunisia can draw great advantage in its role as the closest Saharan Gateway for Europe. It can fully sell the powerful mystique of the famed Sahara and offer safari weekends (3-4 day packages), MICE packages, spa packages and trekking adventures for a growing clientele arriving directly from Europe, as well as from Tunisia's beach resorts.

3.4 Threats

1 Slow progress in conquering the quality problem

It requires basically the initiative of developers, hotel owners and managers to design more durable structures, maintain them more thoroughly, and to provide hospitality services up to international standards with well-trained staff. It requires action on different fronts in the form of staff training and quality assurance programs. The power of word-of-mouth is evident as one of the most useful information sources for tourists. Continuing quality problems will continue to harm the product’s reputation through negative word-of-mouth keeping prices low.

2 Slow progress in upgrading visitor facilitation at cultural sites

Also a very common problem, the pace at which archeological sites can be upgraded, museums upgraded or visitor centers developed, is not fast as resources are scarce. The problems of lack of information and educational value, as well as of basic comfort amenities, cannot be solved overnight and will continue for some time.

3 Failure to effectively reinvent the country’s image in key source markets

This is a requirement for the successful repositioning of Tunisia towards the mid-upper range of the marketplace from its current low-mid market position. It is difficult to craft the right images and slogans to accomplish this transformation in perception in the selected target market segments in Europe.

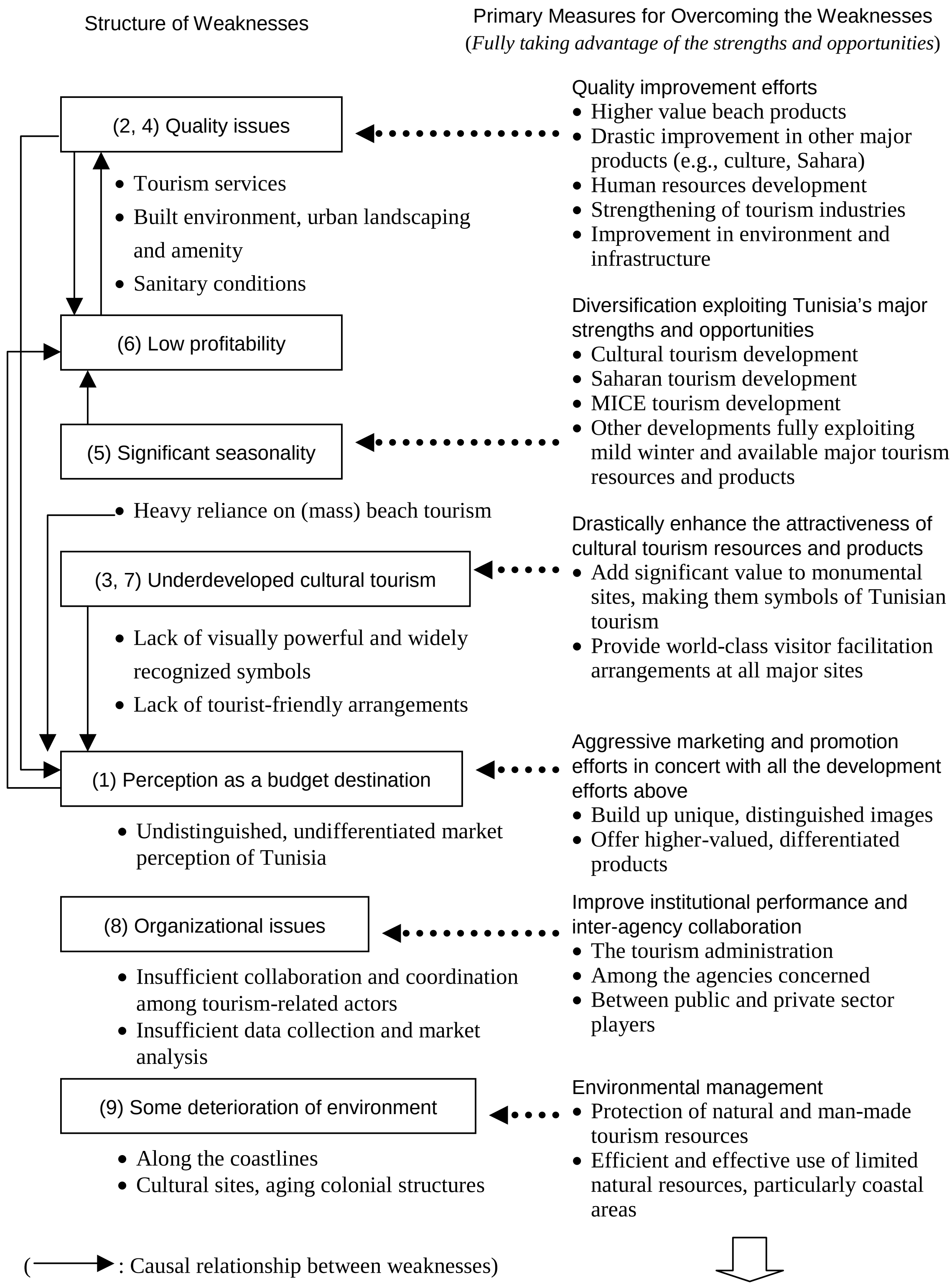
4 Continued lack of coordination of efforts between government agencies

The tourism is an amalgam of services relying on separately managed fields such as transportation, construction, lodging, cultural heritage, urban preservation, advertising and promotion to name a few. MTLA and ONTT as sector steward together share this difficult role of consensus building and coordination between multiple agencies.

5 Increasingly fierce nature of international competition

This is an external threat over which no one industry player has any major control. The Mediterranean countries continue to expand hotel capacity and similarly to market themselves too much the same mix of segments discussed in this Study. But Europe’s tour operators will continue to exert downward pressure on tour prices wherever they can. Measures that Tunisian tour operators and hotels can use to mitigate their power include providing good quality product that the marketplace will voluntarily reward with higher prices, and greater use of alternative marketing channels that yield higher income tourists such as specialty operators, affinity groups, FIT, and internet, etc.

Conclusion of the Diagnosis



Note: Low profitability, which tends to result largely from several other weaknesses, is expected to improve by overcoming these "root" weaknesses.

Source: JICA Study Team

Part 2: National Plan (2016)

4 Tourism Development Objectives and Strategies

4.1 Overall Tourism Development Objectives

Based on the result of SWOT analysis, the following objectives were formulated. [See detailed descriptions in Section 4.1 "Overall Tourism Development Objectives"]

1 Competitiveness

The first objective, increasing Tunisia's competitiveness as a world-class destination, is based on reinventing its image through concrete actions that will develop higher value travel products. Tunisia needs world-class products to cut its heavy reliance on beach tourism.

With the falling cost of air travel, the competition for the European holiday market is growing broader with destinations in the Caribbean, Indian Ocean and Southeast Asia now competing with the Mediterranean destinations on a price basis.

2 Profitability

The second objective calls for a drastic increase of internal efficiency ensured by a higher level of satisfaction of visitors and improved word-of-mouth in source countries. Supplying what the market desires out of what Tunisia can offer will justify higher prices and make the tourism sector more profitable.

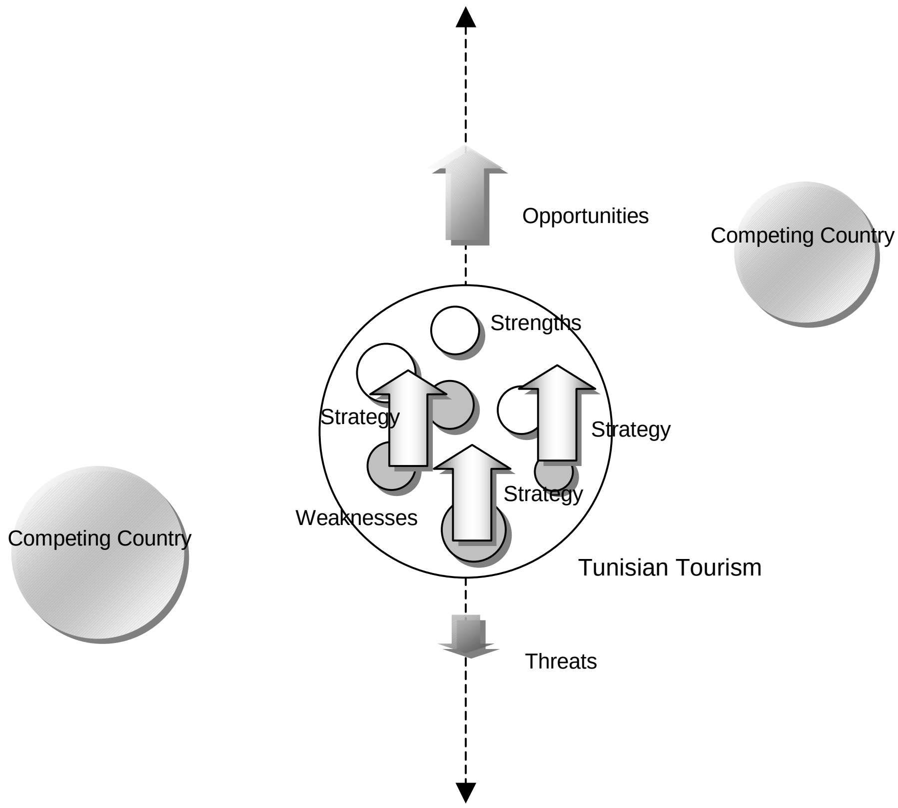
3 Sustainability

The third objective is broadly defined to focus on efficiency, meaning the more efficient use of resources, and also on sustainability, meaning the optimal use of resources without negative externalities harming third parties, and without any permanent reduction in their capacity. Entrepreneurial skills, capital, skilled labor and environmental and cultural assets are in limited supply. The government's policy environment is a focal area as it defines the social and business environment for the sector.

4.2 Tourism Development Strategies

A total of ten strategies have been defined. They have been developed as a function of the three defined objectives and taking into account the results of the SWOT analysis. [See detailed descriptions in Section 4.2 "Tourism Development Strategies"]

Conceptual Role of Strategies



1 Strategies for Competitiveness

Strategy 1: Creation of Symbolic Star Attractions to Convey Powerful Themes to Target Markets

Strategy 2: Diversification of the Scope of Products on Offer

Strategy 3: Introduction of a More Focused and Innovative Marketing Approach

2 Strategies for Profitability

Strategy 4: Transformation of Tunisian Beach Resorts into Globally Competitive Ones

Strategy 5: Drastic Improvement of Visitor Facilitation at All Major Tourist Sites

Strategy 6: Acceleration of Human Resource Development for Boosted Productivity

3 Strategies for Sustainability

Strategy 7: Improved Environmental Management

Strategy 8: Improvements in Institutional Performance and Inter-Agency Collaboration

Strategy 9: Improvement of Infrastructure

Strategy 10: Introduction of Innovative Complementary Programs and Products

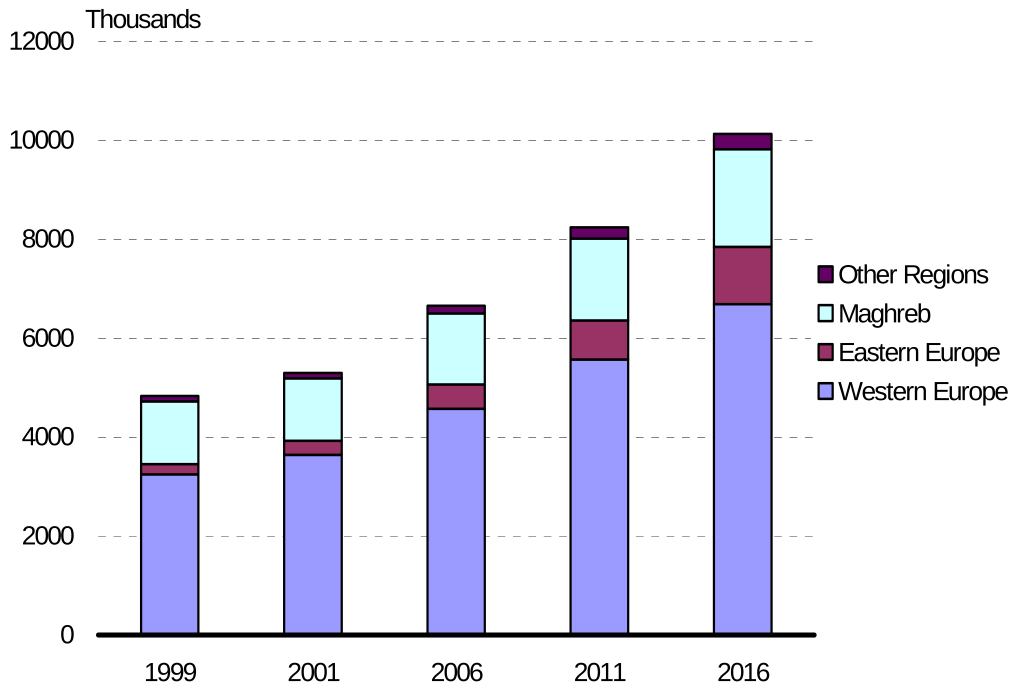
5 Demand Projection for 2016

5.1 Projection of Foreign Visitor Arrivals

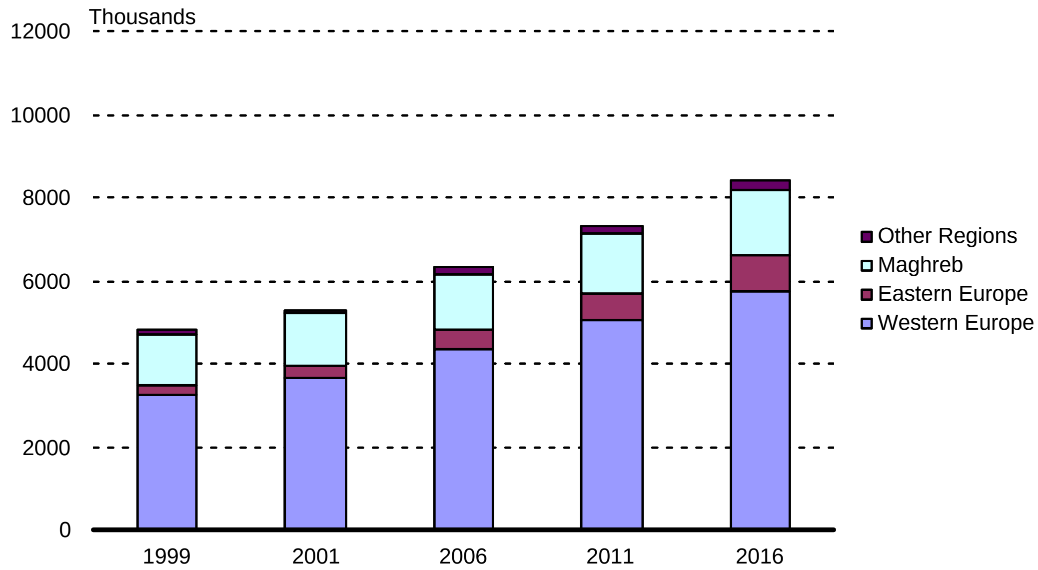
Based on the world tourism demand and the future prospects of Tunisian tourism, as well as several assumptions, projections of visitor arrivals to Tunisia were made for the two growth scenarios.

- Scenario A: adopts higher growth rates, and assumes that tourist facilities, service delivery, visitor facilitation and supporting infrastructure will be upgraded in earnest to keep up with the needs of more discerning international tourists, together with aggressive market development effort based on more attractive and diversified product offerings and more innovative market-focused approaches.
- Scenario B: adopts lower growth rates and assumes that tourist facilities, service delivery and supporting infrastructure will remain at a level to minimally meet the increased demand and that the present level of market development effort will continue.

Scenario A: Higher Growth Case (Unit: thousand arrivals)



Scenario B: Lower Growth Case (Unit: thousand arrivals)



Source: JICA Study Team

Projections of Visitor Arrivals in Tunisia by Source Region

Scenario A: Higher Growth Case (Unit: thousand arrivals)

Region	1999 (Actual)	2001	AAGR 1999-2001	2006	AAGR 2001-2006	2011	AAGR 2006-2011	2016	AAGR 2011-2016
Europe Total	3,461	*3,926*	*6.5%*	*5,070*	*5.2%*	*6,362*	*4.6%*	*7,850*	*4.3%*
Western Europe	3,025	*3,399*	*6.0%*	*4,265*	*4.6%*	*5,174*	*3.9%*	*6,191*	*3.7%*
Germany	1,036	*1,117*	*3.8%*	*1,332*	*3.6%*	*1,567*	*3.3%*	*1,817*	*3.0%*
France	894	*1,052*	*8.5%*	*1,343*	*5.0%*	*1,595*	*3.5%*	*1,849*	*3.0%*
Italy	355	*410*	*7.5%*	*548*	*6.0%*	*690*	*4.7%*	*819*	*3.5%*
UK	262	*278*	*3.0%*	*346*	*4.5%*	*463*	*6.0%*	*665*	*7.5%*
Scandinavian	65	*65*	*0.0%*	*75*	*3.0%*	*93*	*4.5%*	*119*	*5.0%*
Austria	138	*161*	*8.0%*	*206*	*5.0%*	*244*	*3.5%*	*283*	*3.0%*
Belgium	132	*156*	*8.5%*	*209*	*6.0%*	*262*	*4.7%*	*312*	*3.5%*
Switzerland	110	*127*	*7.5%*	*166*	*5.5%*	*203*	*4.0%*	*241*	*3.5%*
Netherlands	69	*69*	*0.0%*	*80*	*3.0%*	*107*	*6.0%*	*154*	*7.5%*
Others	188	*212*	*6.0%*	*272*	*5.1%*	*343*	*4.8%*	*426*	*4.4%*
Eastern Europe	211	*279*	*15.0%*	*493*	*12.0%*	*793*	*10.0%*	*1,166*	*8.0%*
Maghreb Total	1,263	*1,263*	*0.0%*	*1,429*	*2.5%*	*1,656*	*3.0%*	*1,967*	*3.5%*
North America	27	*32*	*8.0%*	*46*	*8.0%*	*68*	*8.0%*	*100*	*8.0%*
Others Total	81	*83*	*1.0%*	*108*	*5.5%*	*152*	*7.0%*	*213*	*7.0%*
Foreign Total	4,832	*5,303*	*4.8%*	*6,653*	*4.6%*	*8,238*	*4.4%*	*10,130*	*4.2%*

Scenario B: Lower Growth Case (Unit: thousand arrivals)

Region	1999 (Actual)	2001	AAGR 1999-2001	2006	AAGR 2001-2006	2011	AAGR 2006-2011	2016	AAGR 2011-2016
Europe Total	3,461	*3,926*	*6.5%*	*4,802*	*4.1%*	*5,668*	*3.4%*	*6,581*	*3.0%*
Western Europe	3,025	*3,399*	*6.0%*	*4,061*	*3.6%*	*4,691*	*2.9%*	*5,381*	*2.8%*
Germany	1,036	*1,117*	*3.8%*	*1,282*	*2.8%*	*1,450*	*2.5%*	*1,641*	*2.5%*
France	894	*1,052*	*8.5%*	*1,280*	*4.0%*	*1,484*	*3.0%*	*1,720*	*3.0%*
Italy	355	*410*	*7.5%*	*523*	*5.0%*	*636*	*4.0%*	*738*	*3.0%*
UK	262	*278*	*3.0%*	*322*	*3.0%*	*373*	*3.0%*	*433*	*3.0%*
Scandinavian	65	*65*	*0.0%*	*75*	*3.0%*	*93*	*4.5%*	*119*	*5.0%*
Austria	138	*161*	*8.0%*	*196*	*4.0%*	*222*	*2.5%*	*251*	*2.5%*
Belgium	132	*156*	*8.5%*	*199*	*5.0%*	*236*	*3.5%*	*274*	*3.0%*
Switzerland	110	*127*	*7.5%*	*159*	*4.5%*	*184*	*3.0%*	*213*	*3.0%*
Netherlands	69	*69*	*0.0%*	*69*	*0.0%*	*73*	*1.0%*	*76*	*1.0%*
Others	188	*212*	*6.0%*	*258*	*4.0%*	*295*	*2.8%*	*339*	*2.8%*
Eastern Europe	211	*279*	*15.0%*	*450*	*10.0%*	*646*	*7.5%*	*825*	*5.0%*
Maghreb Total	1,263	*1,263*	*0.0%*	*1,360*	*1.5%*	*1,465*	*1.5%*	*1,579*	*1.5%*
North America	27	*32*	*8.0%*	*42*	*6.0%*	*57*	*6.0%*	*76*	*6.0%*
Others Total	81	*83*	*1.0%*	*101*	*4.0%*	*128*	*5.0%*	*164*	*5.0%*
Foreign Total	4,832	*5,303*	*4.8%*	*6,305*	*3.5%*	*7,319*	*3.0%*	*8,399*	*2.8%*

Note: AAGR is the average annual growth rate. Figures in italic are forecasts. Others in Western Europe include countries in the southern part of Europe (Spain and Portugal) and other countries other than Eastern Europe (Greece, Turkey, etc.).

Source: ONTT, JICA Study Team

5.2 Projection of Total Visitor-Nights and Bed Capacity

Based on the projection of foreign visitor arrivals, the projection of foreign visitor-nights in Tunisia was also made. Then, the demand projection for the bed capacity was carried out, taking into account the future perspective of visitor-nights by residents in Tunisia. [See Chapter 5 "Demand Projection for 2016"]

Projections of Foreign Visitor-Nights

Scenario A: Higher Growth Case (Unit: thousand visitor-nights)

Region	1999 (actual)	2001	2006	2011	2016	AAGR 2001-16
Europe Total	31,719	*36,006*	*45,534*	*56,543*	*69,084*	*4.4%*
Western Europe	29,893	*33,547*	*41,199*	*49,563*	*58,827*	*3.8%*
Eastern Europe	1,826	*2,460*	*4,335*	*6,981*	*10,257*	*10.0%*
Maghreb	703	*1,010*	*1,429*	*1,987*	*2,950*	*7.4%*
Other Regions	728	*765*	*1,035*	*1,472*	*2,095*	*6.9%*
Foreign Total	33,151	*37,782*	*47,997*	*60,003*	*74,130*	*4.6%*

Scenario B: Lower Growth Case (Unit: thousand visitor-nights)

Region	1999 (actual)	2001	2006	2011	2016	AAGR 2001-16
Europe Total	31,719	*36,006*	*43,131*	*50,383*	*57,915*	*3.2%*
Western Europe	29,893	*33,547*	*39,170*	*44,696*	*50,657*	*2.8%*
Eastern Europe	1,826	*2,460*	*3,961*	*5,687*	*7,258*	*7.5%*
Maghreb	703	*1,010*	*1,360*	*1,758*	*2,368*	*5.8%*
Other Regions	728	*765*	*957*	*1,239*	*1,605*	*5.1%*
Foreign Total	33,151	*37,782*	*45,448*	*53,380*	*61,888*	*3.3%*

Source: ONTT, JICA Study Team

Projection of Bed Capacity Needed by Region

Region	1999 (actual)	2006	2011	2016
Tunis-Z	18.1	21.8	24.9	29.0
N-Hammamet	45.6	53.4	62.0	72.9
Sousse-K	40.4	56.7	68.4	80.6
Monastir-M-S	29.9	42.2	50.7	59.8
Jerba-Z	41.1	60.8	75.1	88.6
G-Tozeur	10.2	11.7	14.1	19.2
Bizerte-B	2.7	2.2	2.5	2.9
Tabarka-A	3.9	4.8	5.8	6.7
Total	192.0	253.7	303.5	359.6

Unit: thousand beds

Note: The rate of capacity utilization is set at 92%, up from that in the most recent period (89% in 1999), assuming that the efforts to improve hotel productivity will be made by the industry.

Source: JICA Study Team

Indicative Projection of Bed Capacity by Category in 2016

Region/Category	5	4	3	2	1	Village	Pension	NC	Total
Tunis-Z	8,121	2,900	11,022	2,030	580	1,595	145	2,610	29,005
N-Hammamet	4,372	15,667	33,885	7,287	729	7,287	1,457	2,186	72,872
Sousse-K	7,257	20,157	42,331	4,838	403	1,209	403	4,031	80,630
Monastir-M-S	5,981	14,952	31,997	2,990	299	598	0	2,990	59,807
Jerba-Z	4,429	22,146	42,520	5,315	886	7,972	886	4,429	88,583
G-Tozeur	1,053	3,831	9,481	958	766	0	192	2,873	19,153
Bizerte-B	0	201	718	632	0	1,005	0	316	2,872
Tabarka-A	0	1,668	3,670	667	67	0	67	534	6,673
Total	31,214	81,523	175,624	24,718	3,730	19,668	3,150	19,970	359,595

Note: NC represents "non-classified."

Source: JICA Study Team

6 Tourism Development Concept

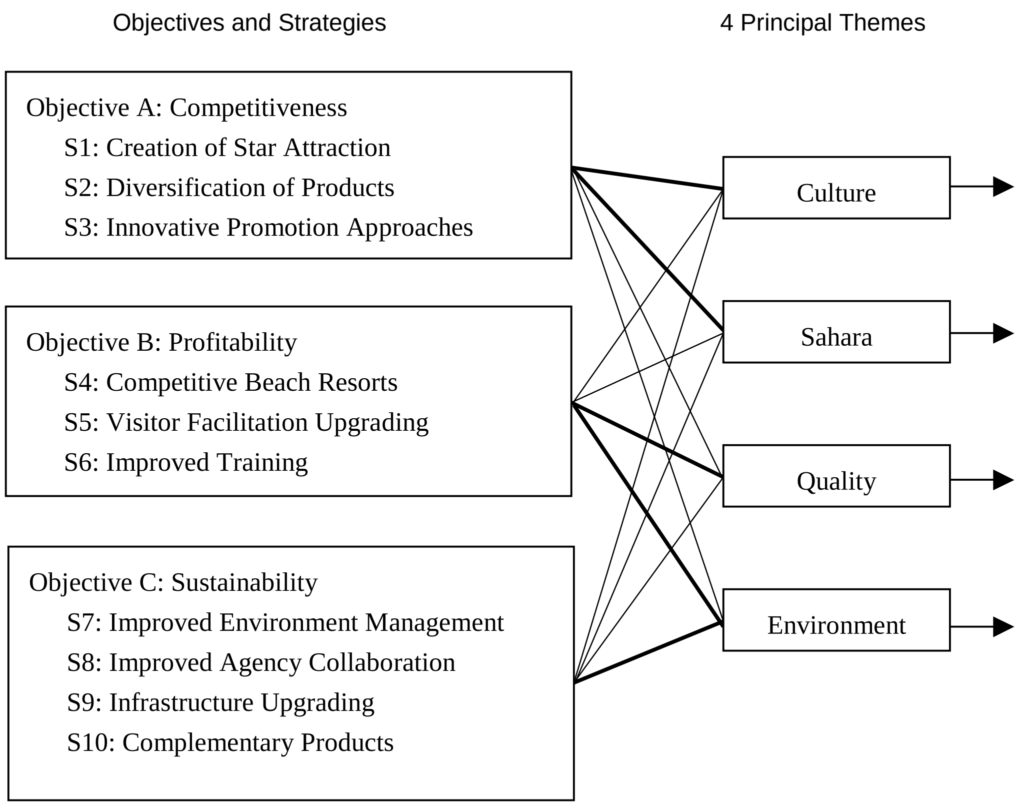
6.1 Tourism Development Themes

In order to develop more specific and action-based plans under the tourism development objectives and strategies formulated, the following 4 core themes were introduced:

1 Culture,
2 Sahara,
3 Quality, and
4 Environment.

These are the themes having been determined by the tourism administration in Tunisia as main areas to focus on for orienting the future development efforts. In the SWOT analysis made earlier, these four themes were also identified as crucial for the development of Tunisian tourism, largely corresponding to the opportunities.

Tourism Development Objective, Strategies and Principal Themes



Source: JICA Study Team

6.2 Culture, Sahara, Quality and Environment

The following pages show a logical flow of deriving the principal concepts according to each theme.

Culture

Market	• No doubt that Tunisia has a good potential for cultural tourism. • But Tunisia's cultural tourism is perceived by European marketers as far under-exploited. • In fact, the number of tourists for cultural tourism is comparable to those for natural wonder. • European marketers are strongly demanding more aggressive promotion of Tunisian culture.
Competing countries	• Tunisia's cultural resources and their physical prominence are less attractive than the best sites in competing countries. • Undertaking efforts given this fact should make Tunisia much stronger in cultural tourism. The issue is "*how to add value to them*".
What Tunisia has	• The intrinsic values of Tunisia's cultural sites are high, according to the tourist survey. • There is much room for improvement even in the most well known monumental sites, particularly in terms of "the way to show these sites to tourists". • It is recommended that drastic improvement in these sites be made in order to establish a competitive edge against other countries.
Product development	• Add significant value, with *intelligence and modern technologies*, to the country's intrinsically rich cultural resources • Focus the development efforts on the areas/sites that are among the closest to the major cultural sites elsewhere in terms of the attractiveness to tourists
Marketing & Promotion	• Publicize more aggressively the country's culture, history, life and Islamic world as an integral part of the promotion package of Tunisia's tourism • Deliver "*focused, solid, unified and consistent images*" of the country's culture to the market, which can clearly distinguish Tunisia from other countries.

Sahara

Market	• No doubt that Sahara has a good potential. • In fact, the number of tourists for Sahara and other natural wonders is comparable to those coming for cultural tourism (possibly even higher for single-purpose visitors) • But Tunisia's promotion still under-emphasizes Sahara/South. In addition, the emphasis is largely on desert, camels, and oases.
Competing countries	• Sahara in each country (Morocco, Algeria, and Egypt) has its own strong points. • Tunisia has a comparative advantage in accessibility, closeness to other kinds of tourism products, and existing tourist facilities.
What Tunisia has	• Tunisia's south and its Sahara are differently attractive from those of the other countries. Creating major tourist attractions will enhance tourist satisfaction, extend the length of stay, and add to natural desert, camels, and oases. • Developing products that can satisfy broad-range of tourists and first-timers in Sahara and desert life/culture will be a promising strategic option (fully taking advantage of good access and closeness to other tourism products/resources). • Diversification is also a way to go for enriching product offering.
Product development	• Newly create major tourist core attractions that consolidate offering of Saharan experiences and natural wonder • Diversity product offering: (1) spatially (forming inter-product network) and (2) by type of product (particularly into activity-based products)
Marketing & Promotion	• Fully integrate the discovery of Sahara and natural wonder into the promotion package of Tunisia's tourism, making them more "*visible*" to the market • Put emphasis on, and create an image of, the multi-faceted feature, experiences, and closeness of the Saharan world, and being an activity center for a variety of nature and soft adventures

Quality

Market	• Tunisia has an enormous potential for further development of beach resorts. • Although the market perceives Tunisia as a budget destination, its competitive price levels are clearly an advantage against competing countries. • The market perceives the quality of Tunisia's beach resorts as improving. Continued efforts will surely improve the market perception further.
Competing countries	• A significant capacity expansion will continue in competing countries, which will intensify the competition in the region, with the "main battlefield" being high-standard resorts. • These countries are actively seeking for international expertise, and even high-end hotels and resorts are being established. This tendency is a global phenomenon demanded by the market, which should also be pursued by Tunisia in order to keep up with the global trend.
What Tunisia has	• A good quality-price balance is a Tunisia's advantage that should be further strengthened. Further improving quality will strengthen the competitiveness of Tunisian resorts, • The emphasis on culture, Sahara, and other kinds of tourism (particularly, MICE) will contribute to improving occupancy during low seasons, and help enhance the competitiveness of Tunisian resorts.
Tunisian resorts	• Exploit the world's most sophisticated resort development expertise to change Tunisia image • Improve the quality of existing resorts in Tunisia to enable to compete in the main battlefield of the world tourism market.

Environment

Beach area	Beach erosion problems (especially in the Northern and southern suburbs of Tunisia, and the Oriental Coast of Jerba), water related problems (provision of drinking water, purification of used water and pollution of Mediterranean Sea), Solid waste problems, Beach management problems (Insufficiency of land use plan) are the serious environmental issues.
Sahara area	Water related problems (over-exploitation of water resources, provision of drinking water, pollution of water tables) are crucial.
Cultural sites	Solid waste problem (especially at cities and Medians), Insufficiency of skills to make the sites attractive for tourists, Lack of human resources, especially resources dedicated to protecting, beautifying and appropriately presenting Tunisia's cultural heritage.
Protect resources	• Protect natural, cultural and social environment of Tunisia, to avoid degrading the value of tourism resources. • Efficiently and effectively use limited resources: tourism major resources (particularly coastal areas and cultural resources), land and natural resources.
Enhance value of resources	• Upgrade the environmental quality of tourist sites, such as natural and cultural resources, landscape, urban amenity and sanitary conditions; 1) to enhance the attractiveness of the sites.; 2) to maximize the return from tourism activities • Especially, improve the environmental quality of Coastal Areas, the most important tourist magnet of Tunisia today and in the near future.
Promote resources	• Actively use environmental resources that can be valuable tourism products without undertaking significant physical investment.

6.3 Spatial Development Concept

Based on the potentiality of target market segments, spatial tourism development concepts were prepared.

Projection of Total Numbers of Target Market Segments

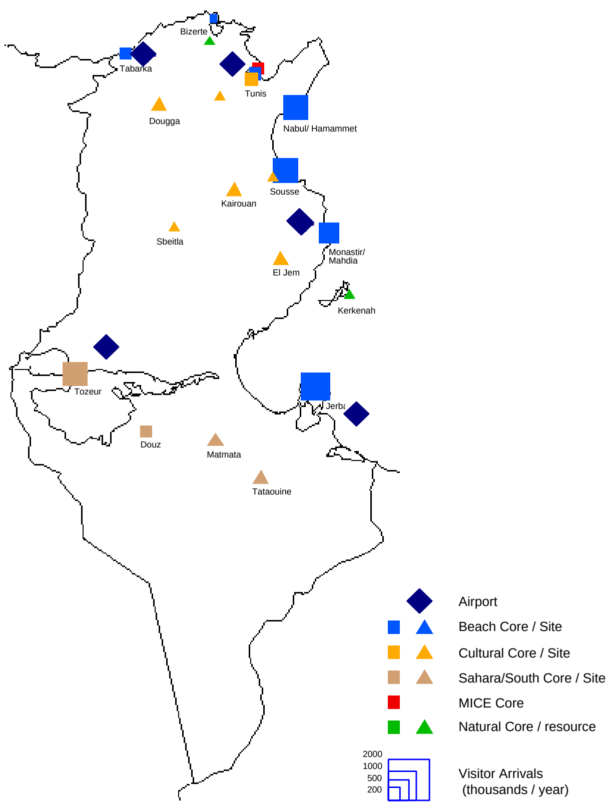
Region	2001		2006		2016	
Tunis-Z		844		955		1,368
N-Hammamet		1,190		1,482		2,191
Sousse-K		1,256		1,666		2,556
Monastir-M-S		977		1,314		2,011
Jerba-Z		1,485		2,017		3,103
G-Tozeur		902		1,092		1,714
Bizerte-B		53		66		94
Tabarka-A		134		170		250
Total		6,839		8,762		13,288
Beach holiday tourists	65%	4,445	60%	5,258	55%	7,308
Culture motivated tourists and Saharan discovery tourists	10%	684	10%	876	10%	1,330
MICE tourists	5%	342	10%	876	15%	1,993
Nature oriented tourists	5%	342	5%	438	5%	664
Others	15%	1,026	15%	1,314	15%	1,993

Unit: thousand visitors

Note: Numbers are based on the projected hotel registrations.

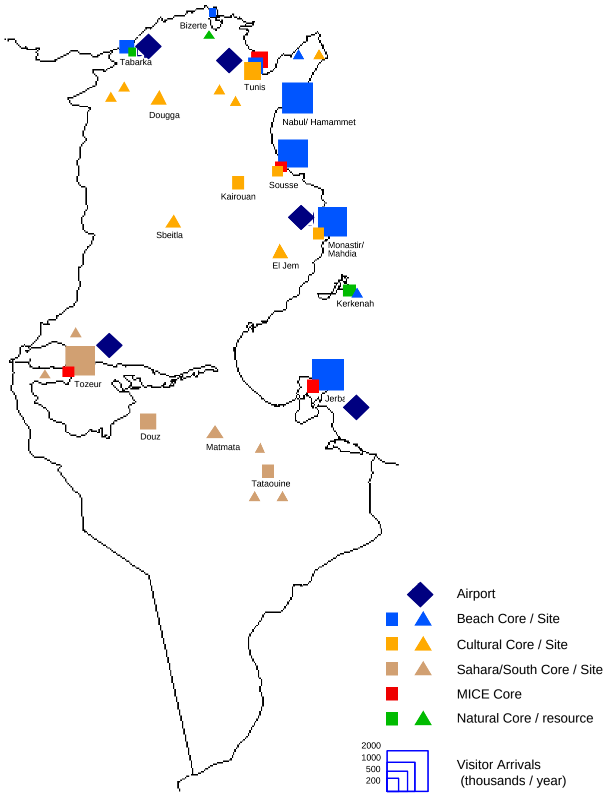
Source: JICA Study Team

Spatial Development Concept: Existing Situation (2001)



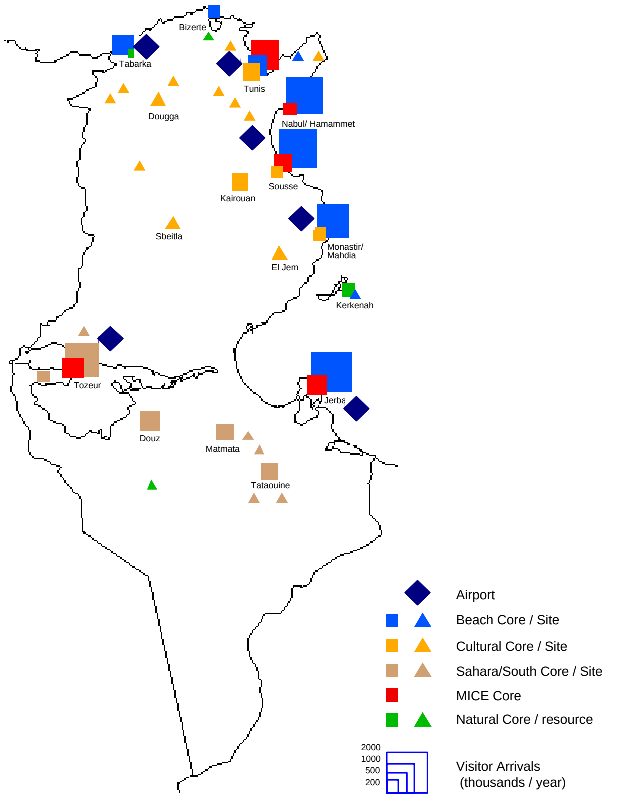
Source: JICA Study Team

Spatial Development Concept (2006)



Source: JICA Study Team

Spatial Development Concept (2016)



Source: JICA Study Team

7 Component Development Plans

The component development plans for the following six sub-sectors that contain practical projects or programs to realize the concept of tourism development were formulated. [See Chapter 7 “Component Development Plans”]

1 Tourism Product Development Plan

2 Tourism Resource and Environment Preservation Plan

3 Marketing and Promotion Plan

4 Tourism Industry Vitalization Plan

5 Human Resource Development Plan

6 Infrastructure Development Plan

7.1 Tourism Product Development Plan

Cultural Products:

1 Museum Construction and Improvement (2006, 2011, 2016)

2 Innovative Uses of Cultural Heritage Sites (2006, 2016)

3 Audio Visual Interpretive Presentations ((2006)

4 Facilitation Improvement of Cultural Heritage Sites (2006, 2016)

5 Development of Cultural Circuits (2006)

Sahara Products:

6 The Sahara World Gateway Park, Tozeur (2006)

7 The Sahara Camelback Trekking Center and Field Museum, Douz (2006)

8 Desert Sports Promotion Program (2006)

9 Preservation & Redevelopment of Ksar and Gorfas, South Tunisia (2016)

Nature-based Products:

10 Desert and Marine Parks for Nature-oriented Tourism (2006, 2016)

11 Spa Resorts Feasibility Study (2006)

12 Sports and Active Tourism (2006, 2016)

Other Measures:

13 Beachfronts Improvement Program (2016)

14 MICE Tourism Promotion (2006)

15 Cruise Tourism Development (2006)

16 Arts and Crafts Centers, Tunis and Kairouan Medinas (2006)

17 Tourist Information Centers (2006)

18 Study on Additional Rail Excursions (2006)

7.2 Tourism Resources and Environment Preservation Plan

Urban-Related Measures:

1 Medina Rehabilitation Work (2006, 2011)

2 Restoration Incentives for Heritage Buildings, Tunis (2006)

3 Computerized Inventory of Heritage Structures (2006)

4 Hotels Environmental Awareness Campaign (2006)

5 Urban Beautification (2006, 2016)

Natural Environment

6 Shoreline Rehabilitation and Stabilization Program (2006)

7 Study of Environmentally Optimal Land Use Plan for Coastal and Desert Zones (2006)

8 Guidelines for Nature-Based Tourism (2006)

9 Development of Naturalist-Guides for National Parks (2006)

10 Improved Environmental Assessment System For Project Planning (2016)

11 Capacity building for Environmental Management (2016)

7.3 Marketing and Promotion Plan

Measures for Improved Marketing

1 Consolidation of Traditional European Markets (2006)

2 Cultivation of East European/Russian Markets (2006)

3 Development of Special Interest/Thematic “Niche” Markets (2006)

4 Formulation of Market-Opening Strategies (2006)

Measures for Improved Promotion and Information Delivery

5 Introduction of a New Set of Promotional Materials and Site Information (2006)

6 Introduction of a New Format Sales Mission, “Traveling Workshops” (2006)

7 Improved Internet Promotional Outreach (2006)

8 Efficient Information Delivery to Visitors (2006)

Measures for Building Differentiated Images

9 Consolidating External Assistance to Promotion and Advertising in the Source Markets (2006)

10 Setting-Up a “Task Force” for Image and Message Creation (2006)

7.4 Tourism Industry Vitalization Plan

Measures for the Lodging Industry

1 New Public-Private Partnership Mechanism For Beach Resort Development (2006)

2 Hotel Industry Globalization Seminars (2006)

3 Foreign Investment Promotion (2006)

4 Reforms for Investment Incentives (2006)

5 Withdrawal from Hotel Classification and Restaurant Rating Systems (2016)

Measures for Other Industries

6 Modernization of Travel Agencies (2006)

7 Promoting Automobile Tourism (2006)

8 Restructuring and Strengthening the Airline Industry (2006)

9 Introduction of Duty Free Zones (2006)

10 Souvenir Development (2006)

11 Liberalization of Food and Beverage Imports for the Food Service Industry (2006)

12 Deregulation for Casinos and Bars (2006)

13 Restaurant Business and Entrepreneurship Development (2006)

Measures for Public Entities

14 Strengthening of Inter-Agency Cooperation (2006)

15 Innovations for Public Awareness Programs (2006)

16 Ongoing Program for Seasonal Visitor Surveying (2006)

17 Selected Reforms for ONTT (2006)

18 Public-Private Cooperation for MICE (2006)

19 Public-Private Cooperation for Human Resource Development (2006)

20 Public-Private Cooperation for Tourist Information Provision (2006)

21 Public-Private Cooperation for Facility Concession (2006)

22 Enhancement of Roles for NGOs (2006)

7.5 Human Resource Development Plan

1 Selective Training for ONTT Staff (2006)

2 Curator Training by INP (2006)

3 Innovations for Hotel Staff Training (2006, 2016)

4 Innovations for Hotel and Tourism Training (2006)

5 Reinforcement of Other Skills Areas (2006)

7.6 Infrastructure Development Plan

Tourist Transport Related Measures

1 Selected Road Network Improvements (2006, 2016)

2 Car parking round Tunis Medina (2006)

3 Inter-city Deluxe Bus Services (2016)

4 Bus Loops in Tourist Areas (2006)

Other Types of Measures

5 Study on Water Supply System for Sahara/Oasis Region (2006)

6 Innovations in Solid Waste Management (2006)

8 Implementation Program for 2016

The following list shows the indicative costs for each of the 6 component development plans with the target year 2016 [See Table 8.2.1 for details]:

1	Tourism Product Development Plan	TD 670.2 million
2	Tourism Resource and Environment Preservation Plan	TD 110.5 million
3	Marketing and Promotion Plan	TD 58.9 million
4	Tourism Industry Vitalization Plan	TD 105.5 million
5	Human Resource Development Plan	TD 32.6 million
6	Infrastructure Development Plan	TD 224.8 million
	Total	TD 1,202.5 million

9 Plan Evaluation

9.1 Socio-Economic Evaluation

[See Section 9.1 “Socio-Economic Evaluation”]

1 Expected Economic Impacts of Master Plan Implementation

The Projection of tourism receipts according to Scenario A and Scenario B was carried out (for 2006: Scenario A – TD 3,021 million, Scenario B – TD 2,655 million; for 2016: Scenario A – TD 5,422 million, Scenario B – TD 3,626 million). [See Table 9.1.1 and Table 9.1.2]

Subsequently, the cost and benefit stream over the period 2002-2016 were evaluated. The economic internal rate of return (EIRR) for the implementation of the Master Plan was estimated at 16.8%, which substantially exceeds the opportunity cost of capital that is often assumed at about 12%.

While the analysis is preliminary in nature, it is reasonably expected that the proposed component development plans would bring significant net benefit to the Tunisian economy.

2 Profitability of Hotel Investment

Based on the Scenario A and some assumptions, the return on investment (ROI) for hotels needed during the period 2002-2021 was estimated at 16.2%, which is not very high but is encouraging. [See Table 9.1.4]

As suggested by this result, Tunisia should make efforts, attempting to reduce seasonality of its tourism business and improve quality thereby increasing the expenditure per tourist, so that the tourism will be profitable not only for the economy as a whole but also for the hotel industry, a major player in the tourism business.

3 Employment Creation

	1999	2006	2011	2016
Scenario A				
Direct employment	90,216	119,511	145,719	173,146
Hotel	68,637	90,714	110,470	130,891
Restaurants	15,159	19,957	24,304	28,796
Other tourism	6,420	8,839	10,945	13,459
Indirect employment	233,737	298,109	354,138	421,019
Total employment	323,953	417,619	499,857	594,164

	1999	2006	2011	2016
Scenario B				
Direct employment	90,216	113,259	136,650	156,814
Hotel	68,637	85,969	96,415	106,609
Restaurants	15,159	18,913	21,211	23,454
Other tourism	6,420	8,377	9,724	11,159
Indirect employment	233,737	285,807	321,651	359,829
Total employment	323,953	399,066	458,301	516,643
Increment	0	18,553	41,556	77,522

Source: JICA Study Team

4 Social Impact

Implementation of the Master Plan will contribute to maximizing the people's expectation (positive impacts) from the tourism and minimizing the negative impacts presently existing. Social impacts of the Master Plan are expected to enhance cultural awareness, employment creation, and living condition improvement.

9.2 Environmental Evaluation

[See Section 9.2 "Environmental Evaluation"]

1 Initial Environmental Evaluation (IEE)

An Initial Environment Examination (IEE) was conducted in order to identify possible positive and negative impacts related to each type of tourism product development and tourism-related infrastructure development proposed in the component development plans.

2 Examination of Carrying Capacity for Beach Development

The Study Team attempted a preliminary examination to estimate an optimal capacity of the beach development, based on the existing patterns of tourist zone development in Tunisia and available information on coastal zone conditions.

Estimated Optimal Bed Capaicty

Development Progress (% of Category D)	Existing and Planned Tourist Zones [length of 225km]	Available Areas [length of 90km]	Total [length of 390km]
50%	270,000 beds	54,000 beds	324,000 beds
75%		81,000 beds	351,000 beds
100%		108,000 beds	378,000 beds

Note: Assumed Unit Number of Beds: 1,200 beds/km

Source: JICA Study Team

Part 3: Plans for Selected Regions (2016)

10 Common Planning Issues

Based on the four principal themes, three regions were selected for the purpose of elaboration of tourism development plans (2016) and the selection of priority projects to be implemented by 2006.

The selected regions were:

1. Grand Tunis Region: Culture, Quality and Environment
2. Central Region: Culture, Quality and Environment
3. Southwest Region: Sahara, Quality and Environment

Tourism development plans for each selected region were formulated through the following five stages:

1. Analysis of potentials and constraints in each region,
2. Elaboration of regional tourism development strategies and concept according to the four principal themes,
3. Examination of potential target markets,
4. Elaboration of spatial development concepts taking into account the examined potential target markets, and
5. Formulation of tourism product development plan and infrastructure development plan.

11 Plans for Selected Regions (2016)

[See Chapter 12 “Plans for Selected Regions (2016)”]

11.1 Greater Tunis Region Development Plan

11.1.1 Potentials and Constraints

This region functions as a gateway for cultural circuit tourists with its rich cultural and urban tourism resources, and with the international. It is also a gateway for the majority of beach holiday vacationers at Nabeul-Hammamet as well as excursion area. As the capital of the country with well-developed infrastructure and relevant services, this region has a great potential to develop MICE tourism. Despite abundant tourism resources possessed by the region, however, foreign tourists evaluate that their visit to Tunis is less satisfactory than that to other major destinations.

11.1.2 Development Concept

Culture:

- To establish Carthage as the focal point of the national heritage to disseminate the image of Tunisia's history to the world tourism market, and
- To develop urban discovery tourism by improving Medina of Tunis and other cultural resources of world-class, and other tourism related private activities.

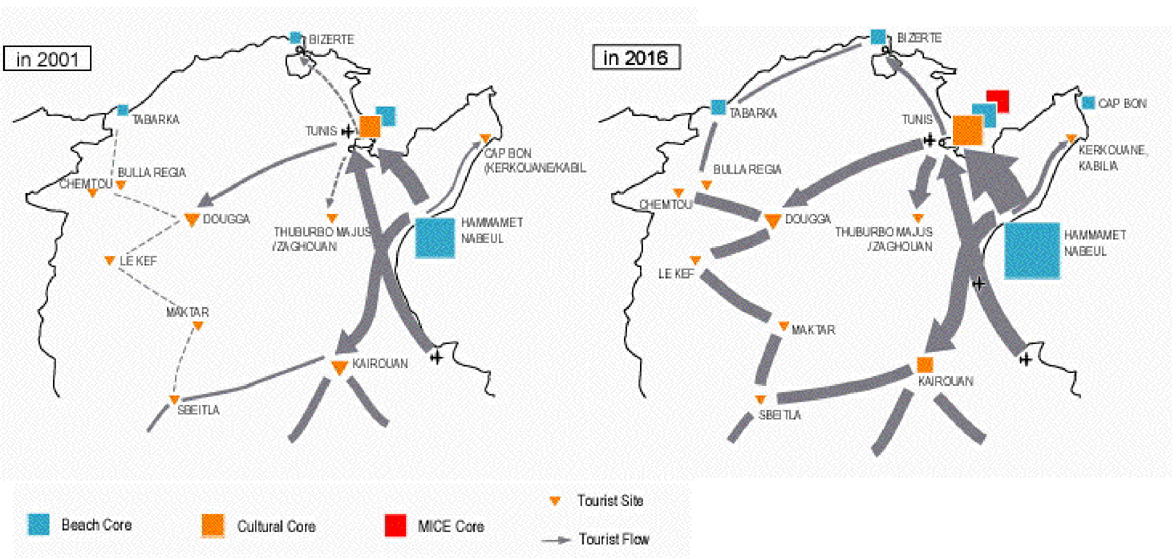
Quality:

- To develop and promote more MICE tourism based on the developed business support functions and various related activities,
- To develop up-market resorts of the world class in the selected picturesque areas, and
- To improve the established beach resorts by both physical improvement and staff training.

Environment:

- To rehabilitate historical Medina of Tunis and the town center,
- To beautify key tourist sites and the gateway of Tunisia, and
- To protect and manage natural environment so as to meet the needs for up-market beach resorts.

Development Concept of Greater Tunis Region



11.1.3 Target Markets

- MICE participants from Europe (Increasing and Great Potential),
- Beach holiday tourists in the existing hubs (Major Existing Inflow and Moderate Increase),

- Visitors on business from Maghreb or Europe (Existing Inflow and Moderate Increase), and
- Tourists on themed circuits of archeological, cultural or Saharan discovery experiences for one or two-nights stop (Increasing and Good Potentials).

11.1.4 Product and Facility Development Plan

Beach Holiday Tourism

- Development of Up-Market Resorts
- Beautification of the existing Beach Resorts
- Development of Golf Course
- Development of Marina

Cultural Tourism

- Upgraded Visitor Facilitation and Presentation in Carthage
- Creation of "Carthage Water Supply Museum"
- Creation of Themed Cultural Circuits around Tunis
- Establishment of a Visitor Center in Medina of Tunis
- Establishment of Art and Craft Center in Medina of Tunis
- Upgrading of Bardo Museum

MICE and Urban Tourism

- Development of MICE Tourism Promotion Plan
- Development of World-Class Convention Centers
- Development of Entertainment
- Panoramic Look Out over Medina of Tunis

Nature Oriented Tourism

- Development of Ichkeul National Park
- Development of Hot Spring Resort in Cap Bon

Accommodation Development

- Construction of Hotels in the Urban Area and Tunis Suburb
- Construction of Hotels in the Existing Tourist Zones
- Development of New Tourist Zones
- Improvement of Existing Hotels

11.1.5 Infrastructure Development Plan

Roads and Transport

- Acceleration of Planned Tunis Ring Road Construction
- Acceleration of Underground Parking Construction in Tunis
- Acceleration of Planned New METRO Construction
- Development of Car Parking in Hammamet

- Provision of Car Parking in Carthage
- Introduction of Trilingual Traffic Signage
- Access Road Improvement
- Introduction of Small Circular Coaches inside of Carthage

Environment and Utilities

- Rehabilitation of Medina of Tunis
- Garbage Collection Improvement
- Aqueduct Restoration
- Street Beautification
- Beachfront Beautification
- Replacement of Overhead Wiring in Median
- Replacement of Television Antennas
- Beautification of Existing Parks
- Increased Incentives for Cultural Heritage Restoration
- Provision of Tourist Amenity
- Introduction of Recycled Water

11.2 Central Region Development Plan

11.2.1 Potentials and Constraints

This region has been developed mainly as a major beach tourism core of Tunisia, with the Monastir Airport as a gateway. This tourism core attracts the largest number of foreign tourists in the country, while it suffers from a significant seasonal fluctuation of demand as the region depends mainly on rather cheap mass beach tourism. Besides beaches, this region possesses rich cultural resources in the inland area as well as along the coast. Kairouan and the Colosseum of El Jem are the two monumental sites in the region. Although these are part of most circuit tours covering major cultural sites of the country, and are visited by a number of beach holiday vacationers, both are significantly underdeveloped, satisfying far less than should.

11.2.2 Development Concept

Culture:

- To establish Kairouan and El Jem as world-class cultural destination by improving their presentation and visitor facilitation,
- To develop its abundant potential resources so as to diversify its tourism products.

Quality:

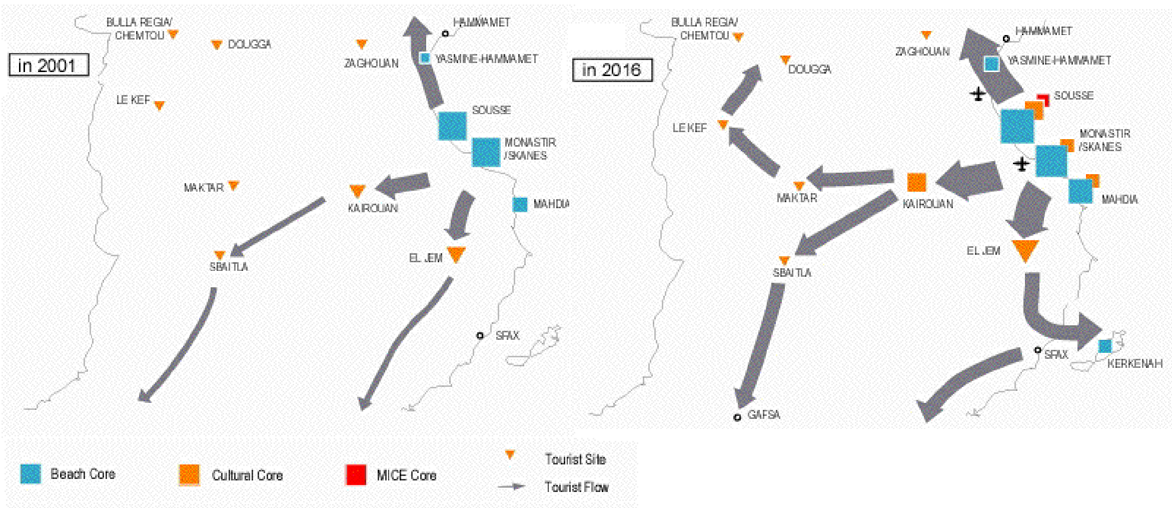
- To develop various complementary products of world-class (golfing, yachting, MICE and incentive tours, shopping, souvenirs, dining out, entertainment, etc.),

- To improve the existing beach tourism cores by both physical improvement and staff training,
- To create more competitive up-market beach resorts vis-à-vis a fierce competition of the world tourism market place.

Environment:

- To protect and manage natural environment so as to meet the needs for up-market beach resorts,
- To rehabilitate historical Medinas,
- To develop eco-tourism in Kerkenah Islands for a new tourism experience of nature and ecology combined with traditional way of life.

Development Concept of Central Region



11.2.3 Target Markets

- Beach holiday tourists from Europe (Moderate Increase, except for the emerging markets),
- Senior tourists from Europe on an affordable winter off-season package (Good Potentials subject to effective promotion),
- Incentives and seminars from Europe (Good Potentials for up market and/or high spender clientele, subject to effective promotion),
- Visitors focused on sportive relaxation (yachting, golfing) (Moderate Increase), and
- Tourists on themed circuits of archeological, cultural or Saharan discovery experiences for one or two-nights stop (Increasing and Good Potentials).

11.2.4 Product and Facility Development Plan

Beach Holiday Tourism

- Development of Up-Market Resorts
- Beautification of the existing Beach Resorts
- Development of Golf Course

Cultural Tourism

- Upgraded Visitor Facilitation and Presentation at Kairouan
- Creation of Tourist Attraction at El Jem
- Establishment of a Visitor Center in Medina of Kairouan and Mahdia
- Creation of Themed Circuits
- Establishment of Islamic Art Museum in Medina of Kairouan
- Upgrading of Sousse Museum

Urban Tourism

- Development of MICE Tourism Promotion Plan
- Development of Entertainment

Nature Oriented Tourism

- Development of Eco-Tourism in Kerkenah Island
- Development of Water Sports,

Accommodation Development

- Construction of Hotels (Sousse, Monastir, Mahdia, Sfax, etc.)
- Development of New Tourist Zones
- Improvement of Existing Hotels

11.2.5 Infrastructure Development Plan

Road and Transport

- Development of Car Parking in Sousse, Monastir and Mahdia
- Road Development between Future Airport and “Autoroute”
- Development of Transit System between Future Airport and Sousse
- Provision of Car Parking at Tourist Sites
- Introduction of Tourist Circular Bus between Sousse and Kairouane

Environment and Utilities

- Rehabilitation of Medinas of Kirouan, Sousse, Mahdia
- Garbage Collection Improvement
- Street Beautification
- Increased Incentives for Cultural Heritage Restoration
- Beachfront Beautification
- Provision of Tourist Amenity
- Introduction of Recycled Water

11.3 Southwest Region Development Plan

11.3.1 Potentials and Constraints

This region is currently viewed merely as one of the several destinations visited by circuit tourists or by excursions from one of the beach cores. It attracts number of foreign tourists (about 752,000 foreign visitors in Gafsa-Tozeur region), but with a very short average length of stay of 1.4 day. In addition, the region is currently not attractive enough to most of the beach holiday vacationers according to the results of tourist survey. The region should be developed and transformed into a primary tourist destination through the development of unique resources in the region (Sahara, oasis, ksars, etc.).

11.3.2 Development Concept

Sahara:

- To establish the Tunisian Sahara as the star destination of Tunisia in the world tourism market place,
- To develop abundant scenic, natural and cultural resources in the region for discovery trip of Tunisia's uniqueness, and
- To promote attractive themed tour circuits, and soft adventure, various sports activities, cycle tourism, trekking, etc. combined with distinctive characteristics of the region.

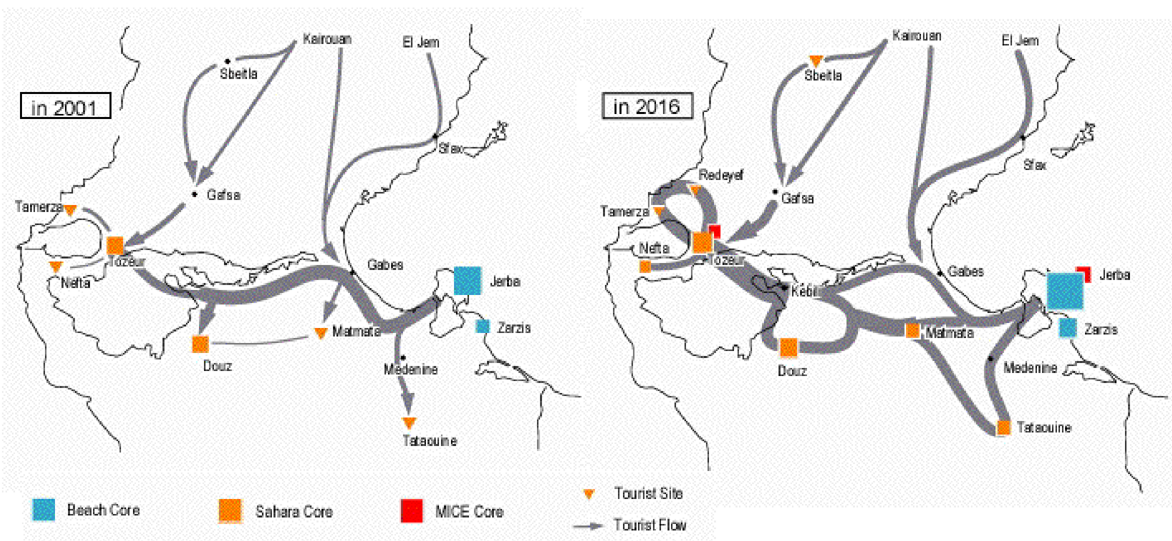
Quality:

- To develop complementary sources of visitors by seasons, optional visitors from beach cores in summer and incentives in winter, and
- To develop up-market resorts of the world class in the selected areas of mountain oasis, scenic valleys, desert areas, etc.

Environment:

- To protect and manage fragile natural environment so as to meet the expectation of visitors,
- To rehabilitate and beautify oasis,
- To conserve water consumption and to introduce more recycled water.

Development Concept of Southwest Region



11.3.3 Target Markets

- Beach holiday tourists in the tourist cores of Jerba, Sousse and Monastir for optional Sahara experiences (Major Existing Inflow, Moderate Increase),
- Incentives and Seminars from Europe (Increasing and Greater Potentials),
- Hibernation and senior tourists from Europe (Increasing and Greater Potentials),
- Tourists on themed circuits of Saharan experiences, mountain oasis, etc. for one or two-nights stop (Increasing and Good Potentials), and
- Week-end tourists from Europe (Good Potential subject to airline initiatives, flight operation and availability).

11.3.4 Product and Facility Development Plan

Saharan Tourism

- Airport Information Center
- Sahara and Oasis Museum
- Desert Sports Promotion
- Sahara Trekking Center with Field Museum in Douz
- Development of Oasis Agro-Tourism
- Ksars and Ghorfas visitor center in Tataouine,
- Development of Ksars and Ghorfas
- Souvenir Development
- Development of Entertainment and Folklore
- Development of Spa
- Creation of Themed Circuits
- Development of Up-Market Resorts

Nature Oriented Tourism

- Development of Cycle Tourism
- Development of Environmental-Friendly Golf Course
- Development of Camel Trekking in Douz
- Jbil National Park

Accommodation Development

- Local Character Accommodation Development
- Construction of Hotels
- Improvement of Existing Hotels

11.3.5 Infrastructure Development Plan

Roads and Transport

- Access Improvement to Tozeur

- Access Improvement to Matmata, Medenine, and Tataouine
- Provision of Trilingual Traffic Signage
- Upgrading of “Lézard Rouge”
- Road Improvement between Matmata and Tataouine
- Access Road Improvement to Ksars
- Desert Trail Development between Douz and Ksar Ghilene

Environment and Utilities

- Garbage Collection
- Beautification of Oasis
- Restoration of Ksars and Ghorfas
- Incentives for water treatment and recycled water use
- Public awareness program for water consumption reduction

Part 4: Action Plan (2006)

12 Measures for 2006

Among the component plans, both at national level and regional level, 60 candidate priority projects and programs recommended to be implemented by the year 2006 were identified taking the following aspects into consideration:

1. Projects to increase the perception value of Tunisian tourism in the world tourism market,
2. Contribution to attracting foreign tourists, and
3. Contribution to increase tourism receipt.

Candidate priority projects and programs have been evaluated from the aspect of the four principal axes (Culture, Sahara, Quality, and Environment)

Greater Tunis Region		C	S	Q	E
1-1	Upgraded Visitor Facilitation a in Carthage	+++		++	
1-2	Provision of Car Parking in Carthage			+	++
1-3	Creation of "Water Supply Museum" at la Malga in Carthage	++		+	
1-4	Upgrading of Bardo Museum	++		+	
1-5	Rehabilitation of Medina of Tunis	++		+	++
1-6	Establishment of a Visitor Center in Medina of Tunis	++		++	
1-7	Establishment of an Art and Craft Center in Medina of Tunis	++		+++	
1-8	Garbage Collection Improvement			+	+++
1-9	Replacement of Overhead Wiring and TV antennas in Medina of Tunis			+	++
1-10	Aqueduct Restoration and Improved Presentation	+			++
1-11	Archeological Sites Upgrading	++		++	
1-12	Access Road Improvement at Major Tourist Sites	+		+	
1-13	Promotion of MICE Tourism			+++	
1-14	Trilingual Traffic Signage for Major Tourist Sites in the Region			++	
1-15	Development of Entertainment for Tourists			++	
1-16	Creation of Themed Cultural Circuit	++		++	
1-17	Increased Incentives for Cultural Heritage Restoration and Use	+			++
1-18	Beautification at Tourist Sites				++
1-19	Beachfronts Beautification			+	++
1-20	Development of Up-Market Resort			++	+

Central Region		C	S	Q	E
2-1	Rehabilitation of Medina of Kairouan	++			++
2-2	Establishment of an Islamic Art Museum in Kairouan	++		+	
2-3	Establishment of Visitor Center in Medina of Kairouan	+		++	
2-4	Increased Incentives for Cultural Heritage Restoration and Use	+			++
2-5	Garbage Collection Improvement			+	++
2-6	Creation of Tourist Attraction at El Jem	++		+	
2-7	Rehabilitation of Medina of Mahdia	++			++
2-8	Replacement of Overhead Wiring in Medina			+	++
2-9	Beachfront Beautification			+	++
2-10	Street Beautification in Resort Areas (Tourist Zones)				++
2-11	Rehabilitation of Medina of Sousse	+			++
2-12	Development of Car Parking in Sousse, Monastir, etc.			+	++
2-12	Upgrading of Sousse Museum	++		+	
2-13	Development of Entertainment for Tourists			++	
Southwest Region		**C**	**S**	**Q**	**E**
3-1	Improvement of Airport Visitor Center		+	+	
3-2	Establishment of Sahara and Oasis Museum		++		+
3-3	Establishment of Sahara Trekking Center with Field Museum in Douz		++		+
3-4	Desert Sports Promotion		++		+
3-5	Establishment of Ksars and Ghorfas Visitor Center in Tataouine		++	++	
3-6	Development of Ksars and Ghorfas		+		+
3-7	Creation of Themed Circuits		++		+
3-8	Beautification of Oasis		+		++
3-9	Improvement of Camel Riding and Trekking in Douz		+	++	+
3-10	Development of Cycle Tourism		++		++
3-11	Restoration of Ksars and Gorphas		++		++
3-12	Local Character Up-Market Accommodation Development		++	+	
3-13	Development of Up-Market Resorts			++	++
3-14	Trilingual Traffic Signage for Major Tourist Sites in the Region		+	++	
3-15	Road Improvement between Matmata and Tataouine		++	+	
Nationwide		**C**	**S**	**Q**	**E**
4-1	Procedural Reform for More Competitive Tourist Zone Development			++	+
4-2	Staff Training of Tourist Information Services			++	
4-3	Staff Training of Tourism Industries			++	
4-4	Staff Training of Tour Guides	+	+	++	
4-5	Staff Training of Curators			++	
4-6	Souvenir Development and Marketing	+	+	++	
4-7	Promotion Material Production and Update	+	+	++	
4-8	Investment Promotion and Investor Seminars			++	
4-9	Rearrangement of Investment Incentives			++	
4-10	Periodical Tourist Interview Surveys	+	+	++	
4-11	Incentives and Seminars for Water Consumption Reduction				++
4-12	Strengthening of Tourist Statistics and Analysis			++	

Note: C: Culture, S: Sahara, Q: Quality, E: Environment; +~+++: importance

Among the candidate priority projects and programs listed above, four packages of priority projects were formulated, and two packages of priority programs were also formulated.

The following aspects were taken into consideration for the selection:

- Importance of each project or program,
- Readiness of the project or programs including availability of land,
- Projects to be implemented by the public sector with significant potential to encourage private sector activities,
- Projects or programs not committed by other organizations, and
- Possibility of introducing foreign assistance.

The selected priority projects and programs are:

1 Package A: Carthage Heritage Park

2 Package B: Islamic Urban Heritage

3 Package C: Sahara and Oasis Life

4 Package D: Cultural Circuit Upgrading

5 Package E: Reform for Competitive Beach Resort

6 Package F: MICE Tourism Promotion

13 Priority Projects (2006)

13.1 Package A: Carthage Heritage Park

The objectives of this package are to upgrade tourist attraction of Carthage and to increase the perceptive value of Tunisian tourism in the world tourism market.

The components of this package are:

1 Carthage Visitor Center in La Maalga Cisterns [AMVPPC, ONTT]

2 Water Circuit Museum in La Maalga Cisterns [AMVPPC]

3 Beautification of Avenue Habib Bourguiba [Municipality, MEH]

4 Multimedia Presentations at Archeological Museum and Antoine Baths [AMVPPC]

5 Installation of Signage System in the Park [AMVPPC, ONTT]

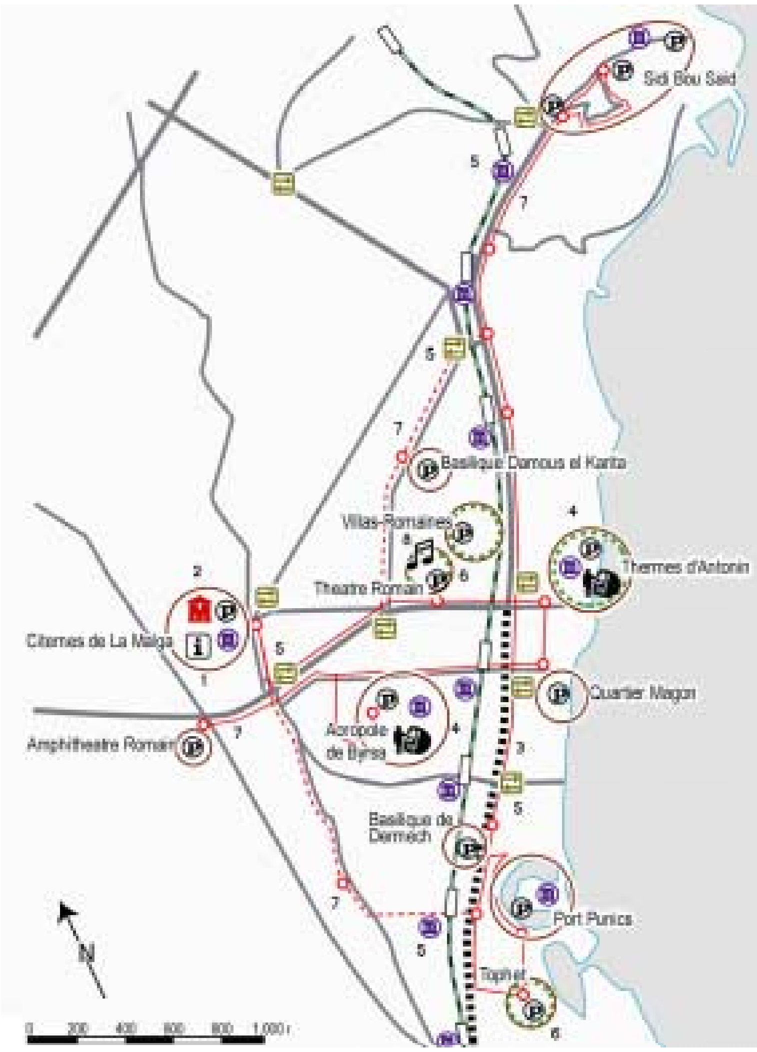
6 Visitor Facilitation Upgrading at Selected Sites [AMVPPC, ONTT]

7 Provision of Shuttle Bus [Municipality]

8 Sound and Light Show at Roman Theater [AMVPPC, ONTT]

9 Training and Management Program [ONTT]

Package A: Carthage Heritage Park



Source: JICA Study Team

[See Section 14.1 “Package A: Carthage Heritage Park”]

13.2 Package B: Islamic Urban Heritage

The objectives of this package are to upgrade tourist attractions in Medinas in Tunisia to develop them as an open-air-museum and showpiece of Islamic heritage.

The components of this package are:

Tunis

1-1 Establishment of Visitor Center [ONTT]

1-2 Establishment of Art and Craft Center [ONAT]

1-3 Creation of Visiting Circuits [ONTT]

1-4 Presentation Improvement of Historical Buildings [ASM. ONTT]

1-5 Rehabilitation of Medina along Visiting Circuits including Cable TV System Installation [ASM. ONTT]

1-6 Provision of Tourist Coach Parking [ONTT]

Kairouan

2-1 Establishment of Visitor Center [ASM, ONTT]

2-2 Creation of Visiting Circuits [ONTT]

2-3 Presentation Improvement of Historical Buildings [ASM, ONTT]

2-4 Provision of Shuttle Bus [Municipality]

2-5 Provision of Tourist Coach Parking [ONTT, ASM]

Sousse

3-1 Creation of Visiting Circuits [ONTT]

Mahdia

4-1 Creation of Visiting Circuits [ONTT]

4-2 Rehabilitation of Medina along Visiting Circuits[ASM, ONTT]

Common for all sites

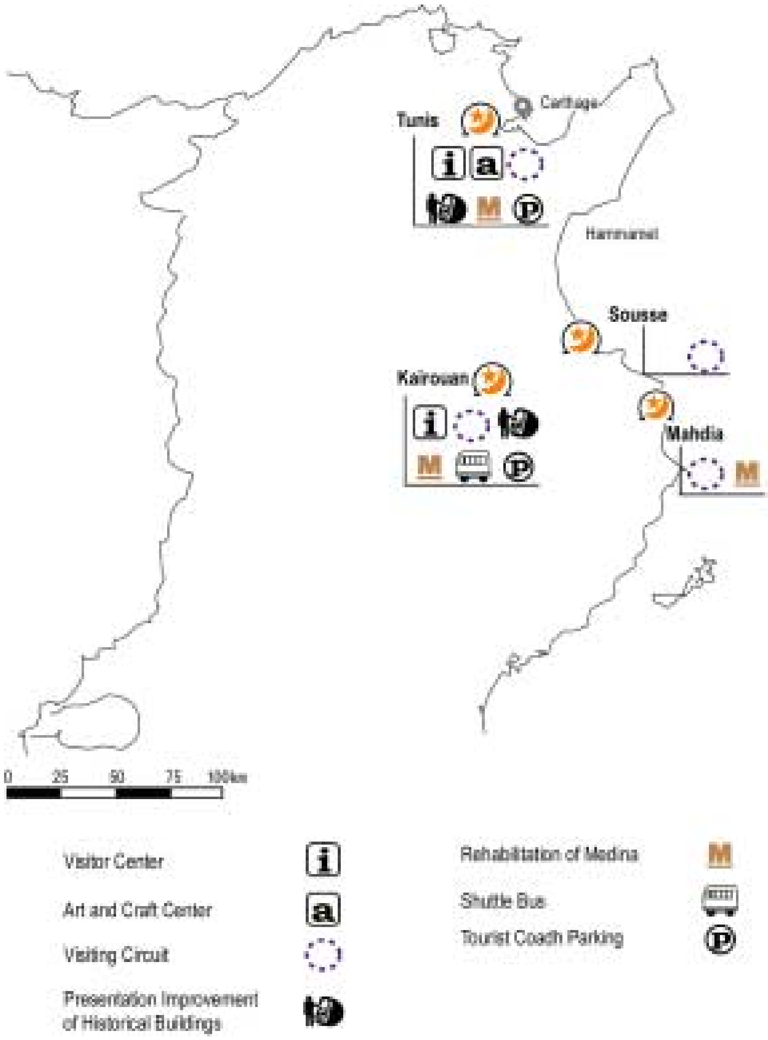
5-1 Improvement of Garbage Collection and Cleaning [Municipality]

5-2 Tourism Investment Promotion in Medina [ASM, Municipality]

5-3 Training and Management Program [ONTT, ONAT, MFPE]

Package B: Islamic Urban Heritage

[See Section 14.2 "Package B: Islamic Urban Heritage"]



13.3 Package C: Sahara and Oasis Life

The objectives of this package are to develop authentic attractiveness of “Tunisian Sahara and Oasis” as symbolic star tourism attraction, and eventually to increase the value of overall Tunisian tourism as well as to contribute to the regional economy.

The components of this package are:

1 Establishment of Sahara-Oasis World [ONTT, IMP, AMVPPC]

2 Establishment of Sahara Camelback Trekking Center with Sahara Field Museum [ONTT]

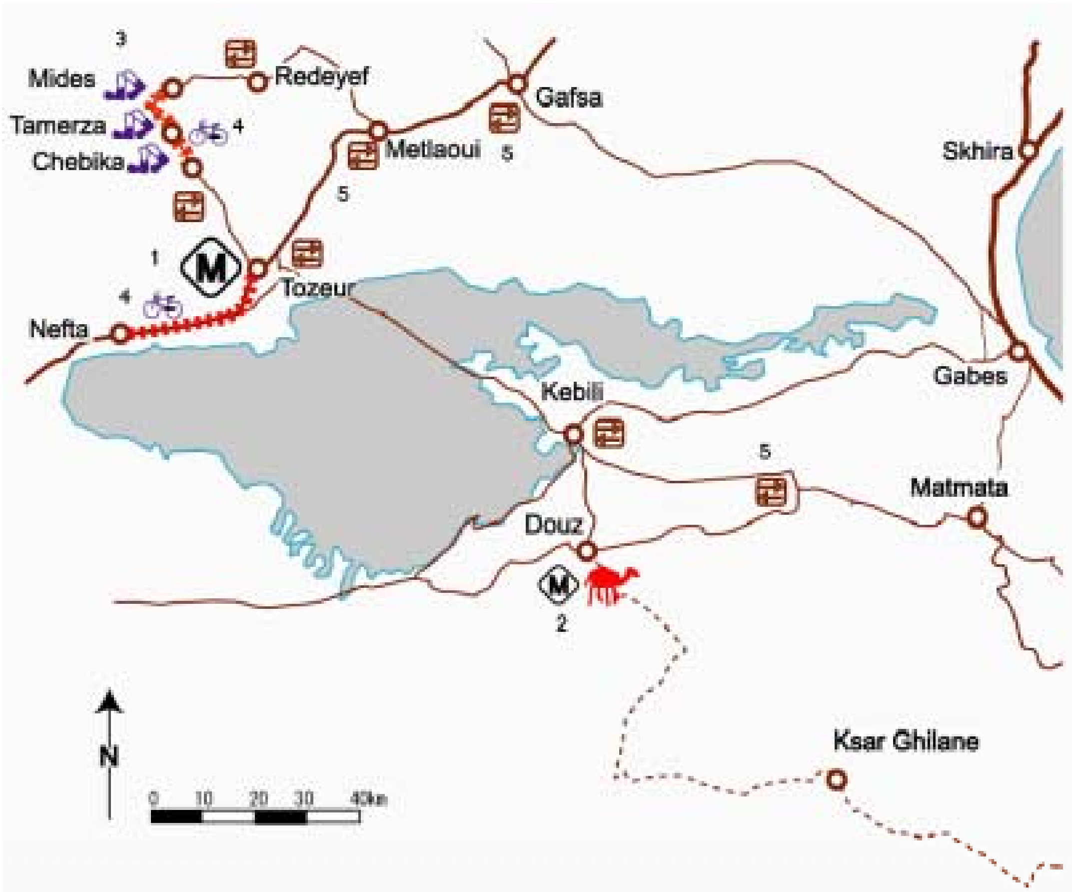
3 Creation of Site Visiting Circuit [ONTT, AMVPPC]

4 Desert Sports Promotion [ONTT, FTAV]

5 Tourist Information Signs for All Major Tourist Sites [ONTT]

6 Training and Management Program [ONTT]

Package C: Sahara and Oasis Life



[See Section 14.3 “Package C: Sahara and Oasis Life”]

13.4 Package D: Cultural Circuits Upgrading

The objectives of this package are to upgrade cultural sites and to develop culture circuits with specific theme.

The components of this package are:

Tunis/Carthage

1-1 Creation of Site Visiting Circuit [AMVPPC]

1-2 Environmental Improvement of Sites [AMVPPC, Municipality]

1-3 Provision of Tourist Traffic Signs [ONTT]

1-4 Improvement of Gateway Information Center [ONTT]

1-5 Training and Management Program [ONNT, ONAT]

Sousse/Hammamet

2-1 Establishment of On-Site Visitor Center [AMVPPC, ONTT]

2-2 Creation of Site Visiting Circuit [AMVPPC]

2-3 Environmental Improvement of Sites [AMVPPC, Municipality]

2-4 Provision of Tourist Traffic Signs [ONTT]

2-5 Enhancement of Entertainment in El Jem [AMVPPC, ONTT]

2-6 Improvement of Gateway Information Center [ONTT]

2-7 Training and Management Program [ONNT, ONAT]

Jerba/Tataouine

3-1 Establishment of On-Site Visitor Center in Tataouine [ONTT, Syndicat]

3-2 Creation of Site Visiting Circuit [Syndicat]

3-3 Environmental Improvement[Syndicat]

3-4 Provision of Tourist Traffic Signs [ONTT]

3-5 Road Improvement [MEH]

3-6 Improvement of Gateway Information Center [ONTT]

3-7 Training and Management Program [ONTT, ONAT]

Package: Cultural Circuits Upgrading

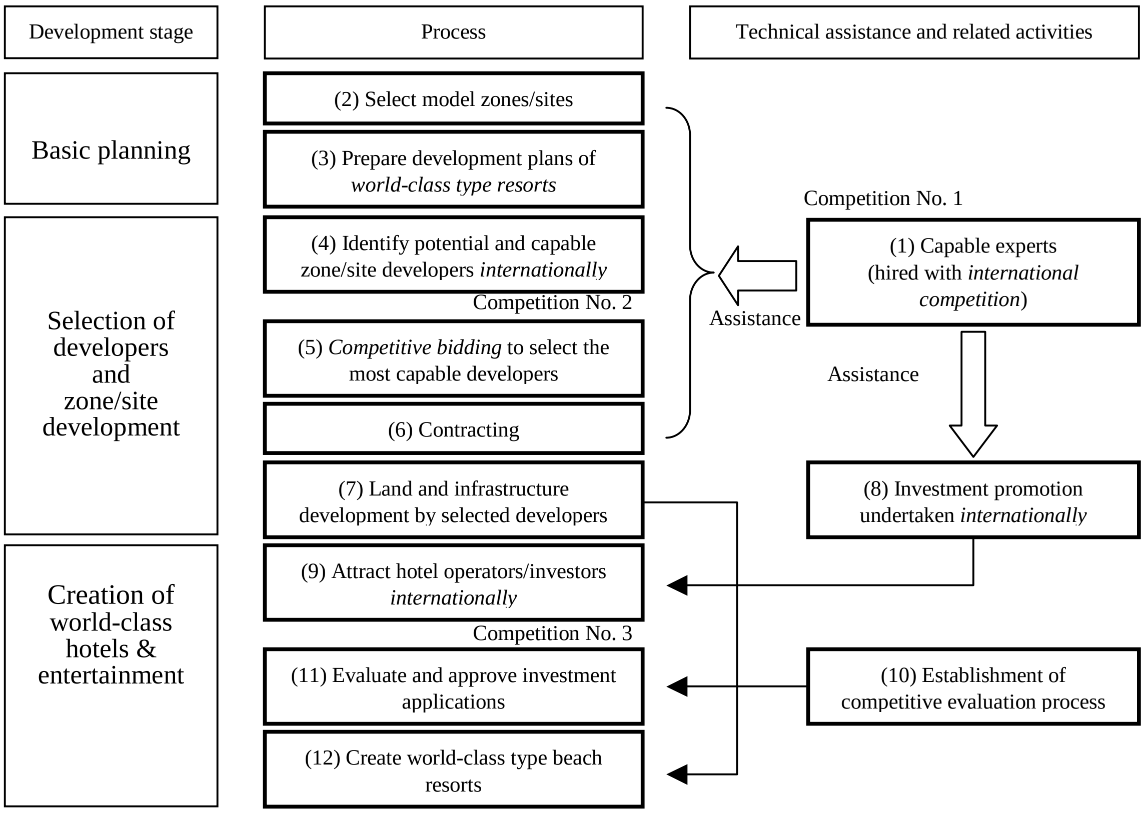
13.5 Package E: Improved Competitiveness for Beach Resorts

The objective of this package is to transform the Tunisian beach resorts into ones competitive enough vis-à-vis all the competing destinations not only in the Mediterranean basin but also in the world. The components of this package are:

1. Introduction of a new public-private partnership mechanism for beach resort development [AFT, ONTT]
2. Foreign investment promotion and investors' seminars [AFT, ONTT]
3. Seminar series of hotel industry globalization and hotel staff training [ONTT, FTH]

[See Section 14.5 "Package E: Competitiveness Improvement for Beach Resorts"]

Creation of World-Class Type Resorts with Highly Competitive Process



Source: JICA Study Team

13.6 Package F: Mice Tourism Promotion

The objective of this package is to strengthen Tunisia's marketing capability for MICE markets in mainly Europe. The components of this package are:

1. Designation of Several ONTT European Offices for MICE Promotion (as "MICE Coordination Office") [ONTT]
2. Institutional Strengthening of TCB [TCB]
3. Development and Implementation of Advertising Policies [ONTT, TCB]

4 Organization of Seminars by TCB [TCB]

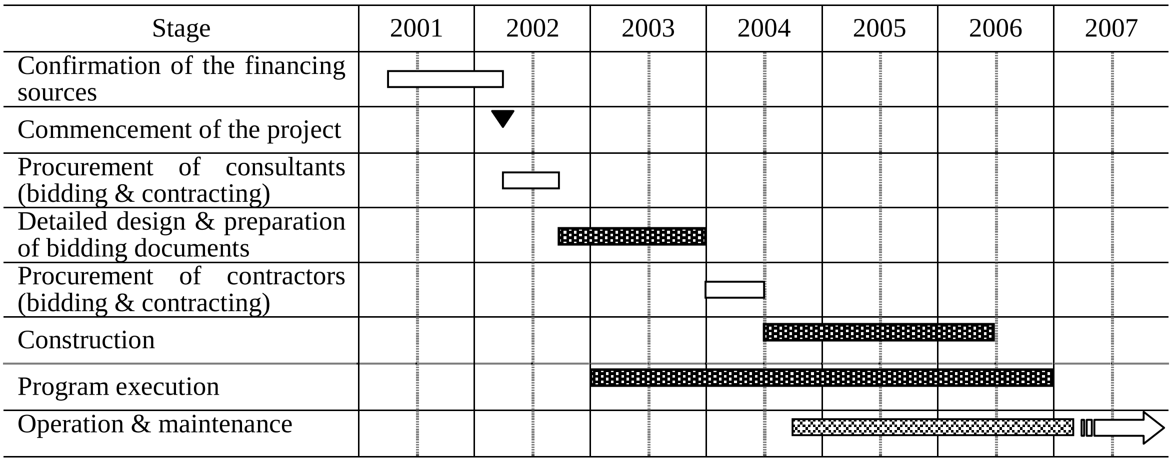
5 Establishment of Database of MICE Records [TCB, ONTT]

[See Section 14.6 "Package F: Mice Tourism Promotion"]

14 Implementation of Priority Projects

Implementation Schedule of Priority Projects

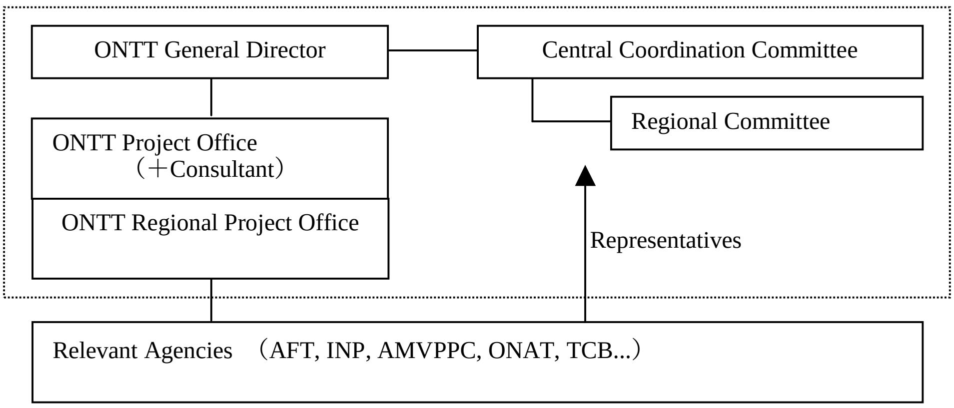
All six packages will be completed within five years and in full operation by the year 2006.



14.1 Implementation and Management Structure

For realizing six project packages, it is essential to establish a system that ensures sufficient coordination among related agencies. A simple and effective structure was proposed:

- Establishing a Central Coordination Committee and Regional Committees for major project sites to coordinate related agencies,
- Establishing a Central Project Office within ONTT for implementing and coordinating the projects, and
- Attaching foreign and Tunisian consultants to ONTT Project Office for technical support.



14.2 Cost Estimation of the Priority Projects

The total cost of the priority projects amounts to TD 133.1 million including consulting services for the overall project management (6%), and contingency (10% or 15%). This will depend on the necessary consulting services and input of expert in accordance with the implementation structure.

Package A: Carthage Heritage Park	27.354 million TD
Package B: Islamic Urban Heritage	25.135 million TD
Package C: Sahara and Oasis Life	35.186 million TD
Package D: Cultural Circuit Upgrading	30.438 million TD
Package E: Improved Competitiveness for Beach Resorts	7.095 million TD
Package F: MICE Tourism Promotion	1.009 million TD

Details of each component of project packages in terms of responsible agencies, implementation schedules, necessary number of staff and costs are found in Section 15.1 “Implementation and Management Structure” and Section 15.2 “Cost Planning of Priority Projects”.

14.3 Feasibility of the Priority Projects

14.3.1 Economic Evaluation of Priority Projects

With the benefit distributed and the project cost described earlier, each project package was evaluated for a period of 20 years, using three measures for economic evaluation – the economic internal rate of return (EIRR), the net present value (NPV), and the benefit-cost ratio (B/C).

Indicator	Package A: Carthage Heritage Park	Package B: Islamic Urban Heritage	Package C: Sahara & Oasis Life	Package D: Cultural Circuit Upgrading	Total
EIRR (%)	25.7%	20.6%	25.0%	24.4%	24.0%
NPV (million TD)	27.0	15.3	30.0	29.6	101.9
B/C ratio	1.9	1.6	1.8	1.9	1.8

All of the indicators above point to the clear economic viability of the projects. The EIRR substantially exceeds the opportunity cost of capital. In addition, the NPV is substantially positive and the benefit-cost ratio is significantly greater than one. This indicates that the projects are expected to benefit the national economy, generating tourism earnings substantially higher than the cost required. [See Section 15.3 “Feasibility of Priority Projects”]

14.3.2 Financial Evaluation of Priority Projects

While the economic evaluation above indicated their clear economic viability, one major concern is whether these projects can be implemented without burdening the public finance, and whether they can be operated without relying heavily on the general budget.

The result indicates that the revenues to be generated from these facilities and sites are expected to sufficiently cover the operating and maintenance costs for all the components of the priority projects.

However, it should be noted that the balance is far short of recouping the initial cost. The assistance of a soft loan could potentially be available from a foreign aid organization. The incremental tax proceeds are projected to sufficiently cover the principal and interest payments in every year from 2007 on, indicating the projects' strong ability for servicing debt. [See Section 15.3 "Feasibility of Priority Projects"]

14.4 Environmental Consideration

As a result of discussions with ANPE and ONTT, none of components of the proposed priority projects was judged to cause major negative impacts. However, in order to clarify environmental impacts by implementation of the priority projects and to examine possible mitigation measures, a preliminary EIA was carried out according to the guidelines of ANPE and JICA. [See Section 15.4 "Environmental Consideration"]