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RESILIENCE SERIES TOURISM IN PALESTINE

MAY 2017

UNDP/PAPP's Resilience Series is a series of reports highlighting practical solutions to Palestinian development challenges in line with the Transformative Resilience Framework.

For more information on the Transformative Resilience Framework, visit:

www.developmentmonitor.ps

Published by:

United Nations Development Programme - Programme of Assistance to the Palestinian People (UNDP/PAPP)

Occupied Palestinian Territory

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This is part of UNDP's Resilience Series.

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Introduction

Transformative resilience and tourism in Palestine

The occupied Palestinian territory (oPt) has a wealth of attractions of global, cultural, and religious significance that are an undeniable tourist draw; in fact, the occupied Palestinian territory has the largest concentration of UNESCO World Heritage Sites in the Middle East.¹ Prior to the occupation and the annexation of East Jerusalem, tourism was the strongest sector in the Palestinian economy,² and had attracted significant investment. As a result, tourism-related services were well developed at this time in comparison to other industries.³ After 1967, however, the occupation and the annexation of East Jerusalem has severely undermined the sector's success, exacerbated by the impact of the First and Second Intifada and the imposition of curfews, closures, and increased taxes.⁴

Despite this, tourism remains a promising growth market in the Palestinian economy. The sector's contribution to national GDP has steadily increased from 9% in 2007 to 14% in 2012,⁵ reflecting in part the vastly improved security situation since the end of the Second Intifada. Currently, however, 50% of tourism revenues are generated by internal Palestinian tourists and Palestinians living in Israel,⁶ indicating the need to boost the number of higher-spending international visitors.

Currently, occupation policy exerts

Palestine has a wealth of attractions of global, cultural, and religious significance that are an undeniable tourist draw.

significant control over Palestine's tourist industry, and continues to pose many insurmountable barriers to the sector. The resolution of these problems requires a political solution that grants full sovereignty to the Palestinian people. Occupation policies that urgently require repeal include: the severe access restrictions imposed on the Gaza Strip; Israeli control over Palestinian national borders and the issuing of visas; severe restrictions on the development of tourist infrastructure in Jerusalem and Area C; and a ban on building an airport.

However, while ending the occupation must remain the most critical objective for achieving sustainable economic growth and development in all sectors of the Palestinian economy, there are steps that can be taken

to boost the Palestinian tourist industry even within the confines of occupation. This report will focus on these areas of intervention, where significant progress can be made towards developing a strong, vibrant, and inclusive tourist economy while a political resolution remains elusive.

So far, development initiatives to boost the Palestinian tourism sector have often focused on the rehabilitation and preservation of historic sites. However,

despite the importance of this work there is a clear need to focus on the industry from an economic and livelihoods perspective, to create jobs, raise standards and increase the resilience of the sector. The Transformative Resilience Framework⁷ is the ideal tool through which to view prospective interventions. This means approaching tourism from a practical perspective, focusing on initiatives that put self-sufficiency and long-term sustainability at the heart of a national tourism strategy.

The Mount of Temptation Cable Car in Jericho

Credit: Rory Evans/UNDP



Summary of recommendations

- Structure all interventions in line with the Transformative Resilience Framework.
- Conduct meaningful advocacy to end the occupation and all restrictions which damage Palestinian tourism, allowing Palestine to control its own borders and build an airport.
- Formulate a national tourism strategy, via the implementation of the PPP Palestine Tourism Board model.
- Increase funding for the Ministry of Tourism and Antiquities.
- Develop a programme of capacity-building to raise standards in Palestinian accommodation.
- Develop luxury heritage accommodation in historic buildings to attract greater numbers of cultural tourists.
- Develop an informal network of homestays in Jerusalem's Old City, making use of online advertising networks.
- Formulate a positive marketing campaign that highlights Palestine's hospitality and cultural and natural treasures, targeting at lucrative growth markets like cultural tourists and Muslim pilgrims.
- Improve the visibility and quality of Palestinian hotel marketing on online booking sites.



Why invest in tourism?

Tourism holds huge potential as a growth sector in the Palestinian economy. With world-renowned attractions and a widely-known history of enormous religious and cultural significance, tourists already visit Palestine in large numbers, particularly to see the Old City of Jerusalem and Bethlehem, the birthplace of Jesus. Beyond these hubs there are many more highlights that are ripe for greater investment and marketing, including the Old Cities of Hebron and Nablus, historical sites around Jericho, and natural sights like the Dead Sea and Wadi Qelt. There is also significant interest from tourists who want to learn more about Palestine's modern history and the occupation. Despite many challenges to the tourism sector, this wealth of attractions (combined with an appealing climate) actually puts Palestine in a strong position for boosting tourism in comparison to many other countries.

Investing in tourism can provide huge benefits to the economy. The expansion of tourist-related businesses like hotels and restaurants creates many low-skilled job opportunities, particularly for young people, which could significantly reduce youth unemployment. In addition, higher-skilled job opportunities that require foreign language skills or more in-depth knowledge of Palestinian culture and history could also benefit Palestine's large demographic of unemployed yet well-educated university

graduates. Tourism services also hold high potential for employing women, whose current participation in the job market is dismally low.⁸

Tourism also brings in much-needed foreign capital, particularly useful to Palestine considering the significant barriers to export posed by the occupation. Increasing visitor numbers and tourist spending is an excellent method of diversifying the economy and thus increasing its resilience. This is particularly true given the tourist industry's diverse linkages throughout the economy, which can hugely benefit a wide array of sectors simultaneously, including construction, manufacturing, the leisure industry, and transportation. Currently indirect taxation makes up 85% of Palestinian government revenue, which is controlled by Israel.⁹ Boosting tourism in the West Bank would benefit public finances by increasing direct taxation and therefore economic independence.

There are also potential benefits to Palestinian culture from tourism. Investing in cultural sites, rehabilitating historic buildings, and promoting Palestinian cuisine, music, and arts are all likely to have wide appeal with tourists, while simultaneously preserving and strengthening Palestinian culture and identity. Boosting the market for traditional

heritage products, as well as increasing demand for musicians and other cultural performers, ensures skilled craftspeople and performers have a regular income, thereby preserving these important heritage activities.

Crucially, encouraging visitors to visit Palestine, stay longer, and interact with Palestinian communities provides the unique opportunity to convey critical Palestinian perspectives on the occupation, and to allow visitors to understand Palestine's struggle for independence for themselves. Ensuring these visitors return to their home countries with positive messages about Palestine is an enormous opportunity

to promote the cause of Palestinian rights and freedom to a global audience.

Boosting tourism in the West Bank would benefit public finances by boosting direct taxation, and therefore economic independence.

Jerusalem Old City

Credit: Rory Evans/UNDP



Challenges to tourism in Palestine

Competition with Israel for market-share

Palestine's tourist industry is inextricably linked to Israel, with Israel controlling all borders and exerting full control over Jerusalem and tourist sites in Area C. Israel's vastly better-funded tourism industry, both in terms of marketing and the provision of services, continues to leave Palestine struggling for market share. Just 10% of tourists who organised their trip to Palestine used a Palestinian tour company, compared to the 36% who used an Israeli one.¹³

In many senses, Palestine suffers not from a lack of visitors but from struggling to persuade visitors to spend money in the Palestinian economy. Currently, the most critical weakness to the Palestinian tourist industry is the propensity for guests to stay in Israeli accommodation and visit Palestinian attractions in Jerusalem's Old City or Bethlehem on day trips, severely limiting their economic benefit to Palestine. In 2013, just 20% of visitors to the oPt were overnight visitors, compared to 70% in Jordan and 80% in Israel.¹⁴ In 2012 hotel occupancy in Palestine averaged a dismal 30%.¹⁵

A lack of overnight stays is highly problematic for the Palestinian tourist

industry, as accommodation costs make up 36% of an average European tourist's expenditure.¹⁶ When you factor in a further 32% spent on transport costs – namely international flights that are of no benefit to the Palestinian economy – this leaves just 32% of tourist expenditure on leisure and recreation costs in the destination country.¹⁷ Furthermore, many tourists opt to eat in hotel restaurants and book further excursions, guides and activities through their hotel, eliminating a captive audience for value-addition that is a huge loss to the Palestinian tourist industry. Nearby Israeli shops and restaurants are also likely to benefit from guests staying in Israeli hotels, unlike Palestinian businesses. This means Palestine is currently capturing a very small percentage of tourist expenditure from the majority of tourists, who are opting to stay in Israel. It is currently possible to visit Bethlehem and the Church of the Nativity on an Israeli-organised tour

In 2013, just 20% of visitors to the oPt were overnight visitors, compared to 70% in Jordan and 80% in Israel.

without contributing even one shekel to the Palestinian economy.

The economic benefits of encouraging guests to stay overnight in Palestine cannot be overstated. Despite just 20% of visitors to Palestine staying overnight, accommodation contributed US\$10.6m in gross added value to the Palestinian tourism sector in 2012, more than any other sub-sector.¹⁸ It was also the largest employment sector in the industry, providing more than 3000 jobs. Capturing just one third of existing day visitors to Palestine would more than double overnight stays, bringing enormous economic benefits.¹⁹ Taking all this into account, it is critical that Palestine increases the number of tourists opting to

stay overnight in Palestinian hotels, and, optimally, spend their entire trip staying in Palestinian accommodation.

Unbalanced competition between Israeli and Palestinian accommodation is particularly pronounced in Jerusalem. According to Israel's Ministry of Foreign Affairs, 2.7 million tourists visited Jerusalem in 2014 (82% of visitors to Israel), demonstrating the city's enduring popularity.²⁰ 96% of visitors to Palestine visited Jerusalem as part of their trip. However, even though Jerusalem's major attractions in the historic Old City are situated on the Palestinian side of the Green Line, the illegal annexation of Jerusalem has enabled Israel to monopolise the

Ibrahimi Mosque, Hebron Old City

Credit: Rory Evans/UNDP



Israel's illegal annexation of Jerusalem and control of Area C in the West Bank limit the development of tourist infrastructure through a restrictive planning and permit regime.

The occupation and tourism

The occupation poses many insurmountable challenges to Palestine's tourist industry. Most severely, the blockade of Gaza and its associated movement restrictions prevents the development of tourism in the Strip, despite Gaza's wealth of historical sites and a stretch of Mediterranean coastline with vast tourism potential. In addition, Israel's illegal annexation of Jerusalem and control of Area C of the West Bank limit the development of tourist infrastructure through a restrictive planning and permit regime.

A lack of sovereignty over Palestine's borders means tourists to Palestine are subject to the Israeli visa regime and security checks, which undermine attempts to appeal to Arab and Muslim markets. Palestine remains prohibited from issuing its own visas, or from building an airport. Recently, Israel's tourism ministry introduced a measure to force tour groups to sign an agreement not to take visitors to the West Bank in exchange for the issuance of visas, before reversing this decision under heavy criticism from both human rights groups and the private sector.¹⁰ Visitors who admit they plan to visit the West Bank during their stay can be subjected to suspicion and questioning by Israeli border security,¹¹ hardly a situation conducive to encouraging people to visit. Movement restrictions

for Palestinians also limit the scope of West Bank tour companies to offer comprehensive services. Combined with Israel's far better resourced and organised marketing capabilities, this has left Palestine with a shrinking share of the tourism industry.

While the occupation exerts an overwhelmingly negative influence on Palestine's tourist industry, there are some limited benefits, including the ability to attract tourists from Israel's strong tourist industry to sights in Palestine, and the resilience of the Palestinian tourism economy to turmoil elsewhere in the Middle East. In Jordan, tourism was severely affected by negative press surrounding the Arab Spring, despite these events having virtually no impact in the country.¹² Over the same period of turmoil in the Arab world, the Palestinian tourism economy continued to grow, suggesting it is perceived as less connected to problems in the broader Arab region and more connected to Israel's perceived stability. Acknowledging these limited benefits is critical to understanding the potential of Palestine's tourist industry under occupation, while simultaneously continuing to demand the full sovereignty that would enable Palestinian tourism to reach its full potential.

2.7 million tourists visited Jerusalem in 2014, demonstrating the city's enduring popularity. 96% of visitors to Palestine visited Jerusalem as part of their trip.

Jerusalem tourist market, investing heavily in accommodation and tourist services in West Jerusalem²² while simultaneously undermining Palestinian-owned tourist infrastructure with restrictive planning and licensing regulations. The Palestinian Ministry of Tourism and Antiquities (MOTA) has no access to Jerusalem.

Consequently, the number of active Palestinian hotels in East Jerusalem declined from 30 in 2012 to 24 in 2014,²³ and the number of tourists staying in East Jerusalem's hotels has also been falling as an increasing percentage of visitors choose to stay in West Jerusalem.²⁴ In 2013, 88% of tourists to Jerusalem stayed in West Jerusalem hotels.²⁵ The Israeli tourist board also has control over official tourist maps and guidance. These materials have been used to emphasise Israel's claim to the city

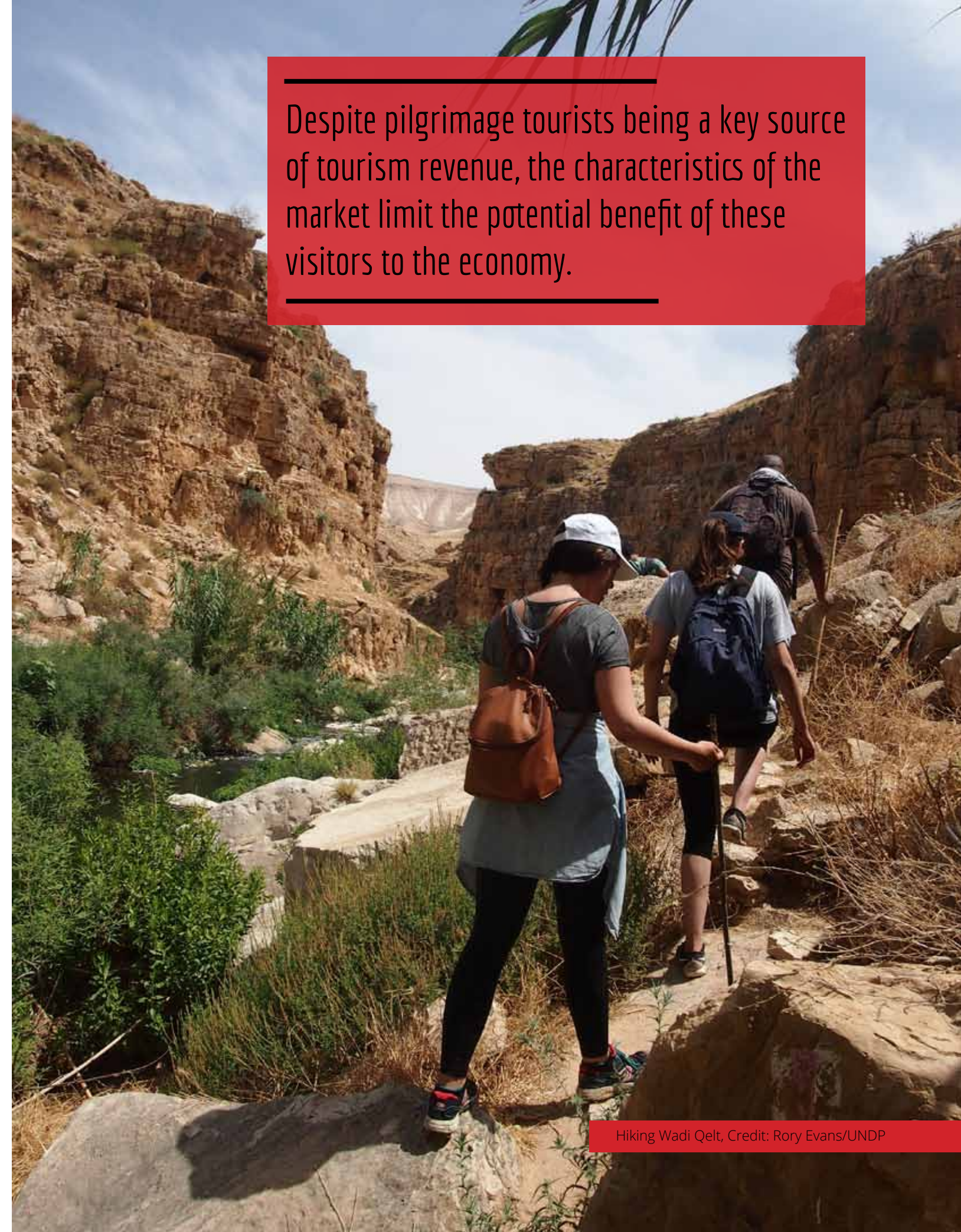
and side-line Palestinian cultural attractions and accommodation in favour of Israeli guides, sights, and businesses, including those found in illegal settlements.²⁶

Over-reliance on the Christian pilgrimage sector

Jerusalem's historic importance as the centre of Christianity and Judaism, as well as its place as Islam's third holiest city, make it a hugely important centre of pilgrimage, in addition to many further sights in the West Bank. With the Jewish pilgrimage market served by Israel and restrictive visa conditions applied to visitors from many Muslim countries, this has left Christian pilgrimage as the overwhelming supplier of tourists to Palestine. Currently, 85% of international tourist revenue in Palestine comes from the religious pilgrimage market.²⁷

Despite pilgrimage tourists being a key source of tourism revenue, the characteristics of the market limit the potential benefit of these visitors to the economy. As pilgrimages are a time of simplicity, piety, and restraint, pilgrims tend to opt for a 'low budget/low margin' travel programme, meaning income per visitor is much lower than for other tourists.²⁸ Christian pilgrimage tourists also limit their visits to key religious festivals and holidays (Christmas and Easter), meaning there is a need to fill gaps in the market outside of these key times to boost the profitability of the tourism sector as a year-round activity. Even when hotel stays reached record levels in 2012, occupancy averaged only 30%,²⁹ as a result of the high seasonality of

Despite pilgrimage tourists being a key source of tourism revenue, the characteristics of the market limit the potential benefit of these visitors to the economy.



the religious tourism sector. Many hotels lie virtually empty outside of the two peak pilgrimage seasons, and heavy discounting has done little to change this. Erratic guest occupancy creates challenges for hotel management, with a reliance on seasonal staff that limits the potential for investing in a long-term workforce and therefore weakening service standards.

There is potential for the expansion of Christian pilgrimage tourism from emerging economies with large Christian populations, particularly China, India, and sub-Saharan Africa. However, given the saturation of the market during peak Christian pilgrimage times, there are questions about the ability of the industry to cope with further pilgrimage tourists, and there is a clear need to diversify. Muslim pilgrims, tourists

Nablus Museum restored by UNDP

Credit: Ahed Izhiman/UNDP



from the Palestinian diaspora, ecotourism, and cultural tourism are potentially lucrative growth markets. The industry is currently also too reliant on package tour visits, while neglecting the huge potential of independent travellers.

UNDP, in partnership with the MOTA and the European Union, is already investing heavily in developing cultural tourism. Key aims of this work include contributing to conserving cultural infrastructure, improving the potential for cultural tourism to drive inclusive economic growth, and raising awareness of the importance of cultural heritage among Palestinian communities. Institutionalising this approach within the Palestinian legislative and government architecture remains a key priority.

Weak tourist infrastructure

A lack of investment and a focus on the religious pilgrimage market has left tourist infrastructure in much of Palestine severely lacking. Given this situation, it is hardly surprising that many guests opt to stay in superior Israeli hotels and make short, low-value day trips to Palestine.

The ability to improve tourist infrastructure is severely limited in Jerusalem and Area C of the West Bank due to Israel's restrictive construction and permit regime. Building new hotel infrastructure in Jerusalem is virtually impossible due to Israeli licensing and permit restrictions.³⁰ In Area C, Palestinians also face enormous challenges in accessing construction permits, severely limiting their ability to capitalise on natural or cultural sites situated in these areas. As

A lack of investment and a focus on the religious pilgrimage market has left tourist infrastructure in much of Palestinian severely lacking.

a result, developing tourist infrastructure around these locations that could monetise attractions (for example by charging admission or building dining or shopping facilities) remains virtually impossible within current restrictions. In many cases, Israel has seized control of Area C attractions like Herodium and manages them independently, in violation of international law. In particular, a lack of Palestinian access to the West Bank's share of the Dead Sea shoreline is an insurmountable barrier to the development of tourist infrastructure in this potentially lucrative location. Getting the most out of these locations is subsequently limited to providing Palestinian guiding services to visit Area C attractions, although strengthening these provisions could still prove beneficial to the economy and job creation. A lack of control over Area C means that Area A and B currently offer the greatest potential return on tourism investment in the West Bank.

Generally, accommodation infrastructure in the West Bank is poor, with the majority of tourist-focused hotels concentrated

in Bethlehem. Generally, these hotels cater to a low-budget religious pilgrimage market, with a lack of higher-end heritage options attractive to wealthy independent travellers particularly problematic. The current edition of Lonely Planet's guide to Israel and Palestine describes Bethlehem hotels as 'comfortable' but 'nondescript',³¹ a huge missed opportunity. Similarly, accommodation in Ramallah lacks good options for tourists, largely catering to diplomatic and business travellers. With better accommodation options, Ramallah could be a lucrative hub for cultural tourists more interested in being situated close to the city's superior dining and nightlife, as opposed to Bethlehem's religious attractions. One exception to Palestine's poor accommodation offering are options for backpackers, with several high-quality low-budget youth hostels in Ramallah and Bethlehem offering decent accommodation for this market.

Transportation infrastructure between

Ensuring positive experiences of safety infiltrate international perceptions of Palestine is perhaps the most critical challenge in marketing the Palestinian tourist industry.

major cities is fairly well developed, but from major hubs to tourist attractions outside Area A is lacking. In many instances, independent travellers wishing to reach tourist sites are forced to hire private taxis, which can be expensive and off-putting. This is especially problematic given that getting a self-drive rental car that can be driven in both Palestine and Israel with universal insurance is difficult.

Perceptions of safety

The ongoing occupation and associated violence and conflict, resulting in the negative reporting of Palestine in international media, has left many people with concerns about the safety of travelling in Palestine. Even among people who do choose to visit, 23% of tourists to the West Bank report being warned about safety concerns by Israeli tour operators, and 16% report being warned by friends or relatives not to visit.³² This contrasts steeply with the reality of travel in the West Bank and Jerusalem, where visits are overwhelmingly trouble free.³³

Despite international perceptions of Palestine as dangerous, 'I felt safe during my visit to Palestine' had the highest score among respondents to a tourism survey, much higher than levels of satisfaction with the quality of food, attractions and services.³⁴ Furthermore, 91% of respondents said they would recommend visiting Palestine to friends.³⁵ Ensuring positive experiences of safety infiltrate international perceptions of Palestine is perhaps the most critical challenge in marketing the Palestinian tourist industry.



The Church of the Holy Sepulchre, Jerusalem Old City

Rachael Healy/UNDP

The growth of Palestine's tourist industry in recent years indicates that perceptions may be slowly changing. This is particularly true given the industry's resilience to turmoil in other parts of the Arab world, in comparison to neighbouring Jordan, which was equally unaffected but suffered a steep drop in visits during the Arab Spring and neighbouring war in Syria.³⁶

The need for government strategy, investment, and implementation

While occupation policy is clearly beyond the control of the Palestinian government and continues to challenge the tourism industry, it is also clear that many obstacles could be overcome through the implementation of an effective national strategy, strong

investment, and better marketing. As in previous national development plans, tourism is mentioned in the Palestinian Government's National Policy Agenda, with a focus on building the industry as a productive sector through attracting investment, and using it as a vehicle to promote and protect Palestine's cultural heritage.³⁷ Yet this has not been reflected in concrete action, with a yearly budget for the MOTA of just \$5m, or 0.01% of the national budget, most of which is spent on staff salaries.³⁸ It appears that tourism remains low on a list of government priorities, despite its place as an extremely promising productive industry.

As a result, most tourism development activities are funded by either the private



Hiking trail near Bethlehem

Rory Evans/UNDP

sector or international donors.³⁹ The lack of government attention or budget allocation has resulted in a weak policy framework, a lack of direction, and poor capacity at the MOTA to regulate, promote, and develop the sector. The current legal framework governing tourism is outdated, having been implemented during the era of Jordanian rule in 1965. It fails to establish a clear mandate for the responsibilities of different actors, including the MOTA, as well as not taking into consideration key concerns like the environment, the protection of archaeological attractions, or issues concerning tourism-related crime.⁴⁰

The 2010 decision to establish a Palestine Tourism Board under a Public-Private Partnership (PPP) model was a step in the right direction, but seven years later

it has yet to be operationalised.⁴¹ The successes of such a model have been demonstrated by the Jordan Tourism Board (JTB), launched in 1998 under a similar PPP model, which is responsible for developing the national tourism strategy and leading international marketing campaigns.⁴² 2% of annual tourism receipts are allocated to the JTB, creating an annual budget of US\$54m, which is managed by the private sector but with the Minister of Tourism as Chair.⁴³ In Palestine, industry experts are concerned by a 2012 Presidential Decree which announced the re-establishment of a Palestinian tourism advisory board.⁴⁴ Seen as a weaker and less representative body, there are concerns this board may act as a de facto replacement for the superior model offered by the Palestine Tourism Board, to the detriment of the sector.⁴⁵

Promisingly, however, a new draft law is under development by the MOTA which will soon be finalised, and which is seeking to overcome the current weakness of the legislative framework and include a greater focus on PPP. Under consideration are measures to establish licensing for guides to ensure their quality, and to promote investment through organising industry festivals.⁴⁶ As part of its support to the Government of Palestine, UNDP has been assisting the MOTA by providing technical assistance for developing a PPP model, advocating for the institutionalisation of this model within new tourism legislation and the government architecture, training civil servants for the implementation of this model, and identifying further sites for tourism development.

The total inability for the Palestinian government to access Jerusalem further compounds problems of tourism management. While the occupation of Jerusalem continues, there is a further need for a government strategy to address the impossibility of national tourism governance in Jerusalem in a realistic and pragmatic way.

Silwan, Jerusalem

Rory Evans/UNDP



Transformative resilience

A fresh approach

THE ROAD TO RESILIENCE

The ability of individuals, households, communities, and institutions to anticipate, withstand, recover, and transform from shocks and crises.



Despite a vastly improved security situation, tourism remains highly constrained by occupation restrictions and a lack of investment and national planning. Despite the challenges, however, Palestine's tourist industry continues to grow, albeit far below its considerable potential, demonstrating an existing resilience that must be capitalised on. Grounded in the Transformative Resilience Framework, we seek to consider solutions to solve the development challenges faced by Palestine's tourist industry. Our approach focusing on dealing with the root causes of problems, rather than merely the symptoms. This means not shying away from conducting the necessary advocacy needed to end the occupation and its associated restrictions, which seriously hinder the development of the Palestinian tourist industry.

While a political resolution remains elusive, however, policymakers must focus on practical and realistic solutions to growing Palestine's tourist industry, within the current restrictions of occupation. Thus, we seek to provide the private sector and the Palestinian government with the support necessary to build a strong and resilient tourist industry with the potential to provide much needed jobs and wide-ranging economic and cultural benefits. A flexible approach is a resilient approach; only by pushing boundaries and taking risks can new and innovative solutions be found. This must be taken hand-in-hand with a long-term commitment to change and expansion beyond the existing pilgrimage-based formula. Experimentation and innovation in the tourist industry must be at the core of any future approach.

Our approach focuses on dealing with the root causes of problems, rather than merely the symptoms.

The transformative approach to resilience is critical to seeing growth within the tourist industry. Collaboration between various actors using resilience as a link is critical to ensuring the efficacy of interventions. This means meaningful partnership between the government and the private sector, drawing on existing and outside expertise, with a focus on collaborative learning and best-practice solutions.

Solutions for Palestinian tourism



Dining in Ramallah

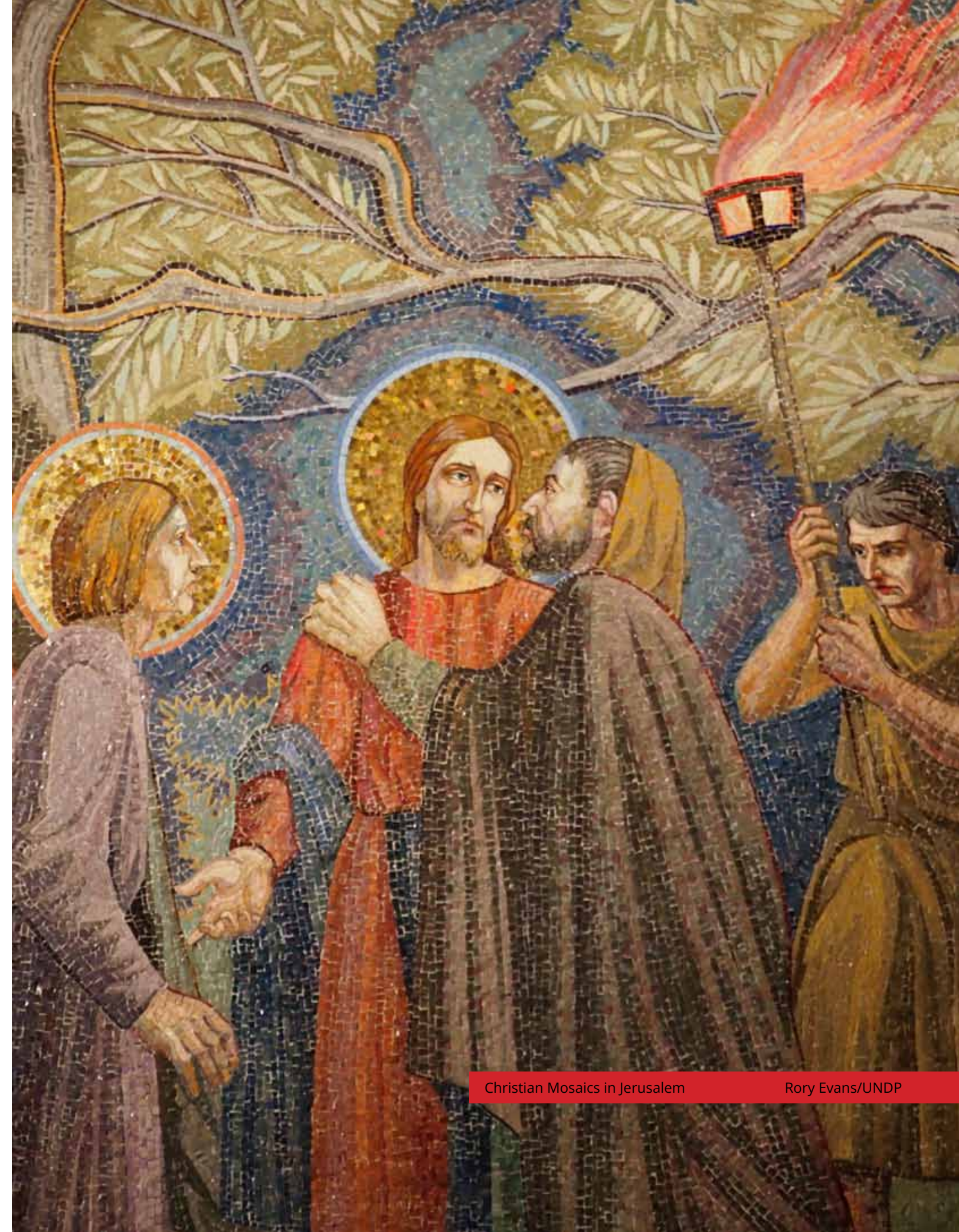
Nanki Chawla/UNDP

The equal involvement of the private sector and government is critical for ensuring innovation, collaboration and best practice.

In line with the Transformative Resilience Framework, tackling the challenges faced by Palestine's tourist industry requires a holistic, enterprise-focused, and practical approach. As such, our solutions focus on two main areas of intervention – accommodation and marketing – and the overwhelming need for a national strategy and public-private cooperation to implement these measures.

A national and cooperative strategy for tourism

Overcoming the challenges to Palestine's tourism sector requires an effective national strategy, involving key stakeholders from the government and the private sector. Operationalising the Palestine Tourism Board must be the first priority. Funding for this board should be via a levy on Palestinian tourist businesses and services, to ensure sustainability and reinvestment, following the model established by the successful JTB. The equal involvement of the private sector and government is critical for ensuring innovation, collaboration, and best practice. South-South cooperation forged by consulting industry experts from comparable contexts would also increase expertise and assist in the creation of an evidence-led model for strong growth. India's booming heritage hotel industry, Myanmar's strong post-conflict marketing



Christian Mosaics in Jerusalem

Rory Evans/UNDP

strategy, or the JTB, all provide successful models that could be replicated in Palestine.

Currently, activities by the MOTA, UNDP, and other donors, have largely focused on rehabilitating historic sites in the West Bank, with a view to preserving Palestine's valuable cultural heritage. However, there is a need to consider these vital activities as part of a more holistic and business-oriented strategy, particularly given that boosting tourist income is the best pathway to sustainably funding the preservation of these cultural treasures. Overcoming Palestine's reliance on the Christian pilgrimage market, and persuading visitors to stay overnight rather than visiting on day trips from Israel, must be at the centre of a national strategy. This will require a joint focus on enhancing Palestine's current tourism offering (with a focus on improving and diversifying accommodation options), and developing an effective marketing strategy for identified target audiences. Thus, the recommendations made by this report focus on solutions for overcoming these two critical challenges.

The inability of the Palestinian

government to access Jerusalem requires a strategic approach. A positive development for the sector in Jerusalem is the signing of a memorandum of understanding between the six largest tourism organisations in occupied Jerusalem to form ATIK, an umbrella organisation that will focus on the strategic development of the Palestinian tourism industry in Jerusalem. The further involvement of 30 cultural, youth and cooperative centres in this project is extremely encouraging. Financially and strategically supporting this ambitious project must be a priority for development actors and donors looking to boost the Jerusalem tourist industry.

In line with the Transformative Resilience Framework, assisting ATIK to become financially self-sufficient must be a key priority. Forging links with similar industry bodies in the West Bank is another necessary step. Upon the operationalisation of the Palestine Tourism Board, close liaison and synergised planning will ensure the greatest outcomes for a cohesive Palestinian tourist industry. UNDP is already providing support to the MOTA to enhance this essential work and boost the ministry's planning

Overcoming Palestine's reliance on the Christian pilgrimage market, and persuading visitors to stay overnight rather than visiting on day trips from Israel, must be at the centre of a national strategy.

Currently, most of Palestine's larger hotels take the form of uninspiring buildings that fail to reflect the rich cultural history and hospitality of Palestine.

and implementation capacity. Boosting the budget allocated to the MOTA and ensuring a greater share of its finances are invested on the ground must be a critical government priority, in line with the commitment made in the National Policy Agenda.

Focus on accommodation

Encouraging tourists to stay overnight (and longer) in Palestine must begin with enhancing accommodation options. We propose an initial focus on improving accommodation options in the two major tourist hubs of Jerusalem and Bethlehem, with the addition of Ramallah as a hub for cultural tourists more interested in being based near to Ramallah's cosmopolitan dining and nightlife than religious attractions.

Raising standards

Many tourism businesses in Palestine are

family-owned, and thus often not driven by effective business models. Enhancing the capacity of these businesses through targeted training activities could reap huge benefits for the sector. A cultural shift is required in Palestine's hotel industry, from seeing hotels merely as rooms with beds where tourists stay, to viewing them as a platform from which to advertise Palestinian guides, attractions, and local businesses. This will enhance the visitor experience and increase their spending within the Palestinian economy. Encouraging this shift requires a targeted effort to improve and professionalise hotel management across the industry. Implementing a strategy for raising standards in this area should form a key part of the work of a newly operationalised Palestine Tourism Board. The ongoing expansion of higher education courses in tourism-related areas is a positive step, but many courses lack practical training and the expansion of Technical and Vocational Education and Training (TVET) in this area may prove even more beneficial.

Expanding into growth markets outside of religious pilgrimage tourism will require the diversification of accommodation options. Currently, most of Palestine's larger hotels take the form of uninspiring modern tower blocks and buildings that fail to reflect the rich cultural history and hospitality of Palestine. Many of these hotels have extremely low occupancy outside of religious holidays, and require renovation and better management to ensure they have a broader appeal during off-season periods. Sustainable hotel design, particularly with a focus on efficient



Palestine has a wealth of atmospheric historic buildings, many of which are currently lying unused, with enormous potential for transformation into appealing accommodation options.



Traditional Pottery on sale in Hebron

Rachael Healy/UNDP

water management, is crucial to ensuring the hotel industry is not to the detriment of local populations.

Heritage accommodation and luxury tourism

There is an urgent need for better accommodation provision at the lucrative top end of the market. The opening of Banksy's 'Walled-Off Hotel' in Bethlehem to widespread international attention demonstrates a clear interest in alternative and innovative accommodation offerings in Palestine, although the long-term success of this project remains to be seen. The 'leisure upscale' tourism demographic – wealthier

tourists – is expected to show the largest increase in market share in Palestine, making up 35% of visitors by 2020 (up from 22% of tourists in 2014).⁴⁷ In 2014, the luxury tourism market generated US \$96m for the Palestinian economy, with market potential of between US\$250m and US\$500m given the right investment.⁴⁸ Appealing to this key demographic is critical for boosting the resilience of the tourism sector.

There is a significant gap in the market for smaller-scale heritage accommodation to showcase Palestine's history and culture to wealthier visitors. Palestine has a wealth of atmospheric historic buildings, many

of which are currently lying unused, with enormous potential for transformation into appealing accommodation options. The historic American Colony hotel in East Jerusalem demonstrates the clear viability of luxury heritage accommodation, a model that could certainly be replicated in the West Bank and elsewhere in Jerusalem, particularly in small-scale boutique guesthouses and homestays for both the luxury and mid-range markets.

The heritage accommodation model has been hugely successful in other developing countries, with India perhaps the market leader in this area. In India, there is a huge variety of high-quality accommodation in historic buildings that develop a connection between tourists and the culture in which they are staying. Building South-South cooperation by arranging fact-finding exchanges and importing expertise in this area would be of huge benefit to Palestine's tourism sector. One area for potential donor intervention could be supporting the creation of a model heritage hotel, to demonstrate the success of this business model to local investors and entrepreneurs.

A homestay model for occupied Jerusalem

In Jerusalem, where permit restrictions and tough licensing conditions severely impede the creation of new hotels, a more innovative approach is needed to boost the number of tourists staying in Palestinian accommodation. However, the wealth of Palestinian-owned historic homes in the Old City are ideal for a scattered, informal homestay model. Online platforms like AirBnB have significantly boosted the

In Jerusalem, where permit restrictions and tough licensing conditions severely impede the creation of new hotels, a more innovative approach is needed to boost the number of tourists staying in Palestinian accommodation.



Knafeh in Nablus

Rory Evans/UNDP

With visa-free access to Israel, targeting Muslim communities, including the large Palestinian diaspora, is a potential growth area worthy of exploration.

potential of this business model, by allowing the marketing of these properties to an international audience with minimal effort. Maximising profits by highlighting these properties' unique selling points – their historic nature, their good value for money in contrast to Israeli hotels, and their convenient and atmospheric location – is key. The further benefit of these properties to the Palestinian tourism industry is their ability to pass wealth directly to Old City families, and the high potential for them to be owned and operated by women. Registering these homestay businesses with ATIK could ensure cooperation and assist in their promotion and development. The homestay model could also prove successful in other areas of Palestine, but restrictions on building make it a particularly prudent course of action in

Jerusalem.

Improving marketing

Understanding and diversifying the market

Focusing on marketing means understanding who makes up the tourism market. Because of Palestine's unique situation, tourists can be broken up into three broad categories: international (from outside of Israel/Palestine), domestic (West Bank/Jerusalem residents), and Palestinians living in Israel. The latter two categories are often not disaggregated, making understanding the potential for market growth in these areas challenging. However, there is a need to differentiate between internal West Bank tourists and Israel-resident Palestinian visitors, as the latter represents a key source of 'foreign' capital. Attracting greater numbers of Palestinians living in Israel in comparison to international visitors may prove easier than attracting more international visitors for a number of reasons, including: their ease of access and close proximity to the West Bank; their strong existing religious, cultural and familial ties to the region; and, their immunity from negative factors that impact international tourists like safety fears.

Given a limited marketing budget, deciding which international tourists to target with promotional materials is critical to boosting numbers. Currently, the focus on Christian pilgrimage tourists has left many other potentially lucrative markets largely underserved.

Already making up 50% of international visitors to Palestine,⁴⁹ Europeans are the most obvious target for Palestinian tourism advertising, particularly wealthier independent cultural travellers. Palestine's ancient and religious history, and even the contemporary history of the occupation, make the cultural market a hugely lucrative growth sector. Outside of the West, however, tourists from Asia, particularly Chinese tourists, make up an increasingly large percentage of visitors to Palestine, and could present a large potential growth market.

Increasing the visibility of Palestinian tour companies may also shift business away from Israeli tour operators; 80% of African visitors arranged their trip to Palestine via a travel agency, while two thirds of European and North American visitors and half of those from South America, Asia and Australia arranged their trip individually.⁵⁰ Understanding the



Hiking Ein Fara

Ben Clarke/UNDP

market is critical for developing a marketing strategy with the highest cost-benefit for the Palestinian economy, and more research is necessary to gain a fuller picture of the benefits of targeting different groups and the most effective methods for doing this. Undertaking an extensive market study must be the first step in developing a realistic and effective marketing strategy.

As the third most important pilgrimage site for Muslims, travelling to Jerusalem (and in particular, the Al-Aqsa Mosque) is a dream for many Muslim travellers, in addition to the key religious attractions of the Ibrahimi Mosque in Hebron and Nabi Musa near Jericho. Current Israeli visa restrictions and off-putting racial profiling at borders make travelling to Palestine difficult for many

Muslim visitors, particularly those from the Arab world. Conducting advocacy to encourage Israel to lessen their restrictions on Muslim tourists, perhaps through the organisation of pre-arranged packages via Jordan, could also boost Palestinian tourism and visits to Israel, of mutual benefit to both parties.

With visa-free access to Israel, targeting Muslim communities in OECD countries, including the large Palestinian diaspora, as well as those in South-East Asia who face less restrictions, are potential growth areas worthy of exploration. The Government of Palestine and the MOTA has already made progress in attracting greater numbers of Muslim visitors, including signing a tourism cooperation agreement with

Turkey in 2015, which resulted in more than 100,000 Turkish tourists visiting Nabi Musa in the same year.⁵¹ Muslim religious pilgrimage attractions are also appealing to Palestinians living in Israel, who could also be targeted as part of a marketing strategy for these attractions.

Promoting Palestine

Combating many of the problems facing the Palestinian tourist industry relies on correcting false impressions of Palestine among potential international visitors. There are huge benefits to tourists staying in Palestinian accommodation, yet many of these messages are simply not reaching the necessary audiences. Key selling points include: that Palestinian hotels in the West Bank and occupied Jerusalem are cheaper than Israeli alternatives; that tourists basing themselves in Bethlehem or Ramallah are better-located to visit many sites in the West Bank in comparison to being located in Israel; and, that staying in Palestinian accommodation gives guests a greater insight into Palestinian culture and heritage. In addition, potential visitors remain widely unaware of significant attractions (including certified UNESCO world heritage sites) outside of well-known religious attractions, including Palestine's natural attractions, Palestinian cultural sites like the old cities of Hebron and Nablus, and Ramallah's cosmopolitan dining and nightlife scene.

People who visit Palestine know these benefits; currently, word of mouth is the biggest factor in the decision of tourists to visit Palestine. 60% of visitors indicate a recommendation from a friend was a major

Projecting images of Palestine's welcoming culture and hospitable people is crucial for overcoming incorrect assumptions about the safety of travel.

influencing factor for them to organise their visit.⁵² This is contrasted with just 25% of people who cited advertising by Palestinian tourism entities.⁵³

Translating these positive recommendations into effective marketing is critical to boosting the sector. While like-for-like comparisons can be problematic owing to the unique circumstances of the Palestinian occupation, focusing budgets on marketing has significantly improved tourist numbers and boosted the economy in comparable countries emerging from violence. Georgia, Albania and Myanmar all succeeded in boosting tourist numbers by approximately 30% following marketing strategies, while tourism to Palestine grew by just 5% over a comparable period of time following the Second Intifada.⁵⁴ In Myanmar, for example, tourist numbers grew 42% per annum following the launch of a marketing campaign; this was despite a much worse tourism environment than Palestine's, including ongoing sectarian conflict,

inconvenient travel restrictions, the limited availability of ATMs, and frequent casualties in bus and air accidents.⁵⁵

The Palestine Tourism Board should focus on creating a positive and exciting campaign to attract more tourists to the West Bank and occupied Jerusalem. This will require significant investment and commitment from the Palestinian government, but the vast potential benefits of such a strategy far outweigh the initial cost. Overcoming visitor safety concerns is the most critical imperative. Projecting images of Palestine's welcoming culture and hospitable people, in tandem with historical and religious wonders, is crucial for overcoming incorrect assumptions about the safety of travel. Shifting focus so that religious tourism makes up just one part of Palestine's extensive offering to visitors is essential to boosting tourism outside of saturated religious markets. Non-religious attractions that currently have low visibility include Palestine's natural attractions ideal for walking, hiking and exploring, or Ramallah's thriving dining and nightlife scene. Arranging trips with key international industry bodies, major tour companies, or public figures with high marketability could increase the visibility of Palestine within the international tourism landscape, outside of existing religious markets, and increase perceptions of safety.

Booking a hotel independently online is increasingly easy for tourists looking to avoid travel agency expenses, and advertising a hotel business on these online platforms is also increasingly lucrative.

Non-religious attractions that currently have low visibility include Palestine's natural attractions ideal for walking, hiking, and exploring, or Ramallah's thriving dining and nightlife scene.

However, Palestinian accommodation options are not currently well presented on international booking websites, significantly reducing their appeal in comparison to Israeli hotels. A measure as simple as improving the presentation of photos on these sites could significantly improve the number of bookings. Simple business training for hotel management could overcome some of these problems with relatively little effort.

Conclusion

Palestine's tourist industry continues to demonstrate considerable resilience despite the restrictions posed by occupation and a lack of focus, investment, and planning from the Palestinian government. Understanding the current model of the sector is key to boosting revenues, by expanding outside of the current low-spend pilgrimage sector and low-value day-trip model. The aim must be to boost overnight stays and diversify Palestine's tourist market, to increase hotel occupancy outside of peak pilgrimage times.

Developing a comprehensive national strategy is critical to implementing these measures, ensuring targeted, holistic, and cost-effective interventions bring the maximum benefit to the economy and Palestinian communities. The first step must be to operationalise the public-private partnership model promised by the Palestine Tourism Board. Utilising existing industry knowledge, and bringing in outside expertise, must underpin any future strategy.

The Transformative Resilience Framework provides a new approach to tourism. Current interventions have often focused on



Dining in Ramallah

Nanki Chawla/UNDP

rehabilitating historic sites, however there is a need for a greater focus on tourism as a business with the potential to create jobs and boost livelihoods. With limited funding available, targeting investment towards projects with the highest value – namely, accommodation and improved marketing – hold the biggest potential for boosting revenues. Palestine already has the attractions; now it needs to give guests greater variety and quality of places to stay, and ensure they know about these opportunities prior to booking their trip.

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Programme of Assistance to the Palestinian People
(UNDP-PAPP)

3 Ya'qubi St., P.O Box 51359
Jerusalem 91191

Tel: +972-2-626-8200
Fax: +972-2-626-8222