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JORDAN TOURISM SECTOR ASSESSMENT: CHALLENGES TODAY, OPPORTUNITIES TOMORROW

BUSINESS ENVIRONMENTS FOR AGILE MARKETS (BEAM)

July 2013

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ACRONYMS

ASEZA	Aqaba Special Economic Zone Authority
BDS	Business Development Service
CBO	Community-Based Organization
CCA	Climate Change Adaptation
CHTUDP	Cultural Heritage, Tourism, and Urban Development Project
DCA	Development Credit Authority
DFZC	Development and Free Zones Commission
DMO	Destination Management Organization
DOA	Department of Antiquities
DOI	Department of the Interior
DOS	Department of Statistics
DRR	Disaster Risk Reduction
EU	European Union
FDI	Foreign Direct Investment
GAM	Greater Amman Municipality
GDA	Global Development Alliance
GTTP	Global Travel and Tourism Partnership
HRDC	Human Resource Development Corporation
ICT	Information and Communication Technology
ILO	International Labor Organization
IT	Information Technology
JAU	Jordan Applied University
JHA	Jordan Hotels Association
JHTEC	Jordan Hospitality and Tourism Education Company
JIB	Jordan Investment Board
JICA	Japan International Cooperation Agency
JITOA	Jordan Inbound Tour Operators Association
JOHUD	Jordan Hashemite Fund for Human Development
JRA	Jordan Restaurant Association
JRF	Jordan River Foundation
JTB	Jordan Tourism Board
JTDI	Jordan Tourism Development Project I
JTDII	Jordan Tourism Development Project II
JTM	Jordan Travel Mart
KHIA	King Hussein International Airport
MENA	Middle East and North Africa
MFI	Micro-Finance Institution
MIMIAR	Madaba Institute for Mosaic Art and Restoration

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MOL	Ministry of Labor
MOTA	Ministry of Tourism and Antiquities
MOU	Memorandum of Understanding
MPA	Marine Protected Area
MSME	Micro, Small, and Medium-sized Enterprises
MTA	Madaba Tourism Association
NGO	Non-Governmental Organization
NTA	National Tour Association
NTS	National Tourism Strategy
NTVS	National Tourism Visitors Survey
OVOP	One Village–One Product
OWA	One World Alliance
PAP	Petra Archeological Park
PDTRA	Petra Development and Tourism Region Authority
PPP	Public-Private Partnership
QAIA	Queen Alia International Airport
RJ	Royal Jordanian Airlines
RSCN	Royal Society for the Conservation of Nature
SAVE	Scientific, Academic, Volunteer, and Educational
SME	Small and Medium-sized Enterprise
SSC	Strategy Steering Committee
TDC	Tourism Development Corporation
UAE	United Arab Emirates
UNESCO	United Nations Educational, Scientific, and Cultural Organization
USAID	United States Agency for International Development
VFR	Visiting Friends and Relatives
VTC	Vocational Training Center
WRPA	Wadi Rum Protected Area
WWF	World Wildlife Fund
YCI	Youth Career Initiative

FOREWORD

The USAID/Jordan Economic Growth Office asked CARANA Corporation to undertake a Tourism Assessment under the Business Enabling Environments for Agile Markets (BEAM) Project, managed by USAID's Office of Economic Growth, Education, and the Environment. The assessment started in January 2013, beginning with a literature review and followed by three weeks of interviews in Jordan with over 50 tourism stakeholders during the January–February 2013 period. During that same period, the assessment team conducted a consultation survey designed to obtain the input of international travel trade partners on key topics including Jordan's forecast tourism demand, potential tourism opportunities, and recommendations for enhancement and improvement of the sector. The team also conducted a value chain survey of Jordan's tourism sector, in collaboration with the George Washington University International Institute of Tourism Studies in February, 2013. The assessment team conducted an in-country briefing at the end of their field mission in late February and submitted a draft report in mid-March. After receiving comments and suggestions from USAID/Jordan in late May, this final report is submitted on June 15, 2013.

This tourism sector assessment report examines critical questions related to Jordan's best opportunity areas for tourism development growth that will result in increasing tourism receipts, private-sector investment in tourism, and tourism-related employment. The report identifies global trends, best practices, and benchmarks shaping tourism demand and competitiveness. It also suggests approaches for expanding tourism in key Jordan governorates and secondary destinations in ways that benefit local communities.

The report was written by a tourism assessment team that included Dr. Don Hawkins (Team Leader), Mr. Santiago Sedaca (Case Leader), Mr. Marwan Khoury (Tourism Development Specialist), Mr. Zeid Baggili (Workforce and Human Resources Development Specialist), Ms. Alison Ion (Research Analyst), and Ms. Judy Karwacki (International Benchmark Specialist). It was prepared under the direction of Erin Endean, Chief of Party of the BEAM Project.

The authors would like to thank the USAID/Jordan Economic Growth team—particularly Ms. Stephanie Wilcock and Mr. Stephen Little—for their excellent guidance and technical support to the tourism assessment team.

EXECUTIVE SUMMARY

Tourism has become a critical sector for Jordan's economy and has continued potential to boost overall economic growth as well as to drive employment and income generation for the population. With the wealth of historical, archaeological and natural attractions and a relatively well-functioning tourism infrastructure, Jordan already has the tourism asset base upon which to develop a robust and booming tourism ecosystem.

Jordan is well-positioned to move from a regional, multi-country tourist destination to a stand-alone destination with a portfolio of tourism products with year-round appeal for foreign and domestic visitors.

This transformation will require a long-term commitment from both public and private stakeholders, as well as a deeper national understanding of the strategic importance of tourism sector for employment and growth. In particular:

- ***Jordan's government and private sector will need to collaborate*** as never before to make tourism a national policy priority.
- ***Localized and inclusive economic development implementation strategies***, to directly improve the livelihoods of Jordanians and reduce the dependence on guest workers, need to be developed, funded, and championed by public and private leaders.
- ***Jordan must prioritize practical skills training to increase the supply of skilled tourism workforce professionals*** to meet booming demand; training for women in particular should help Jordan capitalize on the untapped potential of women, to ensure local distribution of the benefits of tourism development.

If Jordan is successful in achieving its national vision for tourism, it will have a number of catalytic effects that will help to fuel a "virtuous circle" of tourism growth and increased economic spillovers to the economy:

- ***An expanded workforce and jobs*** for Jordanians (both skilled and semi-skilled), including youth, women and vulnerable populations;
- ***A focused and integrated branding and marketing program*** that engages the Jordan Tourism Board (JTB), Jordan Investment Board (JIB), Royal Jordanian (RJ) Airlines and key private sector companies in a more effective cooperative effort;
- ***A stronger commitment to conservation*** of Jordan's cultural and natural assets and engagement of the private sector in the financing and operation of tourism facilities in protected areas;
- ***More inclusive business development*** in which larger international and national companies support and build the capacity of micro and small and medium-sized enterprise (MSME) supply chains that directly benefit neighbourhoods and smaller communities throughout Jordan; and
- ***Coordinated tourism sector governance***, by the public and private sector and at the national and local level, for more streamlined and effective management of the sector.

KEY CHALLENGES AND PRIORITIES

Despite regional turmoil, pent-up demand for the region presents opportunities for Jordan. International tourism has weathered the current economic and political challenges around the world: 2012 marked a record year with over one billion tourists globally. Yet, the Arab Spring and the war in Syria have taken an especially heavy toll on the tourism sector in Jordan. Many tourists are unfamiliar with Jordan's safe and stable track record and have avoided the region since 2010, with total arrivals in Jordan declining significantly in 2011 since the peak in 2010. But despite the drop in the number of visitors, the percentage of overnight visitors is increasing—a positive development, since earnings per tourist are higher. This highlights Jordan's emerging role as a stand-alone destination, rather than as the regional day trip it has predominately been in the past.

However, Jordan's ineffective marketing efforts are failing to capitalize on potential new and traditional market segments: Jordan's traditional source markets for tourism are Western, Arab, Diaspora, and domestic. Ensuring the stability and growth of these segments is critical to the sector, but the country is not taking advantage of these large and lucrative segments through targeted marketing efforts or by developing more tailored products to meet their needs. For example, Jordan is currently poised to absorb Arab and Gulf visitors that have traditionally chosen Egypt, Syria or Lebanon over Jordan as a holiday destination. Jordan has typically lagged behind its neighbors in attracting this segment, as it does not market nor cater specifically to this market. Jordan needs to act quickly to articulate its relatively safe and peaceful advantages in the region and appeal to these customers with specially tailored short-term product offerings that cater to their specific needs.

Jordan's tourist destinations need upgrading and a variety of products to exploit the full potential of the sector and especially to capture new and expanding segments of the tourist market. Across the country, destinations have not been developed to draw and retain a majority of tourists for more than a day or a one-night stay. **A consistent challenge across all sites is a lack of entertainment and secondary activities, especially for families and children.** Overall, Jordan lacks events and festivals to stimulate regional and domestic tourism, especially to attract more visitors to secondary sites or to extend the length of stay for all market segments. Accommodations are predominately international brands and five-star hotels, especially in Amman, the Dead Sea and Aqaba. **The lack of two-, three- and four-star accommodations in strategic destinations deters potential budget and domestic tourists.** Overwhelmingly, Jordanians opt to travel to regional destinations for holidays because they can find greater value outside of Jordan. Additionally, many key destinations are based on the natural environment or the conservation of historical and religious monuments. However, the appropriate **financial and human resources have not been devoted to the upkeep and preservation** of these sites for their intrinsic value as well as their importance to tourism.

The tourism value chain needs to strengthen vertical and horizontal linkages as well as external market connections to increase industry competitiveness and functionality. As a strategic sector of the economy, Jordan's tourism value chain is relatively well developed; however, the value chain analysis highlights weaknesses and areas to strengthen both within and between the components of the chain:

- **Cultivate source markets by tailoring products, services, and marketing:** Jordan can do much more to developing more tailored products to meet the needs or wishes of either their traditional tourist source markets or potential source countries elsewhere in the region.
- **Cost-effective, efficient tourism support services must be enhanced:** With two international airports, Jordan still does not have adequate airlift capacity to service peak seasonal travel. The sector is dominated by packaged tours that take groups on bus trips with set itineraries, but

lacks affordable, accessible and flexible transportation options both within cities as well as between destinations. This is out of step with the growing global trend of independent travel.

- ***Institutional capacity at the Ministry should be strengthened:*** Frequent turnover of Ministers and staff at the Ministry of Tourism and Antiquities makes it practically impossible to maintain continuity of policies or reforms, especially to reach the targets outlined in the National Tourism Strategy. Furthermore, overlapping mandates and responsibilities between governmental institutions impede proper site management, local development and investment promotion. This leads to confusion and stagnation on critical issues for the sector, such as concessions authority.
- ***More skilled workers are needed to support expansion of the tourism and hospitality industries:*** Jordan has a number of specialized hospitality and training institutions, however, there are currently not enough graduates to meet the demand by the private sector, especially at the supervisory and managerial levels. With the billions of JD investment in new mega projects in Amman, the Dead Sea and Aqaba, there will be a major need to train and retain local labor, and through collaboration with the private sector, the training and educational institutions will need expand to accommodate higher numbers of students.

The business environment in Jordan is characterized by weak and falling rankings on key global indices, such as the World Bank's Ease of Doing Business Indicators and the World Economic Forum's Competitiveness Index. According to these sources, Jordan is struggling to improve its environment for business and investment, specifically on indicators related to innovation, access to credit, labor market efficiency, and starting a business, all of which have a direct impact on the tourism sector. In order to increase employment and development of the sector, the Government of Jordan, in close collaboration with the private sector, need to undertake meaningful reforms that will increase foreign and domestic investment.

JORDAN'S VALUE PROPOSITION

The assessment team carried out a consultation survey with international outbound tourism operators in Jordan's key source markets. The external stakeholders provided valuable insights (beyond the local perspective) into the critical influences for tourism to Jordan as well as the most significant opportunities to increase tourism. Building on these findings and the analysis of global and Jordanian tourism trends, the assessment team conducted a strategic positioning exercise for the sector, based upon the alignment of the country's market potential with the depth of tourism product offerings. This included an analysis of Jordan's critical source markets for tourists, key market segments, and readiness and appeal of the primary and secondary destinations for increased tourism and investment.

By focusing on the resilient markets (the Arab family market and meetings/events) as well as the products that benefit from the region's competitive advantage (cultural heritage, religious sites, adventure and health and wellness), Jordan cannot only build upon links with neighboring countries, but develop itself as a destination in its own right.

To demonstrate the impact and effect of various policy options for the sector, the assessment team conducted three alternative scenario projections for the next five years:

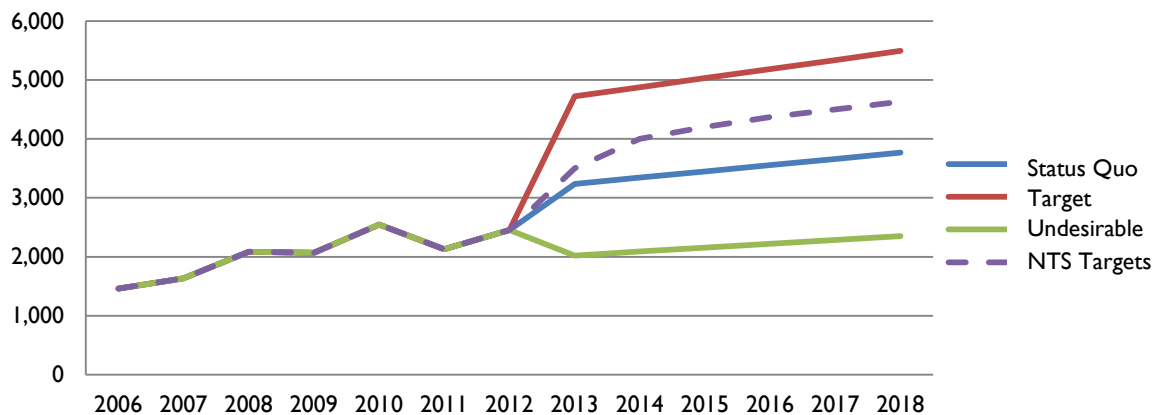
1. ***The 'status quo' scenario***, which mirrors the current trend of Jordan as an international destination linked to regional, cultural, and religious roots;
2. ***The 'target' scenario***, which presents Jordan as a standalone destination with a robust portfolio of year-round products; and

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3. **The ‘undesirable’ scenario**, which reflects the outcome of increased regional turmoil, relegating Jordan to a regional holiday destination for families and for day trips to historical sites.

The outcome of the three scenarios, in terms of overnight visitor receipt projections, is shown below:

Figure I - Overnight Visitor Receipt Projections through 2018



The realization of the vision outlined for Jordan in the ‘target’ scenario would surpass national targets set for the sector in the National Tourism Strategy (NTS), 2011-2015. Harnessing the power of Jordan’s tourism sector to successfully become a standalone destination through the ‘target’ scenario is estimated to have the following major positive effects on the economy by 2018, building off the assumptions in the status quo scenario:

- Increase of total tourism receipts – from JD 2.4 billion in 2012 to JD 5.1 billion in 2018
- Increase in tourism’s contribution to GDP – from 7% in 2012 to 14% in 2018
- Increase in employment in tourism – from 43,000 in 2012 to 65,000 total jobs in 2018

Our strategic positioning analysis led to the recommended value proposition: focusing on resilient markets and competitive products will support Jordan’s transformation to a stand-alone destination, while still maintaining its presence in its traditional markets. The vision for the sector, with the pros and cons, is recommended as the basis for implementing a follow-on to the NTS, post-2015.

Vision

Jordan achieves global tourism positioning as a stand-alone destination with a portfolio of tourism products and year-round appeal for foreign and domestic visitors

Pros	✓ Emerging readiness and demand for meetings and events ✓ High demand for religious from 3 major religions ✓ High demand for cultural icons ✓ High spend by Arab gulf tourists for meetings and events, culture and entertainment ✓ Expands offer to Jordan’s Gulf market ✓ High alignment with Jordan’s National Tourism Strategy	Cons
		--High competition for meetings, incentives, conferences --High competition and cyclicalities for culture & religious --Lower likelihood of recurring visits from travelers with “must see” motivation --Limited experience with adventure, ecotourism and SAVE types of products --Prices too high for domestic market

STRATEGIC OPPORTUNITIES FOR THE SECTOR

The implementation of high-priority strategic opportunities is necessary to achieve this ambitious vision. Capitalizing on Jordan's potential will require taking advantage of a number of strategic opportunities for the sector. To achieve and implement this vision, we present five major catalytic opportunities with the projected benefits and outcomes for the economy, employment, and sustainability of the sector.

1. **Marketing and Product Development.** Jordan has a wealth and diversity of tourism sites, both primary and secondary in nature, that appeal to very different market segments. However, many tourists are unaware of Jordan's relative safety and stability within the region or that Petra is even located in Jordan—to say nothing of other destinations such as the Dead Sea or Wadi Rum. It is critical that more emphasis be placed on targeted marketing efforts. Furthermore, product development is a key issue for every destination in the country and needs to be one of the top priorities for the sector going forward.

Key opportunities include:

- Developing a cooperative marketing program
- An emphasis on e-marketing among service providers
- Road shows and consumer advertising in Gulf countries
- Marketing and product development targeting domestic tourism
- Establishing a research center for a better understanding of market trends
- “Go Local” product development and marketing program
- Product innovation incubator.

2. **Tourism Workforce Development.** Preparing a skilled workforce to take advantage of employment opportunities in the tourism industry is essential to achieve the recommended vision for the sector. Workforce training must reflect the needs of the private sector to ensure that workers are competitive with guest workers and are able to meet international industry standards.

Key opportunities include:

- Commitment to tourism education by decision-makers
- Scale-up Fundukia and Vocational Training Center (VTC) hospitality programs
- National Center for Handcraft
- Regional Center of Excellence for Tourism Management
- Tourism Education Council.

3. **Conservation of Cultural and Natural Tourism Assets.** Jordan's tourism sites predominately revolve around the natural environment. Their preservation and conservation are critical to maintaining the prominence of Jordan's tourism industry.

Key opportunities include:

- Private sector licensing and outsourcing
- Public, private, and local collaboration
- Develop Scientific, Academic, Volunteer, and Educational (SAVE) concept
- Develop place-centered trip circuits and tour routes
- Improve training for conservation and site management.

4. **Enterprise Development and Inclusive Business.** While tourism in Jordan is dominated by large resorts and hotels, local small and medium enterprises surrounding tourism sites and attractions (especially those outside the major cities) provide a critical source of employment and growth for these communities. Developing and integrating these MSMEs into the broader tourism value chain will ensure the sustainability of these enterprises and create a new channel for growth and employment.

Key opportunities include:

- Small business enterprise development
- Develop investment and financing mechanisms
- Foster inclusive business linkages between large- and small-scale firms.

5. **Governance of Jordan's Tourism Sector.** Strong, coordinated governance and leadership of Jordan's tourism sector is essential to achieving the ambitious vision recommended in this report. Governance occurs within the public and private sectors and at the national and local level. Jordan's tourism sector lacks effective mechanisms for strong, streamlined governance and many functions require strengthening to enable the growth the sector needs.

Key opportunities include:

- Decentralized governance for localized and effective management
- Restructuring options at the national government level
- Domestic tourism development.

This report lays out a strategic vision for Jordan to harness the great potential of its tourism sector to generate sustainable economic growth and significant employment opportunities for its population. Beyond iconic Petra, Jordan has a wealth of natural, religious, and historic sites that, if properly developed and marketed, will become the foundation for Jordan to become a standalone tourist destination with year-round appeal to the great economic benefit of the country.

I. INTRODUCTION: DATA SOURCES AND ANALYTICAL APPROACHES

This assessment incorporates a number of data and information sources as well as a blend of methodologies. The assessment team conducted a literature review and desk-study to analyze macroeconomic tourism trends and data, Jordan's tourism competitiveness as well as the legal/regulatory framework governing tourism development. The team gathered data from existing data sources and studies as well as through in-country local data collection, site visits, and interviews.

The team carried out two surveys during the course of this assessment. The first was a survey of international tour operators in critical markets for Jordan (North America, UK, and the Middle East), entitled the Jordan Travel Trade Survey Report. The second was a value chain survey of major Jordanian tourism businesses, conducted in collaboration with the George Washington University. The field assessment included interviews of national and local government officials with tourism responsibilities, local community leaders, business associations, current/potential investors, educational/vocational training centers, USAID implementing partners, Non-Governmental Organizations (NGOs), tourism sector associations, and other donors. In all, the team interviewed over 50 tourism stakeholders in Jordan. The assessment team interacted with a broad range of stakeholders that represented different regions and governorates in Jordan and consulted youth, women, and both large and small businesses to ensure that the team was able to gain a balanced and robust understanding of the economic challenges and opportunities that exist in Jordan.

In addition to the data sources mentioned above, the assessment team used the following methodologies:

- Analysis of Jordan's primary tourism destinations in terms of their current situation, unique features, investments, and constraints
- Analysis of Jordan's secondary destinations in terms of international and domestic appeal, readiness, and seasonality
- Analysis of trends and best practices; benchmarking Jordan with comparable economies on competitiveness factors
- Tourism workforce development supply/demand analysis, and
- Tourism value chain analysis.

II. JORDAN'S TOURISM IN GLOBAL AND REGIONAL CONTEXT

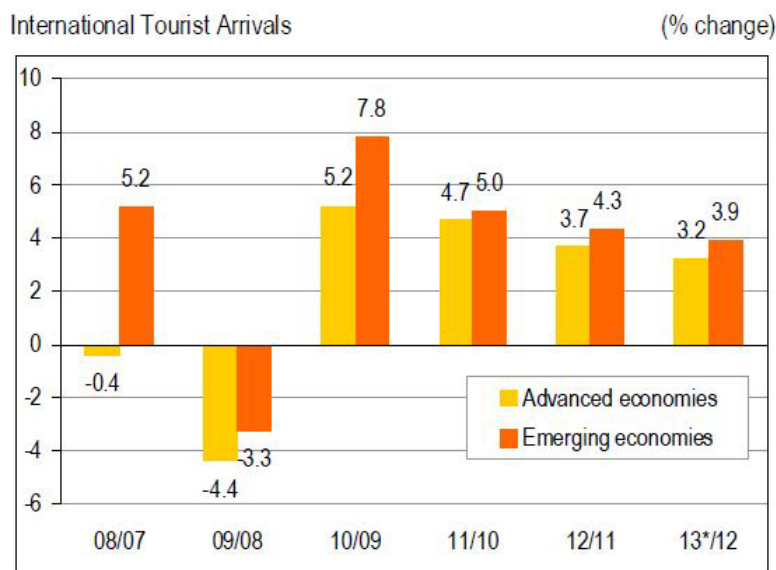
This chapter presents an analysis of the global and regional tourism landscape in recent years. Within this context and in light of the events of the Arab Spring, we evaluate Jordan's tourism sector performance vis-à-vis its regional competitors.

RECENT TRENDS IN GLOBAL TOURISM

In 2012, over one billion tourists traveled the world, marking a new record for international tourism—a sector that accounts for one in every 12 jobs and 30% of the world's services exports.¹ This number reinforces tourism's position as one of the most important global economic sectors, accounting for 9% of global GDP (direct, indirect, and induced impact) and up to 8% of the total exports of the world's Least Developed Countries (LDCs). Despite concerns over the global economy, international tourism demand continues to demonstrate remarkable resilience, as international tourist arrivals grew by 4% in 2012, according to the most recent United Nations World Tourism Organization (UNWTO) World Tourism Barometer. UNWTO predicts the sector will continue to show modest growth of 3 to 4% in 2013.

In 2012, emerging economies performed moderately better than advanced economies on international tourist arrivals—4.1% versus 3.6%. Preliminary data for 2013 indicate that this trend will continue (see Figure 2 below).

Figure 2 – International Tourism Arrivals (% change)



Source: World Tourism Organization (UNWTO) ©

**Indicates provisional data
(Classification of economies based on
International Monetary Fund, see the
Statistical Annex of the IMF World
Outlook of April 2012, page 177)*

¹ UNWTO Barometer Statistical Annex, Vol. 11, April 2013, Madrid: UNWTO

By region, prospects for 2013 are stronger for Asia and the Pacific (+5% to +6%), followed by Africa (+4% to +6%), the Americas (+3% to +4%), Europe (+2% to +3%), and the Middle East (0% to +5%). Although Middle East tourist arrivals were down 5% in 2012, this is an improvement over the 7% decline recorded for 2011. However, the region still recorded an estimated drop of three million international tourist arrivals in 2012, in spite of the recovery in Egypt since 2011 (see Table 1 below).

From 2000 to 2010, the Middle East saw dramatic gains in international tourist arrivals, with the number more than doubling from 24 to 60 million. However, the events of the Arab Spring and the resulting turmoil halted this growth and many countries saw large drops in arrivals in 2011, including Egypt at -32.4% and Syria at -40.7% (see Table 1). Yet, 2012 saw a strong rebound from 2011 lows for receipts for Jordan (+15.3%) and Egypt (+14.2%) (see Table 2).

THE MIDDLE EAST, ARAB SPRING AND ITS REPERCUSSIONS

Amidst the turbulent events in the region, the relative peace and stability buoyed Jordan's tourism numbers in 2010, but was followed by a decline in arrivals of almost 6% during 2011 and an increase of over 5% in 2012, as Table 1 indicates.

Table 1 – Comparison of Competitor Arrivals, 2010 – 2012

	Arrivals (thousands)			Change 2011/2010	Change 2012/2011
	2010	2011	2012		
Egypt	14,051	9,497	11,196	-32.4%	17.9%
Israel	2,803	2,820	2,886	0.6%	2.3%
Jordan	4,207	3,960	4,162	-5.9%	5.1%
Lebanon	2,168	1,655	1,365	-23.7%	-17.5%
Morocco	9,288	9,342	9,375	0.6%	0.3%
Syria	8,546	5,070	N/A	-40.7%	--
Turkey	31,364	34,654	35,698	10.5%	3%
UAE	7,432	8,129	8,977	9.4%	10.4%

Source: UNWTO World Tourism Barometer, April 2013

The country has now absorbed the losses in tourism receipts in 2011 and estimates a 15% increase for 2012 (See table 2). Jordan's regional competitors, especially Egypt, Syria, and Lebanon, have seen significant declines that have no doubt benefitted Jordan as displaced visitors sought a stable alternative in the region. In general, the tourism sectors in Turkey and United Arab Emirates (UAE) have held up the best during this recent turbulent period in the region.

Table 2 - Comparison of Competitor Receipts, 2010 – 2012

	Receipts (USD million)			Change 2011/2010	Change 2012/2011
	2010	2011	2012		
Egypt	12,528	8,707	9,940	-30.5%	14.2%
Israel	4,741	4,872	5,146	2.8%	5.6%
Jordan	3,585	3,000	3,460	-16.3%	15.3%
Lebanon	8,064	6,871	N/A	-14.8%	N/A
Morocco	6,703	7,281	6,711	4.4%	-1.7%
Syria	6,190	NA	N/A	N/A	N/A
Turkey	22,585	25,054	25,653	10.9%	2.4%
UAE	8,577	9,204	N/A	7.3%	N/A

Source: UNWTO World Tourism Barometer, April 2013

III. JORDAN'S TOURISM PERFORMANCE AND NATIONAL STRATEGY

This chapter presents an in-depth look at the evolution and current status of Jordan's tourism sector and its importance to the Jordanian economy. This includes an analysis of Jordan's key performance indicators over time, highlighting emerging trends for the sector. The assessment team then uses Jordan's current National Tourism Strategy (NTS), with its measurable goals and objectives, as a platform from which to evaluate the performance of the sector to date and the prospects for meeting these targets. To complement the quantitative analysis of Jordan's tourism performance, this section highlights the views of external and internal tourism stakeholders related to Jordan's tourism performance from the two surveys conducted by the assessment team, the Jordan Travel Trade Survey and the Jordan Tourism Value Chain Survey.

KEY PERFORMANCE INDICATORS

The long-term trend shows Jordan's resilience and renewed growth, in spite of the setbacks that have occurred (see Table 3 below). Note that from 2003 to 2012, Jordan substantially increased its tourism performance, peaking in 2010. Jordan received fewer visitors in 2012 compared to 2011 (-7.3%); however overnight visitors increased by over 5%, with tourism receipts increasing by 15% and package tours showing an increase of 6%. Most importantly, several sector performance trends for Jordan are encouraging, including the increase of in the ratio of overnight to total visitors (which reached 66% of the total by 2012), the steady increase of package tours, and the increased visits to Petra (by non-Jordanians). A number of significant hotel and resort investments in Aqaba by Al Mabarrat, Ayla, and Saraya yielded a dramatic increase in tourism investment inflows in 2010. Additionally, the percentage of overnight to total visitors increased notably, which was primarily due to an influx of Libyans seeking medical treatment in Jordan.

The data in Table 3 below are based on Ministry of Tourism and Antiquities (MOTA) data collection and vary significantly from the UNWTO data reported in Tables 1 and 2 above due to differences in reporting methodologies. For the purposes of this report, the MOTA data are useful for analyzing a number of different factors at a more granular level.

Table 3 – Jordan Tourism Indicators: 2003 – 2012

Indicator	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total arrivals	4,599,709	5,586,655	5,817,369	6,712,804	6,528,625	7,100,483	7,084,553	8,087,384	6,812,438	6,314,250
Overnight visitors	2,353,088	2,852,807	2,986,585	3,546,990	3,430,959	3,728,724	3,788,897	4,207,406	3,959,651	4,162,367
Overnight to total visitors (%)	51%	51%	51%	53%	53%	53%	52%	52%	58%	66%
Tourism receipts* (JD million)	753	943	1,022	1,461	1,637	2,088	2,067	2,545	2,131	2,456
Packaged tourism	145,601	254,145	338,787	278,329	359,625	506,674	474,683	707,735	419,571	444,598

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Indicator	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Visitors to Petra - Non Jordanians	99,249	211,000	311,318	271,017	458,466	722,974	661,356	876,218	508,518	636,146
Average length of stay for package	4.4	5.0	4.5	4.2	4.4	4.3	4.8	4.5	4.3	4.3
Tourism employment	22,110	23,544	29,384	31,063	34,405	37,966	40,092	41,900	41,879	43,942
Number of hotel rooms	21,587	22,507	23,113	23,882	24,147	26,370	27,150	27,845	28,540	
Occupancy rates classified hotels	43%	46.4%	49.4%	42.4%	47.3%	55.3%	45.8%	48%	40%	
Investment in tourism (JD million)					414	717	205.6	944.3	252.4	

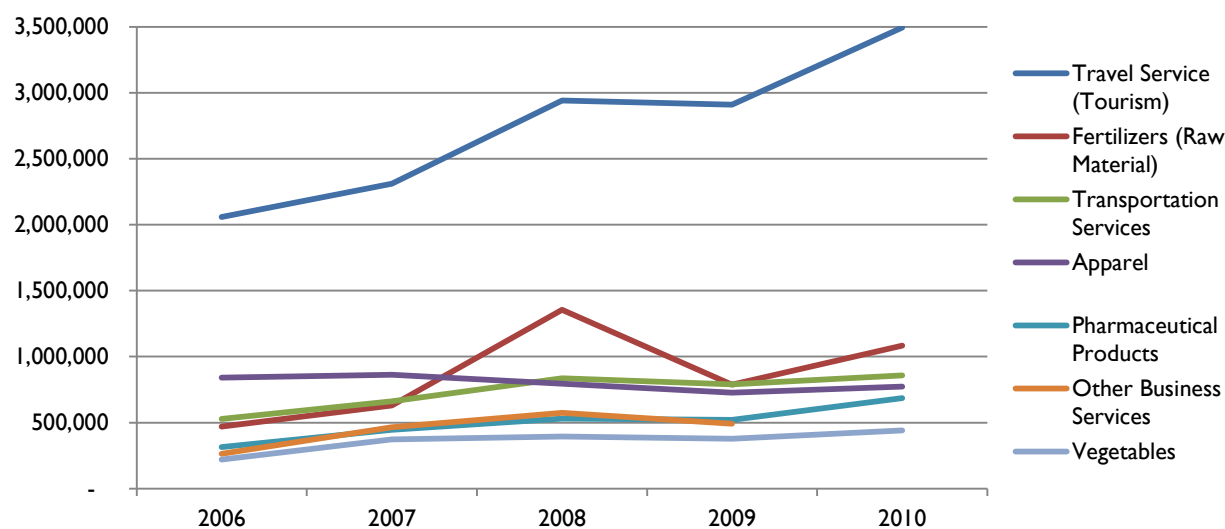
Source: MOTA

*Domestic receipts not included in this figure

TOURISM'S IMPORTANCE IN THE JORDANIAN ECONOMY

Despite these fluctuations, tourism is a major force in the Jordanian economy, outpacing other sectors in terms of growth as shown in Figure 3 below.

Figure 3 - Tourism Exceeds all Sectors in Jordan's Economy



Source: International Trade Centre, Trade Map Tool

Jordan's Tourism Satellite Account (TSA), conducted first in 2010, is the best source of information on the economic impact of tourism on the Jordanian economy. Some of the most noteworthy findings are:

- Tourism Direct Gross Value Added is estimated at JD 1.138 billion, which is 7% of GDP.
- Domestic tourists took 4.5 million trips, spending almost JD 6.1 million.

- While the top 10 source markets (see Table 4) represent 56% of all arrivals (volume), they only represent 39% of all expenditures (value).
- Saudi Arabia is the largest individual source market for tourists, representing 14.5% of arrivals.
- Visitors from France spent more per trip than those from any of the top 10 generating countries.

Table 4 – Top 10 Tourist Arrivals by Nationality

Top 5 Arab Countries	Tourist Arrivals 2010/2011	Share of total arrivals (%)
Saudi Arabia	557,187	14.5
Syria	432,056	11.3
Iraq	264,849	6.9
Palestine	378,282	9.9
Lebanon	96,198	2.5

Top 5 Other Countries	Tourist Arrivals 2010/2011	Share of total arrivals (%)
Israel	176,587	4.6
India	60,672	1.6
Germany	59,201	1.5
UK	69,180	1.8
France	67,061	1.7

Source: Jordan's Tourism Satellite Account, 2010

JORDAN'S NATIONAL TOURISM STRATEGY: IMPLEMENTATION GAP ANALYSIS

The National Tourism Strategy (NTS) set bold strategic goals and objectives for the sector in four strategic “pillar” areas for the 2011-2015 period. The measurable targets for each of the four pillars of the strategy make the NTS an ideal platform from which to evaluate the performance of the sector. The current NTS builds upon the significant achievements made since the launch of the original strategy (2005-2010), during which Jordan firmly strengthened its reputation as a destination of choice for both visitors and investors. The strategic vision in the NTS is to create a “distinctive destination offering diverse, year-round visitor experiences that will enrich the lives of Jordanians and their guests,” with the end goal of increasing tourism receipts to JD 4.2 billion in 2015. While the process of setting overall strategic goals is a noteworthy one, for a variety of reasons it appears unlikely that most of these goals will be achieved within the five-year planning period. The following sections outline the four pillars of the strategy and assess performance to date.

PILLAR I: MARKETING AND PROMOTION

Targets are to (1) increase total arrivals to 9.4 million, (2) grow tourism receipts to JD 4.2 billion, and (3) grow domestic tourism receipts by 30% over the period.

NTS performance to date

In 2012, the number of total arrivals recorded a 22% decrease since 2010; total receipts also decreased, although substantially less markedly (-3.5%) due to increased average spending per tourist. These numbers highlight the stark disparity between reality and the strategy targets. To achieve the strategy

targets, arrivals need to increase by 16% annually to reach 9.4 million in 2015, while the receipts need to increase by 23% annually—a substantial jump that would require a rapid rate of growth from 2013-15 given the disappointing performance in the first years of the NTS.

Table 5 – Major Tourism Indicators 2010 - 2012

	2010	2011	2012	Change 2012/2010
Total arrivals*	8,078,380	6,812,426	6,314,250	- 22%
Overnight visitors	4,207,402	3,959,651	4,162,367	+ 1%
Total receipts (JD million)	2,545	2,131	2,456	- 3.5%
Package tours (number of tourist nights)	707,735	419,571	444,598	- 63%

Source: Ministry of Tourism and Antiquities

*Discrepancies in data arise from the differences between MOTA data (used here) and UNWTO data (as reported in Tables 1 and 2)

The promotion of domestic tourism also remains challenging for the following reasons:

- Household surveys are not yet accurately or regularly performed to understand the needs and expectations of domestic tourists and their preferred destinations.
- No plans exist before 2015 for the construction of two- and three-star hotels to offer reasonable vacation packages to the Jordanian middle class.
- No plans exist in Aqaba to develop special beaches for vacationers staying in two- and three-star hotels.
- Jordanians will continue to go to regional destinations outside of the country during weekends and long religious holidays; these are more affordable than Aqaba and the Dead Sea.

PILLAR 2: PRODUCT DEVELOPMENT

Targets are to (1) increase airlift capacity to Jordan by 20%, (2) complete 20 new demand-driven tourism infrastructure projects, and (3) approve and classify 100% of hotels and 80% of restaurants under the national classifications scheme.

NTS performance to date

Starting in 2011, scheduled flight frequencies increased between Amman and source markets such as Vienna, Rome, Amsterdam, Brussels, Munich, and London. Easy Jet, the European low cost carrier, started flying to Amman from London Gatwick in March 2011, and Royal Jordanian Airlines (RJ) initiated a new service to Berlin. For the Gulf region, two Arabian low cost carriers, NAS Air and Fly Dubai, initiated scheduled services to Amman from Jeddah, Riyadh, Sharjah, and Medina in 2011. However, 2012 brought numerous flight cancellations, specifically by RJ Airlines, which is suffering from increased fuel prices and is unable to compete on long-haul routes with Turkish Airlines and Emirates. Furthermore, tourism stakeholders reported that the relationship between RJ Airlines and the Jordan Tourism Board (JTB) is non-productive and, when combined with the continuous regional turmoil, makes it unlikely that the NTS goal of 20% increase in airlift capacity can be achieved by 2015.

Through a combination of funding by the government and development partners, work is underway on the rehabilitation of visitors' centers in Jerash, Madaba, Al Harranna Castle, and Quseir Amra. Three large projects are also planned in the south of Tafleeh, namely Afra Hot Springs, Sele' Heritage Village, and the Tourist Trail. Another important project is being developed near Amman, the tourism trail at

the Iraq Al-Ameer site and the heritage village. Infrastructural work is also necessary for Kerak and Salt to continue developing their potential as more attractive tourist destinations. Budget constraints, implementation challenges, and an ad-hoc approach by the Department of Antiquities (DOA) have collectively slowed progress on these projects.

Regarding the national classification system, an important tool for directing product development, currently only 10% of total hotels and apartments have been classified, while the remaining have been assessed by MOTA and the Jordan Hotels Association (JHA) and are undertaking adjustments to maintain their category. Restaurants have not, as of yet, been classified.

PILLAR 3: LABOR MARKET DEVELOPMENT

Targets are to (1) create 25,000 additional direct jobs in tourism, (2) increase female participation in the workforce by 15%, (3) train 5,000 students at the 11 VTCs, and (4) provide hospitality skills training for 40,000 employees.

NTS performance to date

The USAID/Jordan Tourism Development Project has established partners in the sector to coordinate a national approach for rapidly expanding the availability of educated and trained employees and managers for tourism and hospitality. These partners include: key industry stakeholders (hotels, restaurants, tour operators, and guides), related ministries (MOTA, Ministry of Labor, Ministry of Education, Ministry of Higher Education and Scientific Research), the Higher Education Accreditation Commission, the Center for Accreditation and Quality Assurance, Jordan Food and Drugs Administration (JFDA), and the Vocational Training Corporation (VTC).

Table 6 – Three-Year Institutional Performance, 2010 – 2012

Institutional beneficiaries	Tourism workforce graduates, 2010-2012	Notes
Universities and colleges in tourism and hospitality	16,401	25% female, estimated 50% join workforce
VTCs in hospitality, bakery, Arabic food and handcrafts	6,027	20% female, estimated 70% joined workforce
Secondary school, Fundukia schools	3,218	

Source: USAID/Jordan Tourism Development Project

The USAID/Jordan Tourism Development Project has, to date, supported 21 colleges and universities, 12 VTC institutes, and 25 vocational education Fundukia departments in addition to other institutes such as the Royal Academy of Culinary Arts and Madaba Institute for Mosaic Art and Restoration (MIMAR) in order to educate, train, and qualify graduates for jobs in the tourism and hospitality sector.

Tourism education and training has been nationally recognized as a key component of overall human resource development in Jordan, which is reflected in the increase in tourism educational institutions and programs. Unfortunately, the available programs and associated outcomes do not meet current industry needs, both in terms of quantity of graduates and the quality of their skills. In spite of the active presence of Jordan Applied University (JAU), Al Balqa University, Jordan University Aqaba Branch, and the VTCs, there is still a shortage in skilled labor and complaints regarding the quality of service remain one of the biggest challenges for the hospitality industry.

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The tourism sector is continually expanding due to billions of dollars of investment in Aqaba, Amman, and the Dead Sea (see the Destination Assessment section below), which will exponentially increase demand for qualified staff. The target of creating 25,000 direct jobs by 2015 will most likely be satisfied by the mega projects planned for Aqaba, Amman, and the Dead Sea. However, the sector faces a shortage of qualified, professional workers—which, in Aqaba, can be legally replaced by foreign guest workers. The variety of workforce development programs at the high school, vocational, and college level are currently not able to produce enough graduates to meet industry requirements. For example, a VTC is capable of training 5,000 students annually, yet actual enrolment rates are a fraction of the capacity. According to the value chain survey (see Annex B), insufficient labor skills are the biggest obstacle to establishing or maintain a commercial presence in Jordan (cited by 68% of respondents). Training programs in universities remain a weakness that needs to be addressed if target standards, quality, and sufficient number of graduates are to be met, as well as increased female participation in the tourism workforce. Women are entering into tourism-related training programs, yet for cultural reasons, many never enter the workforce.

PILLAR 4: ENABLING ENVIRONMENT

Targets are to (1) pass a new tourism law; and (2) update the professions bylaws.

NTS performance to date

According to the administration at MOTA, there is no current plan to pass a new tourism law. The professional bylaws, on the other hand, are awaiting passage; however they have not been approved by the parliament. The ongoing conflict between the private sector associations and MOTA over the content of the new tourism law and the bylaws has stalled progress toward their passage. The new laws have the potential to impose more licenses and fees on a private sector that already feels that these costs are too high. The private sector associations are required to approve the law and bylaws and have refused to do so as they stand now.

External and Internal Perceptions of Jordan Tourism

To gain insights into the strength and potential for the industry, beyond the quantitative analysis of Jordan's tourism performance, we draw on the findings from two surveys conducted by the assessment team. The **Jordan Travel Trade Linkages Survey** was designed to obtain the input of international travel trade partners from three of Jordan's critical source markets: North America, the United Kingdom, and the Middle East. The views of external respondents emanate from this survey. The **Jordan Tourism Value Chain Survey** surveyed major businesses to gain a better understanding of the local challenges and bottlenecks in Jordan's tourism value chain. The views of internal respondents are a result of this survey. Both external and internal stakeholders were surveyed on their perceptions of Jordan's tourism in 2012 and 2013 to compare their levels of confidence in the sector.

Perceptions of Jordan Tourism Performance in 2012

The external stakeholders showed greater confidence in Jordan's 2012 tourism performance than the internal stakeholders. External stakeholders were more likely to rate Jordan's 2012 performance as "much better" or "better," while the internal stakeholders tended to rate it "worse" or "much worse." External stakeholders noted that 2012 was worse in **global** tourism and indicated a weakening of tourism demand for Jordan compared to 2011 due to the political instability affecting the region. Many received cancellations in 2012, particularly those companies who tend to sell packages combining Jordan with Israel, Syria, or Egypt.

Similarly, the internal stakeholders noted the political instability in the region. However, they highlighted that Jordan is the safest country in the Middle East and that this fact needs to be communicated at the global and regional level. The internal stakeholders reported concern over Jordan's low marketing budget as compared with competitors (such as Turkey and Dubai). Internal stakeholders also cited the need to enhance the Jordan tourism product—to make it more exciting, with festivals, events and activities catering to different market segments that are promoted through a unified marketing vision.

Perceptions about Near-Term Prospects for 2013

Both internal and external stakeholders expected a better performance in 2013. External stakeholders generally indicated a more optimistic vision, with over half of the respondents predicting that tourism in Jordan will be "better" in 2013. External stakeholders cited pent up demand for travel to the region, indicating that there is enhanced potential for Jordan, as the most stable country in the region, to be a stand-alone destination. Some operators are introducing new Jordan itineraries or marketing initiatives that they anticipate will attract consumers. In North America and the UK, several operators mentioned excellent support from and working relationships with the Jordan Tourism Board (JTB) as factors contributing to a positive outlook for Jordan tourism. These operators also stated that recent familiarization trips have greatly improved their understanding of Jordan's product offerings and their interest in promoting the country. The external stakeholders from the Middle East, however, noted that the JTB is doing little to raise awareness of Jordan in the Arab region.

Moreover, external respondents expressed concern over the government's decision to increase the sales tax on hotel rooms from 8% to 16% in April 2013. This will make it more difficult to sell Jordan, which is already seen as a pricy destination by many of the operators.

The internal stakeholders were also concerned that political instability in neighboring countries will continue to be a major determinant of Jordan's tourism performance. Some negative responses from the internal stakeholders focused on how tourism is managed by the government and stated a need to (a) increase the JTB budget, (b) expand access to new markets (i.e., meetings and events, all inclusive concept, Asian market), and (c) assure tourism policy implementation and continuity in the Ministry of Tourism and Antiquities (MOTA).

The findings from these two surveys (Annex A and B) highlight the contrasting views of international outbound tour operators and Jordan's local tour operators who are predominately pessimistic about the sector and its potential for growth in the next few years. In-country opinions are valuable for understanding internal barriers to tourism expansion and growth. However, the external market or client-based views provide unbiased insights into what is important to Jordan's international tourism client base. In general, we found the external stakeholders to be more creative about the possibilities for developing Jordanian tourism and more grounded in the relative good position of Jordan vis-à-vis its competitors. The continuing high levels of investment in Jordanian hotels and resorts supports this assessment, even while many internal actors project a negative view about Jordan's prospects.

IV. DESTINATION ASSESSMENT: CORE AND SECONDARY JORDANIAN TOURIST SITES

In spite of its iconic nature, the tourism product in Jordan is losing appeal and preventing the country from capitalizing on its natural competitive advantage. Tourists have little interest in visiting stones and empty monuments; rather, they would like to “experience” the place, reliving an ancient era in its splendor. They also want to interact with the local communities and share in their culture and activities. Although Jordan offers some cultural events -- the Roman Legion Show in Jerash and a Petra by Night performance, both weak events in terms of production and content -- Jordan is failing to take full advantage of its remarkable tourism product. For example, compare two medieval castles, one in Ireland and one in Jordan: Bunratty Castle is the most complete and authentic medieval fortress in Ireland. Built in 1425, it was restored in 1954 to its former medieval splendor and now contains mainly 15th and 16th century furnishings, tapestries, and works of art. At night, the castle is the impressive setting for medieval banquets held year round. Ajloun Castle, an impressive 10th century Crusader fortress in the north of Jordan, on the other hand, is modestly restored and stands empty with no signage, no information, and no activity whatsoever. The local community receives few if any benefits from the beautiful monument.

Furthermore, Jordan does not yet have year-round, continuous events or activities. A few summer festivals are sporadically offered, but they do not cater to regional or international tourists and are poorly organized. The festivals are also not prepared well in advance for promotion purposes and are frequently omitted from the JTB’s calendar of events, which is itself quite limited and incomplete.

The tourism infrastructure of Jordan is dominated by high-end five-star hotels and resorts. There are very few midlevel and budget hotels (two-, three-, and four-star), and those that do exist are of poor quality. Similarly, tour buses, other transport options, and restaurants are frequently of inferior quality. The lack of quality food and lodging options at several price levels deters international tourists, a market segment known to be highly sensitive to the quality of service and variety of options offered.

Additionally, environmental challenges also pose threats to development. Archaeological sites are becoming increasingly dirty and cluttered, while natural sites are turning into garbage dumps.

Finally, Jordan is still suffering from seasonality in spite of considerable private sector efforts to attract off-season visitors. Tourists from key source markets, with the exception of Spain, cease coming during summer months. Efforts to replace them with tourists from the Gulf area are failing due to a limited product offering that does not appeal to the taste of this market, lacking long-term apartments, summer camps for children, and high-end shopping outlets.

TOURIST PERCEPTIONS OF JORDAN

Feedback from visitors to Jordan, as well as the perceptions of potential visitors, provides valuable insight into the expectations for the experience as well as the depth (or shallowness) of understanding about Jordan as a destination. The JTB conducted an international visitor exit survey in 2010 and the table below compiles the responses of both actual and potential visitors to Jordan. The surveys were

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done prior to the Arab Spring and, as such, very important reactions to this major period of turmoil are, unfortunately, not available.

The responses clearly demonstrate that the tourists who visited Jordan were satisfied; however, certain issues such as cleanliness, poor services, high prices, attitudes of drivers and guides, and public transportation need to be addressed seriously and expeditiously by the industry. For those who did not visit Jordan, a major and recurring theme was security. Many respondents were not familiar with the tourism opportunities in Jordan beyond Petra and felt that Jordan could be a day trip from Egypt or Israel.

Table 7 – Feedback from Potential and Actual Visitors to Jordan

Attribute	Did not visit Jordan	Visited Jordan
Perception	• Safe Middle Eastern destinations • Westernized • Strong/prestigious Royal Family • Winter break destination because of climate	• Friendly people • Less hassled than in other destinations (e.g., Egypt and Morocco) • Seen as a destination with lots to offer; enough for at least 10 days • More diversity than other 'historic' destinations
Knowledge	• Petra, Petra, and Petra—an iconic image; not all realize it is in Jordan • Roman Ruins (not specific) • Film connections: e.g., Lawrence of Arabia, Indiana Jones • Desert	• A visit proves to be enlightening • People realize the quality and depth of experience Jordan can offer • For many, experience exceeded expectation • Realization that Jordan is far more than Petra
Appeal	• Lack of real knowledge has an impact on appeal • Knowledge is Petra-centric; uncertain about other offerings • Petra day trip as part of an Egypt itinerary	• Most visitors recommend Jordan to others • Lower costs/more frequent flights would add appeal, especially for independent travelers • Climate is attractive • Flight length is a positive
Safety	• Safety is of concern to many non-visitors • Awareness of hotel bombings • Proximity to more hostile countries • 'More westernized' than other Middle East countries • Also more welcoming to people from the UK	• Safe destination • Friendly people • Women not to travel alone
Countries considered before/after Jordan	• Egypt • Syria • Israel	• Egypt • Turkey • Syria • Lebanon • Israel
Reason for trip*	• Petra • Climate • History • Good quality accommodation • Part of regional tour	• Vacation/sightseeing • Culture • Visiting friends and relatives
Type of trip	• Organized tour	• Organized tour • Package holiday with excursions • Visiting more than one country • Independent arrangements
Channels of information about Jordan	• Travel trade • Recommended by friends • Media	• Recommended by travel agent • Recommended by friends • Travel guidebooks • Websites on Jordan

Attribute	Did not visit Jordan	Visited Jordan
Most unpleasant experience		- Unclean streets and touristic areas - Poor services and high prices - Taxi drivers - Unclean restrooms - Transportation

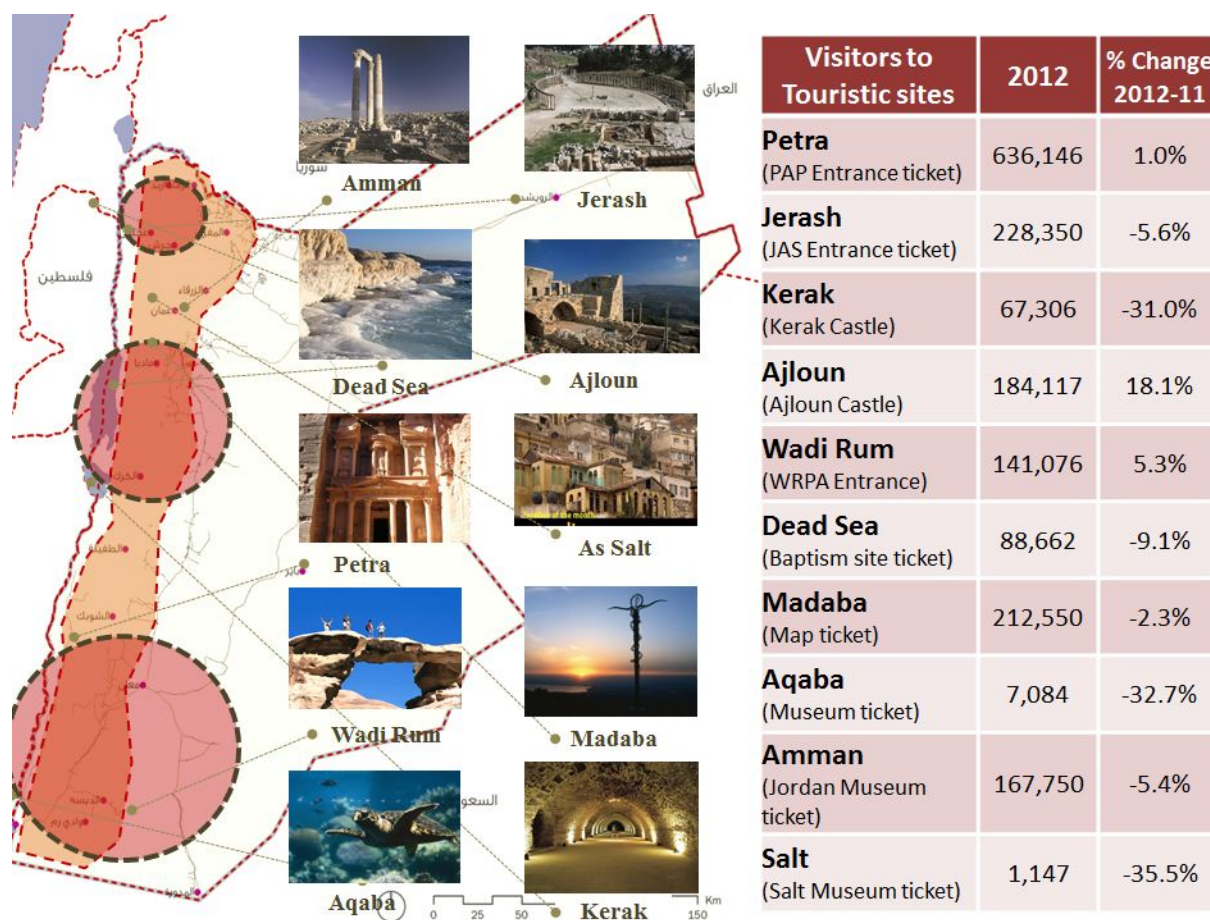
Sources: JTB UK Consumer Research, 2009; JTB International Visitor Exit Survey 2010

*For those that did not visit, these are the reasons that would have attracted them to visit Jordan

JORDAN DESTINATION MAP

The following section provides an analysis of the major and secondary destinations in Jordan, including their strengths and weaknesses as well as opportunities for enhancement. Figure 4 presents a destination map of Jordan, detailing the current situation in 2012 in terms of visitors (both foreign and domestic) to the sites and the change from 2011. As mentioned above, the sector was in a slump in 2011 and although 2012 was still a struggle for many of the sites, Petra, Ajloun, and Wadi Rum recorded an increase in the number of visitors.

Figure 4 – Jordan Destination Map



CORE DESTINATIONS

AMMAN

AMMAN	Opportunities	Challenges
 Population: 2,473,400 Unemployment: 12% Employment in Tourism: 30,822 Total Visits (12/11 change): -5.4% Foreign Visits: -10.9% Domestic Visits: 11.4%	• Abdali project, \$5 billion, to create business district by 2015 • St. Regis Amman by 2014, \$300 million • The Fairmont Hotel to open in 2014 • Master plan for the regeneration of old downtown completed in 2009, but was never initiated • International airport opening March 2013 with capacity for nine million visitors	• Short length of stay • Lack of pedestrian areas • Weak facilities for families • Nightlife and entertainment limited to restaurants, cafes • Lack of city tours, qualified guides, information for tourists • Dirty and inaccessible public facilities • Lack of downtown area • Inefficient public transportation system

Amman, the capital and gateway to Jordan, is a city of contrasts, ideally situated on a hilly area between the desert, the fertile Jordan Valley, and the Mediterranean. As a tourist destination, the city's identity has not been developed and consequently its ability to retain visitors is slipping. While 62% of total visitor nights in Jordan in 2011 were spent in Amman, visitor nights declined by 15% compared to 2010; the numbers from 2011 show that Amman's hotels were filled predominately by Arabs (36%), Europeans (26%) and Jordanians (14%). Currently, tourists on package tours spend roughly 40% of their time in Amman, with an average length of stay of around 2.4 nights. Principally, Amman is losing high-end tourists to the nearby Dead Sea and religious and budget travelers to Madaba. Amman is also suffering the loss of its meetings and events business to the Dead Sea, which boasts lavish five-star hotels, a convention center, and the health and wellness allure of the sea itself.

Amman needs to reestablish its cultural identity and rehabilitate the older parts of the city to offer cultural diversity and authenticity. The old downtown is the ideal place to launch the proper branding of Amman as a unique blend of old and new, which would also provide a much-needed city center with shopping, dining, and family entertainment. This project will provide a striking distinction to the new Abdali project, which is creating a major business district with a new high street and mall, luxury hotels and apartments, as well as state-of-the-art offices. This entire project is expected to be finished by 2015. Two lavish new hotels, the St. Regis and the Fairmont, are coming in 2014 to add charm to the cosmopolitan city.

DEAD SEA

DEAD SEA	Opportunities	Challenges
 Population: N/A Unemployment: N/A Employment in Tourism: 1,618 Total Visits (12/11 change): -9.1% Foreign Visits: -9.2% Domestic Visits: -7.9%	• \$250 million tourist project: six new five-star hotels, villas, shopping, restaurants, spa by 2018 (Porto-Amer Group) • Need investments in three and four-star hotels • Additional 285 rooms available with new Hilton Dead Sea Resort and Spa, end of 2014 • Hilton Convention Center projected to drive 30% base occupancy • Hilton constructing shopping mall	• Seasonality and no base occupancy rates creates confused pricing strategies • No coordination among major stakeholders for marketing, promotion, and product development • Lack of entertainment, specifically evening • Lack of awareness, branding of the destination • No medical facilities

The Dead Sea represents high potential as a standalone destination, building off its natural assets as the oldest natural spa in the world, to become a major attraction for health and wellness seekers. The area has been long recognized as an international treasure for its unique environmental and historical offerings, from the curative properties in the seawater and the mineral-rich black mud, to the nearby religious sites. While the Dead Sea is situated in a strategic location with easy access to major attractions and a magnitude of hotels and multifunctional facilities, its product offerings are skewed decisively toward high-end visitors. Currently, there are around 1,620 five-star category hotel rooms and only 271 in the four-star category, with no two- and three-star hotels that could attract more local tourism as well as international budget travelers.

While the Arab market is the largest for Jordan in general, this segment represented less than 10% of the visitors to the Dead Sea in 2011. Jordanians were the largest source market for the destination, representing 45% of the total, while Europeans constituted roughly 30% of tourists to the Dead Sea. These numbers demonstrate the huge potential to attract the regional Arab market with the proper marketing and product development, especially with the planned new mega-entertainment projects that will be built by Amer Group of Egypt (Porto Dead Sea) and Emaar Group of Dubai (Samarah project) for projected completion estimated by 2015-2016.

The King Hussein Convention Center, currently managed by Hilton, is an added value for the destination, helping it attract major conferences and help reduce the effects of seasonality. The center can accommodate 3,000 people in its 25 fully-equipped conference and meeting halls that vary in size and capacity, enabling the center to accommodate numerous events with different requirements simultaneously. In collaboration with the hotels and resorts, the center is attempting to establish "Destination Dead Sea" as a convention bureau to create a destination brand that will work towards promoting and selling the convention center to conference organizers and potential clients. As in Aqaba (discussed below), this idea was rejected by the Ministry of Tourism and the Jordan Tourism Board based on a fear that devolving power to regional groups would mean a dissolution of their authority.

AQABA

AQABA	Opportunities	Challenges
 Population: 139,200 Unemployment: 15% Employment in Tourism: 4,736 Total Visits (12/11 change): -32.7% Foreign Visits: -34.9% Domestic Visits: -29.2%	• Four mega projects under construction, adding substantial five-star hotel room capacity and thousands of beach villas and apartments • Includes golf courses, convention center, water parks, yacht clubs, and state-of-the-art cruise ship terminal • Total investments costs expected over U\$10 billion • Six Flags, Star Trek theme park rumored to be pending	• Weak partnerships; large investors not collaborating for product development and marketing • Very limited scheduled international flights to Aqaba • Weak product offering; lack family and evening entertainment, cultural events and festivals • Fragmented approach to human resources development • Local community disenfranchisement due to mega projects

The historic port of Aqaba, site of the ancient city of Ayla, is Jordan's outlet to the sea. It had traditionally been a domestic and backpacker destination in the 1960s and 1970s, and today is in the process of being transformed into an international tourism destination. Aqaba has the potential to strengthen and diversify Jordan's tourism product, offering an authentic mix of beach activities with archaeological heritage sites, shopping in old "souk" environments, and seafood from the Red Sea. With the deep water seaport serving both commercial and cruise functions and the international airport with a carrying capacity of 1.5 million travelers annually, Aqaba is the second gateway to Jordan. Charter flights grew by 25% over 2011 while preliminary data from MOTA show that cruises decreased by 14% in 2012. Critically, the city's proximity to Wadi Rum and Petra offers tourists a complete experience of beach, culture, history, nature, water sports, and desert adventure.

Jordanians make up the majority of the visitors to Aqaba (48%), followed closely by the Europeans (39%), indicating potential for increasing domestic tourism as well as inbound tourism from Europe. Occupancy rates in all categories of hotels have been below 50% since 2008, however, numbers of visitor nights have been steadily increasing.

Aqaba is the only city in the Gulf that has been inhabited for more than 5,000 years; unfortunately, archaeological sites have been poorly preserved and presented. As such, Aqaba's current and future product offerings are confined to the mega projects, gated resorts, and the four- and five-star hotels, prompting concern that tourists will remain in resorts, reducing the economic spillover benefits to the local community. Aqaba also lacks cultural events and festivals as well as other types of family entertainment that are necessary to target the Arab market. If at least one of the rumors about the possibility of bringing in a Six Flags or Star Trek Theme Park to Aqaba turns out to be true, it will definitely add value to the product and position the city as a serious competitor for tourists visiting the region.

Aqaba is still not on the international map of tourism. It needs professional branding and positioning that can only be achieved through a public-private partnership initiative that should be led by the private sector, with strong working relationships with Jordan Tourism Board (JTB) and Aqaba Special Economic

Zone Authority (ASEZA). In 2011, USAID funded a project in Aqaba that produced a destination marketing organization model that was approved by all Aqaba stakeholders; but unfortunately, the model was never implemented due to the objections of the Minister of Tourism and the JTB and also due to constant changes at the level of Chief Commissioner.²

PETRA

PETRA	Opportunities	Challenges
 Population: 27,944 Unemployment: 15% Employment in Tourism: 1,880 Total Visits (12/11 change): 1.0% Foreign Visits: 2.7% Domestic Visits: -6.2%	• Limited potential to finance large-scale investments in the short term (larger hotels, significant tourism infrastructure)	• Tourism in region mainly focused on the archaeological park • Other sites are not developed or promoted • Limited activities after 6PM and limited entertainment • Insufficiently developed tourism supply chain infrastructure • Unequal distribution of tourism income and jobs

The iconic rose red city of Petra is the most valuable tourist attraction in Jordan and has the distinction of being a well-known UNESCO World Heritage Site since 1985 and one of the new Seven Wonders of the World. Additionally, the area is rich with local culture, and has been designated as a UNESCO Intangible Heritage. These international designations have resulted in increased numbers of visitors to Petra, making it a 'must-see' destination for tourists. Tourist arrivals reached an all-time high in 2010, with 975,285 visitors, of which almost 90% were foreign visitors (Europeans averaged 60%). However, the global crisis and regional instability led to a 35% drop in visitors in 2011 from the all-time high in 2010, and has only seen a rebound of 1% in 2012.

The average length of stay in Petra is too short, reflecting an insufficiently developed variety and quality of tourism products. Many visitors to Petra come for day trips from the cruise ships in Aqaba and on package tours from Amman. By developing more robust and diverse product offerings, including evening entertainment and activities in the region, it will be possible to increase the length of stay and, consequently, increase the economic impact on the local community. Additionally, uninspired, low-quality, and often imported souvenirs now offered are not suitable to motivate high tourism spending by individual tourists. Tourism in the region mainly focuses on the archaeological park, while existing resources of the region, such as prehistoric and Neolithic archaeological sites and stunning natural sites, are only minimally developed and promoted as tourism products.

² View [Aqaba Detailed Analysis](#) for more information.

WADI RUM

WADI RUM	Opportunities	Challenges
 Population: 4,275 Unemployment: N/A Employment in Tourism: 1,216 Total Visits (12/11 change): 5.3% Foreign Visits: -4.3% Domestic Visits: 127.6%	• Opportunities constrained by dynamics with local community • Potential to develop cultural and historical product offerings	• Threats to aesthetic values and geological features Profound impact of tourism on the landforms and wildlife; littering • Lack of appropriate regulations for location of campsites • Lack of enforcement of illegal campsites in low-use zone • Rum village expansion towards desert area • Special VIP events causing light and noise pollution with the emphasis on night activities • ASEZA's marketing strategy does not include Wadi Rum in the recommendations and action plan

Wadi Rum is the largest protected area in Jordan and the Levant region and was approved as a UNESCO World Heritage Site in 2011. The area is home to a vast, stunning desert landscape, with 20,000 petroglyphs and inscriptions documenting the course of human habitation in the area for over 13,000 years. To this day, the current tribes inhabiting Wadi Rum constitute a living heritage and create an opportunity for cultural experiences for tourists, beyond the adventure and sport-related experiences.

Despite its attraction, Wadi Rum only receives 2 to 3% of the total annual visitors to Jordan. Visitor numbers have been increasing over the years and 2012 saw a 5.3% increase over 2011, growing from 99,400 to 141,076. Typically not a draw for the local market, Wadi Rum in 2012 saw a 127.6% increase in Jordanian visitors over 2011 and a decline of foreign visitors by 4.3%, highlighting the potential success of targeting the domestic market. Additionally, Wadi Rum Protected Area (WRPA) estimates that only 20% of the visitors to Wadi Rum stay overnight, as many tourists come through the cruise ships in Aqaba or on packaged tours. However, the predominance of day visits and low overnight stays by visitors is also potentially due in part to a dearth of activities, experiences, and products as well as a low awareness on the part of tour operators.

Management of the site falls under ASEZA, and the WRPA staff are left to manage an enormous destination, spearhead preservation and conservation efforts, as well as manage the ongoing dynamics and difficulties between the four local tribes inhabiting the area that are engaged in income-generating activities through tourism.

SECONDARY DESTINATIONS

ALJOUN  Offer: Historical, Nature Readiness: Low Total Visits (12/11 change): 18.1% Foreign Visits: 11.2% Domestic Visits: 22.9%	Opportunities • Potential to develop adventure nature trail in combination with historical and cultural offerings • Broad range of products to appeal to different market segments	Challenges • Ajloun tourism offerings, attractions, and services not clearly defined • Modes of accessing and experiencing the area have not been fully elaborated • Local communities lack tourism industry experience • No plan for sustainability of trail system and related attractions • Target markets and segments and positioning and branding lacking
JERASH  Offer: Historical, Nature Readiness: Low Total Visits (12/11 change): -5.6% Foreign Visits: -9.8% Domestic Visits: 6.4%	Opportunities • Vast archaeological site of major international importance • Proximity to Amman and other secondary sites, potential for increased day trips, circuits	Challenges • The site and cultural heritage are threatened by lack of maintenance, neglect, and encroachment • The endangerment of the archaeological site by adjacent light industrial workshops and unconcerned town planning
KERAK  Offer: Historical, Nature Readiness: Low Total Visits (12/11 change): -31.0% Foreign Visits: -38.1% Domestic Visits: 8%	Opportunities • The historical importance of the Kerak Castle and its surroundings	Challenges • The cultural heritage status of the castle is threatened by lack of maintenance • The lack of awareness of cultural values and of an effective legal protection framework • No existent supply chain infrastructure

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MADABA  Offer: Religious Readiness: Low Total Visits (12/11 change): -2.3% Foreign Visits: -2.3% Domestic Visits: -9.9%	Opportunities • Proximity to Amman and international airport as well as other religious sites • Unique historic and religious tourism offerings • Development of old town as a tourist friendly destination	Challenges • Accessibility from Amman and surrounding sites, transportation and trip circuits need development • Lack of evening entertainment, family activities
SALT  Offer: Culture Readiness: Low Total Visits (12/11 change): -35.5% Foreign Visits: -33.3% Domestic Visits: -36.6%	Opportunities • Salt is one of the most consolidated and oldest urban settlements in Jordan; the old city center maintains a very local original character • Potential for cultural tourism development	Challenges • No existent supply chain infrastructure • Resentment among the locals for the fact that Salt has been left out from the tourist map of Jordan • Lack of awareness about the potential economic benefits of tourism
TAFILEH  Offer: Nature Readiness: Low Total Visits: N/A Foreign Visits: N/A Domestic Visits: N/A	Opportunities • Build on the appeal of Dana Reserve • Links with Petra and Shobuk • Product differentiation: adventure, cultural • Develop adventure and nature tourism	Challenges • Absence from tourism map • Lack of qualified tourism and hospitality workforce • Lack of tourism awareness and skills • Absence of tourism services • Poor state of cultural heritage sites and wellness sites

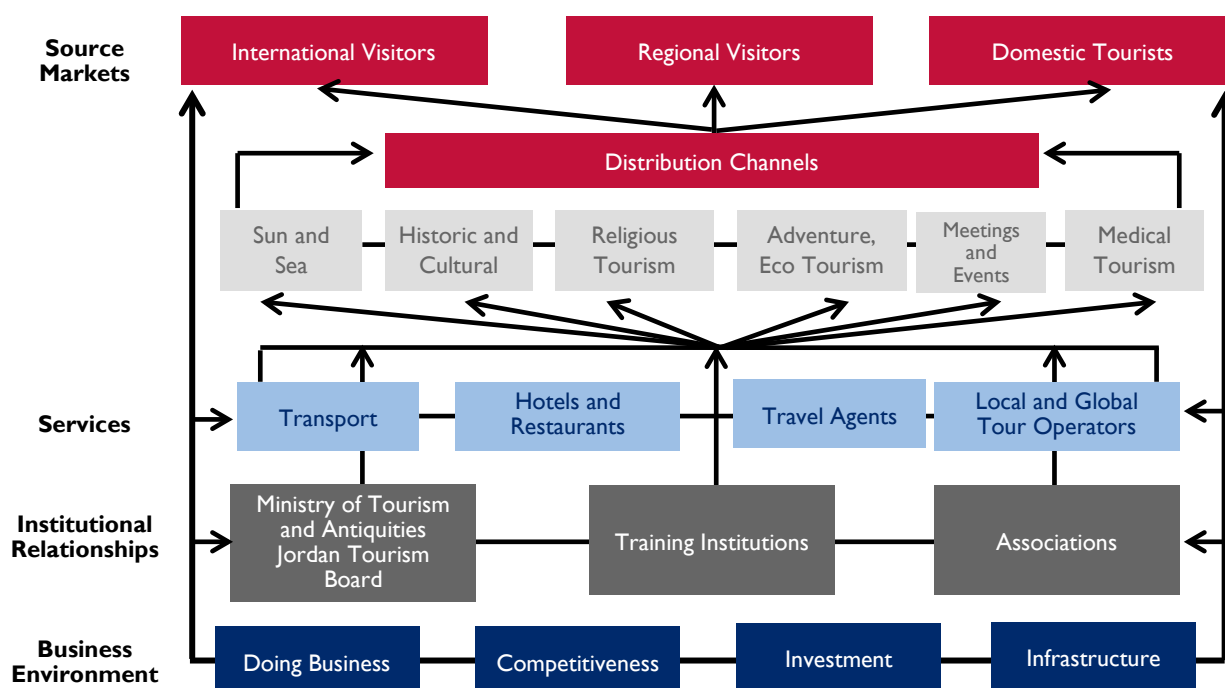
V. VALUE CHAIN ANALYSIS

We utilized a value chain approach to better analyze the competitiveness of Jordan as a tourism destination. We identified assets and liabilities, providing insights into the systemic factors and conditions under which Jordan's tourism sector can achieve higher levels of performance in order to market, deliver, and support its tourism offering. The outcome of this analysis provides a strategic positioning vision for Jordan that, if implemented, will stimulate job creation, increase economic activity, establish cross-sector linkages, and increase tourism-related income to local communities. The results of this analysis provide government and private sector industry stakeholders with relevant information to make decisions concerning the best way to create value for Jordan's visitors. This analysis is based primarily on existing literature, competitive assessments, interviews, and the Jordan Tourism Value Chain Survey.

Industry competitiveness, as opposed to firm-level competitiveness, is the result of complex and dynamic interactions between a wide array of factors. An industry's competitiveness depends on the ability of firms and other actors in the chain to anticipate and meet consumer demands, take advantage of strategic positioning opportunities, and respond to or influence changes in market demand. Jordan's tourism industry can enhance its ability to compete by improving product differentiation, operations, branding, and industry cooperation.

Firm-level interventions may improve the competitiveness of individual enterprises in the short term. But if industry-wide constraints are not addressed, such as policies or regulations that inhibit the business environment or a lack of marketing support, positive impacts at the enterprise level are likely to be limited and of short duration.

Jordan's tourism value chain is comprised of a large number of public and private sector entities engaged in productive functions that directly create or support value addition in the sector. In presenting their relationships and interplay, the various actors are categorized according to their respective operational environments within the value chain, as illustrated in Figure 5.

Figure 5 - Jordan's Tourism Value Chain

SOURCE MARKETS: ASSESSING AND BUILDING DEMAND

Jordan possesses a diverse range of tourism products that have strong appeal for international, regional, and local markets.³ With creativity and resourcefulness on the part of industry stakeholders, product offerings can be enriched and marketing activities upgraded to present Jordan as a safe, accessible, and culturally rich destination offering a mix of beach, culture, historical, sport, and desert adventure experiences to suit international, regional, and domestic tourists. Table 8 summarizes how these market segments differ, an essential first step in identifying remedies that will build demand and address perceived shortcomings.

Table 8 – Jordan's Multi-faceted Appeal as a Tourism Destination

Source Market	Assets	Liabilities
International Tourists	• Appealing product, especially for Europeans and Americans • High potential for religious tourism from Asia	• Very sensitive market to upheaval in region • Huge misperception about Jordan's situation; and even, geographic location
Regional Tourists	• Proximity and similar environment make Jordan an appealing destination	• Weak marketing and unsuitable product offering divert potential tourists to Turkey, Dubai, and Malaysia
Domestic Tourists	• Jordanians traveling regionally in large numbers, potential to target and retain them at domestic destinations • Dead Sea and Aqaba are main destinations	• Expensive, unaffordable products for middle and lower middle classes

³ In this assessment, the use of 'international tourists' denotes non-Arab tourists, while 'regional tourists' encompass Arab and Gulf tourists.

At present, however, with respect to international tourists, Jordan has failed to distance itself from other countries in the Middle East that have experienced (and continue to experience) substantial turmoil in recent years. Although Jordan's geographic location can be credited with attracting day-trippers among international travelers to Egypt and other nearby countries, Jordan's location also has been a deterrent to would-be tourists who do not differentiate between regional destinations and, consequently, stay away altogether. Constant military activity coupled with uprisings and revolutions have resulted in numerous disruptions to the flow of tourists to the region and, as described earlier, much of the tourism to the region comes in the form of multi-country package tours—combined with Egypt, Syria, and Israel.

In times of crisis, the regional market has always provided the sector with a cushion. Proximity and a comparable setting and atmosphere is a draw for the Gulf and wider Arab market. However, Jordan has not fully capitalized on this large and lucrative market segment due to a lack of appropriate products to match the tastes and needs of the Arab families.

The domestic tourist source market has not been targeted through marketing or tailored product development. This has resulted in large number of Jordanians traveling outside the country to spend their vacations in Egypt and Syria, destinations that are considerably less expensive than Aqaba or the Dead Sea. Jordan needs to develop a beach destination that is financially accessible for locals, with economical accommodation in Aqaba and the Dead Sea and also in areas such as Jerash, Ajloun, and Um Qais in the north.

INTERNATIONAL TOUR OPERATOR VIEWS

For a complementary and deeper perspective on the tourism demand for Jordan in external markets, we conducted a consultation survey, **Jordan Travel Trade Linkages Survey**, designed to obtain the input of international travel trade partners and Jordan-based suppliers on key topics including Jordan's forecast tourism demand, potential tourism opportunities, and recommendations for enhancement and improvement of the sector. Participants included international tour operators in three of Jordan's critical source markets: North America, the United Kingdom, and the Middle East. The complete survey findings are available in Annex A. The key market-related findings are presented below:

- **Packaged Travel:** In-depth discussions were held with select tour operators regarding market developments indicating that the overall trend for the group market is to move away from the larger groups of 40 to 50 people and toward smaller groups of 18 to 24 passengers; also, demand is still strong among the aging baby boomer segment. The student and active adult markets are strong group markets that are seeking more adventurous and culturally engaging experiences, yet are price sensitive, which creates a challenge for Jordan.
- **Nature and cultural experiences:** More travelers are searching for authentic nature and cultural experiences that allow them to feel connected and transformed by their trip. The culture- and adventure-focused tour operators reported that their clients want new and off-the-beaten path destinations and the chance to interact with locals. Thirty-six percent of the operators made comments about this trend.
- **Faith tourism:** Increasing interest in faith tourism is another important product trend, especially in the North American market.
- **Price sensitivity:** Value for money concerns among travelers was mentioned as a recent trend by 20% of the operators. The costs of international airfare as well as the price of entrance fees for attractions are important concerns.

BUSINESS ENVIRONMENTS FOR AGILE MARKETS (BEAM)

- **Regional instability:** This trend was mentioned by 44% of operators. For many, the instability eclipses all other trends, and consumers generally think the whole region is in turmoil and is dangerous.
- **Lack of awareness of product offerings:** Some operators cited a lack of awareness of the breadth and depth of tourism experiences available in Jordan as a significant barrier. Since most local Jordanian operators sell the same classic itinerary, tourists are unaware of the diverse possibilities available to them.

In considering the source market segments that they represent, the tour operators were asked to comment on opportunities and unmet demand for Jordan, and responded with the following suggestions:

- **Diversify and enhance niche tourism products:** This demand is found particularly for the ecotourism, soft adventure, and faith tourism segments. Jordan has the foundation to create authentic, engaging, participatory nature and cultural experiences, family trips, archaeological expeditions, etc.
- **Increase marketing and promotion activities:** More marketing is needed to counteract the negative perceptions of the market during this period of political instability, to raise awareness of Jordan as a destination, and to educate the markets about the diversity of experiences Jordan offers. Within the Arab markets, the issue is more of a lack of marketing overall, consequently market awareness and demand is low.
- **Target standalone destination positioning:** Enhancing Jordan's tourism product offerings and targeted marketing initiatives in the manner discussed above would contribute greatly to positioning Jordan as a distinctive, stand-alone destination in the minds of potential customers, an imperative strategy raised by several operators.
- **Improve joint packaging and marketing with neighbors:** A number of tour operators stated that Jordan should increase joint packaging and marketing with its neighbors, especially Israel and even Egypt as it continues to recover.
- **Sponsor familiarization trips:** Trips especially intended to support the development of the ecotourism, adventure, and faith tourism niches present opportunities; travel agents were recognized as important for introducing new products and inspiring customer confidence in visiting Jordan.

TRAVEL DEMAND SHIFTS

The travel and tourism market is experiencing a clear polarization of demand. On one hand, some customers demand individuality through unique holidays with personalized services. Alternatively, other customers are increasingly moving towards commoditization through flights (low cost carriers) in combination with hotels with minimal levels of differentiation. Both segments are being driven by high growth in online bookings and, while the uncertain economic environment has had an effect on consumer travel spending habits, demand for leisure travel remains strong.

Not surprisingly, tourists are increasingly moving toward online channels to fulfill their travel needs, a trend that is expected to continue into 2013 and beyond. It is essential that Jordan focus on improving its online presence, including increasing participation in social media, to move toward an online-driven destination culture.

For the international market, health and wellness, culture, and adventure are the major tourism segments. However, UNWTO reports that rural tourism is one of the fastest-growing segments in the tourism industry, although statistics on the overall size of the market are not available. These travelers are attracted towards the rural lifestyle, including their farming, arts, dance and drama, local sports, and

outdoor activities. Showcasing the ethnic arts, crafts, culture, and lifestyle in rural traditional settings provides a common platform for tourists to experience the diversity of art forms. A related trend that is driving growth in tourism is the search for ‘authenticity.’ Many modern travelers favor new, authentic experiences instead of mass-produced holidays. A growing number of travelers are looking for an experience that diverges from their everyday life as much as possible.

When examining regional demand shifts, especially the families of the targeted Gulf market, there is a noticeable shift from the tourists traveling to the customary destinations of Egypt, Lebanon, and Syria to the new regional destinations of Turkey and Dubai. This segment is increasingly interested in entertainment, shopping, dining and seaside resorts and less by the cultural aspects.

On the domestic level, while the majority of Jordanians still prefer sun and sea experiences, there has been a trend of more Jordanians visiting the natural resorts and enjoying an authentic nature experience in the few eco-lodges available in Dana, Ajloun, and the Azraq Wetlands.

TOURISM SUPPORT SERVICES

Services such as transport, hospitality, and sites and attractions are of critical importance in the tourism value chain, as they significantly influence the visitor experience. Perceptions about the country are confirmed, exceeded, or disappointed due to the level and quality of customer service, accessibility, cleanliness, and a range of other issues that can make or break the tourist experience.

Table 9 – Jordan’s Tourism-related Services: Balance Sheet

	Assets	Liabilities
Transport	• Accessibility • Major international airlines fly to Amman • Several tourism transport companies • Old Hijaz Railway, potential for tourism • Large number of car rental services	• Limited airlift capacity during peak seasons • Except for Easy Jet, no low-cost carriers • No scheduled international flights to Aqaba • Inefficient public transport • No city or daily tours to sites
Hospitality	• Good stock of hotels and restaurants in Amman • Major international hotel chains • New, luxury hotels in Amman and Aqaba (2015) • Excellent eco-lodges through Royal Society for the Conservation of Nature (RSCN)	• Not enough four- and three-star hotels • Quality issues • No restaurants outside hotels in the Dead Sea and low quality in Aqaba • No hotels and limited restaurants in the north • No specialized travel agencies
Sites and Attractions	• Massive inventory of archaeological, historical, and natural sites • Award-winning natural sites like Dana and Feynan • Historical and natural diversity	• Site management issues: presentation, information, ticketing, cleanliness, local guides, and lack of entertainment options • Difficulties with local communities • Limited accessibility to most sites

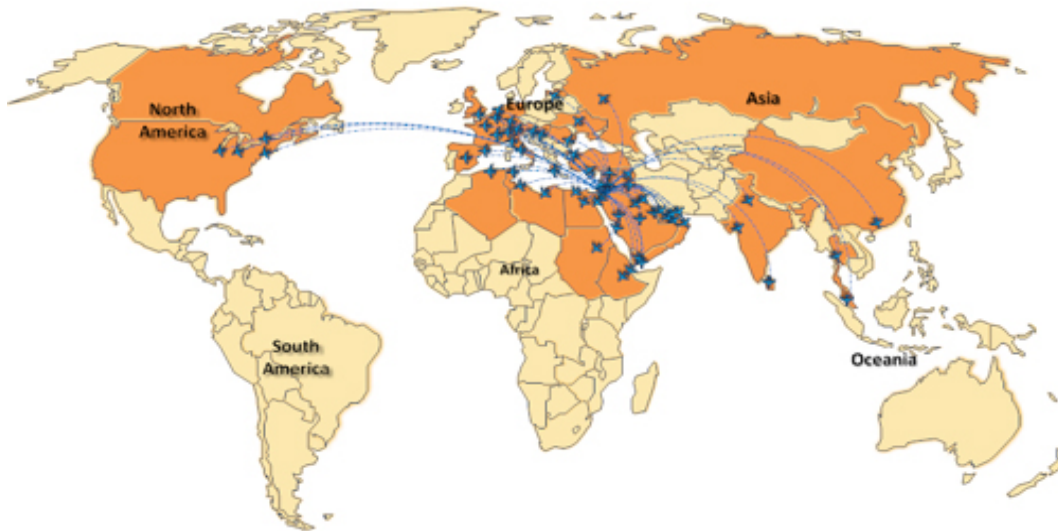
TRANSPORT

Air Transport

Jordan has two international airports, Queen Alia International Airport serving the Amman area and King Hussein International Airport serving Aqaba. Jordan is serviced by many major international

airlines; however, only one international low-cost carrier, Easy Jet, currently flies into Jordan. Additionally, Jordan's tourism is heavily seasonal, limiting carrying capacity during peak seasons and therefore constraining the potential number of inbound visitors.

Figure 6 - Existing Air Travel Routes to Jordan



Flights in and out of Jordan witnessed moderate growth of less than 1% from 2010 to 2011, with 77,411 total trips. Amman Civil Airport reported a record growth of 41% due to the following reasons:

- Royal Falcon, a Jordanian operator, started scheduling flights to Mosel and Najaf in Iraq, to Abu Dhabi in UAE and Jeddah in Saudi Arabia, and charter flights to Bodrum and Antalya in Turkey and Sharm el Sheikh in Egypt.
- Jordan Aviation operated charter flights to various destinations in Egypt and Turkey and also to Baghdad and Jeddah.
- Petra Airlines, a new Jordanian operator, started charter flights to Egypt, Turkey, and Jeddah.

Another factor in this growth may be the new route incentive scheme that was recently devised to encourage airlines to introduce new destinations and further enhance the development of a Queen Alia International Airport (QAIA) “niche” hub. Effective as of January 2011, any airline that operates a new airport pair receives an average 20% discount on the regulated aeronautical charges for the first three years of operation (30% Year 1, 20% Year 2, and 10% Year 3). The regulated aeronautical charges under consideration are Aircraft Landing charges, Aircraft Parking charges, Jet Bridge charges, and Lighting Surcharge.

In contrast, Aqaba's King Hussein International Airport witnessed a decline of around 11% in passenger traffic, primarily due to a lack of demand. This led to reductions in the following services:

- Petroleum Air Services reduced its operation to Aqaba from 10 weekly flights to 2.
- Scandinavian A/L stopped services from May through September and resumed in October.
- Thomas Cook suspended operations from May through August.

Information regarding airline seat capacity to Jordan from all destinations is important, however, it is not readily available. This information could shed light on seat availability during peak seasons from major

source markets. RJ is considering developing a low-cost carrier under its Royal Wings operation. RJ cancelled 1,400 flights in 2011 and 1,700 flights in 2012, but intends to substantially reduce cancellations in 2013. New service is being planned for India, Bangladesh, and Sri Lanka, and plans are under consideration to provide direct service from Amman to Washington, DC, Toronto, Seoul, and Shanghai. RJ expects to have five new 787s ready for service by 2017.

Ground Transportation

There are several ways to travel internally in Jordan. While taxis are the most convenient, there are many companies offering charter bus and regular tours in a fleet of modern, air-conditioned coaches. Additionally, there are a large number of international and local car hire companies.

Taxis: Local Taxis are inexpensive and often the most convenient form of transportation in Jordan, even over substantial distances, such as the trip between Amman and Aqaba. Tourists are primarily unaware of this option due to a lack of marketing.

Car Hire: According to the TTCI 2013, Jordan is ranked 1st for the presence of Car Hire Companies, 35th in terms of quality of ground transport network, 119th in terms of road density, and 72nd in terms of safety and security (this is mainly due to road accidents). While it is easy for tourists to hire cars in Jordan, it is very difficult and dangerous to drive around.

Buses: Tourists depend on buses to get to sites outside Amman. There are four bus companies in Jordan operating 343 buses: Jordan Express Travel & Tourism (JETT), Petra Tourist Transport Company, Alpha Tourist Bus Company, and Trust International Transport Company. Tourist bus companies offer daily trips between Amman, Aqaba, and Petra and weekly trips to the Dead Sea. There is no way for a tourist to visit other major or secondary destinations without hiring a car or a private taxi.

Twenty New Tourism Infrastructure Projects

Jordan has a strong and well-connected transport and infrastructure system, three commercial airports, a deep-water seaport, an extensive network of highways, and over 60 direct flights to major cities in the world through RJ Airlines and 700 other flights served by the One World Alliance. In addition, the Government of Jordan has supported 20 major infrastructure projects related to the tourism sector:

- Development and rehabilitation of Jerash Visitor Center
- Rehabilitation of Jerash Handicrafts Village
- Rehabilitation and maintenance of Madaba Visitor Center
- Rehabilitation of Al-Haranna Castle Visitor Center
- Rehabilitation of Quseir Amra Visitor Center
- Development of Hosh Al-Moa'ahada Area in Um Qais
- Improvement, maintenance, and operational works including building capacity at A'fra in Tafileh
- Rehabilitation of Sele'a heritage village in Tafileh
- Developing Almatn site and the tourist trail in Tafileh
- Developing the tourist street in the center of Al-Karak city
- Rehabilitation of the tourist trail of Al-Kader Street in Salt
- Rehabilitation of Aziz Jasir house in Salt (pilot model)
- Provision of facilities and services for Royal Park in Jerash

HOSPITALITY

Jordan has 497 accommodation establishments, ranging from hostels to five-star hotels. These establishments have a total of approximately 24,600 rooms and 47,000 beds. Hotels are mainly focused in the Amman area with 330 hotels, followed by Aqaba with 55 hotels, and then Petra with 38 hotels. The remaining hotels are dispersed in other areas such as Madaba, Ajloun, and Kerak.

The highest number of rooms belongs to the five-star category with a total of 7,072 rooms, and then the four- and three-star hotels with approximately 6,900 rooms together. Apartments and suite hotels offer 4,770 rooms. There are 1,615 rooms in 123 hotels that are unclassified but still licensed by MOTA as tourist hotels.

Approximately JD 340 million is currently being invested in additional hotel construction and upgrades in Jordan, according to Jordan Investment Board figures. These upgrades are mainly concentrated in Amman, particularly in the Abdali area and the 5th Circle where the Fairmont Hotel and the St. Regis Hotel are being built. Additionally, four mega-projects are under construction, adding substantial five-star hotel room capacity and thousands of beach villas and apartments in Aqaba.

In the short-term, Jordan has seen a collapsing demand as a result of regional unrest, but is recovering. The Middle East and North Africa are now showing signs of a robust recovery, with eight of the nine countries in the Hotel Price Index (HPI) reporting higher prices of accommodation. Jordan was number six in the world for the HPI's highest hotel rate rise in 2011, with an increase of 16%. In terms of room demand, the occupancy rate for classified hotels in Jordan averaged 41% in 2011, with the highest occupancy rate reported by five-star hotels at 52% throughout the year. The highest occupancy month was July 2011 at 51%. Hotel apartments and suites reported 40% occupancy in 2011.

SITES AND ATTRACTIONS

Jordan benefits by having several important 'must see' sites. On the whole, 'must see' destinations tend to be attractive to tourists and are well-served by tour operators. Jordan is seen as a good fit with other sites and attractions in the Middle East—particularly Petra. In addition to the assets and liabilities described in Table 9 above and analyzed in depth in the destination analysis in Chapter IV, unfortunately, the lack of trained rangers and interpretive guides with language skills as well as the need for more private sector investment in tourist facilities at protected areas hinders what would otherwise result in an even bigger tourism draw.

There are over thirty main diving sites in Aqaba, most of which access fringe reef near the Saudi Arabian border. The Red Sea coast offers a wide range of sports and activities including scuba diving, windsurfing, waterskiing, jet skiing, snorkeling, and sailing.

Jordan is a great destination for birders due to its location at the migration crossroads of Europe, Asia, and Africa. A total of 17 sites have been declared as Important Bird Areas (IBAs) in Jordan's national parks. RSCN's nature reserves are also IBAs. RSCN is preparing Jordan's first ecological map that identifies areas of environmental significance. Jordan is home to 10 nature preserves that include diverse ecosystems and preserve threatened fauna and flora. There are also three special conservation areas.

INSTITUTIONAL CAPACITY AND COORDINATION

Jordan has a number of public and private institutions involved in the oversight and management of the tourism sector, including MOTA, JTB, and RSCN as well as various associations of industry stakeholders. The efficient running of these institutions as well as their collaboration with each other is critical to the functioning of the industry, as they are responsible for providing services that affect tourism across the board in Jordan, such as marketing, regulation, licensing, and workforce development. The assets and liabilities of the key institutional actors are addressed in Table 10.

Table 10 – Institutional Arrangements: Balance Sheet

	Assets	Liabilities
MOTA	• Tourism and Antiquities under one umbrella.	• Constant turnover at ministerial level • Ministry not influencing the regulatory and operating environments for competitiveness • Cultural and environmental issues under different ministries, little cooperation
JTB	• Public-private sector partnership • Private sector members on Board of Directors • Private sector funding for JTB budget • International Market-Based Representatives	• Weak market research • Public sector dominance • Low marketing budget • Scattered approach towards long haul markets • Insufficient marketing expertise
Training and Education	• JAU accredited university-level hospitality program with vocational high school • Other higher education institutions offer tourism and hospitality programs with increasing enrolment • Female participation in the workforce has grown to 10%. • Eleven upgraded VTCs launched	• Fragmented approach, no shared plans, i.e., Aqaba • Quality of services a serious issue (including five star) • Inadequate hospitality skills in general • Female presence still in short supply • Weak national awareness program • No partnerships with international educational institutions
Associations	• Long established associations in sector • Union of Associations for lobbying purposes	• Inactive at the management level • Need bylaw amendments

MINISTRY OF TOURISM AND ANTIQUITIES

The major coordinating governmental agency is MOTA, which is responsible for developing and coordinating the implementation of the Jordan National Tourism Strategy. In an earlier section of this report, the NTS targets were evaluated and it appears unlikely that they will be achieved within the five-year planning period ending in 2015. It is hoped that the new government reorganization will result in longer term appointments for the ministers and key personnel in government, which to date has severely constrained MOTA's effectiveness.

JORDAN TOURISM BOARD

The JTB was established as the country's first public-private partnership in 1998 to brand, position, and promote Jordan as a destination of choice. The board was intended to be private sector led and take a leading role in providing accurate information to planners, investors, and marketing executives. However, JTB is currently primarily in the hands of government employees and is struggling to approach the difficult political and economic crises with a strategy to channel limited resources to the most effective and efficient activities. The major constraint for JTB is its low budget and inability to attract more funding from the private sector for cooperative marketing. According to the JTB's 2011 annual report, government funding of JTB was increased significantly by around 70% in 2011 to combat negative perceptions of Jordan arising by association from the regional turmoil caused by the so-called "Arab Spring" (see Table 11 below). The additional funding was spent in the UK, France and Germany on street and TV campaigns in addition to the approved annual marketing activities.

Table 11 – Jordan Tourism Board Budget (in JD)

Breakdown	2010	2011	2012
Government contribution	6,991,000	11,985,000	8,700,000
Private sector contribution	3,004,911	3,091,569	3,000,000
Total budget	9,995,911	15,076,569	11,700,000
Private sector portion	30%	20%	26%

Source: JTB

In order to determine the success of such a campaign, the overnight visitors from the above three targeted source markets are listed as follows:

Table 12 - Overnight Visitors from UK, France and Germany, 2010 and 2011

Market	2010	2011	% Change
United Kingdom	73,473	62,888	-14%
France	53,530	52,511	-1%
Germany	52,596	44,726	-17%

Source: JTB

Table 12 shows that while France roughly maintained its number of visitors to Jordan in 2011, tourist visitors from the UK and Germany declined substantially. By comparing these findings to three other main markets where no additional budget was allocated for 2011, we can theorize that the campaign may have had modest effect; overnight visitors from countries where the campaign was not conducted fell more precipitously than those from countries in which the campaign took place.

Table 13 - Overnight Visitors from Spain, Italy and Russia, 2010 and 2011

Market	2010	2011	% Change
Spain	43,414	23,641	-45%
Italy	59,623	36,551	-38%
Russia	23,750	17,119	-27%

Source: JTB

Table 13 shows that with no additional budget for direct marketing activities, Jordan lost a dramatic amount of overnight visitors from three of its key source markets. While other political and economic factors contribute to the reductions in these figures, this benchmarking demonstrates that the targeted

spending by JTB likely prevented even bigger downturns in the numbers of tourists from the UK, France and Germany.

This funding increase, however, was not repeated in 2012, causing disappointment among the private sector, which is suffering from the decline in tourist arrivals, especially from European countries. As a result of the budget cuts that are continuing through 2013, the JTB has not decided on the priorities for the international market. The JTB is discussing potentially using its limited funds to open new long-haul markets, as opposed to further actions in strategic, regional, and domestic markets. This is not a recommended course of action for the JTB.

Based on a simple regional tourism marketing benchmarking analysis, it appears that Jordan has one of the lowest tourism marketing budgets vis-à-vis regional tourism destinations, yet has one of the highest returns to its tourism promotion investments (second only to Turkey). This suggests that raising the tourism promotion budget could produce positive returns for the tourism sector. While the recent marketing budgets of competing destinations in the region are not published, 2008 data highlighted in Table 14 below provides a compelling case for the need for an increased marketing budget.

Table 14 – Tourism Marketing Budget: Jordan and Its Competitive Set (\$US million)

Country	Budget	Receipts*	ROI
Jordan	15	2,946	196
Egypt	100	12,101	121
Israel	58	4,807	83
Turkey	100	25,019	250

Source: JTB, 2008

*Domestic receipts not included

Furthermore, both the private sector stakeholders at the Dead Sea and ASEZA have attempted to establish destination marketing organizations (DMO) to better target the relevant market segments and attract tourism to these regions. The JTB, however, declined to approve the establishment of these DMOs for fear that decentralized marketing would erode the authority of JTB and its mandate to oversee the marketing vision for the entire country.

BUSINESS ASSOCIATIONS

Jordan has a number of key industry associations, including Jordan Hotel Association, Jordan Restaurant Association, Jordanian Handicraft Procedures and Traders Association, Jordan Tour Guides Association, Jordan Society of Tourist and Travel Agent, and Jordan Inbound Tour Operators Association.

Efforts are underway to coordinate the tourism-related associations under a federation, yet most of the power resides with the individual association leadership and they are reluctant to combine under one federation. While the industry associations are attempting to address the needs of their members, the sector could greatly benefit from renewal at the association level, with a greater emphasis on proactivity and developing innovative solutions. Increased attention to strong trends in tourism in Jordan will result in a more responsive industry. For example, the Jordan Inbound Tour Operators Association members primarily focus on packaged tours, while the rise of the independent traveler has been trending strongly for the past few years. JITOAs members could be proactively conducting more targeted marketing or developing products that are more attractive to this rising market segment. This is just one industry example, yet it is a relevant lesson for associations operating in Jordan's tourism sector.

TRAINING AND EDUCATION

While Jordan has various tourism-related training institutions and programs, the sector continues to lack a skilled and professional tourism workforce which is essential for the development of the sector. The assets and liabilities of the training and education resources for the tourism sector are presented in Table 15 below.

Table 15 - Tourism Training and Education Resources: Balance Sheet

	Assets	Liabilities
Training and Education	• JAU accredited university-level hospitality program with vocational high school • Other higher education institutions offer tourism and hospitality programs with increasing enrolment • Female participation in the workforce has grown to 10%. • Eleven upgraded VTCs launched	• Fragmented approach, no shared plans, i.e., Aqaba • Quality of services a serious issue (including five star) • Inadequate hospitality skills in general • Female presence still in short supply • Weak national awareness program • No partnerships with international educational institutions

Demand for skilled workers is substantially greater than projected supply. Based on current planned investments and growth rates, the industry is expected to require an estimated 25,000 new workers over the next five years. Data provided by the USAID/Jordan Tourism Development Project below detail the annual workforce demand per sector and the annual supply of graduates.

Table 16 – Demand for Personnel by Jordan Tourism Sectors

Sector	Annual Total Demand by Level					
	Executive	Manager	Supervisor	Senior	Junior	Total
Accommodation sector total	120	295	570	640	835	2,460
Restaurant sector total	120	235	465	815	700	2,335
Tourism sector total	75	80	160	465	780	1,560
Total Annual Demand	315	610	1,195	1,920	2,315	6,355

Source: USAID/Jordan Tourism Development Project

The table below shows the supply of graduates, and the attrition rates, of the major tourism-related educational institutions and programs in Jordan.

Table 17 – Supply by Education Providers in Jordan

Institution Output	University	College	VTC	Total
Graduates from universities /colleges and VTCs	600	220	1,200	2,020
Attrition after graduation	180	50	300	530
Total Annual Supply	420	170	900	1,490

Source: USAID/Jordan Tourism Development Project

From the tables above, it is clear that the number of graduates per year falls far short of demand. It is assumed that the university graduates will join the industry as management trainees or replacements, the diploma holders will enter as supervisor trainees, and the VTC graduates will enter at the operative level. The adjusted annual shortfall between demand and supply will be 3,920.

Table 18 - Human Resource Needs for Jordan's Tourism Sector

Annual HR Need Targets	Exec/Manager	Supervisor	Operative	Total
Combined demand from sectors	925	1,195	4,235	6,355
Adjusted output from universities /colleges and VTCs	420	170	900	1,490
International labor (approx. 20%)	145	115	685	945
Adjusted annual shortfall	360	910	2,730	3,920

Source: USAID/Jordan Tourism Development Project based on 2011 HR survey and updated in Jan 2012

The USAID/Jordan Tourism Development Project has supported 21 colleges and universities, 12 VTC Institutes, 25 Secondary School–Vocational Education Fundukia Departments, and other institutes such as the Royal Academy of Culinary Arts and Madaba Institute for Mosaic Art and Restoration. In addition, 15,000 tourism professionals and workers have been up-skilled, multi-skilled, and certified on the job.

The USAID/Jordan Tourism Development Project implemented national tourism awareness campaigns through radio and print advertisements as well as promotional events in schools and open forums that reached over 3.9 million youth, decision makers, and members of the general public to enhance the attractiveness of tourism and hospitality jobs and expand recruitment in education and training providers. Illustrative results include demand for enrollment in VTCs in targeted geographic areas exceeding providers' capacity and an increase in female enrollment and employment. Tourism awareness campaigns also reached over 1.2 million people, with positive economic, social, and career opportunity messages on tourism.

VALUE CHAIN ANALYSIS SUMMARY

Table 19 - Summary of Value Chain Weaknesses and Gaps

Value Chain Component	Weaknesses and Gaps
End Markets	- Weak product depth to encourage longer stays and to target growth markets (e.g., Arab families, domestic tourism) - Need for creating new regional partners to develop trips circuits for both packaged tours and independent travelers - Lack of information and targeted policies to stimulate domestic tourism
Services	- Limited expansion of scheduled air, charter, and low-cost airline service for both QAIA and King Hussein International Airport (KHIA). - Lack of accessibility to sites for independent travelers, minimal transportation options beyond group tours - Lack of accommodation options at the two-, three-, and four-star levels for the Dead Sea, Petra, and secondary destinations
Institutional Capacity	- Low JTB budget for international marketing - High minister turnover disrupts and derails progress toward NTS goals - Lack of coordination between MOTA, JTB, JIB, and RJ Airlines on national marketing and branding campaigns - Disconnect between destination marketing and product development at the local level with national efforts—particularly for Aqaba, Petra, and the Dead Sea
Human Capacity	Projected number of skilled trainees entering the industry falls far short of demand.

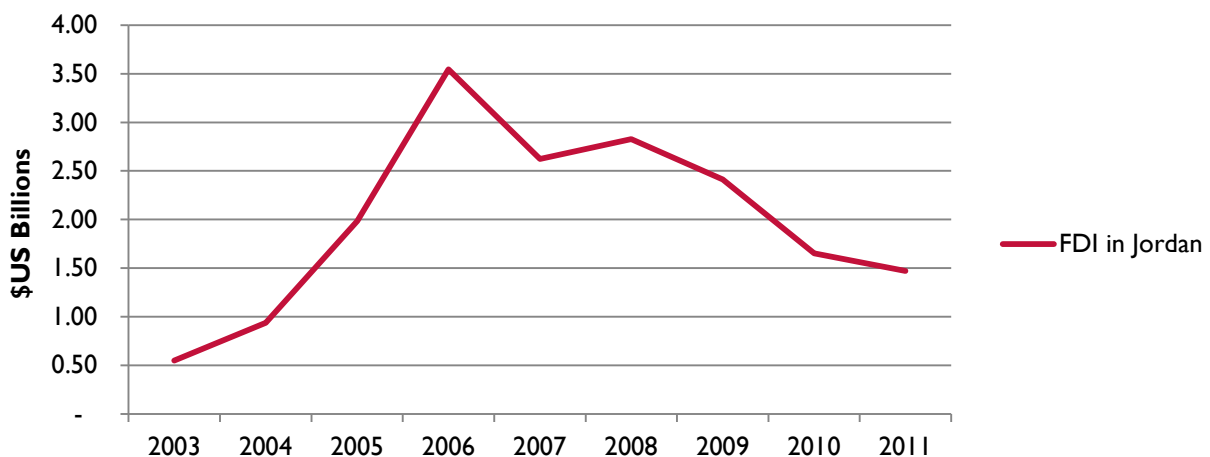
VI. INVESTMENT AND BUSINESS ENVIRONMENT

This chapter takes a deeper look at Jordan's business environment, with a focus on domestic and foreign investment trends and performance, especially for the tourism sector. The business environment is a critical factor in the development of the tourism sector as it has implications for investment and expansion. Investment in Jordan has suffered over the past five years, but according to the Jordan Investment Board, 2012 marked a record increase in foreign investment. Jordan's economic competitiveness is also analyzed in this section, using three different reports and methodologies: the World Bank's Doing Business Report 2013, the World Economic Forum's Global Competitiveness Report 2012-2013, and the World Economic Forum Travel and Tourism Competitiveness Index 2013.

INVESTMENT PERFORMANCE

Jordan's economy was hard hit by recent global events, including the global downturn, regional turmoil and rising oil prices (see Figure 7 below). According to the World Bank, foreign direct investment (FDI) grew exponentially from 2003 to 2006, peaking at just over US\$ 3.5 billion in 2006. Since that time, FDI has fallen off sharply and was recorded to be just under US\$ 1.5 billion in 2011.

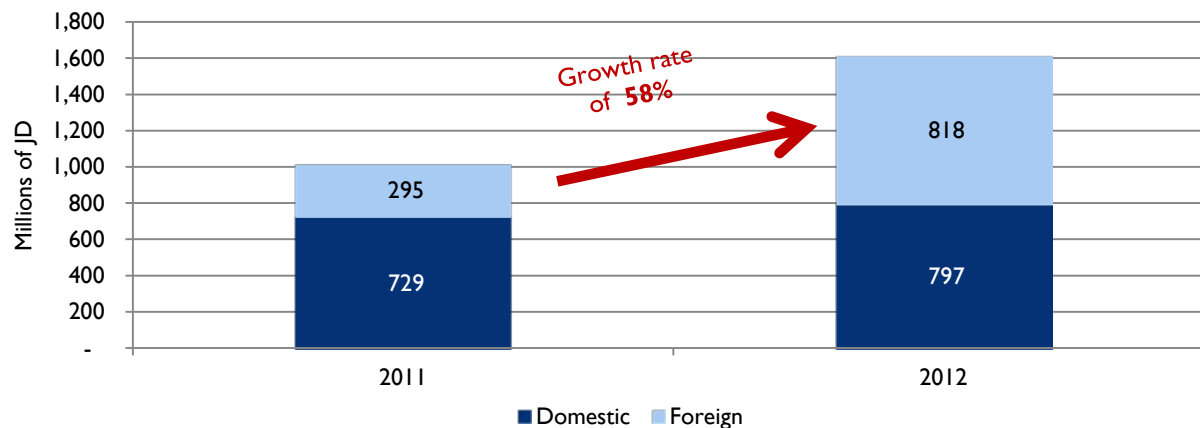
Figure 7 - Foreign Direct Investment in Jordan, 2003-2011



Source: World Bank, World Development Indicators

However, according to the Jordan Investment Board (JIB), FDI rose significantly in 2012 (see Figure 8, in JD). Domestic investment also rose, but foreign investment increased considerably more.

Figure 8 - Significant Increase in Foreign Direct Investment in 2012



Source: Jordan Investment Board

INVESTMENT IN TOURISM IS BOOMING

Investment in tourism is flourishing in Jordan. Mega-projects, resorts, theme parks, convention centers, and restaurants are being built across the country, from Amman to the Dead Sea to Aqaba. Despite the downturn in tourism arrivals and receipts over the past few years, investors are still pouring billions into the country due to its strategic central location in the region and its relative stability and security.

The JIB provides investment incentives for tourism investments including 100% foreign ownership and 0% custom duties on imported furniture, fixtures, and equipment that can be renewed every seven years (with an extension period of one year for every 25% expansion of the project). According to the JIB, the Investment Promotion Law was responsible for much of the investment growth in 2012 which grew 58% over 2011, reaching a total of over JD 1.6 billion as described in Figure 8.

To further promote the sector and offer investors a wide range of project opportunities, tourism focused development zones have been declared at the Dead Sea and Ajloun with incentives of 5% corporate income tax and custom duties exemptions. Investment opportunity offerings differ according to the location of investment; however, there is need for three- or four-star hotels, boutique hotels, service apartments, and country-side cottages in Ajloun, as well as theme parks and entertainment facilities, spas and restaurants.

BUSINESS AND ENABLING ENVIRONMENT

The Government of Jordan has attempted to reform the environment for business and investment over the past few years, through the passage of the Investment Promotion Law and specific legislation intended to facilitate investment in the tourism sector. However, according to the World Bank's Ease of Doing Business Indicators and the World Economic Forum's Competitiveness Index, Jordan still struggles to improve key indicators related to innovation, access to credit, labor market efficiency, and starting a business, which all have a direct impact on the tourism sector.

MEASURING JORDAN'S COMPETITIVENESS

Jordan is ranked 106th in the world (out of 185 countries) in terms of ease of doing business, according to the World Bank/IFC Doing Business Report 2013, behind UAE (26) and Turkey (71), but ahead of Egypt (109), Lebanon (115), and Syria (144). However, the report ranks Jordan 167 out of 185 countries in the access to credit category, and Jordan scores low on other important topics for SME development. These business environment challenges affect Jordan's ability to attract new investment in tourism and generate substantial employment gains to meet the country's strategic needs.

Table 20 – Business Environment: Balance Sheet

	Assets	Liabilities
Doing Business	SMEs to play a major role in Jordan's growth; 98% of all business are SMEs	- Jordan ranks 106 out of 185 overall in the 2013 Doing Business Report - Jordan ranks 167 out of 185 in Doing Business Report's category 'Getting Credit'
Global Competitiveness Report	Global Competitiveness Index, Jordan overall ranks 64 out of 144 and the receives good marks for easy access to loans (45 out of 144) and other financial indicators	- GDP growth slowed to 2.3% annually in 2010 and has not returned to pre-crisis levels (GDP growth was 8.2 percent in 2007). This is not sufficient to create the jobs needed to absorb the 60,000 new entrants into the labor market annually. - Jordan ranks 90th on ICT use, an important factor for productivity and innovation
Investment Incentives	Through the JIB, a few investment incentives are applicable such as 100% foreign ownership and 0% custom duties on imported furniture, fixtures, and equipment renewed every seven years (with an extension period of one year for every 25% expansion)	Access to credit is one of the major constraints for Jordan's economy

Due to varying methodologies and the use of different indicators, the Doing Business Report and the Global Competitiveness Report portray significantly different views of access to finance in Jordan. The Doing Business Report administers its questionnaire to local experts, including lawyers, accountants and government officials. The 'Getting Credit' score is determined by assessing how well the credit information system and collateral and bankruptcy laws in Jordan facilitate access to credit.

The Global Competitiveness Report surveys business executives from both large firms and SMEs to arrive at their rankings. In this report, Jordan receives good marks for ease of access to loans and financing through the local equity market (both 45 out of 144), as well as the affordability and availability of financial services (52 and 67 out of 144, respectively). Despite the varying outcomes of these reports, a majority of the tourism industry stakeholders interviewed by the assessment team cited access to credit as one of the major constraints for Jordan's economy. Given that the Jordanian economy is almost completely comprised of SMEs (98% of all business are SMEs, two-thirds have less than 19 employees), which employ 70% of workers in the country, access to credit is critical for the country's economic development. SMEs are widely expected to play a major role in Jordan's growth yet can only achieve this with the ability to finance their expansion and hiring needs.

Travel and Tourism Competitiveness Report

The aim of the Travel and Tourism Competitiveness Index (TTCI), which covers 140 economies, is to provide a comprehensive strategic tool for measuring those factors and policies that make it attractive for countries to develop the travel and tourism sector.⁴ The table that follows compares Jordan with countries in the Middle East and North Africa (MENA) region. In the MENA region, Jordan ranks in 6 out of 15 countries in the region and 60 out of 140 countries in the world.

Table 21 – TTCI 2013: Middle East and North Africa

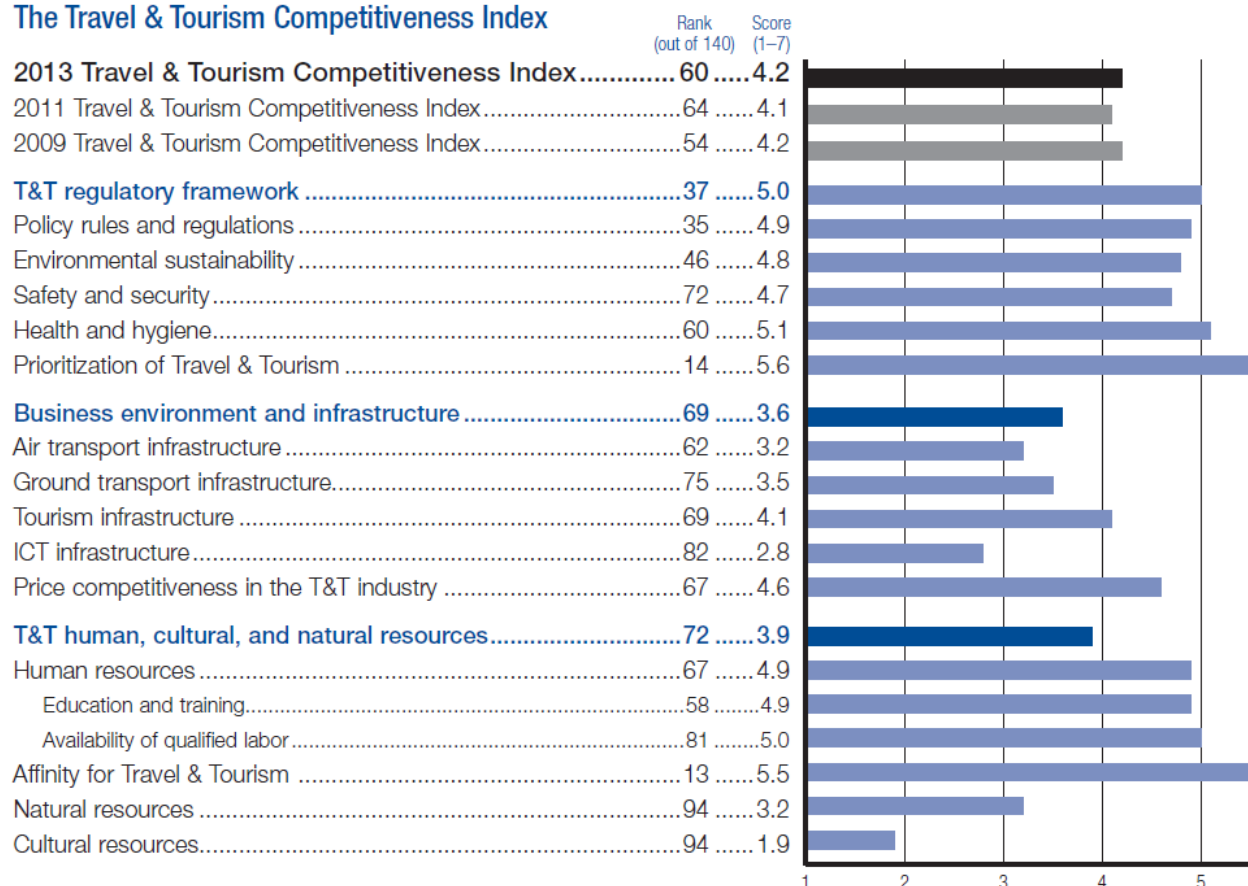
Country/Economy	OVERALL INDEX			SUBINDEXES					
	Regional rank	Overall rank	Score	T&T regulatory framework		Business environment and infrastructure		T&T human, cultural, and natural resources	
				Rank	Score	Rank	Score	Rank	Score
United Arab Emirates	1	28	4.86	45	4.95	9	5.14	35	4.51
Qatar	2	41	4.49	48	4.93	31	4.70	75	3.85
Israel	3	53	4.34	36	5.07	51	4.08	71	3.86
Bahrain	4	55	4.30	77	4.46	32	4.69	83	3.74
Oman	5	57	4.29	56	4.81	47	4.20	76	3.84
Jordan	6	60	4.18	37	5.05	69	3.63	72	3.86
Saudi Arabia	7	62	4.17	87	4.32	38	4.43	80	3.76
Lebanon	8	69	4.04	73	4.50	65	3.74	70	3.87
Morocco	9	71	4.03	68	4.59	73	3.60	68	3.89
Egypt	10	85	3.88	86	4.35	77	3.56	84	3.74
Iran, Islamic Rep.	11	98	3.64	112	3.90	96	3.18	74	3.85
Kuwait	12	101	3.61	114	3.81	62	3.89	131	3.14
Algeria	13	132	3.07	134	3.30	126	2.66	123	3.25
Yemen	14	133	2.96	140	2.82	110	2.89	128	3.18
Mauritania	15	134	2.91	137	3.07	133	2.60	132	3.07

Source: World Economic Forum Travel and Tourism Competitiveness Index: 2013

In terms of its overall competitiveness, Jordan was ranked 54 in 2009 and 64 in 2011, declining 10 places in rank. Jordan's rank in 2013 is 60, gaining 4 places in ranking from 2011, according to the World Economic Forum TTCI.

Jordan's rank demonstrated weaknesses when compared with 140 economies on the following indicators: cost to start a business (83), threatened species (78), road traffic accidents (125), timeliness of travel and tourism data (71), airport density (101), road density (119), ticket taxes and airport charges (96), purchasing power parity (95), extent of staff training (87), availability of qualified labor (81), ease of hiring foreign labor (100), terrestrial biome protection (126), sports stadiums (104), number of international fairs and exhibitions (85). The tourism sector, especially policymakers, can have significant influence in creating policies or financing projects to directly improve the factors in which Jordan has lowest rankings. This situation reinforces the need to integrate the tourism sector into the national development strategies and build partnerships with other sectors such as transportation, safety, and health to improve the travel and tourism competitiveness of Jordan.

⁴ [World Economic Forum Travel and Tourism Competitiveness Index 2013.](#)

Figure 9 - Jordan TTCI Rank and Score; 2013**The Travel & Tourism Competitiveness Index**

Source: World Economic Forum Travel and Tourism Competitiveness Index: 2013

SURVEY OF JORDANIAN TOURISM BUSINESSES

The **Jordan Tourism Value Chain Survey** was conducted in collaboration with the George Washington University and it surveyed major businesses within Jordan's tourism value chain.⁵ This includes tourism suppliers in Jordan such as hotels, event management companies, travel agents, and destination management companies. The survey was designed to gain a better understanding of the local challenges and bottlenecks in Jordan's tourism value chain. The results are included as Annex B. The survey findings indicate that there are substantial obstacles to many businesses' effective participation in the tourism value chain. Some examples include skilled labor shortages, the business operating environment, high costs, government uncertainties, inability of local suppliers to meet international hospitality standards, and lack of labor force training schemes. Respondents noted the following positive attributes: consistently meeting international hospitality standards, quality of tourist infrastructure, and proximity to major tourist markets. Suggestions for government involvement in the tourism sector follow in Table 20.

⁵ Link to the complete findings: [Jordan Tourism Value Chain Survey](#).

Table 22 – Suggested Government Involvement in Jordan's Tourism Sector

Suggested course for government involvement in the sector	Response
Focusing on improving the business environment	68.4%
Focusing on specific geographical zones	47.4%
Focusing on the sectors with the most impact on poverty alleviation	42.1%
Focusing on the sectors with most export potential	42.1%
Joint public-private participation of foreign investors	31.6%
Joint public-private participation of Jordanian investors	26.3%
Through in-country public-private dialogue	21.1%

Source: [Jordan Tourism Value Chain Survey](#)

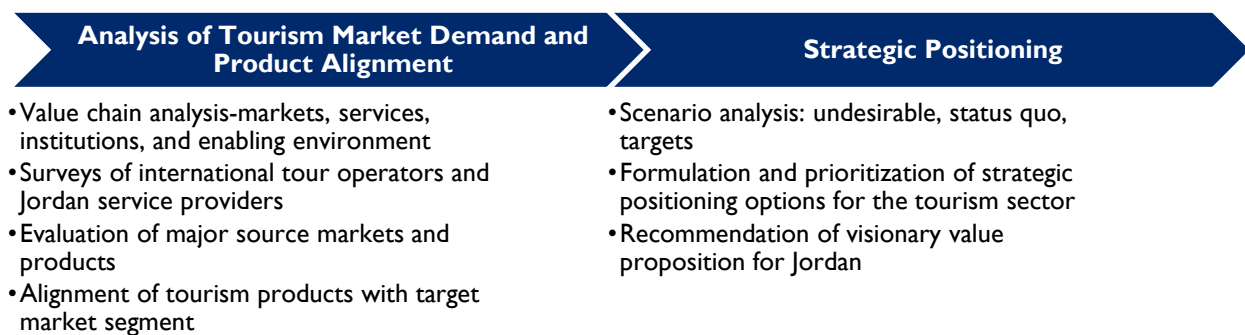
VII. STRATEGIC POSITIONING

This chapter draws on the preceding extensive analysis to determine the most strategic course for the development of Jordan's tourism sector. The strategic positioning exercise evaluates the alignment of Jordan's critical market segments with the readiness of its tourism product offerings, and examines alternative scenarios to test the economic impact of potential outcomes for the sector. At the end of this chapter, we present a recommended value proposition and vision for the sector.

METHODOLOGY

Our approach is described in Figure 10. The alignment of Jordan's market potential with its tourism product offer should form the basis for its strategic positioning. It is important to take into account the rapid assessment of Jordan's primary and secondary destinations covered in Chapter IV of this report, which examined the destinations' readiness to receive tourists, planned investments, and overall appeal.

Figure 10 - Summary of Methodology



MARKET AND PRODUCT ALIGNMENT

The number of international tourist arrivals worldwide is forecast to increase by an average of 3.3% a year between 2010 and 2030, compared to an average of 3.9% a year in from 1995 to 2010. Over time, the rate of growth is slowing down gradually, from 3.8% in 2011 to 2.5% in 2030. This change is the result of a combination of four factors:

- The base volumes are higher, so smaller increases still add substantial numbers
- Lower GDP growth as economies mature
- A shift from falling transport costs to increasing ones based on higher energy costs
- Increased use of technology (videoconference, web conference) in place of business travel.

International tourist arrivals will increase by 43 million a year on average between 2010 and 2030. The breakdown of arrivals by purpose of visit is not expected to vary substantially over time. Arrivals for leisure, recreation, and holidays will grow at the same rate as the total of arrivals (3.3% a year), while arrivals for the purpose of visiting friends and relatives (VFR), health, and religion will grow slightly faster, at 3.5% year, and arrivals for business and professional purposes slightly slower, at 3.1% a year.

BUSINESS ENVIRONMENTS FOR AGILE MARKETS (BEAM)

By 2030, VFR, health, religion, and other purposes will represent 31% of all international arrivals. Leisure, recreation, and holidays will represent 54%, and business and professional will represent 15%.

Source markets for Jordan are described in the accompanying table. Arab visitors remain the largest market followed by Jordanians residing abroad. (Note: Jordanian regional worker travel is included in this total.) Increases were recorded from 2011 to 2012 in all regions except for Europe, which declined almost 6%.

Table 24 - Jordan's Source Tourism Market Regions

Countries	2011	2012	% Change 2012/2011
African	17,635	21,755	23.4%
American	189,281	198,631	4.9%
East Asia and the Pacific	231,228	252,494	9.2%
European	626,881	590,202	-5.9%
Arab	1,307,445	1,349,980	3.3%
Gulf	617,812	690,719	11.8%
Jordanians Residing Abroad	969,361	1,058,586	9.2%

Source: MOTA

The tourism industry is affected significantly by external forces: economic slowdown, security concerns, social upheaval, and technological change, among them. The table below highlights the major global trends likely to influence how the tourism sector will be developed in the MENA region, particularly in Jordan.

Table 25 – Global Tourism Trends for Source Markets

	Global Trends for Source Markets	Implications for Jordan
Asian markets (excluding China)	Asia will represent one third of the travel spending by 2020—up from 21% today. Asia and the Pacific will generate, on average, an additional 17 million international arrivals every year until 2030. ⁶	Jordan can benefit from this trend by promoting interregional travel from key Asian markets such as China, India, South Korea, and Japan, as well as high population Muslim countries like Malaysia and Indonesia.
Chinese market	In 2011, the Chinese outbound market represented 70 million travelers with a growth rate of 23%. Only 351,000 arrivals were reported to the MENA region in 2011. Tourism from China averaged a 19% annual growth rate from 2001-2011. ⁷	In 2012, Jordan obtained Approved Destination Status (ADS) for the Chinese outbound market; however, all the countries in the competitive set, except Qatar, also hold ADS creating the need to enhance the attractiveness of Jordan for the Chinese market.
Emerging economies	In 2030, 58% of international arrivals (compared with 30% in 1980) will visit emerging economy destinations of Asia, Latin America, Central and Eastern Europe, Eastern Mediterranean, the Middle East, and Africa. ⁸	While Jordan will be positively affected by this shift, it also implies a fiercer competitive environment, where emerging economies will compete to capitalize on growth.

⁶ Amadeus and Oxford Economics. 2011. Travel Gold Rush 2020. Pioneering growth and profitability trends in the travel sector.

⁷ UNWTO. 2011. Tourism Towards 2030/ Global Overview. Madrid.

⁸ UNWTO. 2011. Tourism Towards 2030/ Global Overview. Madrid

	Global Trends for Source Markets	Implications for Jordan
Regional growth	International arrivals in emerging economies are expected to keep growing at double the pace (+4.4% year) of advanced economies (+2.2% year). The Middle East is expected to more than double its arrivals from 2010 to 2030. ⁹	Growth in the region indicates a steady growing market for Jordan. It also implies the need to establish a competitive edge (infrastructure, businesses, workforce) to be a leader in the region.
Regional and cluster tourism	MENA region nations are working to develop tourism strategies as a cluster. The nations recognize the need of a visa system for the region. ¹⁰ In the Middle East, 70% of the world's population is required to obtain a traditional visa prior to departure to any of its destinations, but 20% are allowed to obtain a visa on arrival and 10% are allowed to use an eVisa. ¹¹	Over the short term, a strong but flexible electronic visa system for Jordan can capitalize the importance of the Arab Gulf market. Over the long term, visa facilitation measures should be considered for countries that Jordan now restricts access to due to security considerations.

In addition to these global trends for source markets, major industry trends for market segments are listed below in Table 25 which need to be understood in the context of Jordan's tourism sector.

Table 26 – Global Tourism Trends by Market Segments

	Global trends by market segments	Implications for Jordan
Visiting Friends and Relatives	Arrivals for VFR will grow slightly faster than arrivals for leisure and business. ¹²	Almost 25% of international arrivals are Jordanians residing abroad. ¹³ First, second, and third generation Diaspora should be further explored to expand the potential of the VFR market.
Health and Wellness	Medical tourism is reporting strong global growth, with travelers seeking lower costs for medically necessary procedures than they would receive in their home country.	Jordan is emerging as one of the world's most desirable locations for health and wellness tourism. Jordan was ranked #1 in the Middle East and fifth in the world as a medical tourism destination of choice, according to the JIB. Conditions for success include: (1) stronger regulations and inspections to support quality control, (2) the introduction of a medical malpractice law, and (3) strong cross-cluster collaboration including wellness spas, particularly at the Dead Sea.
Pilgrimage and Islamic Travel	Islam is the fastest-growing major religion in the world and is a major travel market. In addition to intra-regional Muslim travel flows to Arab and Gulf markets, half of the Arab pilgrims to the Middle East are from Asian Muslim communities. ¹⁴	Religious and cultural tourism for Muslims and the related sub-segment of 'Halal Tourism,' are promising and offer significant opportunities for investments considering the existence of a growing demand. ¹⁵

⁹ Ibid.

¹⁰ [Tourism Leaders of the Middle East reiterate confidence in the sector](#). April 2012. Press release.

¹¹ "Visa Facilitation: Stimulating Economic Growth and Development through Tourism", World Economic Forum Travel and Tourism Competitiveness Index 2013, pp 51-52

¹² Ibid.

¹³ Ministry of Tourism & Antiquities of Jordan. 2011. Tourism Statistical Newsletter 2011.

¹⁴ Kalesar. 2010. Developing Arab Islamic Tourism in the Middle East. International Politics, Vol3, No.V, Winter & Spring 2010

¹⁵ Ibid.

BUSINESS ENVIRONMENTS FOR AGILE MARKETS (BEAM)

	Global trends by market segments	Implications for Jordan
Sustainable and Responsible Tourism	70% of tourism consumers believe companies should be committed to the natural environment, 55% want fair working conditions, 75% want a more responsible holiday, and 66% would like to identify a greener holiday. ¹⁶	Sustainability should increasingly become a main driver of Jordan's tourism sector. Jordan should consider developing a national sustainable certification program adhering to the Global Sustainable Tourism Council standards for tour operators, accommodations, tourism transportation services, and destinations. ¹⁷

We next identified distinctive features and major constraints for each of Jordan's market segments. The accompanying chart also rates each segment as resilient or sensitive. Resilience indicates that the current political turmoil and civil war in Syria have limited impact on travelers' decision to visit Jordan. Those segments rated as sensitive are more risk averse and more likely to be influenced by negative news about the region and tend to link Jordan with the Middle East conflict.

Table 27 – Jordan's Resilient and Risk-sensitive Market Segments

Market	Category	Distinctive Features and Major Constraints
Arab and VFR Vacationers	Resilient	▪ Similar environment, good weather ▪ Jordan lacks quality entertainment, no casinos. Lack of VFR marketing linkages to the Jordanian Diaspora
Health & Wellness Seekers	Resilient	▪ Unique Dead Sea characteristics, potential natural trails, good medical services ▪ Lacking international accreditation of major hospitals, health clinics in Amman
MICE Facilitators	Resilient	▪ Large Convention Center at Dead Sea, attractive destination for incentive travel ▪ Need integrated destination management organizations in Dead Sea and Aqaba
Sun & Sea Holiday Makers	Resilient	▪ Major developments at Aqaba and the Dead Sea, proximity to culture ▪ Lacking high quality entertainment, especially in evenings; inadequate response to providing trained Jordanian labor; continued dominance of guest workers
SAVE Experiencers	Resilient	▪ Diversity of subjects, welcoming local communities ▪ Segment not recognized by JTB despite potential for group travel and repeat business
Religious	Sensitive	▪ Major attractions connecting old and new testaments ▪ Packaged tours from Egypt and Syria disrupted by Arab spring
Cultural Heritage Seniors	Sensitive	▪ World Heritage Sites, world renown icons, local communities near sites ▪ Local community conflicts, many cultural sites not protected or managed
Ecotourists	Sensitive	▪ Diversified landscapes, RSCN management ▪ Lack of effective management/visitor use plans and trained rangers, interpretive guides
Adventure Enthusiasts	Sensitive	▪ Desert activities, diving, trailing, hiking ▪ Need a search & rescue capability

We next evaluated Jordan's tourism products as compared to regional competitors'; this enabled us to determine Jordan's competitive advantages vis a vis other regional destinations. As the accompanying chart reveals, Jordan has a strong competitive advantage in cultural heritage, religious sites, and health and wellness.

¹⁶ CREST. 2013. [The Case for Responsible Travel: Trends and Statistics](#).

¹⁷ For full details on the GSTC programs, go to Source: <http://www.gstccouncil.org/>

Table 28 – Competitive Advantage of Jordan's Tourism Products

Products		Jordan's Advantage	Competitiveness Assessment
1	Cultural Heritage	High	- Levant nations, including <u>Jordan</u>, provide a rich breadth of heritage sites from ancient civilizations. GCC nations focus on Islamic/Arabic museums, landmarks. - Competitors: Egypt, Syria, Lebanon, Israel, Turkey, Morocco
2	Religion	High	Saudi Arabia, Israel, Syria and <u>Jordan</u> have major religious sites of great interest to Muslim, Jewish and Christian pilgrims
3	Ecotourism	Moderate	Most ME nations' offerings still at nascent stages; Oman and <u>Jordan</u> positioning their natural assets among world's key conservation destinations
4	Sun and Beach	Low	Middle East increasingly has some of world's renowned beaches and diving locations; cruise tourism becoming increasingly popular in Bahrain, Oman, the UAE and <u>Jordan</u>
5	Adventure	Moderate	The ME lacks variety of offerings for adventure, though UAE developed sports tourism and Lebanon, Israel & <u>Jordan</u> have developed adventure tourism
6	Meetings/Events	Moderate	Turkey, UAE and Bahrain are primary regional MICE competitors; strong focus and dedication is needed to attract high profile MICE events as part of strategic direction
7	Health and Wellness	High	Turkey, Oman, <u>Jordan</u>, and to a lesser extent Dubai are leading in the region, most ME countries lack breadth of offerings or required exposure to expand tourist base
8	SAVE	Moderate	UAE and Egypt provide multinational universities. Egypt and <u>Jordan</u> have a history of appealing to scientific, academic, volunteer and education groups
9	Arab Vacation	Low	UAE, Turkey, Bahrain and Lebanon are key regional competitors, particularly through shopping, theme parks or entertainment. <u>Jordan's</u> Aqaba & Dead Sea are potential competitors

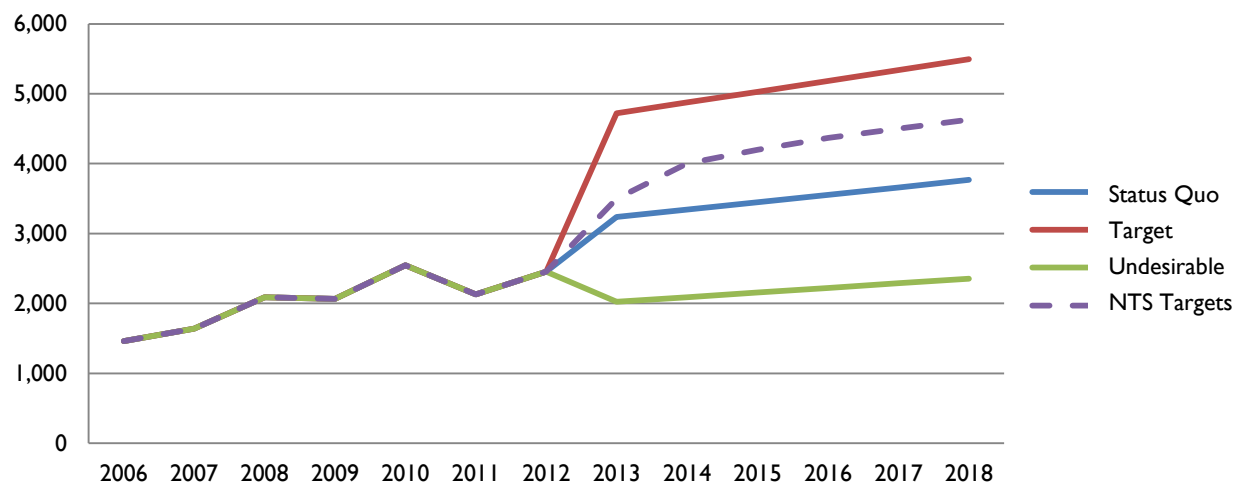
ALTERNATIVE SCENARIO PROJECTIONS

In order to gauge the economic impacts and outcomes of various developments within the tourism sector over the next five years, we formulated three potential scenarios based on overnight visitor receipt projections. These projections, displayed in Figure 11, were calculated based on the occupancy rate as a percentage of classified accommodations in Jordan.¹⁸ A critical issue for Jordanian tourism lies in increasing the number of nights tourists stay in the country, as well as overcoming the issues of seasonality, which in turn will increase the occupancy rate. The NTS targets are included to show the current national goals for the sector.¹⁹ Each of the projections reflects different occupancy rates based on potential scenarios, using the following assumptions:

- Percentage of overnight visitors to day visitors – 75%
- Average spent per overnight visitor, including accommodation – JD 604
- Annual increase in rooms per year – 1,000 rooms
- Number of employees in tourism industry per room – 0.9 per room.

¹⁸ The growth in accommodations has been taken into consideration. It is calculated on the basis on an increase of an additional 1,000 rooms available per day and after that the occupancy rate is calculated against the total per year.

¹⁹ The NTS projections from 2016-2018 in Figure 11 below are extrapolated from the current NTS (2011-2015).

Figure 11 - Overnight Visitor Receipt Projections through 2018

The scenarios are described below and list potential outcomes in terms of increases in overnight expenditures, GDP, and employment

The ‘status quo’ scenario: This scenario mirrors the current situation in Jordan, which stands at **48% room occupancy**. Projecting this trend outward highlights the importance of improving the status quo, as a continuation of this scenario will result in stagnant growth for the industry as well as the economy. The status quo scenario implies minimal additional economic benefits by 2018. The status quo’ scenario will result in the following outcomes in 2018:

- Increase of total tourism receipts – from JD 2.4 billion in 2012 to JD 3.7 billion in 2018
- Increase in tourism’s contribution to GDP – from 7% in 2012 to 10% in 2018
- Increase in employment in tourism – from 43,000 in 2012 to 48,000 total jobs in 2018

The ‘target’ scenario: This scenario is the best case outcome for Jordan and exceeds even the goals set by the NTS. Given that 2010 was one of the best recorded years for the tourism industry, its numbers were used as a base for this scenario. This scenario is defined as **65% room occupancy**. The target scenario implies significant additional economic benefits at 2018. Achievement of the target scenario will result in the following outcomes by 2018:

- Increase of total tourism receipts – from JD 2.4 billion in 2012 to JD 5.1 billion in 2018
- Increase in tourism’s contribution to GDP – from 7% in 2012 to 14% in 2018
- Increase in employment in tourism – from 43,000 in 2012 to 65,000 total jobs in 2018

The ‘undesirable’ scenario: This is a worst case outcome for Jordan, based on the results of increased regional turmoil, with an **occupancy rate of 30%**. The undesirable scenario implies adverse economic impacts by 2018 with the following outcome:

- Increase of total tourism receipts – from JD 2.4 billion in 2012 to JD 2.3 billion in 2018
- Increase in tourism’s contribution to GDP – from 7% in 2012 to 6% in 2018
- Increase in employment in tourism – from 43,000 in 2012 to 30,000 total jobs in 2018

Each of the alternative scenarios in Figure 12 list value propositions directed toward specific market segments to be targeted and include a rationale for each.

Figure 12 - Alternative Scenarios: Market Segments and Rationale

	Status Quo International Destination Linked to Regional Cultural & Religious Roots	Target Stand Alone Destination With Portfolio of Products with Year Round Appeal	Undesirable Regional Destination With Sunny Escapes, Family Entertainment & Access to Iconic Sites
Market Segments	1. Religious Pilgrims 2. Cultural Heritage Seniors 3. Meeting/Event Business Facilitators 4. Health & Wellness Seekers	1. SAVE Experiencers 2. Meeting/Event Business Facilitators 3. Health & Wellness Seekers 4. Religious Pilgrims 5. Cultural Heritage Seniors 6. Arab Family & Visiting Friends Relatives Vacationers 7. Adventure Budget Conscious 8. Ecotourists 9. Sun and Sea Holiday Makers	1. Arab Family & Visiting Friends and Relatives Vacationers 2. Domestic Tourists 3. Cruise Passengers 4. Meeting/Event Business Facilitators
Rationale	□ Potential to develop new partners for multi country trip packages—Turkey, Dubai □ High alignment for religion for Western and Muslim markets in the region, Indonesia and Malaysia	□ Emerging readiness and spend for meetings/events in Amman, Dead Sea, Aqaba □ Secondary destinations with appeal to both international and domestic market □ Broad portfolio can counter cyclicalities	□ High demand for safe sun and beach destinations □ Demand for major entertainment with appeal to Arab Gulf Market □ Higher likelihood of recurring visits □ Aqaba Pink Triangle: Red Sea, Petra and Wadi Rum

RECOMMENDED VALUE PROPOSITION AND VISION

Based on our analysis, we recommend the **target scenario** as the best way to take advantage of Jordan's potential to become more of a stand-alone destination while still maintaining its presence in its traditional markets. The vision and value proposition, with pros and cons, is recommended as the basis for implementing a post-2015 follow-on to the current NTS.

Figure 13 - Recommended Value Proposition and Vision

Vision <i>Jordan achieves global tourism positioning as a stand-alone destination with a portfolio of tourism products and year-round appeal for foreign and domestic visitors</i>		
Pros	✓ Emerging readiness and demand for meetings and events ✓ High demand for religious from 3 major religions ✓ High demand for cultural icons ✓ High spend by Arab gulf tourists for meetings and events, culture and entertainment ✓ Expands offer to Jordan's Gulf market ✓ High alignment with Jordan's National Tourism Strategy	Cons
		--High competition for meetings, incentives, conferences --High competition and cyclicalities for culture & religious --Lower likelihood of recurring visits from travelers with "must see" motivation --Limited experience with adventure, ecotourism and SAVE types of products --Prices too high for domestic market

VIII. NEXT STEPS

TOURISM AS A NATIONAL PRIORITY

In order to catalyze growth that will have a transformational impact, the Government of Jordan and donors should prioritize strategic investment in sectors and value chains with the greatest growth and impact potential. According to the analysis conducted for USAID/Jordan in 2012 of Jordan's economic growth prospects²⁰, medical services, business and professional services, ICT, and tourism scored highest in terms of their strategic potential (Figure 14 below). The assessment team evaluated and scored sixteen sectors, with the highest-scoring sectors representing the best development opportunities for Jordan. The selection criteria took into account not only economic growth, but key concerns such as unemployment, low female labor participation, and the scarcity of water.²¹

Tourism, as one of the major components of Jordan's economy, needs to become a national priority through concerted government and private sector action. From a policy perspective, it is important to assure that tourism can grow national receipts while ensuring local distribution of benefits. To achieve this outcome, it is essential to simultaneously undertake a **“top down”** and **“bottom up”** approach.

A **“top down”** approach has implications for action at the national leadership level, including: (1) reinforcing Jordan's safe and secure image, (2) increasing funding for and linking JTB, JIB and RJ marketing and promotion activities, (3) developing innovative regional partnerships to expand tour routes and itineraries, (4) enhance intra-industry, government and donor cooperation, and (5) improve the business enabling environment for encouragement of tourism investment and visitor attraction.

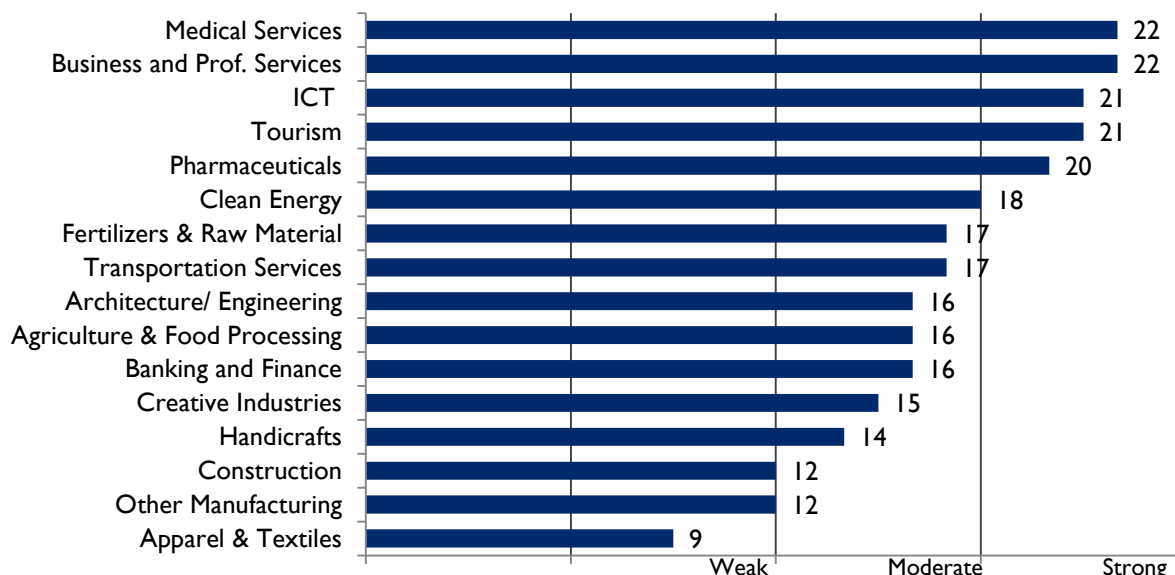
The key business enabling environment problems that need improvements in tourism include streamlining visa policies and improving on the key Jordan tourism policy weaknesses highlighted in the Travel and Tourism Competitiveness Index (TTCI). Jordan will need to make measurable progress in the following indicators over the next few years in order to improve its ranking from (currently 60 out of 120 countries): costs of starting a business; threatened species; road traffic accidents; timeliness of travel and tourism data; ticket taxes and airport charges; and ease of hiring foreign labor. A few of these are broad economy wide reforms (such as cost of starting a business and ease of hiring foreign labor), but several of these reforms are tourism sector specific, and are largely under the control of tourism policymakers and stakeholders.

A **“bottom up”** approach requires local engagement to: (1) accelerate income redistribution and SME development using inclusive business approaches, (2) expand tourism awareness education to reach decision-makers and the general public, (3) develop specific guidelines and processes for facility outsourcing at cultural and natural sites, (4) adopt a Destination Management Organization approach for Aqaba, Petra, Wadi Rum, Amman, and the Dead Sea to enhance product development and cooperative promotion with JTB, and (5) establish closer linkages between tourism and handcraft, agriculture, health and wellness, entertainment, and public transport.

²⁰ Jordan Economic Growth Assessment, Business Environments For Agile Markets (BEAM), Report by CARANA corporation for USAID, February 2012, p. 35

²¹ Jordan Economic Growth Assessment, Business Environments For Agile Markets (BEAM), Report by CARANA corporation for USAID, February 2012, p. 35

Figure 14 - Strategic Potential of Selected Sectors of Jordan's Economy



* Sectors received a score out of three possible points in each of the categories above. A double weight was applied to the first two categories, for a total of 24 possible points.

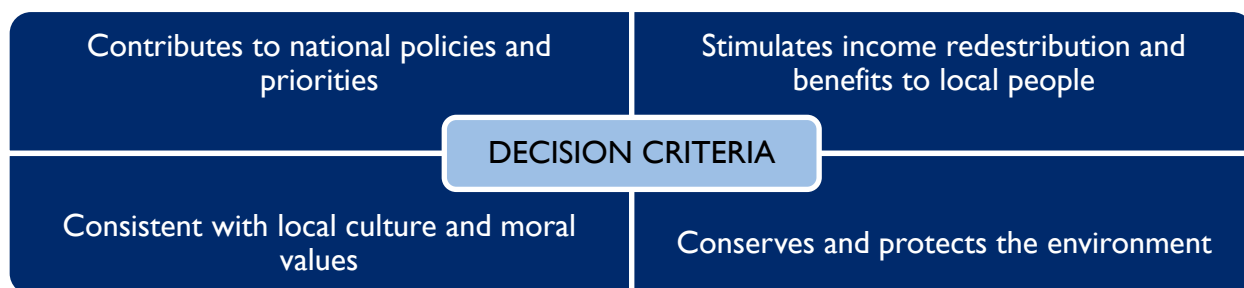
Source: Jordan Economic Growth Assessment, Business Environments For Agile Markets (BEAM), Report by CARANA Corporation for USAID

CATALYTIC OPPORTUNITIES FOR JORDAN

CRITERIA FOR SETTING PRIORITIES

The target projection for Jordan is ambitious, exceeding even the goals set by the NTS, yet it demonstrates the enormous economic impact of properly harnessing the potential of the tourism sector for Jordan. To help Jordan reach its target projection, catalytic actions are needed. The following decision criteria were chosen as a basis for deciding which actions should be initiated, as outlined in Figure 15.

Figure 15 - Decision Criteria to Catalyze Jordan's Tourism Sector



Catalytic opportunities must ensure that tourism contributes to Jordan's national priorities by guaranteeing that visitors and residents equitably share a healthy, safe, and secure place to live and visit.

Tour product offerings should be distributed across regions through the development of secondary destinations as well as more expansive trip itineraries and routes to share benefits with local communities. The catalytic opportunities for the sector should be geared toward generating sustainable employment in the sector and should stimulate enterprise development in core and supply chain businesses based on demand, revenue potential, and accessibility, taking into account seasonality factors. At the same time, tourism should also contribute to the preservation of local traditions and cultural heritage, which should be recognized as key assets for the sector. Finally, tourism should be environmentally sustainable by controlling or mitigating negative impacts on natural and cultural resources as well as wildlife habitats.

As a result of the previous analysis, the following section describes the key opportunities for Jordan's tourism sector. The five major opportunities are presented, along with illustrative examples and benchmarks from international success cases.

MARKETING AND PRODUCT DEVELOPMENT

Jordan has a wealth and diversity of tourism sites, both primary and secondary in nature, that appeal to very different market segments. As the public perceptions survey showed, many tourists are unaware of Jordan's relative safety and stability within the region and that Petra is even located in Jordan—to say nothing of other destinations such as the Dead Sea or Wadi Rum. It is critical that more emphasis be placed on targeted marketing efforts. Furthermore, as underscored in the above destination analysis, product development is a key issue for every destination in the country and needs to be one of the top priorities for the sector going forward. In order to explore the opportunities for marketing and product development, more in-depth analysis is needed, which will require additional data. Findings from domestic household surveys planned for 2013 may provide important data on travel behavior, intentions, and attitudes toward tourism by local residents. An enterprise survey is also needed to collect industry performance data on rates, occupancy, market mix, seasonal trends, and accommodations. Regular and more complete visitor surveys regarding the quality of the tourism product are needed. For example, total arrivals reported by MOTA include workers from Egypt, Syria, and other neighboring countries as well as Jordanians working abroad.

Key Opportunities

Cooperative marketing program: Instead of opening new long haul markets in a time of crisis, JTB should concentrate on maintaining their strategic European markets. As a substitute for ineffective and fragmented outreach campaigns, JTB should financially support European tour operators in order to reach Jordan's targeted audience in the various segments of the market. JTB should be able to share the expenses of ad campaigns with 10 to 15 local tour operators in each of the major European source markets. A good example of such an activity in Europe can be found with Tourism Ireland.²²

E-marketing: E-marketing, using the inbound marketing “magnet” approach, and internet links to smart phones, are just some of the new e-marketing devices used worldwide. Online travel sales in the Middle East will grow 31% from 2011, to almost \$10.4 billion this year, and are set to reach \$15.8 billion by 2014.²³ Jordan is working toward this through the JTB, however, further education for the private sector on the importance of e-marketing and e-selling is required. With the exception of the five-star facilities, facilities are weak in terms of providing knowledge and are currently unprepared to accept

²² <http://www.tourismireland.com/Home/Our-Marketing-Overseas/First-Half-Campaign-2012/Europe.aspx>

²³ “Online travel to experience solid growth in Middle East.” 2012. Hotel Marketing. October 24, 2012.

reservations/payments online. An example of how SMEs handle e-marketing can be found in South Africa.²⁴

Road shows and consumer advertising in the Gulf countries: The Gulf market needs to be approached differently from the European market and should depend primarily on advertising campaigns during the main pan-Arab television programs and through other media outlets. The content and the production of the current advertisements and their placements, as used by JTB, should be instantly evaluated due to their ineffectiveness. Concurrently, several road shows should be organized with the travel trade industry to properly introduce Jordan's product to the Gulf. With its advertisement campaigns and its successful road shows, Malaysia has proven to be an attractive destination, luring around 87,000 Saudi tourists in 2012.²⁵

Support domestic tourism: Seasonality is a critical issue for Jordan and domestic tourism can compensate for dips in international tourist arrivals, providing a cushion for both major and secondary destinations. Especially in times of crisis, maintaining employment for those whose livelihoods depend on the industry and protecting tourism products from disuse and deterioration is critical. Discounted prices and more accessible transport, with potential incentives from JTB, should be considered to stimulate domestic tourism. Jordan can look to South Africa as a model, as they have had good success with the development of their domestic market.²⁶

Research Center: To address data collection and analysis issues, an opportunity exists to develop a research center, possibly in collaboration with the University of Jordan, to coordinate and analyze tourism-related data, formulate forecasts, and use such information for decision making. Jordan may be able to adapt the public policy research center and a tourism forecasting model at Hong Kong Polytechnic University.²⁷ The UNWTO/INRouTe Regional Tourism Information System provides guidelines for the measurement of tourism impacts at the regional (sub-national) levels.²⁸

"Go Local" product development and marketing program: Work with travel trade, emphasizing what can be done in Jordan rather than just what can be seen. It will create and market opportunities that allow tourists to more authentically experience the local culture, consequently creating an emotional connection to Jordan.

Product Development: The establishment of a tourism product innovation incubator and incentives can catalyze the tourism sector, particularly in areas needing localized activities and nighttime entertainment. Benchmark examples that might be adapted for Jordan follow:

- The Serbia Experience Club²⁹ develops innovative tour packages and products using a contest approach for local tourism operators and SMEs.
- Japan International Cooperation Agency's (JICA) One Village–One Product (OVOP) was originally developed in Japan to prevent rural depopulation. Since then, it has been used as a

²⁴ <http://southafrica.smetoolkit.org/sa/en/content/en/2689/Tips-for-marketing-your-Guest-House-or-B-B->

²⁵ <http://www.arabnews.com/malaysia-saudi-tourists%E2%80%9999-favorite-destination>

²⁶ <http://www.tourism.gov.za/AboutNDT/BranchesI/domestic/Documents/Domestic%20Tourism%20Growth%20Strategy%202012-%202020.pdf>

²⁷ Go to http://hotelschool.shtm.polyu.edu.hk/eng/isupport/institute_introduction.html and <http://www.tourismforecasting.net/hktdfs/>

²⁸ To access a this report on tourism analysis at the sub national level, go to: <http://dtxq4w60xqpw.cloudfront.net/sites/all/files/docpdf/setunwtoguidelinesdoc.pdf>

²⁹For details on the Serbia Experience Club that contains an annex describing Canada's Product Clubs, go to Opportunities_for_Innovation_in_Economic_Development.pdf.

model to help local people at the village level create globally accepted products that reflect pride in the local culture.³⁰

- The World Bank IFC has successfully supported “Stay Another Day” programs in Thailand, Cambodia, and the Mekong region; this program model might have application for Jordan.³¹

ESTIMATED BENEFITS

- Tourism receipts of JD 5.1 billion
- 14% contribution to GDP
- 65,000 jobs
- 50 product innovations directly benefiting local supply chains
- Double private sector participation in cooperative marketing , e-commerce, and research

TOURISM LEADERSHIP AND WORKFORCE DEVELOPMENT

It is essential to mobilize policy makers, the business community, and the opinion shapers to support tourism as a priority sector of the economy. With tourism as a national priority, an appropriately prepared and skilled workforce is essential for success, as is ensuring that any employment generation from the sector is captured by the local workforce. The training of the workforce must reflect the demands of the private sector to guarantee that graduates are able to meet international industry standards and be competitive with guest workers.

The USAID/Jordan Tourism Development Project II implemented a multi-track national public awareness campaign in 2010 to stress tourism’s importance in terms of job creation and economic livelihood. The campaign was also designed to sensitize Jordanian families to the benefits of tourism as a socially acceptable academic and respectable career choice for their children, in particular for female family members. The results of this campaign will be evaluated with follow-up surveys this year.

Key Opportunities

Commitment to tourism education by decision-makers, public and private: Collaboration between policymakers from the executive and legislative branches and the private sector is critical to ensure policy reform requirements are prioritized and addressed effectively. Additionally, it is essential to engage large employers, such as hotels and resorts, to support education and training. For example, Zara Investment Holding Company, one of the most prominent investment groups in tourism in Jordan, formed a partnership with the VTC in Salt. Zara is engaged in the renovation of a three-star hotel and has partnered with the VTC to train and employ the appropriate staff. Internationally, the Global Travel and Tourism Partnership (GTTP) serves as a best practice; it is a multi-country educational program that introduces students to career opportunities in tourism whereby the school systems provide teachers and classrooms and local and international companies provide financial and in-kind support.³²

³⁰ For details on the realization of OVOP through independent local actions, go to <http://www.ovop.jp/en/>

³¹ For further information on how this concept was applied in Cambodia, go to <http://www.susankennedy.org/sustainable-tourism-stay-another-day---ifc-and-giz.html>

³² Leading international companies that support the GTTP’s global activities include: Amadeus, American Express, Carlson Wagonlit Travel, Hertz, HRG, KDS, Lufthansa, Starwood, Travelport and the World Travel & Tourism Council; go to <http://www.gttp.org/>

Scale-up Fundukia and VTC hospitality programs: Education and training opportunities need to be upgraded at the high school, VTC, and higher education level to respond to the demand for an estimated 25,000 new workers over the next five years. The Youth Career Initiative (YCI), operated by the International Tourism Partnership, works with disadvantaged young people who have completed high school education but have limited or no opportunities of finding employment or continuing their education and then places them in the YCI six-month education program.³³

National Center for Handcraft: Handcraft MSMEs and cooperatives would benefit greatly from a National Center for Handcraft to assist in the design and marketing of products that meet the needs of the market. This assistance is especially important in supporting women's employment and involvement in the sector.³⁴

Regional Center of Excellence for Tourism Management: The need for appropriately trained staff at the managerial level is critical for Jordan, especially to meet growing hotel and meetings and events needs in Jordan and the surrounding region. The University of Jordan's Aqaba campus presents an opportunity to develop a regional graduate-level degree program for tourism and hospitality managers.

Tourism Education Council: The major destinations can be a key device for coordinating the private sector and education and training providers at the local level. With a coordinating mechanism at the destination level, trainers and educators can receive direct feedback from local hotels and other tourism-related businesses to understand employer's needs, in terms of staff qualifications, in an effective and collaborative manner. This method is similar to Canada's Tourism Education Council's approach, which provides this coordinating function at the local level.³⁵ In Jordan, this council would engage employers, training providers, and the government to promote initiatives for students, such as a job bank, internships, guest lecturers, and recognition programs that would better prepare them for employment within the industry.

ESTIMATED BENEFITS

- 5,000 Fundukia graduates enter work force or further training
- 8,000 personnel trained by VTC; 30% female/70% employed
- 20,000 higher education graduates; 35% female/60% employed
- UJ Aqaba Regional Center and National Center for Handcraft established
- Tourism Education Council created in Amman and Aqaba

CONSERVATION OF CULTURAL AND NATURAL TOURISM ASSETS

From the coral reef in Aqaba to the desert in Wadi Rum to the Ajloun forest in the north, these resources are not only natural treasures, they are some of the country's most important tourist assets. The conservation and proper management of these sites is crucial to maintaining a diverse portfolio of

³³ The program is designed to provide students with transferable skills, work experience, and job opportunities while making good business sense for the hotel companies involved; go to <http://www.youthcareerinitiative.org/>

³⁴ A model for coordinating handcraft creativity and design has been developed by the Blue Ridge National Heritage Areas in the United States that might be adapted for Jordan; for details go to: <http://www.blueridgeheritage.com/partners/resources/craft-heritage-resources>

³⁵ For detailed information on local Tourism Education Councils in Canada, go to http://cthrc.ca/en/about_cthrc/local_contacts

tourist products and will complement the historical and archaeological offerings that are currently the primary draw for tourists.

CASE STUDY: Dana Biosphere Reserve and the RSCN

A success case in conservation, development, and management is Jordan's Dana Biosphere Reserve, which is fast becoming one of the world's most progressive eco-tourism destinations. Spear-headed by the RSCN, tourism in the area now focuses on widespread sustainability, which extends to the flora, fauna, and most importantly, to the local Bedouin communities. The incredible landscape crosses four bio-geographical zones, includes 700+ plant species, more than 200 kinds of birds, and over 30 mammals. On the western edge of the reserve is Feynan Ecolodge, an excellent example of the shift towards responsible tourism; it exclusively generates its own electricity, utilizes solar energy, and runs with minimal environmental impact.

Key Opportunities

Private sector licensing and outsourcing: In order to enhance visitor experiences in protected areas, management and concessions should be outsourced or licensed to the private sector (see the text box above, Case Study: Dana Biosphere Reserve and the RSCN). Guidelines for the planning and management of concessions, leases, licenses, and permits in parks and protected areas developed by the University of Waterloo could be useful for RSCN and other protected area operations.³⁶

Public, private, and local collaboration: Aqaba's coastal areas and marine environment have been largely neglected, despite being a major attraction for local tourism. Protecting these areas is in the immediate interest of both the public and private sector, from the mega resorts to the small dive centers, as the reef provides tourist activities as well as employment for the local community. Furthermore, the local community should be engaged in planning, decision-making, and benefit sharing regarding the protection of their natural resources. In addition to upgrading the Blue Flag Beach protection program, the Aqaba Marine Park's management needs a stronger focus on protecting the coral reef. The World Wildlife Fund's (WWF) Global Marine Program is redressing the current inadequate protection of our oceans and coasts. Aqaba could benefit from WWF's experience in improving the management of existing Marine Protected Areas (MPAs) and reducing the impacts of external threats, such as human activities and climate change.³⁷

Develop SAVE Concept: There are opportunities to develop Scientific, Academic, Volunteer, and Educational (SAVE) activities related to Jordan's protected areas—archeological excavations, wildlife monitoring, language immersion, interpretation programs, among others.³⁸ Conservation Volunteers Australia and Parks Victoria have joined forces in promoting a new nature wise volunteerism program that might have application to Jordan.³⁹

³⁶ Paul F.J. Eagles and Maria K. Legault, Guidelines for Planning And Management of Concessions, Leases, Licenses, And Permits in Parks and Protected Areas, University of Waterloo, Ontario, Canada, 2012, [Park Tourism Concession Guidelines](#)

³⁷ Jordan may benefit from joining the WWF network of ecologically representative, well-managed MPAs; for details and to access best practices , go to: http://wwf.panda.org/what_we_do/how_we_work/conservation/marine/protected_areas/

³⁸ Information on how to develop a SAVE Center for Jordan can be obtained at: [SAVE Center Guidelines](#)

³⁹ Founded in 1982, Conservation Volunteers is a leader in delivery of conservation projects, community involvement and a range of training programs with over 10,000 volunteers every year; go to <http://www.conservationvolunteers.com.au/>./also, for info on how to establish a UNWTO volunteer program, go to - <http://themis.unwto.org/en/node/23143>

Develop place-centered trip circuits and tour routes: The circuits and routes can be established to connect protected areas with cultural sites, creating a new experience that combines adventure, eco, and cultural segments. A good example of route and itinerary planning is the Rif Passage: A Journey from the Atlantic to the Mediterranean in Morocco.⁴⁰

Improve training for conservation and site management: Many of Jordan's sites lack appropriate oversight of the natural environment, which is in large part due to a dearth of trained and qualified human resources. A key opportunity to train rangers, site managers, interpreters, and other human resources exists at the RSCN School that was recently built in Ajloun. If developed in collaboration with a VTC, various programs at the school could evolve into community college diploma programs.

ESTIMATED BENEFITS

- 10 outsourced PPP tourism concessions returning 5% of gross receipts for conservation
- Training 400 key personnel at Ajloun school; five major routes developed; 500 SAVE participants linked to conservation/community development goals

ENTERPRISE DEVELOPMENT AND INCLUSIVE BUSINESS

Jordan's tourism industry comprises a wide variety of enterprises, from mega hotels and resorts to handcraft shops and local restaurants. While the large hotels and resorts provide an important source of employment for Jordanians, the local SMEs, especially surrounding sites and attractions outside the major cities, provide a critical source of employment for the community, particularly for the low income segments. Developing and enhancing the sustainability of these enterprises is important for the growth of the tourism industry as well as for the benefits for the local population.

Key Opportunities

Small business enterprise development: As is the case around the world, SMEs in Jordan face difficulties accessing finance and markets as well as overcoming legal and regulatory obstacles to growth or expansion. Encouraging SMEs that serve low income and vulnerable populations is especially important; the use of training programs as well as small investment grants can stimulate business development and job creation.

Develop investment and financing mechanisms: While reforms at the national level will be necessary to ease burdens on SMEs, more immediate solutions that harness the power of impact funds and guarantee mechanisms and other equity and credit stimulants can be utilized immediately to directly finance SMEs. Special attention should be given to those SMEs that will help improve and diversify existing products benefitting local communities.

Inclusive business linkages: The mega projects and hotels as well as large tour operators and other tourism-related companies, both international and national, should be engaged to participate in building the capacity of the smaller tourism enterprises. By recognizing the importance of these enterprises in developing the industry overall and their significance to those enterprises they are directly linked to in their supply chains, large players can serve to mentor and build the capacity of these smaller enterprises

⁴⁰ Rif Passage: A Journey from the Atlantic to the Mediterranean [Rif Passage.pdf](#)

through training and skills development programs. This assistance will create stronger supply chains and a more harmonized and efficient industry.

The Threshold of Sustainability, a tool for sustainable tourism in nature-based tourism protected areas, provides practical guidelines for financing conservation in protected areas.⁴¹

ESTIMATED BENEFITS

- \$20 million in at least 1/1 matching investment grants to create at least 20,000 new jobs
- Leveraging \$50 million in new financing for SMEs and 10 inclusive business linkages

GOVERNANCE OF JORDAN'S TOURISM SECTOR

At its essence, governance is leadership, based upon enabling laws and a compelling vision, with clear strategic goals and a plan for implementation. Good governance requires the cooperation of the public and private sectors and full participation of civil society. One of the major difficulties is to integrate the essential functions of governance at the national, regional, and local levels. Governance requires basic values shared by key stakeholders: openness, participation, consultation, dialogue, leadership, coordination, innovation, coherence, effectiveness, and accountability.⁴² In Jordan's tourism sector, there are limited functioning forums for public-private dialogue, with the exception of industry/government steering committees formed to guide accreditation and VTC reforms under the USAID/Jordan Tourism Development Program.

The table below provides a description of Jordan's performance in executing basic tourism governance functions at the national, regional, and local levels. Most of the functions need improvement, five are rated as satisfactory, and only three functions are rated as highly effective.

Table 29 – Evaluation of Jordan's Tourism Sector Governance Functions

Rating	Governance Function	Jordan's Performance
Rating: 1=Highly Effective; 2=Satisfactory; 3=Needs Improvement		
National		
1	Cruise stop overs	Increase of cruises to Aqaba positive, but longer stays in port needed
1	International airline access	QAIA airport expansion, Turkish Air and charters are major improvements
2	Human resource development	Moderately effective programs by VTC and higher education; Fundukia weak
2	Investment	The JIB has tourism Foreign Direct Investment (FDI) strategy, and an investment map with MOTA
2	Licensing and regulation	New hotel classification system; licensing for restaurants, desert camps needed
3	Governmental coordination	Changes in government and MOTA ministers hamper effective coordination
3	Industry advocacy	Changes in Tourism Council leadership creating conflict with key leaders and some associations

⁴¹ To access this report, go to <http://www.conservationfinance.org/upload/library/arquivo20120410174958.pdf>

⁴² Christophe de Bruyn and Alba Fernandez Alonzo; Tourism Destination Governance: Guidelines for Implementation, Knowledge Management in Tourism, Volume 4, UK; Emerald Group Publishing, 2012, pp221-242

BUSINESS ENVIRONMENTS FOR AGILE MARKETS (BEAM)

Rating	Governance Function	Jordan's Performance
Rating: 1=Highly Effective; 2=Satisfactory; 3=Needs Improvement		
3	Marketing and promotion	JTB underfunded to compete in the international and regional market
3	National tourism strategy	Strong support for the Jordan NTS, but widespread disappointment on its implementation—particularly by the private sector
3	Product development	MOTA focused mainly on site management; limited domestic tourism
3	Public awareness	Despite awareness programs, tourism careers not highly regarded
3	Research and statistics	Lacks regular household, visitor, and enterprise surveys; limited analysis
3	Tourism legislation	New law and by-laws not approved
3	Travel facilitation	Visas limitations; fees and exit taxes make Jordan more costly
Regional		
1	Regional airline access to KHIA	Scheduled Turkish Air flights and increased charters are major improvements
2	Investment	ASEZA and Dead Sea Development and Free Zones Commission (DFZC) major investments; Petra Development and Tourism Region Authority (PDTRA) stalled
2	Trip circuit/tour routes	Except for traditional cultural and religious routes, limited connectivity
3	Regional transportation	Rental cars/taxis available but rail and bus service to key sites lacking
Local		
2	Destination planning	ASEZA, Dead Sea Convention Center, PDTRA, and Amman master plans to be implemented
3	Destination marketing	Dead Sea and Aqaba want to brand and promote destinations, but are in conflict with MOTA and Jordan Travel Mart on this issue
3	Environmental management	Widespread littering; cruelty to animals at sites; traffic congestion; air pollution
3	Workforce education and training	Lack of coordination between training providers and with local employers and municipalities
3	Local authorities	Private sector coordination with government/local communities limited

Source: CARANA Corporation Tourism Assessment Team

Key Opportunities

In order to implement the strategic vision for the sector and take advantage of the opportunities outlined above in this section, urgent organizational transformation of Jordan's tourism governance functions is needed. A critical concern is that the NTS targets are unlikely to be realized by 2015 due to ineffective implementation by the government, despite industry-wide approval. The following options are recommended for possible solutions to the governance crisis within the sector:

Decentralized governance: Using a PPP marketing approach to stronger governance at the decentralized level is essential for Jordan to become more competitive at major destinations, particularly Amman, the Dead Sea, and the Aqaba Pink Triangle (Red Sea, Petra, and Wadi Rum). These destinations need to be positioned and branded to appeal to the event and meetings market, as well as to develop products for Arab tourists. The JTB can lead the establishment of destination marketing organizations at the regional level, in partnership with private sector cooperative marketing programs. JTB involvement from the outset will ensure that they retain their authority over the overall marketing for the country and are engaged in shaping regional marketing strategies.

Restructuring options at the national governmental level: The current structure at the national level is problematic and hindering the growth of the sector. While they may potentially be politically sensitive, different options need to be explored, including:

- More effective linkages between the Ministries of Tourism, Culture, and Environment
- Possible adaptation of the RSCN model for culture—Royal Society for the Conservation of Culture
- Gradual evolution of JTB into a Jordan Tourism Authority that has product development partnerships with major and secondary destinations

Domestic tourism development: National level leaders and institutions place a serious focus on stimulating domestic tourism, taking into account ability to pay, lower price options during off-season, and encouraging activities such as local events. It is recommended that a Jordan domestic tourism strategy be developed and implemented. Jordan should review the successful experience of Turkey, India, and Malaysia in stimulating domestic tourism. It is also essential to understand the dynamics of the domestic market through more extensive tourism household surveys focused on actual and intended trips/expenditures and constraints to traveling within Jordan.⁴³

ESTIMATED BENEFITS

- A national “top down” approach integrated with a “bottom up” decentralized region/local approach improves governance of the tourist sector
- Restructured national agencies result in more effective planning and implementation of tourism policies and actions
- Expanded trips and spending by domestic tourists

DONOR ACTIVITIES

There is a significant level of donor involvement in tourism in Jordan. The World Bank, the European Union (EU), and several bilateral donors are involved in a variety of areas including product development in secondary cities, improving public infrastructure (city centers in secondary cities), and, purportedly, SME development. By far, USAID has the largest presence in the sector in Jordan and is well known for being adept at working with the private sector to more deftly respond to market needs. Consequently, USAID would do well to utilize the four types of engagement mechanisms explained above (Global Development Alliances (GDAs), investment attraction, channeling equity investment, catalyzing other sources of credit for SMEs). Jordan has a number of institutions that are capable of undertaking many of the necessary tasks to develop tourism in the country (JTB, JIB, Jordanian universities, DMOs). Where possible, it would be essential to partner with the appropriate Jordanian institutions rather than develop parallel structures that displace them. USAID’s role should be to empower these institutions, complement its capabilities through technical assistance when needed, and make direct investments into these institutions as they are able to properly manage USAID resources. Please see Annex C for more details on specific donor activities.

⁴³ The UNWTO has developed guidelines to measure domestic travel activities; to access this working paper, go to [UNWTO Domestic Tourism & Household Surveys.pdf](#)

FACILITATING MECHANISMS

In order to implement the opportunities outlined above, a number of facilitating mechanisms are available that can engage the private sector and leverage previously untapped capital to meet the development needs of the sector.

Public-Private Partnerships: Billions of dollars in new projects are in the pipeline in various cities in Jordan, demonstrating the availability of significant resources that could be channeled to meet corporate and sector-wide needs. Partnerships between the government and the private sector provide a good way to develop Jordan's tourism industry, broaden and improve Jordan's tourism product, participate in workforce development activities with significant private resources, and collaborate on adjacent marketing efforts that may be product-specific. GDAs and other partnership structures at both the primary and secondary destination sites can be used to impact local communities and small businesses in the tourism value chain and address foundational issues such as workforce development, product development, and marketing

Investment Attraction: A majority of the existing actors within the tourism industry cite the lack of product, or development of latent product, as a major challenge. Private investors, especially international investors, are well positioned to harness these market opportunities. While much of the incoming investment to Amman and Aqaba is being coordinated by the JTB and JIB, many of the investment opportunities, such as three-star health and wellness hotels, theme parks, etc., are well primed for an investment attraction strategy. Development partners can play an important role in working along with the JTB and JIB to attract critical investors.

Other Sources of Equity Capital: The opportunities highlighted above will require significant resources. To fund these tourism opportunities, it will be critical to catalyze the involvement of private capital, including new sources of equity capital such as impact funds. Banks are often more risk averse to lending to SMEs, yet impact funds are often seeking higher risk projects and could fill this gap. Many of these funds are interested in supporting SMEs, which may be the best conduits for developing some of the complementary products such as small gaming parks, restaurants, and specialized tour companies (i.e., adventure, Muslim faith travel). It will be critical for the government or development partners to establish relationships with different funding sources to bridge the existing gap between the financiers and the SMEs.

Developing Credit Lines for Tourism SMEs: In a previous Jordan economic assessment report, CARANA identified the need and opportunity for developing credit tools for SMEs in Jordan, particularly in secondary cities. A variety of tools, including the latest varieties of credit and loan guarantees, could be utilized to incentivize SMEs to invest in tourism products and services that will help turn Jordan's various value propositions into reality, while broadening the tourism value chain, generating jobs, and providing broader participation for other actors to benefit from tourism. Beyond credit guarantees, banks, Micro-Finance Institutions (MFIs), and other sources of finance (including the Government of Jordan) could be encouraged to facilitate credit for tourism development. This encouragement may take the form of helping financiers better understand the tourism business (cash flow, cycles, etc.) and the specific market opportunities that exist within the value chain, including a distinct understanding of Jordan's value propositions.

ANNEX A: TRAVEL TRADE LINKAGES REPORT

Prepared by: Judy Karwacki, Small Planet Consulting Inc.

Jordan Travel Trade Survey Report

Introduction

A consultation survey was developed and published on SurveyMonkey.com. The survey was designed to obtain the input of international travel trade partners on key topics including Jordan's forecast tourism demand, potential tourism opportunities, and recommendations for enhancement and improvement of the sector.

Over 50 tour operators in Jordan's top markets - North America, the UK, and the Middle East - were contacted. Each of them was sent an email outlining the Jordan tourism assessment project and requesting their participation in the consultation process. The operators were asked to respond to the survey questions in a short phone or Skype interview. Follow-up phone calls and emails were sent to those operators who did not respond the initial email. If there was no response after three communications, no further attempts were made to contact the tour operator.

Some of the operators that were contacted declined to participate in the process due to time pressures. Others declined because Jordan is not of high importance or interest to them, citing Jordan's lack of promotion in their countries and support of their travel agents. Other operators did not respond to any of the communications. In the end, the survey was completed by the 25 tour operators listed at the end of this report. In addition to the survey questions, select operators were interviewed about packaged travel trends relevant to Jordan's tourism sector.

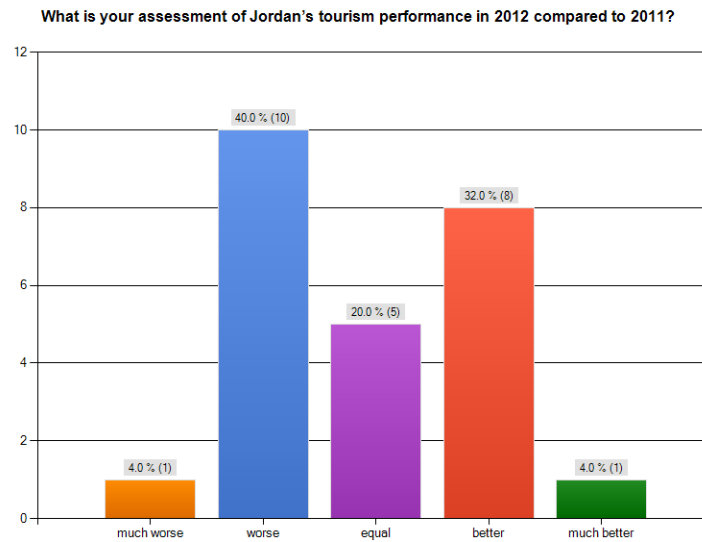
The results of all these consultations with the tour operators that participated are presented in this report.

Results

Confidence

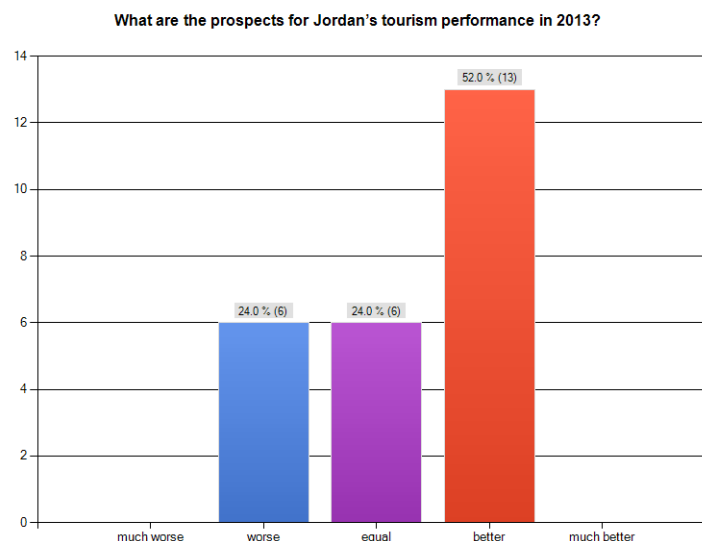
When asked about their assessment of Jordan's tourism performance in 2012, the tour operators' responses indicate a weakening of tourism demand for Jordan compared to 2011. Only nine (36%) of the 25 operators said Jordan's performance was better or much better than 2011. Eleven operators (44%) said it worse or much worse and five operators (20%) said it was equal. Of the eight operators that said Jordan's performance was better, one attributed the improvement to a special program they had created with the support Jordan Tourism Board with promotional pricing and special inclusions. The operator indicated had it not been for that program (which they are not able to recreate in 2013 due to lack of funding), their sales would have been equal to 2011.

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The key determinant weakening the demand for Jordan tourism is the political instability affecting the region since the Arab Spring began in December 2010. Most of the tour operators indicated 2012 was worse than 2011 and 2011 was worse than 2010. They cited the problems in Egypt, Syria, and Israel as deterrents to travel to the region. Some operators said they received many cancellations in 2012, particularly those companies who tend to sell packages combining Jordan with Israel, Syria, or Egypt.

The tour operators are more optimistic in their outlook for Jordan tourism demand for 2013. Of the 25 operators, 13 (50%) said Jordan would perform better in 2013, and 20% said there would be no change compared to 2012.



The tour operators were optimistic that Jordan's prospects for 2013 are better primarily because there is pent up demand for travel to the region, particularly for Israel and Egypt, from which Jordan will benefit. There also is more interest in Jordan as a stand-alone destination, particularly since it is the only stable country in the region. New events and experiences, such as the twenty-fifth Anniversary of Lawrence of Arabia and the Bedouin Trek to Petra, are increasing interest in Jordan.

Some of the operators have introduced or are introducing new Jordan itineraries and marketing initiatives that they anticipate will attract consumers. In North America, increased attention on cultural, faith, and adventure tourism by organizations such as the National Tour Association (NTA) is expected to benefit Jordan as well. Several of the operators said they already have good bookings and are getting increased inquiries for 2013.

In North America and the UK, several operators mentioned excellent support from and working relationships with JTB as factors contributing to a positive outlook for Jordan tourism. For example, one operator stated, “The Jordan Tourism Board is one of the most proactive DMOs that we work with.” Several of the operators mentioned recent familiarization trips have greatly improved their understanding of what Jordan has to offer and their interest in promoting the country. The professionalism and reliability of local Jordanian tour operators and guides was another positive aspect cited.

In the Arab region, the tour operators were optimistic about 2013 because Jordan is the only stable country in the Middle East. However, they said JTB is doing little to raise awareness of Jordan or to market the country. They indicated visitor numbers to Jordan from the Arab region could be much higher.

There are a number of factors that could negatively impact Jordan’s tourism performance in 2013. Naturally, most operators warned that continued political instability and negative media could result in another year of negative performance. In particular, this concern was expressed by operators whose tours to the region are closely linked to neighboring countries now in turmoil, and those who focus more on faith and mainstream tourism.

In addition, several operators brought up the Government of Jordan plans to increase the sales tax on hotel rooms from 8% to 16% in April 2013. The resulting price increase will make it more difficult to sell Jordan, already seen as a pricy destination by many of the operators.

Another major concern is a rumor that Jordan is planning to promote and sell packages directly to consumers on the JTB website. The operators who raised the topic strongly noted that the Government of Jordan’s role should be limited to marketing the destination and supporting international tour operators. They said such a step by the JTB would create a situation where local Jordanian tour operators would be competing for business directly within foreign markets, creating additional competition for international operators. Therefore, should Jordan take the step to direct booking of clients, tour operators would be likely to withdraw their support for Jordan and endeavor to steer clients toward other destinations.

Trends Impacting Jordan Tourism

Packaged Travel Trends

To gain insight into packaged travel trends, more in-depth discussions were held with select tour operators about market developments in packaged travel. The consultations indicate the overall trend for the group market is away from the larger groups of 40 to 50 people and toward smaller groups of 18 to 24 passengers. However, there are many other trends at play within the packaged market.

The group market is comprised primarily by the 65+ age market, and demand is still strong especially for the aging baby boomer segment. Generally, however, group travel for this segment is changing to

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become more personalized and customized, combining the benefits of group travel while giving travelers time to pursue activities they are interested in and dine on their own.

For more off-the-beaten-path and active destinations in Jordan, groups tend to be younger in average age. They are often comprised of friends and family travelling together.

The student and young, active adult markets are strong group markets too. They are seeking more adventurous, active, and culturally engaging experiences. The student market is price sensitive, a challenge for Jordan. The young, active adult market also can be price sensitive; however, there are many well-paid young adults seeking the sort of experiences Jordan can offer.

Within the luxury group travel market, the trend is toward customized, independent travel where the trip is designed for the travelers' special interests and specifications, and a premium is charged by the tour operator or travel agent for arranging the trip. The non-luxury markets are more likely to buy a pre-designed itinerary that allows some customization.

Another key trend is multi-generational travel, whereby several generations of a family travel together as a group. The average group size tends to be between 6 to 12 persons, but groups of 25+ are not uncommon for milestone events such as weddings, anniversaries, or reunions.

Other Key Trends

Several other trends important to Jordan were identified from the survey responses. In terms of product trends, more travelers are searching for authentic nature and cultural experiences that allow them to get an insider's view, to feel connected, and to be transformed or affected by their trip to Jordan. The culture and adventure-focused tour operators in particular said their clients want something new and different, off-the-beaten path destinations, community-based tourism experiences, connection with local people and communities, and the chance to interact and participate. Nine (36%) of the operators made comments about this trend.

Increasing interest in faith tourism is another important product trend, mentioned by five operators (20%). As mentioned above, several operators from North America talked about the increased emphasis their organizations and national ones such as NTA are placing on this market.

Price sensitivity and value for money concerns among travelers was mentioned as a recent trend by five operators (20%). One large tour operator from the UK said their experience is that most clients are seeking a good price or a good discount, and packages under £1000 are most popular. However, on the other end of the extreme, the same operator and several others said more travelers are purchasing luxury products, such as African safaris and boutique spa vacations.

The trend repeatedly mentioned—by eleven operators (44%)—was the on-going political trouble in the region, a trend that overshadows and dominates all of the other ones. For some operators, the instability in the region makes them pessimistic about Jordan tourism in the near future. As indicated previously, the pessimism exists particularly among operators whose operations primarily focus on countries in the region experiencing instability and among operators focused on faith and mainstream tourism markets.

Jordan's Competitors

Many operators stated that Jordan does not really have direct competitors. Some operators say Jordan's tourism attributes are so unique that there are no true competitors. Meanwhile, others say most

travelers visit Jordan either in combination with or as an add-on to other Middle Eastern countries and the country does not have a distinctive high profile of its own in the market.

Based on the number of mentions received when operators were asked which countries are Jordan's top competitors, Israel was ranked first with 11 mentions (44% of operators), followed by Egypt (10 mentions, 40%), Turkey (8 mentions, 32%), and Lebanon (6 mentions, 24%).

When looking at key tourism segments and attractors, the tour operators stated Israel and Turkey are the primary competitors for the faith tourism market. Both of these destinations have diverse and important faith-based attractions and histories. For tourists drawn by cultural, historical, and archaeological tourism attractors, the most attractive destinations are Israel, Egypt, and Turkey. For these segments, Israel generally is seen as a complementary destination rather than a competitor for Jordan since most travelers visit both countries on the same trip.

Other competitive cultural and historical tourism destinations identified by the tour operators were Morocco (three mentions), Greece and Oman (two mentions each), and Uzbekistan (one mention). For travelers seeking a Middle East experience, Oman and Abu Dubai, both perceived as being safe, were identified.

Operators from the Middle East indicated traditional vacation hotspots such as Egypt, Lebanon, and Syria are not options these days, and the main competitor for Jordan within the region is Oman. Otherwise, Arab consumers are travelling outside the MENA region.

Some operators said instability concerns were causing their clients to choose destinations completely outside the MENA area, such as southern Africa and Asia.

Barriers to Visiting Jordan

The combined problem of the political situation and the negative media resulting from it is clearly the biggest barrier constraining tourism to Jordan. Almost three-quarters of tour operators (72%) made comments related to this issue. The bottom line is consumers generally think the whole region is in turmoil and dangerous.

Price concerns were most commonly cited as the second barrier for visiting Jordan. Almost one-third of tour operators (eight operators, 28%) made comments about barriers in this area. One specific issue mentioned was the high cost and the lack of value for money of hotels in Aqaba and Amman. Another issue is the high (and increasing) cost of entrance fees to attractions. The cost of international and domestic flights was also raised. Price sensitivity was mentioned as a factor influencing travelers to choose destinations outside this area, including Asia and Peru, especially for active cultural trips.

In addition to price, four operators (16%) said availability of air service is a barrier for Jordan tourism. Some operators from the UK complained that RJ Airlines has poor customer service and is difficult to work with. Also mentioned were high fares and lack of frequency for local flights. For the North American market, distance and cost of flights is a compound barrier.

Some tour operators (16%, four operators) said a significant barrier is a lack of market awareness of the breadth and depth of tourism experiences available in Jordan. Most local Jordanian operators sell the same classic itineraries so that tourists are not aware of the diversity of possibilities available to them.

Opportunities

The tour operators were asked to comment about areas of opportunities and unmet demand for Jordan, and how Jordan might realize these opportunities. In response to this request, 15 of the 25 operators (60%) interviewed talked about the need to diversify and enhance Jordan's niche tourism products, particularly for the ecotourism, soft adventure, and faith tourism segments. The operators pointed out that Jordan has many draws for these markets, such as the friendly people, delicious and distinctive food, and a unique combination of desert and natural reserve environments. These assets provide the foundation upon which Jordan can create authentic, engaging, participatory nature and culture experiences for visitors including community encounters; family trips; archaeological expeditions; wildlife and bird watching; cycling tours; walking and trekking; spiritual and transformational journeys; soft adventure; and Muslim, Arab, and Bedouin cultural encounters. In addition, the development of new destination eco-lodges, boutique hotels, and built attractions were recommended.

Almost one-third (32%, eight operators) of the operators made comments related to increasing marketing and promotion activities. Several of the North American and UK operators said Jordan is effective in its marketing and they are impressed with the impact JTB overseas offices are able to make despite having modest marketing budgets. However, more marketing is needed to counteract the negative perceptions of the market during this period of political instability, to raise awareness of Jordan as a destination, and to educate the markets about the diversity of experiences Jordan offers. Within the Arab markets, the issue is more of a lack of marketing overall. All of the Arab country operators contacted said Jordan does little in the way of marketing, and consequently market awareness and demand is low. The operators from all markets said Jordan's marketing strategies should emphasize education and partnership development with the travel trade, third party editorial and customer testimonials in mainstream and travel media, public relations, and social media.

Enhancing Jordan's tourism product offerings and targeted marketing initiatives in the manner discussed above would contribute greatly to positioning Jordan as a distinctive, stand-alone destination in the minds of potential customers, an imperative strategy raised by seven of the operators (28%). Although it is recognized that Jordan has been focusing on niche markets and stand-alone destination positioning for some years, the comments of the operators reveal that more needs to be done. Refinement and improvement according to the distinctive characteristics and requirements of the adventure and ecotourism niches is required for the infrastructure, product design, guiding and interpretation excellence, and marketing of Jordan. These markets are very different than the mass and conventional tourism that still characterizes most tourism to Jordan. The local Jordanian tour operators are making strong efforts; however, they generally do not understand the more sophisticated ecotourism and adventure travelers segments or how to integrate the outdoor experiences, community-based cultural experiences, and food tourism experiences these travelers seek into their product development and marketing programs. In addition, enhancement of the quality of guiding and interpretation in Jordan is needed meet the requirements of these knowledge- and culture-hungry travelers.

On the flip side of being a stand-alone destination, a number of tour operators stated Jordan should be doing more joint packaging and marketing with its neighbors, especially Israel and even Egypt as it recovers from instability. These comments primarily came from operators focused on the faith tourism market and those marketing Jordan as an add-on destination. These operators recognize that Jordan's stand-alone destination marketing strategy is wise and should be continued. However, they think Jordan also must appreciate that it is not the main draw for their clients and joint packaging and marketing has many benefits, including showing that the countries of the Middle East are collaborating and cooperating.

To support the development of the eco-, adventure, and faith tourism niches, about one-quarter (24%) of the tour operators recommended more familiarization trips. Several of the operators had visited

Jordan on a familiarization trip quite recently and were pleasantly surprised at how much Jordan had to offer. Obtaining first-hand experience is seen as being particularly important during the current period of political instability since it provides travel trade partners with the confidence and knowledge needed to overcome clients' misgivings about travelling to Jordan. Some of the operators pointed to the importance of travel agents for introducing new products to the markets and inspiring customer confidence in a challenging destination such as a Jordan, and should be invited on familiarization trips. In addition, representatives of Arab tour operators said representatives of major companies in the region that conduct incentive programs for their employees should be hosted on familiarization trips.

Highlighting the diversity and scope of tourism experiences is recommended for Jordan's marketing strategy as well. Several operators (16%) said there is too much focus on Petra and the Dead Sea. Along with featuring the authentic culture and nature experiences discussed above, the operators suggested that lesser known attractions and activities be profiled in the marketing, such as Wadi Rum, Dayan Valley, Bedouin Traditions, Muslim culture, and conservation products. In addition, a number of the operators said while the Royal Family and Jordan's political system are interesting to consumers, they also would like to see friendly local people featured in advertisements and interviews.

For the Arab nations, the travel trade representatives that were interviewed stated the current political instability in countries where consumers typically travel for short-haul trips, such as Egypt and Syria, creates a tremendous opportunity for Jordan to attract visitors from countries such as Saudi Arabia, the United Arab Emirates, Bahrain, and Kuwait. They recommended the development of special shopping and other packages, more marketing and promotion, and familiarization trips.

Finally, the operators cautioned the Government of Jordan not to implement the rumored hotel tax increases and consumer direct booking options. They felt that the government should be taking steps to make Jordan more price competitive rather than ones that have the opposite effect. For example, some operators said Jordan should use its ownership of RJ Airlines to support the development of special pricing for longer duration and off-season trip packages. Suggestions for other areas where the government could make an impact included reducing hotel taxes, subsidizing transportation, and reducing entrance fees at national attractions and parks.

Recommendation – Jordan ‘Go Local’ Program

Based on the findings of the travel trade consultation process, it is recommended that Jordan undertakes a “Go Local” experiential product development and marketing program focused on working with the travel trade. The program would emphasize what can be done instead of what can be seen in Jordan and would focus on creating and marketing experiences to give people the opportunity to delve into the culture and become emotionally connected to Jordan. The recommended main components of the program are:

- Product development team – Create an experiential product development “SWAT” team. JTB would be the lead, and the team could include ministry representatives. Create an advisory committee comprised of Jordan Inbound Tour Operators Association (JITOA) members and strategic tourism travel trade and media partners from primary markets (North America, Europe, Middle East) focused on key experiential tourism niches—faith tourism, adventure tourism, ecotourism, culture tourism, and food tourism.
- Class-based workshops – These workshops are led by international experiential tourism experts and experiential travel trade partners, and attended by the product development team, JITOA operators, and other stakeholders (e.g., accommodation providers, guides, cultural and heritage

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organizations and groups, artists, musicians, artisans, traditional food producers). Participants learn about experiential tourism market trends and the basics of how to create, deliver, and promote successful experiential tourism products. In addition, the participants gain knowledge of the levels of service, management practices, and promotion techniques that will make their product competitive on a national and international basis. Most importantly, they establish the networks and relationships needed to support the creation of authentic nature and culture experiences involving multiple traditional and non-traditional tourism partners.

- Interactive product development – With support from experienced experiential tourism product development experts and the input and guidance of the travel trade partners, the product development team and stakeholders create a slate of unique heritage, culture, nature, and adventure tourism experiences that uncover and feature the gems and secrets of Jordan in an educational and fun way. The process includes development of ideal guest profiles, selection of focal themes and special interests, development of experiential and interpretative programs, product testing and refinement, packaging of programs, and development of promotional tools and tactics.
- Product mentoring and coaching – Following development of the core menu, the experienced product development experts provide mentoring and coaching on an ongoing basis for at least a year, supporting the product development SWAT team as it enhances the core menu and creates new authentic tourism experiences that could only be found in Jordan.
- Product marketing – Throughout the process, JTB develops experiential tourism promotional tools (i.e., images, videos, story ideas, social media) and uses them to market the new products to the consumers and travel trade sales network. Trade focused activities would include familiarization trips, educational seminars and webinars, sales visits, and online communication. In addition, initiatives to generate media are undertaken including press trips.

Survey Respondents by Source Market	
North America (12)	• Abercrombie & Kent USA, LLC • Boundless Journeys • Collette Vacations • Ed-Ventures • Globus Travel • Goway Travel • Journeys International • Regina Tours/Journeys Unlimited • Travcoa • TunisUSA • Wildland Adventures • Ya'lla Tours
United Kingdom (8)	• Audley Travel • Bales Worldwide • Cox and Kings • G Adventures • HF Holidays Ltd • Indus Tours & Travel Ltd • Longwood Holidays • World Discovery Tours
Middle East (5)	• Al Tayyar Travel Group • Mubasher Holiday • Netours • O.S Tours & Travel • Shepherds Tours & Travel

ANNEX B: JORDAN TOURISM VALUE CHAIN SURVEY

This survey was conducted by the CARANA Corporation tourism assessment team in collaboration with the George Washington University International Institute of Tourism Studies in February, 2013.

Preliminary Findings (Tables and Comments) (36 respondents)

What is the country of your head office?

Country of Head Office	Response
Jordan	58.3%
UK	11.1%
UAE	8.3%
USA	8.3%
Switzerland	5.6%
Singapore	5.6%
Israel	2.8%
Total	100%

Please provide your contact details (optional):

Complete database of the response information has been kept confidential.

Indicate the sector you represent.

Sector	Response
Hotel	25.0%
Restaurant	25.0%
Destination Management Company	19.4%
Meetings and Events	13.9%
Tour Operator	13.9%
Real Estate and Business Development	2.8%
Total	100%

What is your assessment of Jordan's tourism performance in 2012?

Assessment of Jordan's tourism performance in 2012	Response
Much worse	15.8%
Worse	36.8%
Equal	36.8%
Better	10.6%
Much better	0.0%
Total	100%

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Main determinants of Jordan's tourism performance in 2012:

- Political instability in the neighboring countries, affected by revolution in Egypt and Syria and situation in Gaza and Israel (mentioned by 36.8%)
- Low budget in marketing (mentioned by 15.8%)
- Product enhancements with a marketing voice (mentioned by 10.5%)
- Safest country in Middle East
- Turkey, Dubai, and Sharm Al Sheik have attracted business travels due to political unrest
- Tourism in Jordan is not exciting enough
- Need improvements in service
- Need to introduce festivals and activities
- Better enabling environment is crucial to the development of tourism in Jordan
- Lack of main infrastructures and qualified employees

What are the PROSPECTS for Jordan's tourism performance in 2013?

Prospects for Jordan's tourism performance in 2013	Response
Much worse	5.3%
Worse	31.6%
Equal	21.1%
Better	36.8%
Much better	5.3%
Total	100%

Main determinants for the evolution of tourism in 2013:

- Political stability in neighboring countries (mentioned by 21.1%)
- Government tourism policies (mentioned by 15.8%)
- Renewal fees drastic increase
- Government increase the sales tax on hotels from 8% to 16% as of April 20th, 2013, without giving a one-year notice
- Cut in government spending
- New markets: Meetings (need for conventions bureau), all inclusive concepts, Asian market
- Rental laws are still undecided
- Minister of Tourism is appointed randomly without proper credentials (5 ministers in 5 years)

What are the most typical obstacles that you face in establishing or maintaining a commercial presence in Jordan? (Select the top three that apply)

Obstacles when establishing or maintaining commercial presence	Response
Labor skills	68.4%
Business environment	63.2%
Lack of transparency in regulatory environment	47.4%
Other (please specify)	36.8%
Labor practices and regulations	26.3%
Inadequate telecommunications networks	15.8%
Inadequate hospitality standards	10.5%
Inadequate sanitary or quality controls of local food suppliers	10.5%
Inadequate airport, maritime, or transport capacity or links	10.5%
Power supply: access problems, regularity of supply, and outages	10.5%

Obstacles in the “Other” category:

- Insufficient budgets allocated for tourism plans in order to compete with other destinations when promoting Jordan as a unique country
- Taxation and customs
- The instability in the Middle East/political situation; Jordan is safe and suffers from the countries around it
- Unreasonable increases in electricity tariffs in 2012 and 2013 (March)
- RJ Airlines one of the most expensive carriers

Comments:

- Too many restrictions against hiring skilled international labor while the local labor sector suffers from inadequate training and background
- Start-up costs are too high

What factors most POSITIVELY influence sourcing and investment decisions? (Select the top three that apply)

Factors positively influencing sourcing and investment decisions	Response
Ability to consistently meet international hospitality standards	47.4%
Cost of local services	36.8%
Quality of tourist infrastructure	36.8%
Proximity to major tourist markets	36.8%
Investment or tax incentives	26.3%
Labor cost	21.1%
Compliance with environmental and labor standards	15.8%
Compliance with food quality and safety standards	15.8%
Market size	15.8%
Market openness	15.8%
Depth of local goods and service suppliers	10.5%
Labor skills in hospitality area	10.5%
Bilateral, regional, multilateral trade agreements	5.3%
Other	5.3%

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Factors in the “Other” category:

- Jordan is a unique destination very close to Europe and the Gulf countries
- Jordan has the Dead Sea, Wadi Rum, Petra, and much more to offer, which gives an incentive to do a corporate event, whether a meeting or an incentive trip.

Comments:

- Sales tax and other taxes are high and remain in effect regardless of the economic conditions

What factors most NEGATIVELY influence sourcing and investment decisions? (Select the top three that apply)

Factors negatively influencing sourcing and investment decisions	Response
Business and regulatory environment	47.4%
Insecurity	47.4%
Absence of investment or tax incentives	42.1%
Lack of labor force hospitality skills	36.8%
High transport and logistics costs	31.6%
Corruption and graft	26.3%
Lack of business service providers	15.8%
Uncertainty in trade regime	15.8%
Local supplier or content requirements	10.5%
Restrictive labor practices and regulations	10.5%
Other (please specify)	10.5%
Non-observance of local/international labor regulations	5.3%

Factors in the “Other” category:

- High operational cost
- Political situation; Jordan is safe and suffers from its neighbouring countries (mentioned 10.5%)

To what extent do you source (product, labor) from Jordanian firms or personnel?

Degree of sourcing (product, labor) from Jordanian firms or personnel	Response
Extensively	52.6%
Somewhat	47.4%
Minimally	0.0%
Total	100.0%

What are the main difficulties in ensuring that your business is linked with local suppliers and service providers? (Select the top three that apply)

Main difficulties in ensuring that your business is linked with local suppliers and service providers	Response
Inability of local suppliers to meet international hospitality standards	63.2%
Business and regulatory environment	47.4%
Lack of business service providers	42.1%
Non-observance of local/international labor regulations	42.1%
Inability of local suppliers to meet food quality or safety standards	36.8%
Non-compliance with environmental standards	31.6%
Corruption and graft	26.3%
Other	10.5%

Main difficulties in the “Other” category:

- Franchisor requires us to import approved items from the US
- Marketing voice commitment to the segment

How innovative is the sector in adapting technology and innovation (linkages to the ICT industry)?

Innovation in the sector in adapting technology and innovation (linkages to the ICT industry)	Response
Extensively	31.5%
Somewhat	63.2%
Insignificantly	5.3%
Total	100%

Comments:

- Technology sector in Jordan is well-advanced/equipped
- (in regard to a single company) Has the latest infrastructure when it comes to hotel meeting space and the latest up-to-standard A/V equipment as per international standards
- Internet WIFI available everywhere

BUSINESS ENVIRONMENTS FOR AGILE MARKETS (BEAM)

What type of support would be most effective to bring new local Jordanian suppliers into your business and supply chain? (Select the top three that apply)

Support that would be most effective to bring new local Jordanian suppliers into your business and supply chain	Response
Improved labor standards and enforcement	42.1%
Labor force training schemes	36.8%
Support to improve business environment	31.6%
Better public-private dialogue with national authorities	26.3%
Investment in infrastructure (road, rail, port, airport capacity)	26.3%
None; leave it to the private sector	21.1%
Better market access	21.1%
Incentives for FDI	21.1%
Support to improve the quality of government regulation	21.1%
Establishment of export processing zones	15.8%
Better standards infrastructure and certification capacity	10.5%
Investment in communications infrastructure	10.5%
Trade facilitation measures to streamline customs bureaucracy and border delays	10.5%
Less stringent rules of origin	5.3%

How best should the government be involved in the future? (Select the top three that apply)

Best ways of government involvement in the future	Response
By focusing on improving the business environment	68.4%
By focusing on specific geographical zones	47.4%
By focusing on the sectors with the most impact on poverty alleviation	42.1%
By focusing on the sectors with most export potential	42.1%
Through joint public-private participation of foreign investors	31.6%
Through joint public-private participation of Jordanian investors	26.3%
Through in-country public-private dialogue	21.1%
Other	21.1%

Best ways in the “Other” category:

- By improving the system of operating their rules and regulations
- Less taxation and customs with cheaper sources of power
- By appointing the right people
- By supporting tourism marketing

How can micro and small businesses benefit from improvements in the tourism value chain? (Please provide your comments below)

The verbatim of the open-ended question have been grouped in the following five categories:

Benefits from value chain for MSMEs	Response
If tourism improves, MSMEs will improve	42.8%
Encourage more development	28.6%
Support local communities – decentralization	14.3%
Enabling environment: laws, incentives, taxes	14.3%
Total	100%

Comments:

- Create a national strategy involving all
- MSMEs profitability will improve and hence entice them to do more projects and employ more people
- Tourism is the best way to reach the micro and small business, especially in areas outside of Amman such as Jerash, Ajloun, and Petra
- By relaxing the rigid laws, reducing taxes and cost, improving the quality of the tourism sector, fighting corruption, and appointing professionals to run this sector; small businesses need incentives and relaxed laws to survive in Jordan

Additional comments (open-ended questions):

- Government should give tourism priority over all sectors
- Increase JTB marketing budget
- Regulations concerning taxation
- Give one-year notice when raising taxes
- Government should give incentives to inbound tourism
- Too many barriers for business success
- International campaign to face geopolitical conflicts
- Apply risk-management assessment and accept results

ANNEX C: DEVELOPMENT ASSISTANCE SUPPORT FOR JORDAN'S TOURISM SECTOR

USAID

Since 2005, USAID's Economic Growth Office has been directly supporting tourism development in Jordan, first with the Jordan Tourism Development Project I (JTDI), implemented from September 2005 to September 2008. JTDI was followed by the Jordan Tourism Development Project II (JTDII) beginning in September 2008. USAID also extends technical assistance and training to the protected areas of Wadi Rum, Petra Archeological Park (PAP), and Aqaba Special Economic Zone Authority (ASEZA) through the Jordan Parks Project implemented by the U.S. Department of Interior – International Technical Assistance Program. On a broader scale, USAID worked toward developing stronger tourism institutions through the “Achievement of Market-Friendly Initiatives and Results” program, which has provided the JTB and MOTA with technical assistance and grant funding since the beginning of 2002 and followed on with JTDI and JTDII. More details on USAID support for the tourism sector follow:

- **Jordan Tourism Development III Project:** \$9,630,000 extension of USAID/Jordan Tourism Development II Project through March 2015.
- **Jordan Tourism Development II Project:** The USAID/Jordan Tourism Development, a five-year, \$31.5 million project ending on September 30, 2013, seeks to improve Jordan's competitiveness as an international tourism destination. The project works in partnership with MOTA. For more information see www.siyaha.org.
- **Nature Driven Rural Development in Southern Jordan:** This ‘Eco-Tourism Project’ in Dana, a five-year, \$8.26 million project ending on September 30, 2013, builds on RSCN's experience and aims to create a world-class nature tourism complex in the south of Jordan, linking three of the Kingdom's most spectacular scenic areas: Dana, Petra, and Feynan. This complex will become the “must-see” nature destination in the region and will bring widespread benefits for Jordan's tourism industry and underprivileged local communities. It is estimated that over 60,000 tourists a year will visit this complex when the project is completed, with over 10,000 people living in the area gaining better livelihoods. For more information see www.rscn.org.jo.
- **Partnership for Environmental and Cultural Tourism:** This five-year, \$2 million project ending on September 30, 2013, builds on 40 years of collaboration between USAID and the U.S. Department of the Interior (DOI) and focuses on PAP and other important natural and cultural protected areas in Jordan. Effective management of such assets is critical to the ever-growing tourism industry in the Kingdom of Jordan. The primary goal of the project is to strengthen the capacity of personnel engaged in managing Jordan's natural and cultural treasures and protected areas to enhance the visitors' experience at these sites while also ensuring their protection. For more information see www.doi.gov/intl/itap.
- **Eco Tourism and Rangers Training Academy:** This three-year, \$2.3 million project ending December 30, 2012, aimed to construct a regional center for excellence for training eco-tourism guides and nature rangers in Ajloun. The Academy is a 2,500 square meter facility for training environmental rangers in the management of eco-lodges and tourism sites. While not yet operational, the academy is intended to be the first such center in the Middle East region

and to create and support economic opportunities for Jordanians in the poor rural communities of Ajloun. The Centre will also offer courses to people from neighboring countries and Gulf Cooperation Council States. For more information see www.rscn.org.jo.

WORLD BANK GROUP

- **Cultural Heritage, Tourism, and Urban Development Project (CHTUDP):** MOTA, with the financial assistance of the World Bank, implements CHTUDP in the five key historically and culturally important cities of Karak, Salt, Ajloun, Jerash, and Madaba to create the conditions for local economic development.
- **Energy Efficiency Investment Support Framework:** This initiative increases energy efficiency investments in the industrial and commercial sectors through building the capacity of Jordan Renewable and Energy Efficiency Fund.
- **Private Participation in Infrastructure:** This initiative establishes a public-private partnership fund to enhance the partnership between the public and private sector in implementing infrastructure projects. The project develops and implements an executive plan for programs and projects that contribute to enhancing the partnership between both sectors.
- **Regional and Local Development:** World Bank Group assists the government in promoting regionally balanced local development, principally through municipalities and other ancillary support institutions.

UNITED NATIONS DEVELOPMENT PROGRAM

- **Building Petra Development and Tourism Region Authority Disaster Risk Reduction Capacity:** The project aims to improve governance and strengthen Jordanian institutional coping mechanisms to address Disaster Risk Reduction (DRR) for natural hazards and Climate Change Adaptation (CCA) as it relates to prevention, mitigation, and preparedness for flash flooding.⁴⁴
- **Ecotourism Development Plan for Aqaba:** The Aqaba Special Economic Zone Authority (ASEZA) in cooperation with United Nations Development Program (UNDP) is currently implementing a project titled “Mainstreaming Marine Biodiversity Conservation into Coastal Zone Management in The Aqaba Special Economic Zone”. The main goal of this project is to internalize biodiversity as an asset and value for economic development and promoting more effective and integrated management of the coastal zone in Aqaba.

EUROPEAN UNION

- **MED-ROUTE:** This project focuses on the potential of tourism for economic development. Through the use of ICT, the project intends to reinforce an integrated approach for preservation and promotion of cultural, natural, and other resources, with the overall objectives of diversifying the tourism product, increasing the quality of tourism product, and minimizing tourism seasonality.

⁴⁴ For further details, go to http://www.undp-jordan.org/index.php?page_type=projects&project_id=78&cat=4

- **EU Twinning Project:** This project's goal is to strengthen the institutional and technical capacities of MOTA to exercise its political, regulatory, developmental, and technical functions as enshrined in the NTS and in-line with the EU standards and best practices.

JICA

- **Tourism Sector Development Project:** This project sets out to improve the tourism infrastructure, making tourism resources more amicable and attractive to tourists; attractions include the Amman Downtown Tourist Zone, the National Museum, the Dead Sea Parkway, the Dead Sea Panoramic Complex, Karak Tourism Development, and Historic Old Salt Development.
- **Tourism Development through Museum Activities:** This initiative promotes tourism in the neighboring areas of the Model Museums through developing the museums as attractive tourism resources.

DENMARK

- **Support to Decentralization and Women's Participation:** This project improves local participation through supporting Jordan's decentralization reform process and the level of women's participation at the local level via gender mainstreaming of decentralization reform.