The Supreme Commission for Tourism

National Tourism Development Project

In The Kingdom of Saudi Arabia

Phase 1: GENERAL STRATEGY
IN THE NAME OF ALLAH, THE COMPASSIONATE, THE MERCIFUL
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Introduction

This report encapsulates the outcome of the efforts and achievements realized by the SCT during the fourteen months of intensive work in the year 1421 – 1422H. It also reflects phase 1 of the national tourism development project in the Kingdom of Saudi Arabia which is set forth for the upcoming 20 years. This project is designed to draw-up a strategy for valuable tourism that considers the unique position of the Kingdom as the cradle of Islam, homeland of the two Holy Mosques and the “Qibla” direction towards which all Muslims turn to, in their prayers. The strategy relies on several bases and principles that make tourism a unique industry in the Kingdom with due consideration to tourism’s vision and mission, utilization of human resources and the existing and potential tourism activities in the future. The major bases and principles of the strategy include the Islamic fundamentals and values, conformity of tourism with the society’s special characteristics and its cherished values, sustainability and economic, social, cultural and environmental avails in addition to the actual and effective contribution of tourism in the overall national development at large. The strategy is derived from certain facts, that tourism in itself is a complicated industry embodying interconnected multi parties. It can also be described as an effectively emerging industry with duplicity and contradicting authorities, a matter that necessitates scientific planning to ensure proper utilization of tourism potentials and capabilities. In this regard the national tourism development is considered a pioneer project to address this issue. It is worth noting that until the formation of the SCT in 1421H (2000G), tourism development in the Kingdom had been neither planned nor systematically promoted. Tourism in the Kingdom is not an objective in itself but rather a vehicle for realizing the comprehensive targets of national development through ideal utilization of available resources, contribution in the Kingdom’s GDP, economic diversification, increasing job opportunities, enriching heritage and culture and cementing the relations of individuals with their societies.

Current Tourism Activity in the Kingdom

Tourism in the Kingdom of Saudi Arabia, as an economic and social phenomenon, is not new. Research for this General Strategy has revealed that in 1421H (2000G) domestic tourism was estimated at 14.5 million trips worth SR22.4 billion, 44% of these trips were for holiday/leisure purposes, 27.5% for performing Umrah and 19% for visiting friends and relatives (VFR). In the same year, around 6.3 million foreign tourists are estimated to have visited the Kingdom for religious (Umrah 36%, Hajj 22%) and other purposes (VFR 19%).

The tourism industry occupies an advance position in the Kingdom’s economic structure ranking just below manufacturing industry. This is evidenced by the total expenditure on tourism in 1421H (2000G), which were registered as SR35 billion, i.e. 5.4% of the Kingdom’s GDP and generated 638 thousand jobs.

Although acutely seasonal, the Kingdom’s tourism industry is already substantial in terms of both the capacity of its resources and the flows of tourists it receives and accommodates. There are at present, over 95 thousand hotel rooms (73.3% of which are in Makkeh) in 850 hotel establishments and over 20 thousand apartment and 40 thousand bedrooms in 828 furnished apartment units in the Kingdom. There are also 1,100 travel agents and tour operators, while the Kingdom has a more than adequate transportation infrastructure for development.

Tourism vision and Mission in the Kingdom:

The tourism vision includes the following:

As the cradle of Islam, the Kingdom of Saudi Arabia aims to develop sustainable tourism for the socio-cultural, environmental and economic benefits of all, reflecting its cherished Islamic values, heritage and traditional hospitality.
To realize this vision the following mission must be implemented:

The Kingdom of Saudi Arabia will harness its unique endowments to develop tourism in a sustainable manner, providing quality experience, while contributing to economic diversification, employment creation, environmental and heritage preservation, cultural awareness and community enrichment.

The National Tourism Development Project

This Tourism General Strategy for the Kingdom of Saudi Arabia represents the outcome of Phase I of the National Tourism Development Project (NTDP), a planning project implemented by the Supreme Commission for Tourism (SCT). It is a long-term strategy covering a 20-year period, up to 1441H (2020).

Within the framework of the NTDP, the General Strategy will be followed by Phase II, Action Plan for the first five years of implementation of the General Strategy, and Phase III, Provincial Tourism Plans and Tourism Development Area Plans.

The STDS was conceived and designed in close consultation with all stakeholders in both the public and private sectors. By the same token, the actual preparation of the General Strategy during the period from Dhul-Hijjah 1421H to Safar 1423H (March 2001G to March 2002G) has been characterized by an equally close consultation with these stakeholders. All this is part of a planned process of consultation and validation through review and feedback.

Tourism Resources

Apart from the unique position and role of Saudi Arabia as the cradle of Islam, homeland of the two Holy Mosques and its unique geographical, economic and cultural characteristics besides the sizeable tourism plant in the form of facilities and services, the Kingdom possesses a rich natural and cultural heritage. It has an adequate transportation infrastructure as well as the general infrastructure components to develope the tourism industry.

Research carried out by the SCT in connection with this General Strategy has identified, recorded and evaluated close to 10,000 natural and cultural heritage sites. These sites were evaluated on the basis of their relevance, suitability,
adequacy and intrinsic value for tourism. A large number of these sites have significant tourism development potential. However, there is a relative dearth of developed and marketable tourist attractions. It is a key recommendation of this General Strategy that particular attention be paid to this shortcoming with the development and promotion of major tourist attractions based on the country’s rich and diversified natural, social and cultural heritage.

Targeted Markets
The market development strategy proposed by the General Strategy prioritises the domestic leisure tourism market, international Umrah (in light of the considerable potential created by the recent relaxation and streamlining of the Umrah visa regulations and procedures), and specialised foreign niche markets based on the country’s social and cultural heritage. In geographical terms, apart from the domestic tourism market, the Plan targets mainly the GCC states, other Arab neighbours, other Muslim countries, the Muslim community worldwide, and international special interest niche markets, such as ecotourism, nature-based tourism, cultural tourism, shopping-based tourism and establishing new markets based on sports, medical care, education, business and other attractions. It is a key policy objective underpinning the development of the domestic leisure tourism market to provide suitable tourism products and experiences within the Kingdom, to help reduce the currently large outflow of Saudis and funds to foreign tourist destinations. However, consumer research within the Kingdom suggests that there is:

- limited awareness and certain misperceptions about domestic tourism possibilities among sections of the Saudi population;
- absence of integrated domestic tourism packages
- non-existent or under-developed travel and tourism channels distribution
- concern about the affordability of domestic tourism products, which militates against the development and promotion of the domestic leisure tourism market.

As a result, apart from the need to develop and supply the necessary tourism products, there is also an urgent need to create awareness about domestic tourism possibilities and to deal with the issues of affordability of domestic tourism products and their competitiveness vis-à-vis foreign tourist destinations. It is also necessary to strengthen domestic travel and tourism distribution channels.

Projected Growth
According to the “expected” or medium growth scenario adopted by this General Strategy, tourist numbers will rise from 20.8 million in the base year 1421H (2000G) to 45.3 million by the end of the Plan in 1441H (2020G). Of this overall volume, 34.4 million will be domestic tourists and the remaining 10.9 million will be foreign, mostly from GCC and other Arab states. In order to accommodate this projected volume of tourism, 50 thousand additional hotel rooms and 74 thousand additional furnished apartments will be needed by 1441H (2020G). This corresponds to a sizeable investment, which the private sector is invited to make. Development of tourism industry is largely dependent on the extent of support rendered to this sector in addition to the success of plans and improvements for realizing appropriate climate for tourism investment and development.

Spatial Dimensions of Tourism Development
A national tourism structure plan determines the spatial dimensions of the General Strategy. It also sets the parameters for all physical planning in tourism within the Kingdom. Accordingly, 40 Tourism Development Areas (TDAs) have been identified across the entire Kingdom as suitable for tourism development. They contain numerous and significant tourism sites (TSs).
TDAs are expected to be the focus of tourism development in general and of individual projects in particular. The 40 TDAs are differentiated into 8 existing, 15 emerging, 14 new and 3 potential areas in the Kingdom. Appropriate development strategies are adopted for each group of TDAs, realising that there are valuable inter-relationships and synergies between them. The underlying objective will be to achieve a wider geographical distribution of tourism activity, so that it contributes to a balanced regional development.

The development of the identified TDAs will be staged over the 20-year period of the Strategy. Four phases are proposed. The staging strategy supports continued growth of the eight existing TDAs, encourages development of the emerging TDAs and it recommends development of the new locations in the Highlands and coastal areas.

Development Standards and Design Guidelines

Sustainable development of tourism in the Kingdom requires adherence to strict development standards and design guidelines. Apart from being financially and economically viable, tourism projects must minimise negative human and environmental impacts and apply the highest standards in planning, design and management.

Towards this end, development standards and design guidelines have been formulated under this General Strategy and issued as separate documents. Central to these standards and guidelines is the requirement for Environmental Impact Assessments (EIAs), financial and economic feasibility studies, and market audits.

Quality Assurance Systems and Standards

Quality assurance systems and standards (QASS) are essential for competitive purposes at the level of both the destinations and individual tourist products. Around the world, the need for QASS is also reinforced by consumer protection legislation.

The need for quality assurance systems and standards is no less essential for the reason that the Saudi consumer-tourist is a fairly experienced and sophisticated traveller. And since the promotion of the domestic tourism market is at the centre of the strategy for the development of the tourism industry, then Saudi tourism products must compete on quality with foreign destinations.

The overall regulatory framework for the main sectors of the tourism industry in Saudi Arabia (accommodation, attractions, travel and tour services etc) is incomplete and inadequate. It requires urgent updating, streamlining and expansion.

Registration and licensing should be required of all tourism establishments in the Kingdom. Internationally compatible minimum standards in respect of safety and security, hygiene and sanitation must be prescribed and met for the purposes of licensing and registration.

However, classification and grading of tourism establishments will be applied selectively. The existing hotel classification system requires revision and improvement, for which close consultation will be undertaken with all concerned bodies including the private sector.

For this purpose, it is proposed to transfer these regulatory functions largely from the Ministry of Commerce to the SCT, where a Tourism Licensing Committee will be established, for the purposes of licensing tourism establishments, after ensuring that all requirements are satisfied.

This process shall eliminate contradictions and concentrate authorities at one-stop-shop at the SCT to guarantee efficiency of regulatory functions in tourism sector, activation of tourism investment through addressing administrative constrains, ensuring quality control and protection of consumers.

The need for statutory price control of hotels and furnished apartments, currently applicable in certain areas, is questionable and will be reviewed.
Organisational Structure and Framework of Tourism

The Supreme Commission for Tourism is the Kingdom’s national tourism administration (NTA). It combines in an almost unique manner the roles of both a Ministry of Tourism and a statutory body responsible for the development and promotion of tourism.

The role of SCT is summarized as:

The role of the SCT is to stimulate development of national tourism, as an economically productive, socially, culturally and environmentally positive industry.

Through facilitating a conducive environment to achieve a balanced and sustainable development, while encouraging institutional support for the tourism industry and its supplementary sectors and activities in the Kingdom of Saudi Arabia

The SCT will carry out its role by undertaking the following core functions:

- Planning and development
- Institutional Support
- Marketing and promotion
- Industry regulation
- Quality assurance
- Community and stakeholder relations
- Research and information management

In carrying out these functions, the role of the SCT will be one of either sole responsibility, where it alone is responsible, or shared responsibility, where the function is shared with or delegated to others, or advocacy, where the SCT supports or promotes a particular cause or activity outside its remit. For example, the SCT will advocate and promote environmental conservation, but it will not have direct responsibility in the manner of the Kingdom’s environmental protection agency.

Apart from the SCT, the public sector tourism organisation includes two more levels. A second organisational tier will be established at the provincial level, the Provincial Tourism Organisations (PTOs). These will be a tripartite partnership between the SCT, the provincial government and the private sector. A third tier in the organisational structure will be Local Tourism Organisations (LTOs), which will be largely made up of local private sector interests.

The SCT will facilitate the establishment of PTOs and will provide assistance to build up their technical capability. Formation of Local Tourism Organizations is not seen as an urgent need.

As regards the private sector tourism organisation, the General Strategy, recommends the formation of independent tourism trade associations as part of a gradual and evolutionary process. In the interim, the SCT will work closely with the Kingdom’s chambers of commerce and their tourism committees.

Funding the Public Sector Tourism Organisation

Funding sources for the public sector tourism organisation will vary, with public sector contribution being highest at the level of the SCT and reducing as a proportion of the total budget at the level of PTOs and, even more so, at the local level.

Additional funding provision needs to be made for the initial establishment costs of the public sector organisation. Since the SCT will be responsible for setting up of the entire public sector organisation, it should also be the channel for these establishment costs.
**Human Resources and Tourism Workforce**

Currently, the tourism industry in the Kingdom draws the great bulk of its workforce from imported and considerably cheaper contract labour from South and Southeast Asia. The proportion of Saudi nationals working in tourism is estimated at around 10-15%.

By the year 1441H, the tourism industry is projected to generate 1.5 million jobs in direct and indirect employment. There is therefore ample scope to provide employment opportunities to Saudi nationals as part of the policy of Saudiisation.

However, enforcement of the policy of Saudiisation should be flexible, for various reasons: First, there are deep rooted negative perceptions of employment in tourism, particularly the hospitality industry, and therefore the interest in working in tourism is fairly low. Secondly, existing tourism education and training facilities are inadequate, which means that the Kingdom’s capacity to supply sufficient numbers of skilled personnel in the short to medium term is limited. Other reasons include the effects of an enforced policy of rapid Saudiisation on operational efficiency, price competitiveness and overall profitability.

A comprehensive tourism human resource development plan will be spearheaded by the SCT, the key elements of which will be:

- an awareness campaign designed to mitigate negative socio-cultural perceptions and increase the take-up of employment in tourism
- improvement of working conditions in the tourism industry coupled with incentives for both employees and employers.
- introduction of a national tourism accreditation system based on agreed competencies and curricula, leading to professional recognition of tourism jobs.

**Impacts of Tourism Development**

**Economic Impacts**

Development of tourism is consistent with the Seventh Development Plan’s call for an intensification of efforts towards privatisation, Saudiisation, economic diversification and the related objective of regional development.

Towards all these macro-economic objectives tourism can make a significant contribution.

On the basis of the expected or medium growth scenario of the Tourism Development Strategy, direct tourist expenditure (domestic and foreign) at the end of the 20-year Plan in 1441H (2020G) will be SR80 billion. This will generate SR86 billion in sales (output), SR19 billion in income, and SR60 billion in value added. As stated before, it will also generate 1.5 million jobs directly and indirectly.

Currently, government revenue from tourism is relatively low, but there is ample scope for substantial increase by imposing charge on hotel and furnished apartment and allocation of such charges to tourism development within the framework of the strategic plan.

**Environmental Impacts**

Tourism and the environment have a symbiotic relationship. In a real sense, the environment in its broadest sense is the product in tourism. The tourism industry therefore has a vested interest in protecting the natural and cultural environment.

The potential for adverse environmental impacts of future tourism volumes under the expected growth scenario is low. But they can be locally significant during peak seasons, especially in mountain resorts and coastal areas.
These potential adverse environmental impacts will either be avoided or satisfactorily controlled through strict planning controls and appropriate mitigation measures. The planning approval process will require major tourism projects to be subjected to environmental impact assessment (EIA), in addition to comprehensive feasibility studies.

**Socio-cultural Impacts**

Tourism affects and is affected by the socio-cultural environment in which it takes place. Despite concerns expressed in some quarters that tourism development in the Kingdom will be a catalyst for undesirable social change, the evaluation conducted for the purposes of this Strategy indicates that tourism in Saudi Arabia is unlikely to have any negative socio-cultural impacts.

This is because the greatest growth in volume terms is expected from two main markets: First, from non-Saudi nationals living and working in the Kingdom who respect the Kingdom’s traditions, beliefs and behavioural norms. Secondly, non-Saudi Umrah performers and visitors who have the chance to visit other cities in the Kingdom beside Makkah and Madinah.

In the future, a small specialist international market for cultural, archaeological and wildlife tourism will develop, but this volume will be negligible compared to the overall visitor volume, and certainly considerably less than the Western expatriates who already live and work in the Kingdom. The likely impact of these tourists will be minimal, particularly since the tourism products that will be offered to them will be uniquely Saudi and conforming to local values and characteristics.

**Private Sector Role and Investment Facilitation**

As already indicated above, development of the tourism industry will be largely private sector driven. There are however a number of labour-related, market, institutional, infrastructure and financial issues that act as impediments to investment in tourism.

Labour-related issues include the lack of qualified Saudi manpower and the associated lack of training facilities, and the difficulty in recruiting qualified foreign manpower. Further, and as a consequence of the above, the issue of Saudisation is perceived by the private sector as an impediment. The most serious market-related constraint is the acute seasonality of the industry, which undermines the viability of investments. Institutional constraints, as perceived by the private sector, centre on the view that regulations are inconsistent, unclear and non-transparent, posing a significant hurdle to business. Whilst the availability of capital for large companies would not seem to be a problem, it is certainly a constraint for small and medium size companies. A range of options and measures exists to overcome or mitigate the constraints and these are outlined in the General Strategy report. They involve review and revision of financial policies, improvement and streamlining of procedures, rectifying inefficiencies, revamping the existing banking regulations, and hastening capital market reform. In all these matters the SCT will have a role of advocacy rather than responsibility. It will work closely with the Saudi Arabian General Investment Authority (SAGIA) and other related agencies.

To implement the functions and objectives, enough resources should be provided to cover the whole operations of the SCT and its affiliates in addition to development of the required infrastructure for tourism development and financing the major tourism projects. A funding mechanism should be developed by contributions from investors and beneficiaries. In this regard, beneficiaries could finance marketing activities while development of infrastructure could be undertaken by the public sector. The major tourism projects could either be financed by the existing development funds or through establishing a special fund for tourism projects. The SCT will set up a Project Facilitation Unit to advise and assist prospective investors. At the same time, the establishment of a tourism development fund will be explored, at least as an interim measure.
Tourism Information System

Tourism is an information-intensive industry. Thus, the collection, compilation, analysis and dissemination of data and information are a core function of any national tourism administration. More so in the case of the Kingdom, where tourism was officially recognised as a potentially important sector of the economy quite recently.

The SCT will fulfill its research and information function through the establishment and operation of the National Tourism Research and Information Centre (NTRIC). The principal objectives of the NTRIC are to:

- Centralise all the information collected by the SCT
- Provide a central resource and research function from which all information can be sought
- Enable all departments of the SCT, and in future also Provincial Tourism Councils, to share information more easily and effectively
- Serve many different users, in particular government departments, the private sector of the industry, and the consumer-tourist.

The NTRIC will be structured around the following key areas:

- inbound, outbound and domestic tourism statistics
- inventories of tourism resources
- accommodation statistics
- tourism expenditure data
- e-library – a wide-ranging information resource for the Government, the industry and the tourist.

Legislative Framework and Regulatory Reform

The institutions and laws arising from this tourism General Strategy fit appropriately within the constitution, laws and customs of the Kingdom. The most urgent legislative actions needed for administrative and operational purposes are the following:

- amendment of the SCT statute to refine and strengthen its mandate, role, functions and powers, and provide it with the resources necessary to implement the Master Plan
- new legislation, if necessary, to enable the setting up of Provincial Tourism Councils
- transfer of regulatory functions in respect of core tourism sectors from the Ministry of Commerce and other competent authorities to the SCT
- powers to designate Tourism Development Areas and Tourism Sites
- transfer of public lands designated as Tourism Sites or as having potential for tourism development to the SCT
- powers to establish Tourism Development Corporations tasked with the development of specific TDAs and Tourism Sites
- legislation to enable the formation of tourism trade associations.

Finally, a certain degree of clarity is needed in the social and business environment regarding recreation and tourism. The climate of uncertainty leads to limiting investment in recreation and tourism facilities and services, reducing participation in domestic recreation and tourism activities, and increasing foreign travel and the outflow of funds. All these factors militate
against the development of a viable and sustainable tourism industry in the Kingdom. Consideration should be given to the following specific actions:

- the possibility of re-organising the school holiday system, after completion of appropriate studies and consultations, so as to facilitate domestic tourism which is considered as a core element for developing national sustainable tourism.

- awareness campaigns in the media emphasizing the positive aspects of tourism, in particular the ideal utilization of resources and potentialities including attaining that it provides many social and personal (restorative) benefits, contribution in diversification of economic base, generating job opportunities and encouraging investment in tourism sector.

- A fundamental review of the provision of tourism and leisure opportunities for certain groups within Saudi society who feel disenfranchised by the existing limited and restrictive provision. These include women, bachelors, older citizens, and the disabled.

- Introduction of a code of conduct that advises travelers from all backgrounds, including Saudi nationals, on how to behave when on holiday within the country. This should not be so stringent as to hamper the development of domestic tourism, nor should it be based on punishment, but rather guidance.

Remaining phases of the national sustainable tourism project

Phase 2: Action Plan

Provide the framework for implementing the recommendation of phase 1 of the national tourism plan through preparation of a five-year tourism development action plan for both the national and regional levels. The plan includes (9) major outputs; organizational structure, policy, legislation and regulatory framework – human resources development, tourism facilities and services – marketing strategies – tourism and society – cultural heritage – tourism investment facilitation – consolidated action plan – final report for action plan.

Phase 3: Provincial Tourism Planning and Project Development

This phase is designed to complete the planning process and assist the implementation of policies, strategies and actions developed in phase 1 and 2. The main planning outputs of phase 3 will include Provincial Tourism Plans and TDA plans and projects.
1.1 Background

Council of Ministers Resolution No (9) dated 12/1/1421H, which established the Supreme Commission for Tourism (SCT), provided for the establishment of a sustainable tourism, designed to encourage Saudi tourists to holiday and tour into the Kingdom increase investment potentials, develop human resources capabilities and generate new job opportunities for national citizens. The Resolution mandated the Commission “to attend, develop, promote and enhance the tourism sector in the Kingdom and facilitate the growth of such sector, which is deemed to be an important resource for the national economy” and to enable the private sector to undertake the major role in establishment of the Tourism investment facilities. Prior to the formation of the SCT, there was no official tourism body with responsibility for the entire tourism industry.

Understandably, the primary task stemming from the Commission’s mandate was to formulate a long-term strategy for the development of the Kingdom’s tourism industry. The National Tourism Development Project (NTDP) was both the means and the outcome of the response to this task.

1.2 National Tourism Development Project (NTDP)

The NTDP was designed as a comprehensive, detailed and in-depth study of the tourism sector in the Kingdom. The whole planning process was divided into three phases, conceived as distinct yet integrated steps in a logical planning progression from the macro to the micro level, i.e.:

- **Phase 1**: 20-year General Strategy
- **Phase 2**: 5-year action plan to implement the General Strategy
- **Phase 3**: provincial tourism plans, tourism development area (TDA) plans and project development.

Each phase was then divided into a series of distinct but inter-related parts, called outputs. Each output covered a specific subject area of the strategy. Phase 1, the General Strategy, consists of 16 such outputs, 15 individual subject areas, all of which are then integrated into a 16th, final output, which is the present General Strategy report. The following are the individual outputs which constitute Phase 1.

1. Vision, Mission & Objectives of Tourism
2. Inventories and Evaluation of Tourism Resources
3. Market Study
4. Structure Plan
5. Economic Analysis
6. Environmental Impact
7. Socio-cultural Impact
9. Cultural Heritage Protection, Conservation and Preservation
10. Quality Control Systems & Standards
11. Human Resources
12. Organizational Framework and Structure
13. Private Sector Role & Investment Facilitation
14. Legislation, Regulation, Monitoring & Enforcement
15. Tourism Information System
16. General Strategy Report for National Tourism Development
1.3 Strategy Objectives

The general objective of the Strategy is to provide a framework to stimulate the development of sustainable tourism as an economically viable and environmentally, socio-culturally positive sector. This includes:

- Economic objectives include diversification of the economy, regional development and increased opportunities for employment and small business development
- Socio-cultural objectives including presentation of Islamic Values and life style, focusing on the Kingdoms' cultural heritage and to strengthen national pride, also to heed heritage preservation of customs and traditions; introduction of diverse local cultures
- Environmental objectives including the identification, protection and sustainable utilisation of natural resources, and to achieve integration of tourism development with general national environmental policies
- Heritage objectives include providing support for presentation and restoration of heritage sites, handicrafts, cottage industries and popular markets

In pursuing these objectives, the SCT and the consulting team assisting it were guided by the following principles:

- Tourism would be planned for controlled development, so that it minimizes adverse environmental or socio-cultural problems and would be used as a means of environmental and cultural conservation
- Tourism development would be tailored to the specific characteristics and needs of each area of the country, with maximum participation of community residents in the development process and tourism benefits accruing, to the greatest extent possible, to the local communities
- Tourism development would be integrated into the overall development plans and patterns of the country, with strong linkages established to other economic sectors, leading to economical balance
- Tourism development would be led by the private sector
- In addition to providing facilities and opportunities for recreation and leisure travel, tourism would be used as a means to enhance employment, small business, and regional development throughout the country.

1 Basic references related to the three phases of Sustainable Tourism Development Strategy are provided in Appendix (A) of this report

1.4 Structure of the Report

The General Strategy report comprises two introductory sections and 21 chapters, the main body of the report is divided into five parts. Part I; Tourism Supply and Demand which examines domestic and international tourism demand patterns. It also identifies, quantifies and evaluates the Kingdom’s tourism resources. Part II; Socio-economic, Cultural and Environmental Context, attempts to establish a planning framework for tourism in the Kingdom by assessing its role in the national economy, examining socio-cultural issues, and also considering the role of the Kingdom’s cultural heritage in tourism development.

Part III; National Tourism Development Strategy and Policy is the heart of the General Strategy. It sets out a national tourism vision, mission and strategic objectives, establishes growth targets, formulates a national tourism structure plan, and considers and formulates strategies and policies across a range of related areas such as required supporting infrastructure, organizational
structure and framework of tourism, development standards and design guidelines, quality assurance systems and standards, human resources development, financing tourism, legislative framework and regulatory reform, and a national tourism information centre.

Part IV; Impacts of Tourism Development assesses the economic, socio-cultural and environmental impacts of tourism that are likely to result from the projected growth and development over the 20-year period of the strategy, and recommends policies and measures to optimise the benefits, while minimising any potential adverse effects. Finally, Part V; Key Strategies, Policies and Actions draws together all key issues of tourism development, related strategies and policies and recommended actions and assigns priority and responsibility to each specific area.

1.5 Acknowledgements

The present, Phase 1 of the NTDP – the General Strategy – commenced in Dhu Al-Hijjah 1421 H (March 2001) and was completed in Safar 1423 H (May 2002). The work was undertaken by a joint team of the SCT staff and international consultants. Throughout the planning process a very large number of persons and organizations from both the public, private and social groups sectors were consulted. All of them made useful inputs in a variety of ways, ranging from the provision of information and data to participation in workshops, seminars and focus groups.

The SCT is grateful to all these persons, organisations and establishments for their valuable contribution to the formulation of this tourism General Strategy.
2.1 Introduction

Inspite of the relative development of the tourism in the Kingdom, the available information about tourism activities is scarce and limited. In view of the fact that tourism has only recently been officially recognized as a potentially important sector of the national economy. It is understandable that there would be little authoritative and reliable, much less internationally compatible, data on the country’s tourism industry. In practice, therefore, the SCT had to fill a huge information and data gap, to put its planning endeavour on firm foundations and to efficiently undergo the planning task that was assigned to it.

This brief section outlines the main aspects of the methodology employed by the SCT to prepare this General Strategy.

2.2 Preliminary Data Collection

As a step towards the launch of the Sustainable Tourism Development Strategy, the Commission undertook a series of data collection programmes, studies and other research activities. The following schedule (see Table 2.1) shows the main data collection programmes undertaken by the SCT as part of this initial pre-Plan phase.

<table>
<thead>
<tr>
<th>No</th>
<th>Survey/Study Name</th>
<th>Remarks</th>
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<tbody>
<tr>
<td>1</td>
<td>Survey of Members Society</td>
<td>Pilot study to yield qualitative information on perceptions, motivations, and attitudes towards tourism.</td>
</tr>
<tr>
<td>2</td>
<td>Survey of Workers in the Tourism Industry</td>
<td>Pilot study to yield qualitative information on perceptions, attitudes and motivations of Saudi workforce in tourism.</td>
</tr>
<tr>
<td>3</td>
<td>Information on Tourism Monuments</td>
<td>Survey, identification and documentation of sites/monuments to enable evaluation for tourism purposes</td>
</tr>
<tr>
<td>4</td>
<td>Information on Tourism Places</td>
<td>Survey, identification, and evaluation of tourism sites</td>
</tr>
<tr>
<td>5</td>
<td>Photo Library of Monuments and Places</td>
<td>Creation of photographic records and eventually inclusion in Geographical Information System (GIS)</td>
</tr>
<tr>
<td>6</td>
<td>Archaeological, Cultural and Historical Sites</td>
<td>As per above</td>
</tr>
<tr>
<td>7</td>
<td>Geographical Information System (GIS)</td>
<td>Data of sites from 3, 4, 5 and 6 to be put in GIS</td>
</tr>
<tr>
<td>8</td>
<td>Survey of Tourism Services: Hotels and Apartments</td>
<td>For inventorying and evaluation purposes</td>
</tr>
<tr>
<td>9</td>
<td>Survey of Tourist Services: Restaurants</td>
<td>As per above</td>
</tr>
<tr>
<td>10</td>
<td>Survey of Transport and Infrastructure</td>
<td>To provide input to planning process</td>
</tr>
<tr>
<td>11</td>
<td>Employment and Training in Tourism Industry</td>
<td>As per above</td>
</tr>
<tr>
<td>12</td>
<td>Survey of Laws</td>
<td>As per above</td>
</tr>
</tbody>
</table>

Source: The SCT.
In most instances, these data collection programmes, many of which have become ongoing activities for the Commission, were breaking new ground. They involved not only secondary desk research, but also considerable fieldwork, and enabled the Commission to build up several pertinent and useful inventories of tourism resources, facilities and services throughout the country. These were set up as databases, including eventually a Geographical Information System (GIS). Particularly noteworthy were the inventories of cultural and natural resources with a combined number of identified and recorded sites in the region of 10,000.

2.3 Primary Research Activities

With the launch of the NTDP, and while the above data collection programmes continued to be updated, a comprehensive and intensive programme of major primary research activities was launched to provide the necessary input to the planning process. Of particular importance were a series of full sample surveys and studies, all of which were pioneering initiatives in the Kingdom. These included:

- Domestic Tourism Survey, July-August 2001
- International Visitor Survey-August 2001
- Business Sector Survey, August-September 2001
- Tourism and Society Survey, September-November 2001
- Survey of Workers in Tourism, September-November 2001

All these research activities have made important contributions to the growing body of knowledge about tourism and yielded useful input to the SCT and its planning team. Other primary research activities were numerous workshops and seminars with all stakeholder groups representing both public and private sector organizations, as well as the academic community of the Kingdom. Workshops were an important mechanism in eliciting inputs, testing ideas and concepts from a wide range of stakeholders. In addition, a series of focus groups were conducted with participants drawn from various social and professional groups. These helped the planning team to probe and better understand a variety of issues.

However, by far the most extensive form of research undertaken for the purposes of the General Strategy were the many hundreds of individual meetings and one-on-one interviews with persons from both public and private sectors.

Finally, it is the nature of tourism master planning that a great deal of investigation is carried out in the field. Thus, numerous field trips have been organized and carried, which covered the entire country. Their purpose was not only to identify, survey and document existing and potential tourism resources, facilities and services, but also to evaluate them.

Perhaps the most important aspects of the approach to the preparation of this General Strategy adopted by the SCT, one which underpins and integrates the entire methodology, was the process of consultation and validation, through feedback and review.

Apart from the extensive consultation, which was integral to many of the other types of research outlined above, such as workshops and meetings, a more formal and multi-tiered quality assurance system was built into the planning project.

- at the first level, Advisory Groups made up of knowledgeable individuals in one or the other subject area covered by the General Strategy advised and assisted their respective Output teams.
further review and feedback of draft reports took place internally at the level of Programme Management and advisory groups

a higher review level involved the SCT Director of Strategy & Programme and the international consultant

other related Ministries of Government and professional persons, including a panel of tourism experts made up of eminent international tourism academics and practitioners, were also invited to review and comment on reports

all above review and feedback stages preceded the submission of revised draft reports to the Project Steering Committee, comprising 18 members and again chaired by the SCT Secretary General and ultimately the Board of Directors of the Commission. Details of the full membership of these bodies are given in Appendix B.

However, the overriding principle that has characterized the approach to this planning study was the principle of partnership built into the execution of the entire project. This was a structured approach, officially approved by the SCT Board of Directors and aimed at integrating the resources and efforts of the SCT and the Consultant. Partnership in undertaking the preparation of this General Strategy was manifested by means of joint output teams, co-development of work plans and deliverables, cross-fertilisation of ideas, and the synergy of local knowledge combined with international expertise and best practice.
3.1 Introduction

The main purpose of this section is to identify, examine and evaluate existing and potential tourism markets in the Kingdom of Saudi Arabia. In doing so, it provides an overview of the nature and structure of the Saudi tourism industry and of present tourist travel patterns to, within and from the Kingdom. It goes on to quantify and assess the various market segments – domestic and international, inbound and outbound – on the basis of available research data. Prioritisation and targeting of markets are considered, as are corresponding product development issues. The analysis of the markets carried out here lays much of the foundation for the projection of future growth of tourism demand, which is presented in Section 10.

As reliable information on the incidence or the impact of travel by purpose of visit or location of stay at national level was unavailable to the SCT, special primary research actions were taken by the Commission within the framework of this Plan to rectify the situation. Thus, a series of sample surveys and focus group discussions were undertaken. The principal research initiatives were the Domestic Tourism Survey (DTS) and the International Visitor Survey (IVS), both conducted in 2001G. These surveys were essential inputs to identifying and analysing the market segments.

3.2 Context

Saudi Arabia, as the land of the two holy mosques, has been receiving pilgrims for more than 1400 years, and has shown great generosity in providing for these pilgrims. Since the development of oil in the Kingdom, a substantial industrial, commercial and urban development has taken place that has necessitated the growth of a modern tourism industry, larger than that of many famous tourism destinations throughout the world. So, Saudi Arabia is not new to the sub-sectors that comprise the tourism industry.

Saudi Arabia is only new to tourism in the sense that it has not attempted to embark upon the international leisure tourism business, selling into the industrialised markets. Similarly, it is argued that the perception of domestic tourism is only at an embryonic stage amongst the local population.

A critical feature is that Saudi Arabia has adopted a mode of tourism development to date, which has many of the trappings associated with any tourism industry, but from an overall perspective is unique. More importantly, the intention is to continue to develop tourism in a mode that will have its own special features.

3.3 Tourism in Saudi Arabia

It is useful to describe briefly the present characteristics and dimensions of tourism in the Kingdom. This will help create a more meaningful context for the analysis of the overall market, which is the central task of this section.

3.3.1 Domestic Tourism

Domestic tourism demand in 1421 H (2000 G) was estimated to be around 14.5 million trips, with total spending of SR 22.4 billion. Domestic tourism in Saudi Arabia consists mainly of leisure/holiday tourism (including visiting friends and relatives), religious travel (Hajj and Umrah), business/conference tourism (including official travel) and medical tourism.

Traditionally, domestic leisure tourism, estimated at 6.4 million trips in 1421 H (2000 G), has tended to focus on the Red Sea (western coast), in particular Jeddah and the mountains around Asir and Taif. The Arabian Gulf (eastern coast) also attracts some domestic tourists, especially from Riyadh and the eastern regions of the Kingdom. Domestic tourism tends to be largely family based and highly seasonal, and peaks during the July/August school holidays, during the two Eid vacations, and also, to a certain extent, at weekends.
As an example, there is the Asir region which has a mild climate, moderate rainfall, scenic and relatively green countryside, and a wide range of leisure facilities make it one of the most popular holiday destinations in the Kingdom for domestic tourists. Abha is the main town in the Province of Asir and the focal point of tourism in the region. Asir has a hotel capacity of 1769 rooms, with an additional 1,311 rooms in registered apartments.

Also there is a resort city of Taif, 150 kilometres south east of Jeddah, and is Saudi Arabia’s traditional summer capital. Situated around 2,000 metres above sea level in the Hejaz mountains, it offers a cool summer retreat with impressive scenery only a relatively short drive away from Jeddah, which has a dense population. Taif has two “Excellent” class hotels, the 148-room Intercontinental Taif and the 111-room Al Hada Sheraton. In addition to this hotel capacity, there are 3,416 rooms available for rent in furnished apartments. Taif has been the focus of considerable development in recent years, with emphasis on family attractions and entertainment, in particular through the development of parks, playgrounds, picnic areas and amusement parks.

Moreover, there is the city of Jeddah, which can be described as a major city at the Kingdom level, and consequently its history, architecture of old Jeddah, and gateway to the two Holy Cities of Makkah and Medinah make it the most visited city in the country. Jeddah is also the Kingdom’s pre-eminent recreational and shopping centre. The Jeddah Summer Festival, an established annual event for the last three years, is a major visitor attraction.

With 23 amusement parks, eight museums and two zoos, Jeddah has more visitor attractions than any other town or city in the Kingdom. It also has 2,300 restaurants and 301 travel agents.

3.3.2 Religious Travel

Makkah Al Mukaramah and Al Madinah Al Munawarah attract an estimated half a million Domestic visitors each year who perform Hajj, and another 4.0 million to perform Umrah. This is in addition to an estimated 3.6 million foreign visitors during the months when Hajj and Umrah are permitted. To cope with this domestic and international demand, there has been considerable construction of hotels in the two holy cities. There are an estimated 70 thousand hotel rooms in Makkah Al Mukaramah, and more than 8 thousand in Al Madinah Al Munawarah.

Makkah Al Mukaramah has a dedicated conference centre (Inter-Continental Makkah Conference Centre), offering 1,650 square meters of space. The city also has additional in-hotel meeting facilities capable of accommodating 1,370 delegates. Al Madinah Al Munawarah also has in-hotel meeting facilities with a capacity of 3,170 delegates. There are a total of 68 travel agents in Makkah Al Mukaramah, with an additional 23 in Al Madinah Al Munawarah.

3.3.3 Business/Conference Tourism

Business tourism tends to be influenced by the Hijri calendar, as there is usually a sharp fall in business travel during the Hajj season and in the month of Ramadan. This forces many hotels to offer rooms at discounts of up to 50 percent during these periods. The summer months of July and August also tend to show a fall in business travel as many people are deterred from travelling due to the heat or take their holidays either in the Kingdom or abroad.

Business tourism tends to focus on the major cities of Riyadh, Jeddah, Dammam, and Al Khobar. All four cities have developed a relatively large base of accommodation to serve the business community, with over 7,000 hotel rooms in Riyadh, around 16,000 in Jeddah, and almost 2,000 in each of Dammam and Al Khobar.
Both Riyadh and Jeddah have exhibition centres (Riyadh Exhibition Centre and Jeddah International Exhibition Centre), and in Riyadh the Inter-Continental Riyadh and the Faisaliah Conference Centre provide 2,405 and 5,200 square metres of dedicated conference space respectively. All four cities have a comprehensive range of in-hotel meeting and function facilities.

In common with cities around the world that attract business tourism, these four cities have a large number of travel agents and restaurants serving their visitors.

3.3.4 International Tourism

At present, the system of issuing visas for visitors to Saudi Arabia is not conducive to measuring international tourism to the Kingdom. An extremely small number of tourist visas are issued through Saudi Arabian Airlines’ “Visit Saudi Arabia” programme. Thus, “visit” visas are issued for a wide range of purposes. The entry/departure card that has to be completed by all non-GCC nationals at the country’s borders does not require stating the purpose of visit either.

However, the surveys and related research carried out for this Plan have enabled the planning team to estimate the volume of international tourists to the Kingdom at 6.3 million in 1421H (2000G), worth SR12.8 million. Of these, 3.6 million were travelling for religious purposes essentially to perform Hajj and Umrah.

In all visa cases, persons entering the Kingdom must have a Saudi sponsor, which means an individual or a company to vouch for the individual’s conduct whilst he is in the country. Tourists from GCC states do not require visas to enter the country.

International tourism to Saudi Arabia can be divided into four main categories, namely religious travel (Hajj and Umrah), business and conference, leisure/holiday tourism (essentially by nationals from other GCC states), and visits to friends and relatives (VFR).

Around 3.6 million international visitors come to Saudi Arabia each year to perform the Hajj and Umrah. In this connection, it is important to bear in mind that according to international (WTO/UN) tourism statistical definitions and practices Hajj pilgrims are considered as tourists.

Religious travel and business tourism constitute the bulk of international tourist arrivals to Saudi Arabia. However, around 2,000 international tourists from non-GCC countries were admitted in the year 1421H (2000G) to undertake cultural tours around the country under Saudia’s “Discover Saudi Arabia” programme. In addition to these, there is some leisure tourism generated by the GCC countries.

Partly a form of leisure tourism, but worth distinguishing it as a separate segment, are visits to friends and relatives (VFR). With a large expatriate community resident in the Kingdom, inevitably a sizeable amount of VFR travel is generated.

Religious Travel

Around 1.4 million Hajj pilgrims and 2.3 million Umrah performers from abroad travelled to Saudi Arabia in 1421 H (2000 G). Prior to 1421 H, holders of an Umrah visa could not spend more than 15 days in Saudi Arabia, and were not permitted to travel outside of the Jeddah-Makkah-Madinah corridor. However, these restrictions have now been removed to serve the desire of Muslims of staying in the Kingdom to know better its features. And these pilgrims are allowed to travel throughout the Kingdom for a period of up to 30 days, which can be further extended in addition to the possibility to obtain a 72 hours transit visa. This clearly opens the door to leisure and VFR forms of tourism after the initial purpose of visit (pilgrimage) has been satisfied. As with domestic religious travel, the destinations of international religious visitors are Makkah Al Mukaramah and Al Madinah Al Munawarah.

Business Tourism

As with domestic business tourism, international business tourism is focused on the major cities of Saudi Arabia such as Riyadh, Jeddah, Dammam, and Al-
Khobar. A large proportion of these arrivals come from other GCC countries, although short-term employees from Europe and America who are involved in the petroleum, telecommunications and other industries also constitute a significant proportion of business travellers.

Leisure/Holiday Tourism

Leisure visitors from GCC countries tend to visit similar destinations as domestic Saudi citizens: Jeddah and the south west coast, and to a lesser extent, destinations on the east coast.

As mentioned above, around 2,000 tourists from non-GCC countries travelled to Saudi Arabia for leisure/holiday purposes under the “Discover KSA” programme. Most of the visitors were from Europe, America and Japan. Typically, tours included the following attractions:

- Riyadh and Diriyah;
- Jeddah and the Red Sea;
- Madein Saleh;
- Asir Region: for traditional villages, mountains, wildlife;
- Dhahran: for the oil producing region;
- Domat Al-Jandal.

Tours tend to take place during the winter months when the weather is cooler, although not during Ramadan or the Hajj – leaving March to May and September to November to be the most popular periods.

3.3.5 Saudi Travel Abroad

Based on Passport Department statistics, tourist travel abroad for all purposes by Saudi residents in 1420 H (1999 G) was 4.6 million, while expenditure was estimated by the Saudi Arabian Monetary Authority (SAMA) at SR19.7 billion. It is understood that the SAMA figures relate only to transactions through Saudi banks. Substantial further expenditure on travel is made by cash, foreign credit cards, foreign bank accounts and from assets held abroad. It is expected that total expenditure on foreign travel greatly exceed the SAMA figures. Further research is underway to estimate the total outflows and expenditure on foreign travel.

3.3.6 Overall Assessment

The preceding pages have provided an outline of the present volumes of the three broad segments of tourism demand in the Kingdom, and these are shown in a summary form in table 3.1

By any standards of these numbers are large, reflecting the substantial scale of the tourism industry that already exists within the Kingdom.

The Kingdom has a wealth of tourist accommodation, with 850 hotels providing 95 thousand rooms, 828 registered furnished apartment establishments with an estimated 20 thousand apartments and 40 thousand rooms Total exhibition floor area is estimated at 29,000 square metres, while conference and meeting facilities provide a space of about 61 thousand square metres. One thousand one hundred licensed travel agents operate in the Kingdom; around 200 of them are licensed Umrah agents.
### 3.4 Analysis of the Main Market Segments

#### 3.4.1 Saudi Domestic Travel

Table 3.1 shows the different domestic market segments. Those with substantial potential are the two largest, namely 'vacation/leisure travel' and 'travel for the purposes of performing Umrah'. Within the other segments, there will be specific niches, which offer potential, such as Meetings, Exhibitions, Conference and Incentive (MICE) travel market in the 'business travel' segment, and these can be added as niche opportunities.

#### 3.4.2 Perceptions of the Citizens about Tourism

For many Saudis it appears that the word tourism means trips abroad, rather than domestic travel. Clearly there are a wide range of different perceptions and indeed worries about what tourism means in Saudi Arabia. Some people have an unfavourable view when the word is presented to them, along the lines of 'the incursion of foreigners in excessive numbers behaving inappropriately'. To allay these fears, not only will future development have to be appropriate, but also there will need to be awareness/education programmes to address these perceptions. Also, in time it will be necessary for the SCT to explain what it is trying to do to develop domestic tourism.

---

**Table 3.1: Estimate of the Travel & Expenditure Flows During 1421H (2000G)**

<table>
<thead>
<tr>
<th>Trip Purpose</th>
<th>Trips (millions)</th>
<th>Expenditure (SR billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Domestic Travel</td>
<td>14.54</td>
<td>22.4</td>
</tr>
<tr>
<td>Saudi Travel Abroad *</td>
<td>4.57</td>
<td>19.7</td>
</tr>
<tr>
<td>Inbound International Travel into Saudi Arabia</td>
<td>6.29</td>
<td>12.8</td>
</tr>
</tbody>
</table>

*Sources: DTS, IVS, Ministry of Interior and SAMA.  
*Note: Applies to 1420H (1999G).*
3.4.3 Saudi Travel Abroad

3.4.3.1 Focus Group Discussions (FGDs)

The issue of Saudis taking their holidays abroad is so important that several Focus Group Discussions were carried out to identify the factors involved. These FGDs were with male and female groups (separately), and in the case of the male groups there were married groups and singles groups, all of Saudi citizens, not expatriates.

Price and Value of travel abroad

The perception in all groups is that Saudi Arabia is more expensive than vacationing in neighbouring Arab countries. Also, the perception is that the Saudi product is focused mostly on higher income groups. Overall, abroad is seen as cheaper, and therefore one can stay longer abroad to be with one’s family.

Challenges to be addressed in Saudi Travel Abroad

There are a whole series of options to consider. Even though potential travellers may want particular facilities, it may not be possible to provide such facilities. The opportunities rest with:

- females, who appear to be keener on Saudi Arabia as a vacation destination than the males. It is demandable to find ways in which the family can be together - this is particularly important to females; and

- families, where there is a widespread wish (for men and women) for families to be together and enjoy their leisure/vacation facilities and experiences together.

For the single males, opportunities should be explored to provide suitable recreational facilities.

3.4.4 Inbound International Markets

As noted above, pilgrimage is by far the major purpose for visiting the Kingdom. Some 1.4 million Muslim pilgrims came to perform the Hajj in 1421H (2000G) and a greater number came to perform Umrah (nearly 2.3 million). However this still leaves 2.7 million arriving for other purposes.

As with the domestic market segment, the inbound international travel segment has an extraordinary market mix (see Table 3.2), which influences product development, the structure of the tourism industry, and future marketing and promotion. Noteworthy here is that the vacation/leisure segment is relatively small (less than 5%).

Table 3.2: International Market Segments by Purpose of Trip During 1421H (2000G)

<table>
<thead>
<tr>
<th>Trip Purpose</th>
<th>Estimated numbers of visitors (thousands)</th>
<th>Market Mix %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hajj</td>
<td>1,364</td>
<td>21.7</td>
</tr>
<tr>
<td>Umrah</td>
<td>2,270</td>
<td>36.1</td>
</tr>
<tr>
<td>Vacation/Leisure</td>
<td>262</td>
<td>4.2</td>
</tr>
<tr>
<td>VFR</td>
<td>1,096</td>
<td>17.4</td>
</tr>
<tr>
<td>Business &amp; Government</td>
<td>688</td>
<td>10.9</td>
</tr>
<tr>
<td>Health</td>
<td>101</td>
<td>1.6</td>
</tr>
<tr>
<td>Shopping</td>
<td>469</td>
<td>7.4</td>
</tr>
<tr>
<td>Other</td>
<td>45</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total Inbound International</strong></td>
<td><strong>6,295</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Sources: Derived from IVS, Ministry of Hajj.
As illustrated in Figure 3.2, GCC citizens represent the largest geographic market for Saudi Arabia. Of the 6.3 million trips inbound into Saudi Arabia, 3.0 million of them are from GCC states—Kuwait, Bahrain, United Arab Emirates, Oman and Qatar.

Inbound tourism offers many opportunities for Saudi Arabia, of which the major ones are:

- Umrah, essentially a completely new market
- GCC
- Longer-haul international.

**Figure 3.2: Market by Origin of Inbound Travellers to Saudi Arabia**

### 3.4.4.1 Umrah Extensions - the Muslim World

There is a good reason to be optimistic about the growth prospects of the Umrah extensions. It is fair to say that there are some extensions already in place and the industry itself has considerable hopes for the extensions. However, apart from focusing on the higher income groups, there is still a need to research, identify, pilot and refine the components of a product that can be put into Umrah extensions. There are also those who argue that Umrah performers are totally focused upon religious and spiritual issues, whereas there are others who argue that the trip can be a mixed-purpose trip. Clearly, this market segment that is susceptible to considerable segmentation, with appropriate product variations being offered to them.

### 3.4.4.2 GCC - promising opportunities

The research indicates that GCC is a completely different market from the other neighbours (even though it is only 8 million people). The higher income distribution, the easy access by private car, the ability to enter without visas, opens up a whole range of opportunities for product developments and packages in Saudi Arabia that can be sold in the GCC markets.

The challenges are to find and put together products/packages that meet the needs of different market segments, including:

- short-break packages (especially for expatriates)
- special event and special benefit packages (shopping, festivals, recreations)
- products with attributes that cannot be obtained in the Gulf States, such as the mountains and greenery of places such as Asir and Taif; and
• products with historic and cultural attributes that Gulf citizens and expatriates will want.

Again, these products have to be researched, identified, piloted and refined.

3.4.4.3 Other International Markets - Leisure/Vacation

Here the research indicates that one has to present products with real international pulling power. Saudi Arabia has to look at those products that are really exceptional. These are:

• its extraordinary religious, historical and cultural background; and deep heritage

• exceptional nature products - coral reefs of the Red Sea, the Gulf, the desert areas of the Rub al Khali and the mountains of the southwest.

Similarly, the research indicates that in selling these vacation products outside of Saudi Arabia and the Gulf, these other markets are looking for the same levels of quality in the attractions whether the market is London or Amman or Kuala Lumpur. Again, these products have to be researched, identified, piloted and refined.

3.4.5 Assessing the Potential

In assessing the potential a number of significant variables were taken as 'given', as follows:

• tourism in the Kingdom will continue to be developed within the precepts of Islam, with travel being undertaken within the practices of the faith

• The Kingdom is the land where Islam was first introduced; therefore The Kingdom is committed to serve the house of Allah and its visitors.

• high quality standards will be enforced by the SCT

• capacity constraints will remain in relation to the Hajj.

Future tourism development will follow the national Tourism Vision and Mission established for it under this strategy(see Section 9).

Within this context, the factors influencing market potential have been reviewed by specific topics, which cover the following:

• economic development in the Kingdom

• affordability of Saudi tourist products

• capacity constraints for the Hajj

• social and cultural development

• the new visa rules for Umrah

• physical product development

• competition and pricing

• promotion campaigns and packaging; and

• expatriate population.
3.4.5.1 Seasonality

A factor of particular significance is that of seasonality, or 'hyper-peaking' for tourism. It is particularly important for two main reasons:

1. it is a major factor in the pricing in Saudi Arabia and is helping to push 'affordability' for a large part of the Saudi Arabian population into being a major issue
2. it is a major factor in project viability, and thus will impact upon mobilising the private sector capital which will be chiefly for new product development and product improvements on the domestic scene. Without this capital, Saudi Arabia will lose business to foreign destinations.

In the face of the type of seasonal distribution shown above, it is difficult for tourism accommodation to achieve room occupancy factors much above 40%. The mechanisms for trying to improve the situation are:

- institutional changes to ease off some of the hyper-peaking such as some shifts in the school holiday periods
- active development by the industry of second, third and short-break holidays in the shoulder and off-peak periods
- campaigns in overseas markets (notably GCC, neighbouring Arab and international markets) to attract visitors in shoulder and off-peak periods.

The critical point about the seasonal campaigns, quite apart from improving profitability for the Saudi tourism industry, is to improve utilisation of assets, and open up opportunities for more affordable pricing in the domestic markets.

3.4.6 Market Strategy Options

Prioritising market segments is the basis of a market strategy. This will focus future product development efforts, and focus the future marketing and managerial resources. For this purpose, the following categorisation of markets is proposed.

- Major Priority Market (and within that by top priority)
- Special Priority Market (generally the religious segments)
- Niche Priority Market
- Priority Market Cell (for some of the very specialised/targeted segments)

As shown in table 3.3, this exercise suggests that only one market segment should be treated as major & top priority segment. But in contrast there are
many market segments that should be treated as Niche Priority markets where the development opportunities are considerable but the actual scale of the market segment is not large.

Table 3.3: Options in Prioritising Market Segments

<table>
<thead>
<tr>
<th>Prioritisation</th>
<th>Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major and Top Priority</td>
<td>Saudi Citizen Domestic Vacation/Leisure in Saudi</td>
</tr>
<tr>
<td>Special Priority</td>
<td>Inbound Muslim GCC &amp; Arab Umrah</td>
</tr>
<tr>
<td>Niche Priority</td>
<td>Saudi Citizen Domestic Vacation</td>
</tr>
<tr>
<td></td>
<td>- Honeymoons</td>
</tr>
<tr>
<td></td>
<td>- Recreations</td>
</tr>
<tr>
<td></td>
<td>- Cruising</td>
</tr>
<tr>
<td></td>
<td>- Ecotourism</td>
</tr>
<tr>
<td></td>
<td>Saudi Citizen Domestic Tourism</td>
</tr>
<tr>
<td></td>
<td>- Sports</td>
</tr>
<tr>
<td></td>
<td>- Educationalsns</td>
</tr>
<tr>
<td></td>
<td>- Business</td>
</tr>
<tr>
<td></td>
<td>- Meetings, Conferences and Exhibitions</td>
</tr>
<tr>
<td></td>
<td>- Medical tourism</td>
</tr>
<tr>
<td></td>
<td>- Cultural tourism</td>
</tr>
<tr>
<td>Market Cell Priority</td>
<td>Expatriates in Saudi - Domestic Tourism</td>
</tr>
<tr>
<td></td>
<td>- Umrah</td>
</tr>
<tr>
<td></td>
<td>- Vacation/Leisure (Short Break)</td>
</tr>
<tr>
<td></td>
<td>Inbound Muslim (Long Distance) Vacation</td>
</tr>
<tr>
<td></td>
<td>Inbound Expatriates in the GCC - Leisure/Vacation</td>
</tr>
<tr>
<td></td>
<td>(Short Break)</td>
</tr>
<tr>
<td></td>
<td>Inbound Non-Umrah related Long Haul Vacation</td>
</tr>
<tr>
<td></td>
<td>- Culture/Historic Trips</td>
</tr>
<tr>
<td></td>
<td>- Nature/Eco-tourism/ Marine</td>
</tr>
<tr>
<td></td>
<td>- Major Cruise Ships</td>
</tr>
<tr>
<td></td>
<td>Inbound Long Haul Non-Muslims VFR</td>
</tr>
</tbody>
</table>

Source: The SCT and International Consultants.
3.4.7 Product Development Strategy Options

The market study research carried out under this strategy has thrown up a whole range of product development possibilities. Also, it has shown two guiding parameters that will need to permeate the development of the Product Portfolio over the next two decades. These are:

- the drive to Affordability
- the drive to Customer Care.

3.4.7.1 Gaps in the Product Portfolio

The research (Focus Group Discussions, open-ended questions) has offered the opportunity for respondents to state what they think and what they feel is missing in the Tourism Product Portfolio in Saudi Arabia. Some of these major gaps are illustrated in Table 3.4

<table>
<thead>
<tr>
<th>Distribution, Packaging and Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>However, it is clear from the research that investment in facilities is not enough, there has to be both ‘awareness’ and ‘promotion/information’ campaigns. Also, the people appear to be seeking a considerable change on the part of the current industry so that product packages - attractive, organised, affordable, convenient - are available to a much greater extent than now. Packages need to be targeted to specific groups in society, such as families. Overall, the distribution systems, particularly for domestic travel, have to be improved in order to strengthen and complete the overall product portfolio.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Product Development - Accommodation Options</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 3.5 shows generic accommodation product options. If these options are selected, the key issue concerns whether or not there is a need for public sector involvement over and above giving permission to go ahead and invest to the private sector. Such an issue would have to be investigated.</td>
</tr>
</tbody>
</table>

Table 3.4: Major Gaps In The Product Portfolio

<table>
<thead>
<tr>
<th>The research indicates that the customers are asking for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
</tr>
<tr>
<td>Affordable accommodation but with appropriate quality</td>
</tr>
<tr>
<td>Beach resort accommodation, integrated tourist villages</td>
</tr>
<tr>
<td>Attractions</td>
</tr>
<tr>
<td>Gardens and Parks, in which one can play, in particular children can play, and also offering family privacy</td>
</tr>
<tr>
<td>Evening entertainment suitable for families live entertainment</td>
</tr>
<tr>
<td>Heritage and cultural exhibits and museums are frequently not open at convenient times, also not well maintained. Want better interpretation and more information. Want more museums with regional and area interpretation.</td>
</tr>
<tr>
<td>Nature Areas</td>
</tr>
<tr>
<td>Activities</td>
</tr>
<tr>
<td>Want to enjoy activities as a family group, opportunities for family visits to attractions</td>
</tr>
<tr>
<td>Want to mix with their friends openly.</td>
</tr>
</tbody>
</table>

Source: The SCT and International Consultants.
Table 3.5: Tourist Accommodation - Generic Options

<table>
<thead>
<tr>
<th>Concept</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large scale resorts with a wide range of</td>
<td>To achieve the ambience required by the Saudi citizens</td>
</tr>
<tr>
<td>facilities (both beach and hill resorts)</td>
<td></td>
</tr>
<tr>
<td>Chain concepts for motels/ resthouses/</td>
<td>To facilitate long-distance travel in so large a country</td>
</tr>
<tr>
<td>service stations</td>
<td></td>
</tr>
<tr>
<td>Small specialised accommodation concepts -</td>
<td>To meet the needs of niches within the domestic and international</td>
</tr>
<tr>
<td>Hotels/Motels</td>
<td>To fill perceived gaps in the product portfolio</td>
</tr>
</tbody>
</table>

Product Development - Options for Attractions

The research indicates a large range of options for improvements and new attractions that need to go into the Product Portfolio. They vary from what might be described as mega-attractions, such as large theme parks, down to modest schemes such as picnic sites. Some are likely to be developed as part of another concept, for example a marina, which would probably come under some sort of new resort complex, rather than be a stand-alone project. Where there may be a need for intervention by the public sector (probably through the SCT) are in the following project concepts:

- 'Tourist Restaurants' which would need specific standards etc.
- 'Pleasure Gardens' which may need careful detailing as to content and operation

- National Parks/ nature reserves/ protected areas but as tourist attractions, and link this with Adventure Centres
- 'Tourist Markets'
- Cultural Centres, but as tourist attractions; and a
- Programme for the improvement of selected Heritage attractions into tourist attractions - opening hours, catering, shops, interpretation, guides.

Options for Transport/Travel

The research has indicated that there are a number of shortfalls in the product, which could easily be overcome with a 'programme of improvements', for example:

- catering and parking at some attractions/scenic spots
- roadside facilities
- footpaths.

The SCT could identify a programme to be implemented with the responsible authorities.

Options for Distribution and Packaging

Distribution and packaging is included within product development because it is an issue that arises so often in the research. The markets indicate clearly that it can be difficult putting together a tourism product in the Kingdom, either directly itself or through the travel industry. Often it is easier to buy a package to travel abroad. The suggestions from the research focus on three concepts as options:
package products directed at specific groups such as students, women, children, youths, families etc

- specialised companies (tour operators) to put together, promote and sell these packages or similar; and

- the development of recognisable touring circuits in the country to include
  - religious Islamic Touring Circuits, especially directed at the domestic market and the Umrah segment
  - historic Touring Circuits (monuments, architecture, historic trading routes, heritage areas)
  - desert Touring Circuits and Wilderness Touring Circuits
  - scenic Touring Circuits linked with nature and eco-tourism
  - major City Touring Circuits (cities, modern developments including industries), City Tour Programmes.

All these options would have to be evaluated and suitable programmes for implementation would have to be drawn up.

Options for Tourism Awareness and Education

The research has indicated that there are considerable misperceptions about tourism and what it means. So an option available to the SCT is to consider trying to influence the Saudi public’s view about tourism with awareness/information campaigns. Also, there is great interest in what may happen in the future, and the SCT would need to consider what to communicate to the public about the objectives of STDTP (Sustainable Tourism Development Strategy).

What are sometimes seen as restrictions can be turned into highly positive benefits for the customer. Of course these benefits have to occur within a well-operated facility whether it be a hotel, a furnished apartment, a restaurant, or some sort of tourist attraction.

Benefits in Saudi vacations

Source: The SCT and International Consultants.
3.5 Conclusion

- The tourism industry of the Kingdom is already substantial in terms of both the capacity of its resources and the flows of tourists it receives and accommodates.

- In 1421 H (2000 G), domestic tourism was estimated at 14.5 million trips worth SR22.4 billion. Forty-four per cent of trips were for holiday leisure purposes, 27.5% were for Umrah, 19% for VFR, and 4.8 for business travel. In addition, 6.3 million inbound tourist trips were recorded, of which 36% were for Umrah, 22% for Hajj, and 17% for VFR. By contrast, 4.6 million Saudi residents are estimated to have travelled abroad in 1420H (1999G).

- There is a need to address the misperceptions about domestic tourism among sections of the Saudi population as well as address the lack of awareness among a section of the population about the tourist attractions and facilities that exist in the country.

- Research findings point to the issues of affordability of domestic tourism products and their competitiveness vis-à-vis foreign tourist destinations. These issues, and the related issue of acute seasonality, need to be addressed in future market and product development strategies.

- The Plan’s market development strategy will prioritise the domestic leisure tourism market, international Umrah Inbound and certain specialised niche segments based on the country’s cultural and natural heritage, all of which are consistent with the national tourism vision and mission.

- In geographical terms, apart from the domestic market, the market strategy targets mainly the GCC states, other Arab neighbours, Muslim countries, world-wide Muslim community.

Against this background, a number of product development issues arise and certain gaps in the existing tourism product portfolio exist. These will need to be addressed by the SCT through this General Strategy and by the private sector through the necessary investment.
4.1 Introduction

At any one time or place, the “tourism product” is an amalgam of site or event attractions, activities, facilities and services. Hence, for the purposes of tourism development planning, a wide-ranging definition of tourism resources has to be adopted. This section aims to briefly identify, quantify and evaluate the Kingdom’s existing and potential tourism resources in relation to current and future tourism demand patterns. Cultural and natural heritage resources are considered in greater detail in Sections 7 and 8, where their role in tourism is assessed. As such, this section, together with the rest of Parts I and II, helps to create a planning context for the Sustainable Tourism Development Strategy of the Kingdom.

4.2 Existing and Potential Tourist Attractions

4.2.1 Cultural Heritage

Because of its long and varied history, Saudi Arabia has a remarkably rich and diverse cultural heritage that is unique in almost every way. Twelve areas of cultural heritage have been identified and classified by the Supreme Commission for Tourism, as follows:

- sites reported in the Prophet’s biography
- sites associated with the history of Saudi Arabia
- sites and features reported in Arab poetry
- historical and archaeological sites
- traditional handicrafts and industries
- popular customs and traditions
- values and folktales
- popular arts
- desert culture and heritage
- highlands culture and heritage
- marine culture and heritage
- architectural heritage.

4.2.1.1 Identification, quantification and preliminary evaluation of cultural resources

The SCT has identified a total of 6,430 cultural heritage locations. According to the above-mentioned thematic classification, the approximate distribution of these cultural locations shows that 1,915 or 28% fall under the Architectural Heritage category, 1,630 or 26% fall under Traditional Customs and Values (including popular arts and cultural environments – mountains, desert and sea), 500 are Sites and Features Reported in Arabic Poetry, 400 are Sites Reported in the Prophet’s Biography, 330 are Sites Related to Saudi History, 50 are Archaeological and Historical Sites, and a further 1,679 are Values and Folk Tales.

Of the above total cultural heritage items, around 2,310 sites are related to so-called soft culture (handicrafts, customs and values, folk tales, poetry) and the remainder are either built heritage or historical and archeological sites or geographical locations mentioned in the Prophet’s biography.

Saudi Arabia has a rich tradition of building design and ornamentation, demonstrated in its architecture and in the geometric patterns and designs to be found on doors, windows and walls. Vernacular architecture constitutes a significant part of the country’s heritage, as the built environment provides the...
setting for much of the country’s tourism. Individual buildings, whole villages and historic quarters in urban areas are included in the 1,800 sites of architectural importance mentioned above.

**Museums**

In addition to above a total number of cultural sites is 69 museums that collect, conserve and promote different aspects of Saudi culture. The value of museums is that they make accessible single objects, collections, historical issues and concepts through the use of interpretation and education. As such, they are essential elements of a country’s cultural tourism product base.

**Festivals**

Saudi Arabia has 534 story-telling and literature events, 61 folklore festivals and 44 dramatic arts festivals. Of these, the Jenadriyah Festival is the largest single event, being national in scope and celebrating all aspects of Saudi culture.

Larger and more broadly based festivals, the most notable examples of which are the Jeddah and Abha summer festivals, are increasingly becoming established as major visitor attractions.

**Cultural villages**

There are a number of cultural villages within the Kingdom. Some are operated by the public sector; some by the private sector and the rest are community driven enterprises. These are found in many of the country’s regions, including those that already receive tourist visits.

**4.2.1.2 Geographical distribution of cultural resources**

Although cultural heritage resources are found throughout the Kingdom, the heaviest concentrations are in Riyadh, Asir, Baha, Tabuk, Makkah, Medinah and Eastern Province regions.

**4.2.1.3 Key cultural sites for tourism development**

From the overall inventory of over 6,430 sites, more than 150 key cultural sites have been selected by the SCT on the basis of peer review, with national specialists in each area submitting candidates to a list, which was then reviewed by the SCT planning team. The main considerations in selecting sites were:

- uniqueness
- accessibility
- current condition
- level of current public interest
- fragility to increased visitor pressure.

These selected key cultural sites cover nine distinct types, namely:

- sites mentioned in prophet Mohammed’s biography
- sites related to the Kingdom’s history
- King Abdulaziz palaces
- administrative palaces related to the time of King Abdul Aziz
- archiological and historical sites
- old villages
- architecturally important houses
• heritage quarters
• traditional handicrafts workshops and industries (souqs, workshops)

Many of these sites have the necessary requirements to be listed as World Heritage sites.

4.2.1.4 Overall evaluation of cultural heritage

Saudi Arabia’s rich cultural heritage offers considerable opportunity for the development of an equally rich and varied tourism product that can:

• appeal to growth markets that have been targeted by the SCT and other public and private sector stakeholders
• deliver real economic and social benefits at the national, regional and local levels
• increase awareness and pride in the country’s heritage amongst Saudis themselves
• help government ministries and departments to address the economic and social objectives of the Seventh Development Plan.

4.2.2 Natural Heritage

Saudi Arabia’s natural heritage includes a unique and richly diverse range of features, landscapes, wildlife and habitats spanning mountains, wetlands, deserts and coastal areas. The marine environment, in particular along the Red Sea coastline, is of world renown. These resources represent the country’s natural capital to be conserved, developed and used within a sustainable framework for the benefit of all stakeholders.

4.2.2.1 Classification of natural resources

Based on the type of information collected in the SCT surveys, natural resources have been grouped as potential tourist attractions under the following broad headings:

• natural features of scenic/recreational interest
  - mountain e.g. peak, mesas, escarpments
  - coastal/marine e.g. beaches, mudflats, coral reefs
  - desert e.g. sand dunes, Harat (lava fields)
  - natural forests
  - water feature e.g. oases, springs, waterfalls
  - other geological features e.g caves, wadi systems
• landscapes (areas in which the above features are situated)
• national parks (proclaimed or proposed)
• protected areas (proclaimed or proposed)
• proposed World Heritage and Biosphere Sites
• wetlands (natural and artificial)
• rangelands
other ecologically important resources not included above e.g. coral reefs, mangroves, sea-grass beds etc.

A database of approximately 3,700 sites has been compiled including features within all of the above categories and in all the major provincial tourism destinations. Supplementary desk research was undertaken in parallel with the SCT survey to capture more information on sites.

4.2.2.2 Major Types of Natural Sites

Landscape

Within the 30 landscape character areas identified in the Kingdom there are a number of Areas of Special Landscape Value (ASLV). These were determined from a consideration of rarity, scenic beauty, cultural heritage and nature conservation. The ASVL concept is to be used as a pointer to areas that have special attraction for nature based and cultural tourism.

National parks and protected areas

The Kingdom’s five National Parks are a significant natural resource providing the public with amenity and recreational facilities in a variety of natural settings from semi-arid deserts to mountain forests.

There are currently 15 proclaimed Protected Areas within Saudi Arabia as well as three designated field research centres and associated botanical sanctuaries. A number of sites offer excellent opportunities for ecotourism and generally low-impact nature-based tourism.

Proposed Natural World Heritage Sites

There are four proposed Natural World Heritage Sites within the borders of Saudi Arabia. The primary purpose of Natural World Heritage Sites, so designated under UNESCO’s World Heritage Convention, is to identify natural and cultural heritage of outstanding universal value throughout the world and ensuring its protection through international co-operation.

Wetlands

The wetland areas of Saudi Arabia include ponds, perennial streams, springs, artificial wetlands and effluent streams. These habitats often support a high diversity of flora and fauna including endemic species of fish, amphibians and invertebrates. Many of the millions of birds that migrate across Saudi Arabia utilise this resource during their passage. These wetlands generally provide excellent opportunities for tourism development. However, many are under severe threat. As they are limited in number, distribution and extent, they are particularly sensitive to impacts from agricultural and urban development, overgrazing, over-hunting and misuse by visitors.

4.2.2.3 Overall Evaluation of natural resources

Data collected by the SCT were evaluated to assess which sites could be taken forward as potential tourism attractions. The method of assessment required the evaluation of two independent attributes for each site: attractiveness (scenic beauty), and constraints. Natural sites and features were evaluated separately from man-made features.

Protected areas were also evaluated on the basis of discussions with the National Commission for Wildlife Conservation Development NCWCD regarding potential for use as tourism destinations and the type of tourism they would be able to support.

The overall assessment of the natural heritage suggests that the Kingdom has a large number of natural sites and features as well as natural reserves of high biological excellence and biodiversity that have potential for supporting both nature-based tourism and ecotourism. In particular, with sensitive development, the proposed Natural World Heritage Sites and Biosphere Reserves could provide world-class tourist destinations.
4.2.2.4 Benefits of tourist attraction development

The main benefits of developing tourist attractions are:

- to create new and increase existing local business and employment opportunities in tourism by creating demand for the organisation and operation of sightseeing tours and related activities, and the provision of transport, guiding and other services

- to spread the geographical distribution of tourism, so as to contribute to regional development

- to enrich the destination product by adding new interests and activities to the core product, thus helping to improve its competitive position by adding new and distinct product features.

4.3 Tourist Facilities and Services

If tourist attractions create or reinforce the motivation for leisure travel, tourist facilities and services provide the means by which the tourist can engage in travel and pursue the desired activities. As such, tourist facilities and services play a practical and utilitarian, albeit indispensable, role in tourism. For perfectly understandable reasons, facilities and services normally constitute the backbone of the tourist industry.

4.3.1 Accommodation sector

A wide range of accommodation types including hotels, furnished apartments, resorts, youth hostels and student hostels are available in the Kingdom.

Hotels

There were more than 95 thousand hotel rooms in 850 establishments including 165 unclassified hotels in the Kingdom in 1422 H (2001 G). The Ministry of Hajj's recent requirement for hotels to be registered in order to accommodate Hajj and Umrah travellers has caused many previously unregistered hotels to become registered. The registered hotel room inventory for Makkah region has increased to 44,395 as of March 2002 in 383 registered hotels, and the process of registering existing unregistered hotels is continuing. Based on SCT consultations with the Ministry of Hajj, when the process is completed the estimated number of registered hotel rooms in Makkah region will be 70 thousand in 548 hotels.

International hotel brands

A number of international hotel operators are established in the Kingdom, controlling 88% of the room stock in the Excellent Class. The presence of international operators and hotel brands, for 15 years or more, indicates that a certain quality standard of service has been set, thus providing a benchmark for the rest of the accommodation sector.

The existence of international hotel brands and chains and particularly the emergence of national operators reflect the growing maturity of the industry.

Planned hotel developments

As of Safar 1422 H (May 2001 G) the Ministry of Commerce reported a total 69 applications for hotels offering a total of 6,065 rooms including some renovated stock with planning and building permission, but still awaiting an operating licence. This corresponds to a potential capacity increase of 15%. By far the largest proportion of these new hotel rooms is located in Medinah (2,155), Makkah (1,919), and Jeddah (1,325).

Furnished apartments

Furnished apartments cater primarily to the family market. This market tends to replicate the “at home” way of life during holidays by avoiding splitting up family members in several different hotel rooms. Self-contained apartments also provide a greater degree of privacy.
Reliable statistics on the existing capacity of furnished apartments are not available. The system now in place for the licensing of apartments by the Ministry of Commerce does not maintain statistics on the total number of rooms and bed spaces. An initial estimate, based on Ministry of Commerce figures and additional research, puts the number of furnished apartment properties at 828 with over 40 thousand rooms and 80 thousand beds as of Moharram 1423H (March 2002G).

It is believed that the actual number of furnished apartments may well be much higher, because a number of complexes fall outside the regulatory net of the Ministry of Commerce.

Furnished apartments are very unevenly distributed across the country, with the Holy Cities of Makkah and Medinah accounting for 72% of the known total capacity. This suggests that furnished apartments have become a popular accommodation for pilgrims. Riyadh also has a reasonably large number of apartments reaching 1570 furnished apartments.

Youth and student hostels

With 21 establishments and 2,425 beds, youth hostels provide an attractive and competitively priced package to young people. On the other hand, there are 24 student hostels with 2,449 beds, providing convenient accommodation to students, particularly for inter-university and inter-college sporting events.

Residential compounds

So-called Western residential compounds in the Kingdom, many of which also offer short-term accommodation facilities and hotel-like services, boost the country’s commercial accommodation capacity by a substantial, yet unquantified, number.

4.3.2 Exhibition and conference facilities

Saudi Arabia has a wide range of exhibition and conference/meeting facilities. These are generally modern and well equipped to cater for business meetings as well as international exhibitions. There is also a wide range of meeting facilities with a capacity above the 1,000-delegate mark. The largest part of the exhibition and conference capacity is located in the cities of Jeddah, Riyadh and Al-Khobar.

There are three main types of exhibition and conference facilities in the Kingdom: exhibition centres; dedicated conference centres; and in-hotel meeting and function facilities. Total exhibition floor area is estimated at 29 thousand square metres, while conference and meeting space is put at around 61 Thousand square metres. A new exhibition centre in Buraida, Qassim, will add another 6 Thousand square metres to the total exhibition floor area. Utilisation rates for the country’s exhibition centres range from 25% to 40%, with the Riyadh and Abha exhibition centres achieving the highest rates. There is thus considerable scope for expansion of this particular market segment.

4.3.3 Travel and tour services

According to Ministry of Defence, Civil Aviation and General Inspectorate statistics, there were 1,100 licensed travel agents in the Kingdom in 1421 H (2000 G). Over one-third were located in the Makkah Province, and just under one-third in the Riyadh region.

4.3.4 Restaurants

The Ministry of Commerce reports the existence of 5,470 restaurants throughout the Kingdom. However, this figure does not represent the entire supply of food and beverage outlets, but only the licensed ones. It is anticipated that this number is substantially larger, as an example, the MOC figures show that Riyadh has 562 restaurants, while the municipality of Riyadh district latest figures show 2602 restaurants in Riyadh besides Fast Food restaurants and buffets. Apart from gourmet or exclusive restaurants, a very large number of fast food chain outlets exist in the Kingdom. The rapid population growth combined with the development of large urban areas and the influx of foreign workers has resulted in a concentration of diverse cuisines throughout the country, including Middle Eastern, African, Asian, European
and South American. All of which enhance the attractiveness of the country’s tourism product.

4.3.5 Ancillary Tourism Resources

Retail services

Shopping is invariably part of the tourist experience, and often becomes the main focus of tourist activity. As a result, retail or distributive services, from souvenir and duty-free shops to souqs and large modern shopping malls benefit directly from tourists’ spending and thus have a legitimate interest in tourism development.

The distributive trades are highly developed in the Kingdom. Of particular interest in the tourism context are traditional markets and souqs and, notably, modern shopping malls. The latter facilities often become visitor attractions in their own right and can become the platform on which shopping tourism can be developed. There are at least 22 shopping malls in the Kingdom with a total floor area of 1.1 million square metres.

Health care

The health care industry in Saudi Arabia is highly developed. There is a large supply of facilities ranging from public and private hospitals to smaller health care centres. These facilities can provide the basis for the development of medical and health care tourism targeted at both Saudis and GCC citizens.

4.4 Transportation Facilities and Services

All tourism involves some form of travel. Transport is therefore a necessary condition of tourism. Without an adequately developed transport infrastructure, tourism can neither be developed nor promoted successfully.

Domestic travel in the Kingdom is dominated by private car transport. Air transport is expanding, but represents only a small proportion of domestic transport. Foreign inbound travel is also dominated by road (49%), with air transport claiming 43.7%. Foreign passenger arrivals by sea make up the balance of 7.3% passenger arrivals.

Although the Kingdom possesses a well-developed road network, from a tourist travel point of view, the distances between certain major cities and existing tourist resort areas are often considerable. Therefore, on certain routes air transport is likely to remain the preferred mode of passenger transport. The currently limited passenger railway network reinforces the air transport option.

4.4.1 Road network, border crossings and public bus transport

The road network at present comprises about 152 thousand km, of which 106 thousand, or about 70%, are paved. One of the major considerations in long distance road transport is the availability of rest areas. By international standards, these are inadequate. Further development of these facilities is a major problem because of the difficulty of providing basic infrastructure, notably power and water, to remote locations.

There are at present 12 border crossings with other GCC countries and Jordan and Iraq. Thus, overland travel from neighbouring countries is considerably facilitated.

According to the Ministry of the Interior there were just over seven million vehicles in the Kingdom by the end of 1418H (1997G). Clearly, Saudi Arabia has a relatively high car ownership ratio, which suggests that mobility for leisure purposes is greatly enhanced.

Saudi Arabian Public Transport Company (SAPTCO) is the main bus transport operator in the Kingdom, with a fleet of 2,900 vehicles, serving 359 cities and villages in the Kingdom and with operations to nine neighbouring countries. SAPTCO has been involved in tourism, but is now planning to make tourism one of its strategic business units.
The planned development of the Kingdom’s tourism sector will provide not only the framework, but also valuable opportunities, for the expansion of the operations of SAPTCO and other private transport operators. Appropriate deregulation of the sector and facilitation of the latter are necessary and urgent preconditions.

### 4.4.2 Air transport

Aviation infrastructure in the Kingdom is well developed, with a good network of airports and associated facilities and services. These support current tourist traffic movements to and within the Kingdom, as well as providing ample scope for growth in the short to medium term future. There are 26 airports in the Kingdom categorised as international, regional and domestic.

Fifty two international airlines, including SAUDIA, operate into and out of the three international gateway airports of Riyadh, Jeddah and Dammam. Air services between the Kingdom and gateways in all major existing and potential markets appear adequate. Passenger seat capacity also appears to be adequate, although seasonal fluctuations and shortages are experienced in respect of access to popular resort areas.

KSA airports were used by 22.7 million passengers (arrivals plus departures) in 1419H (1999G), of whom 11.4 million were domestic and 11.0 million were international (including 1.3 million Hajj pilgrims).

### 4.4.3 Railways

The Saudi Railways Organisation (SRO) is effectively a single line operation linking Riyadh, Dhahran, Dammam, Hofuf, Abqaiq, and the dryport of Riyadh. In 1419H (1999G), 675, thousand passengers were carried by SRO.

**Railway line extensions**

There are plans to expand the railway network extensively. An east-west route extension comprises three possible connections:

- 115 km between Dammam and Jubail (essentially for industrial products such as cement and petroleum products)
- 951 km between the Arabian Gulf (Dammam seaport) and the Red Sea (Jeddah seaport) linking Dharhan/Dammam, Riyadh, and Jeddah
- 461 km from Jeddah to Makkah and Madinah (essentially for pilgrims)
- a direct line reducing the direct distance between Riyadh and Dammam
- a relatively small population base around the proposed Riyadh Jeddah line might limit its viability.

More importantly, at a distance of over 900 km, it is beyond the threshold level at which surface transport competes successfully with air transport. However, from the point of view of leisure travel, the possibility of passenger trains also being able to ferry private cars on the Riyadh-Jeddah route will increase its appeal considerably.

Instead, the construction of a railway link between Jeddah, Makkah and Madinah, would quite likely be viable and certainly very attractive from a tourism point of view.

Restoration of the old Hijaz railway, or at least part of the route between Makkah and Madinah for example, has the potential of becoming a significant tourist attraction.

### 4.4.4 Maritime transport

Passenger shipping is not a widely used form of transport, except for Hajj pilgrims, and transport between the mainland and islands. Most passengers use Jeddah port, mainly for pilgrimages. The other main passenger port is Dhuba, from which ferry services operate to Egypt. There is a domestic ferry
service between Jizan and the Islands of Farasan in the Red Sea and smaller services to other islands.

In terms of maritime transport infrastructure, the capacity certainly exists to accommodate and support the development of marine tourism, particularly cruises of the Red Sea and to the neighbouring and GCC countries.

4.5 Frontier Formalities

Globally, co-operation between states on streamlining frontier formalities has been an ongoing process for several decades, with the trend being towards the reduction of movement controls and the facilitation of the entire processing of passengers at entry and exit points. This includes both passport controls and customs procedures.

Naturally, all travel facilitation procedures adopted by a sovereign country are tempered by the needs of that country to control illegal immigration as well as by considerations of security, safety, the prevention of crime, and avoidance of health risks. Unlike other countries of the GCC, Saudi Arabia does not issue a tourist visa. All persons travelling to the Kingdom, except GCC nationals, require a valid visa. The following types of visa are currently issued: Hajj, Umrah, Work, Business, Visitor, Diplomatic, Transit, Other.

4.5.1 New Umrah visa regime

The recent relaxation of the Umrah visa regulations extending the time allowed to Umrah performers and further permitting them to visit other parts of the Kingdom, other than Jeddah, Makkah and Medinah, is certainly the most far-reaching policy change made in this area, which underpins much of the proposed development of tourism to the Kingdom.

In reviewing and revising the overall visa regime of the Kingdom, the objective must be to facilitate the flow of bona fide visitors, whilst at the same time instituting appropriate immigration and other measures to control illegal immigrants and “ overstayers” as well as maintain necessary safety, security and health controls.

4.6 Safety and Security

The Kingdom enjoys excellent conditions of political and social stability within the framework of the Islamic values of a traditionally friendly and hospitable people. Clearly, these conditions and the negligible crime rate underpin the general environment of safety and security that characterises the Kingdom, which is an essential precondition of tourism development.

4.7 Other Infrastructure and Utilities

Basic infrastructure components such as water supply, sewerage and solid waste disposal, electricity supply and telecommunications, are necessary for the development and operation of all tourist facilities and services. The availability, adequacy and relatively high quality of such infrastructure components are an essential condition for the efficient provision of viable, competitive and quality assured tourism products and services.

Considerable improvements and coverage of infrastructure throughout the Kingdom have been achieved by successive development plans, and this provides a solid foundation for tourism development.

4.7.1 Water Supply

The Seventh Development Plan emphasises the impact of high rates of urbanisation, the resultant need for expansion of urban potable water supplies, and the need to improve rural infrastructure to control the rate of urbanisation.

The limited water resources and the high cost of developing new sources has also led to the need to rationalise water consumption for agricultural and industrial purposes, and to increase utilisation of reclaimed wastewater, for controlling water leakage and pollution.
The lack of natural fresh water resources has made it necessary to develop a desalination capacity, with the Kingdom becoming the largest producer of desalinated water in the world.

Two thirds of the population receive piped water supplies, 28% receive water from tankers and only a small percentage obtains water from traditional wells and other sources. However, high levels of piped water supplies occur in highly populated areas, and lower levels occur particularly in sparsely populated areas and in the southern regions. Therefore, any plans to improve water supply infrastructure in rural areas to facilitate tourism, will be in direct support of Government policy to improve rural infrastructure.

4.7.2 Water supply and tourism

Care must be taken to ensure that communities, in areas of low levels of service, do not perceive plans for tourism development as a threat to their existing scarce resources.

Whenever major tourist development sites and projects are selected by either the public or the private sector, it is essential that planned provision of infrastructure, in this case water supply, takes into consideration neighbouring communities.

Tourist facilities, particularly higher-class hotels and resorts, are relatively heavy users of water. However, the current and future aggregate demand for water of the tourism sector is and will remain a small proportion of water consumption for agricultural and domestic purposes.

The high costs of desalination for plants sized to supply hotels alone will be a significant constraint to the development of hotels aiming at the cheaper accommodation market. The constraints will diminish with larger and more expensive hotels. As a general policy principle, where hotels and other tourist facilities depend on government water supply sources, an economic rate should be charged. Clearly, many tourism development projects will depend almost entirely on desalinated water supplies. As such, areas away from the coast will be at a comparative cost disadvantage. If the need arises for special or concessionary treatment of projects distant from the coast, this should be considered on a case-by-case basis. In larger, integrated tourism development areas where clusters of hotels exist or are planned, a dedicated central water supply source should be considered, so as to benefit from economies of scale, but should not necessarily be subsidised by Government.

4.7.3 Wastewater

The Seventh Development Plan recognises the need to improve the current coverage of wastewater facilities, and for increasing private sector participation in the construction, operation and maintenance of wastewater collection systems and treatment plants.

The relatively low coverage, compared to other sectors, of wastewater collection and treatment, together with Government policy to increase re-use of wastewater, will most probably result in a requirement for all tourist developments to treat wastewater to a suitable quality level for re-use.

This is also a recommendation of this study for locations outside existing networks. Thus, hotels, resorts and other tourist facilities of certain minimum size should be required to install their own sewage treatment systems, where they cannot be connected to existing networks. Such arrangements are fairly common in many tourist destination countries around the world.

4.7.4 Solid waste collection and disposal

The negative impact that poorly controlled solid waste collection and disposal can have on visitors makes this subject of particular importance to the tourism industry. Of the existing and potential tourist sites visited during the
preparation of the Plan, almost all have been impacted in one way or another by solid waste.

The issue of litter is also directly related to the larger issue of solid waste disposal. In this respect there is a need for both litter collection and disposal provision and also for public education aiming at reducing the incidence of littering.

4.7.5 Surface water drainage

The arid nature of the country is ironically one of the reasons why surface water drainage presents problems for the Kingdom, particularly in the western and eastern areas.

Appropriate surface water provision is specific to individual locations, and these issues can only be addressed at these specific locations, once they have been identified. It is however worth noting at this stage that:

- in selecting potential tourism development locations and sites, the incidence and risk of flash floods, however infrequent, should be considered along with all the other relevant factors; and
- more importantly, adequate provision for surface water drainage, appropriate to the particular location of each tourism project, should be made in the planning and design of a project. This should be part of the development standards and design guidelines, which each tourism project should satisfy in order to obtain planning approval and building permit.

4.7.6 Electricity

The great majority of households in the Kingdom are now connected to electricity. Power is distributed through a number of network systems, and in the more remote towns from isolated power stations.

The potential for solar power development in the Kingdom is considerable. However, the technology has not developed to the stage where it can economically provide the high power requirements of air conditioning, especially in the light of the availability of relatively cheap petroleum products. The use of solar power in tourism is therefore likely to be restricted to low power requirements for isolated sites.

4.7.7 Electricity supply for tourism

On the whole, power-generating capacity is not seen as a constraint to tourism development in the Kingdom. Remote areas with reasonable access can be economically served by the installation of diesel-driven generators, sized specifically for the site. Modest power requirements, for remote sites with difficult vehicular access, can be provided by solar power.

Larger, integrated development areas or projects, whose energy requirements exceed existing generating capacity of neighbouring SCECO plants, should install their own power generating plants.

4.7.8 Telecommunications

Advanced communications services cover the entire Kingdom, with all towns and villages covered by the national postal service, and an up-to-date telecommunication network.

Improvements in telecommunications are happening daily. From a tourism point of view, although local sites may have fixed line constraints, the advent of mobile telephone and the cellular telephone system, mean that this will not be a constraint to tourism development.

4.8 Domestic tourism and recreation

In the development of the Kingdom’s tourism industry, it will not always be possible or meaningful to draw a clear dividing line between domestic tourism
and domestic recreation. In practice, domestic recreation provision, including the planning, development and operation of many recreational facilities, is indistinguishable from domestic tourism.

4.9 Conclusion

- Underlying the brief evaluation of the Kingdom’s varied tourism resources undertaken in this section are the criteria of relevance, suitability, adequacy and relative value for tourism in general and for the specific domestic and international target markets prioritised through the Kingdom’s tourism vision and mission in particular (see Section 9).

- Clearly, the resources identified, quantified and evaluated here constitute the Kingdom’s unique, abundant, diverse and inherently valuable tourism resource endowment. Apart from the wealth of the country’s cultural and natural heritage, which will be further specifically considered in Sections 7 and 8 below, the Kingdom already possesses a sizeable tourism plant in the form of facilities and services, an adequate transportation infrastructure as well as the general infrastructure components to service the tourism industry.

- On the other hand, development of visitor or tourist attractions to support further growth and development of the tourism industry requires particular attention. These attractions will largely be based on the Kingdom’s natural and cultural heritage.

5.1 Introduction

The general objective of the Sustainable Tourism Development Strategy of the Kingdom of Saudi Arabia is to provide a framework to stimulate the development of sustainable tourism as a productive, economically viable and environmentally socio-culturally positive industry. More specifically, the economic objectives of the Strategy include diversification of the economy, improved balance of payments, balanced regional development and increased opportunities for employment and small business development. Therefore, the primary objective of this section is to establish the overall economic parameters at national level, within which the planning and development of tourism will take place. At the same time, the section undertakes an economic analysis of the present and projected future level of tourism development based on the three growth scenarios already outlined in Section 3 and set out in detail in the following Section 10. The underlying primary purpose here is to prepare the base for more detailed evaluation and continuous monitoring of the contribution of tourism activities to the national and, eventually, regional economies of the Kingdom.

An evaluation of the costs and benefits, both direct and indirect, of tourism development as proposed in the Strategy will be undertaken in Section 20. As indicated above, projected growth of tourism over the 20-year period of the Strategy based on the three alternative growth scenarios, on which estimates of demand and expenditure are based, are detailed separately in Section 10.

5.2 Methodology and Approach

Primary research to establish the volume, incidence of activities and associated expenditure of domestic and foreign tourists within the Kingdom was first undertaken. A programme of field surveys was initiated to identify the core market segments, to assess their size and relative economic impact, and to establish the expenditure from tourist activity on the core sectors of the tourism...
industry. These were primarily two sample surveys, the Domestic Tourism Survey (DTS) and the International Visitor Survey (IVS).

Survey results were projected up in order to establish estimates of economic activity at the national level. As part of this analytical process, the level of current regional impacts was established. These regional benchmarks provided a base for evaluating the potential for growth in tourism impacts at the regional level.

One of the key outputs of the economic analysis process has been to establish the contribution of tourism to the GDP. To supplement this, analysis was undertaken of the multiplier effects on sales, on employment, on value added, and on the incomes generated within the economy. Evaluation of these impacts on the economy was carried out using a national Input/Output matrix that incorporated tourism specific expenditure data supplemented with official data on sectoral revenues, sector employment and remuneration factors, import ratios to total consumption, operating surplus, and other economic benchmarks where available.

The benchmark estimates of demand and expenditure on key tourism items at the national level were subsequently forecast over the 20-year period of the STDS. In preparing tourism growth forecasts, three scenarios were considered: high, expected and low outcomes. Methodology was also established to forecast the accommodation requirements generated over the coming 20-year period (see Section 10 for detailed discussion of this subject).

The main goal of the continuing programme of primary research to progressively build the tourism database has the ultimate objective of providing both the base for a system of Tourism Satellite Accounts and a tourism expenditure base for the regions.

To achieve these longer-term objectives of implementing economic databases, information gaps in official data sources have been identified and the SCT will take initiatives to fill these data gaps by developing partnerships with key ministries and private sector organisations.

5.3 Profile of Economy of Saudi Arabia

Considerable economic progress has occurred over the past twenty years. The dominance of oil as the driver of the economy remains, but considerable progress in downstream processing industries, in manufacturing and the development of commercial and business activity has been a notable feature over the past ten years.

Development of the economy proceeds under the umbrella of five-year development plans, commenced in 1390 H (1970 G), co-ordinating efforts and activities to achieve Government’s economic and social objectives. Plans are developed and monitored by the Ministry of Planning.

The 6th Development Plan completed in 1419H (1999G) targeted:

- the development of human resources through increasing capacity at university, educational institutions, vocational training and technical colleges
- encouraging increased private sector participation in the economy and encouraging investment in productive and commercial enterprises
- improve economic efficiency in both public and private sectors to diversify the economic base and rationalize and reduce reliance on government expenditure.

The emphasis on encouraging activity and investment by the private sector is continued in the 7th Development Plan commenced in Year 1421H (2000G). The plan calls for an intensification of efforts in privatization, Saudisation and economic diversification. Regional development is given prominence as part of the economic diversification strategy. The non-oil based private sector’s share of overall GDP has increased substantially, recording 40% in 1418 H (1998 G) compared to 34% in 1417 H (1997 G).
The 7th Development Plan also places greater emphasis on social development and training programmes to equip the local labour force for employment in tomorrow’s industries.

Growth of the economy over the coming five years is anticipated at 3.2% per annum with industrial sector growth estimated at 5.1%. These targets may prove difficult to meet with a world economic slowdown being experienced. In 1418H (1998G) with the turbulence from the Asian currency crisis, the Kingdom’s GDP suffered a decline of 12.7% as demand for oil and oil products evaporated resulting in a dramatic fall in the price of crude oil.

Oil exports still account for 89% of KSA exports and the oil sector 35% of economic activity (GDP) within the Kingdom. Despite significant progress in developing manufacturing and commodity processing industries the price of oil remains the main driver of the economy. With the oil price hitting $10 a barrel during 1418H (1998G) export receipts recorded a fall of over 30%. The Government, in response, delayed payment on many of the investment projects then on the books and postponed projects due to come on stream dramatically reducing its commitments for payments of services.

Over the past decade personal incomes have also increased substantially, despite fluctuations for some segments in the wake of economic reversals. In 1419 H (1999 G) per capita income was SR26,800.

5.3.1 Population growth

Population growth in Saudi Arabia is one of the highest in the world. The critical task for the Government is providing educational and training facilities and ultimately jobs for this rapidly increasing population. The government is looking to the private sector to play a substantial role in investing and the creation of businesses and employment opportunities in the coming decade. Changes in attitudes as to what is acceptable employment will be an issue, particularly in the tourism industry where expatriate workers provide the bulk of employment, over of 85% of the labour force sector.

5.3.2 Tourism as an Economic Activity

Tourism development is an important element in the economic strategy proposed for the coming 20 years. This industry is perceived as a key vehicle to expand economic activity in the regions by providing additional demand for local produce and services and to play an important role in the strategy to diversify the economy. Employment of Saudi nationals into the tourism and hospitality sectors will be a key element in the strategy for diversification. Tourism will need to be perceived as one offering career opportunities and advancement. The development of its superstructure will create those employment opportunities along with commercial opportunities for small and middle-sized business enterprises.

5.3.3 Balance of Payments

The Balance of Trade (goods trade) is typically in surplus, while that in services is strongly negative. The Kingdom has in the past few years been in chronic deficit when the balance on goods and services and private remittances are considered, more than offsetting foreign exchange earnings from oil and manufactured/processed products. Net investment income has provided a small current account surplus in three of the past five years.

This all changed in calendar year 1421 H (2000 G), the latest year for which balance of payments figures are currently available, with the Kingdom recording the largest trade and current account surpluses for almost 20 years. On the back of dramatically increased oil prices, exports rose 56% with imports rising 8%. Private remittances, principally expatriate worker remittances, also rose.

It has been indicated that this increase in foreign exchange earnings will be applied to paying off short-term external debt and providing funding for infrastructure projects. The latter will take some time to filter into the domestic economy but when it does, will boost discretionary incomes of those involved directly and indirectly in the infrastructure investment sector.
Increased income and particularly discretionary income has encouraged Saudi nationals to travel abroad in significant numbers. As has already been indicated in Section 3, the consequent outflow of foreign exchange on travel and related activities is substantial. The strategy is to make domestic tourism an attractive alternative to travel abroad primarily to improve the balance of payments but also to underpin the viability of its developments targeting the domestic tourism market. This strategy will regain prominence as the oil price and/or quantities traded are affected by the slowdown in International economies.

5.4 Main Parameters

The role of tourism in the national economy of Saudi Arabia is best highlighted through the following main findings of the analysis carried out by the SCT for the purposes of this Strategy. The level of tourism activity and spending makes a positive and sizeable contribution to the KSA economy.

- 14.5 million domestic trips made per year
- 6.3 million international tourist arrivals per year
- The combined spending of domestic and foreign tourists is an estimated SR35 billion a year
- Hajj and Umrah performers account for an estimated 30% of domestic and 58% of international tourists in the base year 1421 H (2000 G)
- Hajj and Umrah performers account for close to one third (30%) of total revenues generated by tourism activity
- on the domestic market vacation travel accounts for an estimated 44% and VFR for 19% of tourist trips made in the course of a year
- typically the dominant spending impacts occur in the hospitality sector by the demand for accommodation and meals. However, in Saudi Arabia accommodation and meals account for only an estimated 21% and 17% of domestic tourist spending, and 24% and 15% of foreign visitors spending respectively
- in the KSA, retail shopping is the dominant feature of foreign tourist spending, accounting for an estimated 41%, and is also an extremely important feature, accounting for close to a third (32%) of domestic tourists’ total recorded spending
- spending by domestic tourists averages SR190 per person per day, while spending by foreign tourists averages SR320 per person per day
- tourism contributes 5.4% of GDP, compared to non-oil manufacturing sector, which contributes 5.7% of GDP
- forecast domestic tourists in 20 years’ time are “expected” to be 34 million
- forecast regional and international tourists in 20 years’ time are “expected” to be 11 million contributing an anticipated SR22 billion in foreign exchange revenue
- forecast direct tourist expenditure is anticipated to be SR80 billion in 20 years’ time
- the additional rooms required to meet the demand from domestic and foreign tourists in 20 years time is estimated to be: 50,000 hotel rooms and 74,000 furnished apartment units
for every 7 jobs created by tourism development one additional job is generated elsewhere in the economy

- tourist spending in the base year 1421 H (2000 G) is estimated to have generated, through the multiplier effect, SR37.8 billion worth of sales (output), SR8 billion of income, SR26 billion of value added and 489,000 jobs

- forecast impacts on the economy, through the multiplier effect, are expected in year 1441 H (2020 G) to generate SR86 billion in sales, SR19 billion in income, SR60 billion in value added and an “expected” 1.5 million jobs

- tourism’s contribution to government revenues is principally confined to revenues from import duties, estimated at SR785 million in year 1422H(2001G). This level of contribution is set to decrease since import duty has been reduced from 12% to 5% of import value.

5.5 Tourism Growth Demand
The number of tourists travelling within the Kingdom, as established through the DTS and IVS surveys have been identified by market segment (principal purpose of visit). As indicated in the following table 5.1, the core segments in the domestic market are Vacation & Leisure, Visit Friends and Relatives (VFR) and Umrah. Hajj observance is at a lower level than Umrah. Business travel is an important and growing element of the domestic travel market.

5.5 Tourism Impact
The findings from the DTS analysis have indicated that domestic tourist travel is substantially higher than was previously assumed. The commonly held belief was that domestic tourism represented only 20% of total travel by Saudi residents and only 15% of travel expenditures. The reality, as established through the initial DTS survey, is that domestic travel represents some 14.5 million trips per year (close to three times the number of trips made overseas by Saudi residents).

Accordingly, the impact that domestic tourism makes on the economy is significant. With the additional impact from foreign visitors (over half visiting for religious purposes), the combined impacts are considerable.
Table 5.1: The Kingdom’s Visitor Profile in year 1421H (2000G)

<table>
<thead>
<tr>
<th>Purpose of Trip</th>
<th>Estimated number of trips (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DOMESTIC</strong></td>
<td></td>
</tr>
<tr>
<td>Hajj and Umrah</td>
<td>4,440</td>
</tr>
<tr>
<td>Vacation/Leisure</td>
<td>6,400</td>
</tr>
<tr>
<td>VFR</td>
<td>2,800</td>
</tr>
<tr>
<td>Business and Government</td>
<td>700</td>
</tr>
<tr>
<td>Health, Shopping, Other</td>
<td>200</td>
</tr>
<tr>
<td><strong>Total Domestic</strong></td>
<td><strong>14,540</strong></td>
</tr>
<tr>
<td><strong>REGIONAL (GCC and Arab Neighbors)</strong></td>
<td></td>
</tr>
<tr>
<td>Hajj and Umrah</td>
<td>2,427</td>
</tr>
<tr>
<td>Vacation/Leisure</td>
<td>260</td>
</tr>
<tr>
<td>VFR</td>
<td>1,053</td>
</tr>
<tr>
<td>Business and Government</td>
<td>434</td>
</tr>
<tr>
<td>Health, Shopping, Other</td>
<td>614</td>
</tr>
<tr>
<td><strong>Total Regional</strong></td>
<td><strong>4,788</strong></td>
</tr>
<tr>
<td><strong>OTHER INTERNATIONAL</strong></td>
<td></td>
</tr>
<tr>
<td>Hajj and Umrah</td>
<td>1,207</td>
</tr>
<tr>
<td>Other Purposes</td>
<td>301</td>
</tr>
<tr>
<td><strong>Total Other International</strong></td>
<td><strong>1,508</strong></td>
</tr>
<tr>
<td><strong>TOTAL ALL TRIPS</strong></td>
<td><strong>20,836</strong></td>
</tr>
</tbody>
</table>


5.5.2 Regional Demand

The dominance of religious visitors, both domestic and foreign, results in a geographic pattern of demand that is very concentrated on the Western Region, which contains the two Holy mosques in Makkah and Madinah, and Jeddah which acts as the gateway and staging post, in addition to being a major destination in its own right.

Table 5.2 profiles the relative proportions of domestic and foreign tourists visiting particular regions. A number of locations within each region or province may be visited, as is certainly the case with the Western Region.

The dominance of pilgrims and other tourists in the Western region and GCC tourists in the Eastern province has one important advantage – critical mass. Visitor numbers combined with the local population provide a large catchment for the development of a diverse range of accommodation facilities and attractions. The attraction of undertaking Umrah, whether as an individual or in a family group, provides a base for visitation within the region, to Taif, to Jeddah and to other local destinations.

5.5.3 Tourist Spending

The impact of tourism spending on the KSA economy is significant. It is estimated at 5.4% of GDP, which compares favourably with the contribution of non-oil manufacturing at 5.7% of GDP. Analysis of the multiplier values that apply in the KSA tourism industry also indicates a very positive influence. The analysis, while confined to evaluating the direct and indirect multiplier effects, was positive in all areas of contribution to output (sales), income, value added and employment coefficients.
ROLE OF TOURISM IN THE NATIONAL ECONOMY

It is noticed that the tourism demand in other regions is a product of Business Trips, VFR in their cities and Towns of origin, summer vacation specially in southern mountain summer resorts.

And to reduce the dominance of the western region over Tourist demand, and increase demand in other regions, it is required to develop new tourists vacation and relaxation centers and to reach new market segments.

The estimates of national tourism expenditure are profiled in Tables 5.3 and 5.4. These tables indicate the relative influence of each of the core market segments and profile the sub-sectors of the tourism economy where these spending impacts are obtained.

Table 5.2: Domestic Trips and International Visitors of Digerent Regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Domestic Trips (000)</th>
<th>%</th>
<th>Foreign Visitors (000)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>1,745</td>
<td>12</td>
<td>609</td>
<td>10</td>
</tr>
<tr>
<td>Western</td>
<td>8,579</td>
<td>59</td>
<td>3,454</td>
<td>55</td>
</tr>
<tr>
<td>Jeddah</td>
<td>3,635</td>
<td>25</td>
<td>739</td>
<td>12</td>
</tr>
<tr>
<td>Makkah</td>
<td>3,925</td>
<td>27</td>
<td>3,093</td>
<td>49</td>
</tr>
<tr>
<td>Madinah</td>
<td>2,180</td>
<td>15</td>
<td>3,276</td>
<td>52</td>
</tr>
<tr>
<td>Eastern</td>
<td>1,163</td>
<td>8</td>
<td>1,361</td>
<td>22</td>
</tr>
<tr>
<td>Southern</td>
<td>2,326</td>
<td>16</td>
<td>402</td>
<td>6</td>
</tr>
<tr>
<td>Northern</td>
<td>582</td>
<td>4</td>
<td>91</td>
<td>1</td>
</tr>
<tr>
<td>Other Areas</td>
<td>145</td>
<td>1</td>
<td>389</td>
<td>6</td>
</tr>
<tr>
<td>Total Visitors</td>
<td>14,540</td>
<td>100</td>
<td>6,300</td>
<td>100</td>
</tr>
</tbody>
</table>


In short, tourism makes a positive contribution to the economy of the Kingdom and development of the industry will confer considerable economic benefits on the economy and communities. The potential for growth in the tourism industry ensures that these potential benefits will be available to the economy over the coming 20-year period, providing an area of positive diversification for the economy.

Table 5.3: Estimates of National Tourism Spending by Market Segment (SR Million)

<table>
<thead>
<tr>
<th>Market Segment</th>
<th>Domestic</th>
<th>International</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Umrah</td>
<td>4,083</td>
<td>2,452</td>
<td>6,535</td>
</tr>
<tr>
<td>Hajj</td>
<td>400</td>
<td>3,600</td>
<td>4,000</td>
</tr>
<tr>
<td>Vacation</td>
<td>11,066</td>
<td>217</td>
<td>11,283</td>
</tr>
<tr>
<td>VFR</td>
<td>4,427</td>
<td>2,324</td>
<td>6,751</td>
</tr>
<tr>
<td>Business</td>
<td>2,010</td>
<td>2,464</td>
<td>4,474</td>
</tr>
<tr>
<td>Shopping Trip</td>
<td>114</td>
<td>1,484</td>
<td>1,598</td>
</tr>
<tr>
<td>Other</td>
<td>335</td>
<td>266</td>
<td>601</td>
</tr>
<tr>
<td>Total</td>
<td>22,435</td>
<td>12,807</td>
<td>35,242</td>
</tr>
</tbody>
</table>

Close to half (49%) of domestic tourism expenditure is accounted for by the leisure/vacation segment, followed by VFR at 20% of domestic tourist spending, with Umrah contributing an estimated 18% of total domestic spending. It is anticipated that Umrah spending by domestic residents will increase from its present level, as the requirement for the expatriate travel pass has been removed in Ramadhan 1422H (November 2001G), this will stimulate a substantial increase in resident expatriate travel.

Foreign visitors travelling to perform Umrah and Hajj are the Kingdom’s core international tourist markets. Between them these two traditional markets contribute half 47% the spending undertaken by foreign tourists within the Kingdom. Business tourists to the Kingdom contributed an estimated 19% of the spending by foreign arrivals, slightly ahead of the estimated 18% contributed by VFR tourists.

Worldwide, the principal tourist spending impacts typically occur in the hospitality sector in demand for accommodation and meals. However, shopping is the most important feature of the KSA spending pattern, accounting for close to a third (32%) of total recorded domestic spending, while accommodation and meals account for an estimated 21% and 17% respectively of domestic traveller spending. Transport is also an important item, accounting for an estimated 13% of total domestic spending.

<table>
<thead>
<tr>
<th>Category of Spending</th>
<th>Domestic SR (M)</th>
<th>International SR (M)</th>
<th>Total SR (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation</td>
<td>4,798</td>
<td>3,097</td>
<td>7,895</td>
</tr>
<tr>
<td>Food &amp; Beverage</td>
<td>3,882</td>
<td>1,785</td>
<td>5,667</td>
</tr>
<tr>
<td>Transportation</td>
<td>3,161</td>
<td>1,567</td>
<td>4,728</td>
</tr>
<tr>
<td>Recreation</td>
<td>2,235</td>
<td>625</td>
<td>2,860</td>
</tr>
<tr>
<td>Retail Shopping</td>
<td>7,251</td>
<td>5,224</td>
<td>12,475</td>
</tr>
<tr>
<td>Other</td>
<td>1,108</td>
<td>509</td>
<td>1,617</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22,435</strong></td>
<td><strong>12,807</strong></td>
<td><strong>35,242</strong></td>
</tr>
</tbody>
</table>


Foreign tourist spending on accommodation and meals accounted for an estimated 24% and 15% respectively. Spending on transport services, including petrol for private vehicles, is estimated at 12%.

Retail shopping expenditure is an even more important feature with foreign tourists, accounting for an estimated 41% of their total spending. This retail spending feature is due to the current dominance of nationals from GCC and neighbouring Arab countries (particularly those from Bahrain) in the tourism mix, many of whom are making shopping trips to the Kingdom.

### 5.5.4 Foreign Exchange Revenues

The current level of foreign exchange revenues generated by foreign tourist spending is estimated at SR12.8 billion. This estimate is ahead of the revenues recorded on travel account through the banking system by SAMA, set at a provisional SR10.9 billion for the year 1421 H (2000 G). The SAMA’s estimate is not directly comparable with the estimates derived from the DTS.
and IVS as it would not take into account the spending of SR currency that was obtained informally in other countries, in particular the GCC.

Foreign exchange outflows on travel, as recorded by SAMA, totalled SR19.7 billion in 1421 H (2000 G). SR3.5 billion or 18% of this total was attributed to Saudi nationals the remainder to travel funds for expatriates. This however grossly underestimates the Saudi nationals’ foreign travel expenditure, as it does not capture all outflows of funds, due to a variety of reasons, including the use of overseas bank accounts. Future research activity by the SCT will aim to establish a more reliable estimate of Saudi tourist expenditure abroad.

5.6 Multiplier Analysis

The impact of additional spending rounds through the economy resulting from the initial injection of spending by tourists is positive. This is despite the leakage from imports required to meet tourists’ needs, estimated from the Input/Output analysis at 26% in the year 1421 H (2000 G).

In addition to the direct spending of an estimated SR35 billion in direct sales, other economic impacts are SR6.7 billion in direct personal income and SR18.7 billion in direct value added. In addition, tourism activity is estimated to directly support 42 thousand jobs.

The total multiplier effect that takes into account both direct and indirect effects (second round spending impacts) is estimated to generate SR37.8 billion worth of sales, SR8 billion of income, SR26 billion of value added, and 638 thousand jobs.

The backward linkages to other sectors of the economy generated by tourist final demand are principally into the hospitality and retail distribution systems. Other downstream linkages, identified through the multiplier analysis process, are in the transport sector, agriculture, utilities, manufacturing/processing, the construction sector for new accommodation capacity and refurbishment, and the finance sector, which provides the loans and working capital for the tourism industry.

The downstream impacts of the tourism multipliers are above unity. Tourism development would be expected to make a positive contribution to the national and regional economies, providing opportunities for the development of small and medium sized businesses to provide product and services to a growing tourism sector.

5.7 Tourism Forecasts

Projected future growth of tourism demand has already been outlined in Section 3, with the more detailed presentation of the growth scenarios for the purposes of the Strategy being set out in Section 10. The key aggregates of the “expected” growth scenario are used here to facilitate the determination of tourism’s effects on the economy.

In preparing Growth Scenarios for the coming 20-year period, three scenarios were considered: high, expected and low. These reflect the degree of development planning and deregulatory initiatives adopted and implemented within the economy and the regulatory structure.

The growth in tourist numbers is forecast in the “expected” scenario to rise from 20.8 million in base year 1421 H (2000 G) to 45.3 million by the year 1441 H (2020 G), as outlined in Table 5.5 below.

The length of stay while travelling differs from segment to segment. The forecast numbers together with the time they spend in particular types of accommodation generate the demand for increased accommodation capacity. The forecast increases in accommodation requirements have been calculated through the Tourism Demand Model prepared specifically for this Plan. By year 1441 H (2020 G) the additional room capacity requirements generated by the “expected” scenario are forecast to be 50 thousand hotel rooms; and 74 thousand furnished apartment units.
Table 5.5: Tourism Growth Forecasts (Expected Scenario) Million

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>14.5</td>
<td>16.8</td>
<td>20.6</td>
<td>26.2</td>
<td>34.4</td>
<td></td>
</tr>
<tr>
<td>GCC</td>
<td>3.0</td>
<td>3.4</td>
<td>3.7</td>
<td>4.1</td>
<td>4.7</td>
<td></td>
</tr>
<tr>
<td>Neighbouring Arab Countries</td>
<td>1.7</td>
<td>2.1</td>
<td>2.4</td>
<td>2.8</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>Other International</td>
<td>1.5</td>
<td>1.7</td>
<td>2.0</td>
<td>2.5</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>Total International</td>
<td>6.3</td>
<td>7.1</td>
<td>8.1</td>
<td>9.4</td>
<td>10.9</td>
<td></td>
</tr>
<tr>
<td>Total All Tourists</td>
<td>20.8</td>
<td>23.9</td>
<td>28.7</td>
<td>35.6</td>
<td>45.3</td>
<td></td>
</tr>
</tbody>
</table>


5.7.1 Tourism Expenditure Forecasts

The projected expenditure generated by the forecast increases in tourism activity is anticipated to reach SR80 billion within the 20-year period.

The “expected” growth scenario outlined in Table 5.5 above would generate domestic tourism spending of an estimated SR56 billion in year 1441 H (2020 G) together with SR22 billion from foreign tourist arrivals.

Development of attractions and additional capacity within the Kingdom will provide an incentive for Saudi residents to substitute domestic travel for a portion of the trips made to foreign destinations. The resulting revenues generated and foreign exchange savings achieved are conservatively assessed to be in the order of SR2 billion a year in the longer term.

These estimates are conservative to the extent that they are expressed in constant terms (no inflation) and assume a constant pattern of demand. The implementation of the STDS and a regional development programme over the period of the strategy can be anticipated to generate positive benefits in a shift to greater use of commercial accommodation, possible increases in the duration of leisure stays and the potential for more leisure breaks. All of these factors will increase the overall future level of tourist expenditure.

5.7.2 Contribution to Government Revenues

The contribution tourism currently makes to government revenue is relatively low. Direct taxation on tourism-generated activities is minor, as the bulk of government revenue generated through the sector’s activity is from the Zakat. There are very few foreign owned operations in the tourism sector to generate corporate tax revenues, as until recently this sector was by law closed to direct foreign investment. There is no value added or consumption tax currently in place.

Indirect tax is the only form of tax impost that makes a substantial contribution directly attributable to tourism activity. Import duties paid on goods purchased direct by tourists (final demand) generated an estimated SR590 million. The purchase of imported goods and the import content of goods provided by suppliers to the tourism sector would incur import duties as they pass through the distribution chain. The level of this indirect tax revenue as calculated through the Input/Output model in the multiplier analysis estimates the amount at SR195 million in the year 1421 H (2000 G). These import tax revenues, totalling SR785 million, attributable to tourism activity were raised during a period when import duty of 12% applied. During 1422 H (2001 G) the rate of duty on general imports was reduced to 5%.

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The introduction of a hotel room charge would provide potential revenues to government, and for the development and promotion of tourism. A room tax levied on hotel and furnished apartment revenues at a rate of 2% is estimated to generate SR125 million in year 1421 H (2000 G), rising to a projected SR290 million in year 1441 H (2020 G). At 5% the revenue raised from such

Other fiscal measures that could be introduced are a dedicated airport service charge on overseas flights, the revenue going direct to SCT for tourism promotion. Singapore and Hong Kong have such dedicated departure charge impost.

The SCT should support any move to introduce a value added tax (VAT) at the retail level. Tourist expenditures will be caught in the VAT net and provide a commensurate revenue for the amounts being lost by the reduction in the import duties. VAT is a more “efficient” tax in the economic sense than import duties, in that only the final consumer pays the tax.

5.7.3 Economic Benefits of Tourism Development

The current and potential benefits generated by tourism activity are best indicated through the outcomes of the multiplier analysis. For the present purposes, key issues only are highlighted here.

The direct and indirect benefits to the economy at the national level after the multiplier effects have been factored in are estimated to generate SR37.8 billion worth of output/sales, SR8 billion of income, SR26 billion of value added, and 638 thousand jobs.

The economic benefits at the national level are forecast to rise to an “expected” SR86 billion in output/sales, SR19 billion in incomes, SR60 billion in added value and some 1.5 million jobs, by year 1441 H (2020 G).

Table 5.6: Tourist Spending by Main Region During 1421H (2000G)

<table>
<thead>
<tr>
<th>Region</th>
<th>Spending (SRm)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>3,930</td>
<td>11</td>
</tr>
<tr>
<td>Western</td>
<td>20,250</td>
<td>57</td>
</tr>
<tr>
<td>Eastern</td>
<td>4,560</td>
<td>13</td>
</tr>
<tr>
<td>Southern</td>
<td>4,410</td>
<td>13</td>
</tr>
<tr>
<td>Northern</td>
<td>1,080</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>1,010</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>35,240</td>
<td>100</td>
</tr>
</tbody>
</table>


With the current pattern of demand, a significant portion of these economic benefits are concentrated in the Western region, in particular impacting on the local economies of the Two Holy Cities (Makkah and Medinah) and Jeddah, as indicated in Table 5.6. That is anticipated to be reduced, as the development of capacity and attractions in other regions is implemented as part of the STDS.

5.7.4 Foreign Exchange Savings Potential

There are two target groups that could be encouraged to switch from taking trips to foreign destinations to taking a domestic trip. One group are those making vacation or leisure trips, typically to neighbouring Gulf or Arab destinations, either for weekend breaks or for longer periods such as the Eid holidays or the spring and summer vacation periods. The other group are expatriate residents who may in future decide to have their relatives visit them and take their family vacations in KSA, rather than travelling to their homeland. The recent relaxation of the regulations of the Umrah extension
visa and the scrapping of the expatriate travel pass for travel within the Kingdom would provide a stimulus for such inward VFR potential, although further relaxation of the visa regime would be necessary and useful.

5.8 Conclusion

- The dominance of oil as the driver of the economy of the Kingdom remains, but considerable progress in downstream processing industries, manufacturing and the development of commercial and business activities has been a notable feature of the past several years.

- Development of the tourism industry is consistent with the Seventh Development Plan’s call for an intensification of efforts in privatisation, Saudisation and economic diversification and the related objective of regional development. In all these processes tourism can play a significant role.

- Given the deficit on the balance on goods and services and private remittances, which more than offset foreign exchange earnings from oil and manufactured products, the strategy of making domestic tourism an attractive alternative to travel abroad is appropriate.

- Close to half of domestic tourist expenditure is accounted for by the leisure/vacation market segment, followed by VFR (20%) and Umrah (18%). Almost half of foreign tourist expenditure in the Kingdom is undertaken by Umrah and Hajj pilgrims, with business tourists contributing 19% and VFR 18%.

- Shopping is the most important feature of domestic tourist expenditure patterns, and an even more important item for foreign tourists, accounting for 32% and 41% of total expenditures respectively.

- At present, tourism activity in the Kingdom (14.5 million domestic trips and 6.3 million foreign tourist arrivals) makes a sizeable contribution to the economy. Combined spending is estimated at SR35 billion generating, through the multiplier effect, SR37.8 billion worth of sales (output), SR8 billion in income, SR26 billion in value added, and 638 thousand jobs. Tourism contributes 5.4% of GDP, compared with 5.7% of the non-oil manufacturing sector.

- Forecast direct tourist expenditure at the end of the year 1441 H (2020 G) is anticipated to be SR80 billion, generating SR86 billion in sales, SR19 billion in income and SR60 billion in value added and an expected 1.5 million jobs.

- Currently, the contribution tourism makes to government revenue is relatively low, but there is scope for substantial increase. For instance, the introduction of a 2% tax on hotel and furnished apartment rooms could have generated SR125 million in 1421 H (2000 G), rising to SR290 million in 1441 H (2020 G). At 5%, the revenue raised would be SR315 million and SR720 million respectively.

- Official estimates of foreign exchange outflows attributed to Saudi citizens’ tourist expenditure abroad seem to underestimate substantially the actual levels of expenditure. Future SCT research will aim to fill this important information gap.

- The additional accommodation requirement generated by the “expected” tourism growth scenario of this Strategy are forecast at 50,000 hotel rooms and 74,000 rooms in furnished apartment units, for which commensurate investment will have to be made.
6.1 Introduction

The aim of this section is to gain a clear understanding of socio-cultural issues that might affect, and be affected by, the development of tourism in order to aid the tourism planning process for the Kingdom. Thus the principal concerns of the section are:

- to identify the socio-cultural issues and concerns affecting tourism development
- to evaluate the types and extent of positive and negative socio-cultural impacts of present levels of tourism activity. (Evaluation of projected levels of tourism development will be carried out in Section 21 below.)
- to identify opportunities to use tourism as a means of reviving cultural heritage and traditions, supporting the preservation of tourist sites, handicrafts, cottage industries, SMEs, popular markets and related events and activities
- to present recommendations on ways to achieve community involvement in all aspects of tourism at the local level.

6.2 Issues

By its very nature, tourism necessitates travel and stay away from home. It is a conspicuous and geographically dispersed phenomenon. In its purest form, it is a form of recreation and a particular use of leisure time. At its heart are the need and search for relaxation, renewal, education and personal fulfilment, and, not least, fun. It is characterised by considerable social interaction and gregariousness and makes use of, as well as supports, participation in major cultural, sporting and other events, and generally group activities. It thus depends not only on public transport systems, but also on a variety of increasingly large and sophisticated accommodation, catering, recreational and entertainment facilities and services.

The corollary of these characteristics is twofold:

- the individual consumer-tourist desires, indeed requires, continuous and unimpeded access to a whole diverse range of tourist attractions, facilities and services in a safe, secure, interesting and pleasurable environment
- the tourism developer or operator, on the other hand, has to commit capital investment on a relatively large scale, the viability of which depends on year-round, high levels of utilisation of facilities over a long period of time.

It is in this sense that there is a vitally important convergence of the interests of the Saudi people as potential tourists in their own country and of the tourism industry itself. This is:

- the desire of the former to have unimpeded access to tourist attractions, facilities and services, and
- the expectation of the latter to render their businesses viable by operating in an unhindered and uninterrupted manner, within clearly defined and applied rules and regulations.

Therefore the following key issues were addressed by the planning team:

- the nature and relative importance of the various socio-cultural issues that will affect demand for tourism, and that will be affected by the development of tourism in the future
- the attitudes of Saudi society towards tourism
- the types and extent of positive and negative socio-cultural impacts associated with present and projected levels of tourism development in the Kingdom
• specific ways to mitigate any negative impacts and reinforce positive socio-cultural benefits associated with tourism development, bearing in mind the Kingdom’s Islamic fundamentals.

6.2.1 Factors influencing Tourism demand

In any society there are a number of fundamental factors that will influence the overall demand for tourism, and for the leisure activities that form a major part of the tourism experience. These factors are:

• social values drawn from Islamic beliefs
• demographic factors (age structure, population growth rates)
• macro-economic circumstances, and their effect on personal incomes
• exogenous cultural influences (e.g. exposure to ideas held by other societies – in this instance, so-called ‘western’ culture).

Their implications for the development of Saudi Arabia’s tourism sector are reviewed below.

6.2.1.1 Social Values

Islam is and will remain in God willing at the heart of Saudi society, providing the value framework within which the society operates. The Shariah regulations, which is followed in the Kingdom and which is based on Islamic principles, provides the over-arching framework within which social-interaction takes place, influencing for instance:

• the duration of time available for ‘discretionary’ activities such as tourism and leisure, and the periods of the day and year when this time is available
• the requirement of separation between men and women who are not from the same family
• the high level of privacy required by Saudi families when away from the home.

The local customs and traditions has a vast effect in this regard; as the criteria acceptable to behaviour varies much throughout the Kingdom, according to the local customs and personal culture. Accordingly a matter that is viewed as acceptable at a certain area could be considered as unacceptable in another area. Consequently, this variation is coupled with differences in enforcing public law and lack of transparency regarding procedures or lack of unification of procedures in all area of the Kingdom. This uncertainty extends beyond individual members of the public, to those who are providing tourist facilities such as museums, parks, recreation centers, individuals who mostly can not differentiate between the social norms to be followed.

What is important, in terms of developing tourism in the Kingdom, is the fact that many Saudis see the social constraints on behaviour, and the lack of consistency in their interpretation and application, as a major barrier to the success of tourism in the Kingdom. Hence some 23% of the sample surveyed said that they go outside of the Kingdom precisely because they feel that they have greater ability to move and enjoy their time. Thus it seems that for around one-quarter of the population, the perception of a restrictive social environment within the Kingdom is creating a situation that is not conducive to domestic tourism. Inevitably this is stifling demand for the domestic tourism product and leading to a flow of GDP overseas.

It should be noted, however, that this is not the main reason why people go overseas. The questionnaire survey findings indicate that nearly half of all Saudis feel that they get better service and better value for money when holidaying outside the Kingdom.

Nonetheless, there is an urgent requirement to secure clarity on what are the constraints, and what are merely custom and practice (and thus are a subject of
personal preference). Provision of tourism facilities should respect what is legally required.

6.2.1.2 The Family

Family life is very important in Saudi society, and the way in which families behave in public and when on holiday is strongly influenced by Islam and its interpretation. Although the significance of the extended family is slowly declining within the Kingdom, the nuclear family phenomena became very strong.

There is a high demand for family privacy, which in turn requires certain designs of facility as evidenced by the creation of individual tents or chalets, separated from each other by high walls or fences, at many family fun parks and tourism villages.

Whilst the accommodation sector is, by and large, able to accommodate this requirement for privacy, this is not always the case at museums or at cultural heritage sites. Also very few tourist attractions in the Kingdom are appearable or prepared to welcome the whole family on the same day.

There is also inconsistency in the application of the separation requirement within different parts of the tourism sector. For instance, mixing between men and women is tolerated in airport lounges, shopping malls and public spaces in larger town centres, yet there is strict segregation at many museums and historical sites when men and women must visit on separate days even if they are married.

This inability of many tourism facility providers to accommodate the entire family at one time is again stifling demand for tourism, and would appear to be a major barrier to its development in the Kingdom. Indeed, nearly 30% of questionnaire respondents felt that tourist activities offered in the Kingdom were unsuitable for families.

Therefore, overseas holidays become even more important for the family, as abroad they can be free of these restrictions. Many women who participated in focus group sessions run by the consultants saw tourism as especially ‘precious’ because it allows the whole family to spend time together.

On the other hand, consultations with the agency supervising general behaviour confirmed that the organisation is keen to see more Saudi families holiday at home, on the grounds that they will not be exposed to certain undesirable external influences that are found outside the Kingdom. Hence, there is a great importance for clarifying and organizing acceptable behaviour in tourism facilities. Clarification of this issue will have a fundamental bearing on how provision for family tourism in particular progresses within the Kingdom. The findings should be communicated to all legal agencies and organisations, so that there is no uncertainty as to what is permissible behaviour in these public places. This in turn should facilitate the creation of a more welcoming environment for investment in the infrastructure needed to support tourism development which in turn will positively contribute in limiting outbound travel.

6.2.1.3 Demographic Factors

The Kingdom has a young and growing population, with around 60% of the population under 20 years of age. Average life expectancy has increased greatly in recent decades. Thus a number of discrete market segments are emerging, including old Saudis who are familiar with both traditional and modern lifestyles, and a much larger group of young Saudis who have experienced only the modern, consumer-oriented way of life.

The male: female split within the Saudi national population is 50:50, which reflects the usual situation in most western economies. However, around half of all respondents to the questionnaire survey of Saudi residents stated that tourism facilities in the Kingdom do not meet the needs of women. Further research is needed to clarify exactly what the main problems are.
A further issue for concern raised by the questionnaire survey is the fact that the majority of respondents felt that the needs of older citizens, and the disabled, are not provided for by existing tourist facilities. With this potential market slowly growing in size, it is important that future investment plans allow for their particular needs, such as ramps or low steps (many older people have poor mobility) and signs that are easily read (many have poor eyesight).

One group that is potentially a major source of demand for tourism in the coming years is the bachelor market. Bachelors tend to travel in groups and at times find it hard to access tourism and leisure sites because of the separation requirements. As a response to this, many bachelors are travelling to destinations outside the Kingdom where there are fewer restrictions on what they are able to do. Once again, this represents a potential loss of tourism spend to the Saudi economy, one that is due principally to the prevailing social environment. There is a need to provide suitable recreation and leisure facilities that reflect bachelor’s specific requirements at tourism destinations throughout the Kingdom, if this major potential source of business is not to be lost, and to positively benefit from the extra time that the youth have in positive acceptable activities.

6.2.1.4 Macro-economic conditions

In general, economic conditions seem to provide a good basis for the development of a strong tourism sector. A strong economy that is slowly diversifying away from oil and gas production, and stable political conditions are particular strengths. The modernisation of Saudi society in the last 30 years has arisen largely from the wealth generated by oil, and appears to be leading to the emergence of domestic demand for tourism that is based on international expectations and habits. Oil wealth notwithstanding, the country is currently experiencing relatively high unemployment rates amongst young men, and particularly university graduates.

Despite the largely healthy state of the national economy, one of the main obstacles to the development of tourism within the Kingdom, as reported by questionnaire respondents, was personal financial constraints. Tourist accommodation throughout the Kingdom is seen as being expensive and as offering poor value for money. Opportunities for tackling this barrier include the provision of subsidized tourist resorts for limited income government employees; regulation of prices; extension of seasons (such as by the introduction of short holidays in the middle of school terms) to remove need for most operators to make all their money in the three months of the high season (summer vacation).

6.2.1.5 Exogenous influences

Although there has been a noticeable international cultural influence over the last three decades or so, this modernization has occurred most swiftly in material terms. Changes in social values and behaviour have in fact tended to happen more slowly. However, the rapid penetration into Saudi homes of satellite TV in the last few years, combined with the large number of young Saudis studying and touring overseas and the presence of others from varied cultural backgrounds in the Kingdom are all increasing exposure to international ideas and behaviour.

This influence is most visible in young males below the age of 20, and there is a fear in some quarters that this could create the basis of a generation gap that may lead to social dislocation in the future as they begin to challenge some of the traditional perspectives on which the social system is based, thus maycontribute to change in society from within. Certainly this group appears to lack the terms of leisure and tourism provision within the Kingdom. This issue must be tackled if undesirable social problems are not to arise. It is worth noting here that domestic tourism for the youth offers a unique opportunity to educate and link young Saudis to their cultural heritage and values.

6.3 Possible Courses of Action

There are basically two courses of action that can be taken by relevant concerned bodies:
issues pertaining certain social aspects and individual behaviour must be addressed and solved to minimize overseas travellers of national citizens

the legal basis for these restrictions on social behaviour can be revised and organized to clarify what is and what is not required.

6.3.1 Evaluation of Options

If tourism is to develop as a major economic force within the Kingdom, then the current uncertainty cannot be allowed to continue. Evidence from discussions with investors confirms that this uncertainty is one of the biggest barriers that they face here, and is a major factor that is limiting their involvement in the tourism sector in Saudi Arabia.

As the agency responsible for the development of tourism in the Kingdom, the SCT must take a lead and collaborate with related bodies to eliminate this uncertainty and clarify the regulatory basis for social behaviour at tourism facilities. Determine the legal controls based on Shari’a considerations, that should be followed in tourism facilities and cancel all constraints based on local customs particularly with regard to families and bachelors. Achieving this will then create a more positive investment climate that will allow the private sector to provide the sorts of recreation and tourism opportunities desired by the majority of Saudis. In turn, this should increase the number of Saudis holidaying at home thus creating widespread cultural and economic benefit throughout the Kingdom, that will have a positive impact socially and culturally.

6.4 Recommendations

In order to ensure that the Kingdom receives the positive socio-cultural outcomes from this growth that it desires, there is a need for the following:

clarification of the ambiguities surrounding the scope and nature of personal behaviour. The outcome of this review must be communicated both to society as a whole, and to all those involved in providing and policing tourism and leisure services and facilities, also to agencies responsible for monitoring the general behaviour.

awareness campaigns in the media, particularly television, radio and the press, emphasising the positive aspects of tourism and that it provides many social and personal (restorative) benefits. These should be run in conjunction with media companies and the Chambers of Commerce and the tourism sector.

a full review at National level of the implications of re-organising the school year, so as to create opportunities for short domestic tourism trips. Phasing of school year breaks across the Kingdom can extend the period that accommodation providers and attractions receive business. This in turn should increase their profitability and reduce their requirement to levy very high prices in the peak season. (The SCT is presently studying this matter)

a fundamental review of the provision of tourism and leisure opportunities for certain groups within Saudi society who feel disenfranchised by existing provision. This includes: families, bachelors and senior citizens.

negotiations with the Ministry of Education regarding the introduction of a “Tourism and Culture” component into the school programme and to develop a learning mechanism to benefit from tourism as an educational tool through non-summer activities in tourism facilities.

further, practical examination of the potential role of the country’s rich and varied cultural heritage as a tool for stimulating domestic tourism

working with the Ministries of Hajj, exterior and Interior, to monitor the results of recent legislative changes regarding Umrah visas and to ensure that the problem of overstays by Hajj and Umrah performers does not accelerate.
• introducing a Code of Conduct that seeks to advise travellers from all backgrounds, including Saudi nationals, on the general behaviour when on vacation, and to guide tourist citizens and non-citizens to adhere to these behaviours, also the use of guidance should be implemented.

The successful resolution of these issues should enable the SCT to take great strides towards the development of a tourism sector that is socially just and creates real benefits throughout the Kingdom.

6.5 Conclusion

• The interests of the Saudi people as tourists in their own country and of the tourism industry itself converge in a vitally important manner

• The need for unimpeded access to and continuous and viable operation of tourist attractions, facilities and services

• There seems to be a lack of clarity as to the legal justification for many restrictions on personal behaviour, resulting in widespread inconsistency in how the authorities interpret and enforce certain aspects of the social code of behaviour. This is leading to a general climate that is (a) limiting investment in recreation and tourism facilities and services, (b) limiting participation in domestic recreation and tourism activities, and (c) increasing foreign travel and outflow of funds. All of which militate against the development of a sustainable tourism industry in the Kingdom, that has a negative social impact

• Thus, clarity in the regulatory framework and consistency in its application are essential prerequisites for the development of the tourism industry as a major economic force in the Kingdom

• Whilst domestic tourism and recreation provision in general is inadequate, certain groups within Saudi society such as families, bachelors and senior citizens particularly feel under-provided

• Public awareness campaigns in respect of the nature and benefits of tourism in the Kingdom are necessary and will prove useful in creating appreciation of the Kingdom’s abundant tourism assets, increased participation in tourism and support for the tourism industry.
7.1 Introduction

The focus of this section is on the natural environment with an assessment of impacts from current nature-based tourism. It is important that development of tourism takes fully into account the environmental constraints and opportunities afforded by the Kingdom’s rich natural heritage.

The significant positive benefits associated with tourism are also addressed, notably the opportunities to use sustainable tourism as a vehicle to promote conservation, raise public awareness of natural resources and provide economic benefits to local communities.

Ultimately, an important consideration of the Strategy is to provide guidance to the SCT and provincial authorities that will be implementing the national tourism Plan. This will be the focus of Section 22, which will provide appropriate guidelines and best practice measures for natural resources conservation.

7.2 The Kingdom’s Natural Resource Base for Tourism

Saudi Arabia’s natural heritage includes a unique and richly diverse range of features, landscapes, wildlife and habitats spanning mountains, wetlands, deserts and coastal areas. It provides one of the key resources for economic sustainability of the Kingdom’s tourism industry.

The Kingdom’s natural resources offer considerable opportunities for developing a strong nature-based tourism market that meets the needs of Saudis and foreigners alike. The benefits of developing these resources include:

- satisfaction of increasing domestic and international demand for nature-based tourism destinations
- increasing environmental awareness amongst Saudis and fostering a conservation ethic for the Kingdom’s natural heritage
- provision of a mechanism for the conservation and protection of the Kingdom’s major natural sites
- promoting local community involvement in the natural environment and assisting local and regional social and economic development
- a clear opportunity to integrate conservation objectives with benefits to local communities
- contributing to the development of a sustainable tourism industry.

7.2.1 Nature-Based Tourism

Nature-based tourism embraces all forms of recreation or leisure activity, which take place in the natural environment. In this broad sense, it is a well-developed market within the Kingdom and primarily manifests itself in domestic leisure and recreation.

Literature research indicates that outdoor recreational activities for the prime group in this segment – the domestic Saudi family – exhibit the following key attributes:

- concentrated in summer months
- preferred destinations are mountain/coastal resorts
- popular activities include sightseeing, picnicking, hunting
- high level of interest in trips to scenic areas.
Findings from the Domestic Tourism Survey show a clear desire by domestic tourists (i.e. those on holiday, visiting friends and families, on business or performing Umrah) to see and experience the Kingdom’s natural heritage – but a demand that has not been translated into actual nature-based recreation. This may reflect three underlying issues:

- natural heritage sites are not well publicized or open to the public
- natural heritage sites may not have adequate facilities to promote safety and security, particularly for families
- natural heritage attractions have not been actively marketed.

These aspects will need to be investigated and addressed in order to promote and stimulate domestic growth in nature-based tourism.

Pressure on the natural environment may also arise from other specialist forms of nature-based tourism. There is a significant and active sea diving in the Kingdom and the market is centred, especially in Jeddah, which could impact the Kingdom's extensive coral reef resources if it remains unregulated. Ecotourism is a low-impact high-value form of nature-based tourism, which has scope for long term growth based on desert treks and safaris, visits to protected Nature Reserves and sites of major historical significance e.g. Rub Al’Khali, Madein Saleh and the Farasan Islands. There is a need to develop a national strategy for ecotourism as advocated by the National Commission for Wildlife Conservation & Development (NCWCD); the partnership between the SCT and (NCWCD) is vital, as it is the primary body directly responsible for the safety of environmental sites. Also there is a need to cooperate with the Ministry of Agriculture and Water as it is the primary body concerned with forests and their management.

7.2.2 Impacts of Tourism on the Natural Environment

The main adverse effects of tourism on the natural environment are due to pressure on natural resources, harm to wildlife and habitats (with associated loss of biological diversity) and the generation of pollution and wastes. The viability of the tourism industry itself can also be threatened by environmental degradation.

Tourism can significantly contribute to environmental protection, the conservation of biological diversity and the sustainable use of natural resources. At the same time, it can also provide much needed resources and raise awareness of the value of environmental and cultural assets. National Parks, protected areas and other natural sites, are vital assets for the development of tourism. The tourism industry can contribute to their conservation through financial contributions, provision of environmental infrastructure and improved environmental management. The involvement of local communities in tourism development and operation is also an essential component for conservation and sustainable development.

7.2.3 Environmental Impact of Current Tourism in The Kingdom

Environmental impacts arise from the tourism market itself as well as pressures placed on tourist attractions from other sectors such as urban development and agriculture. Case studies of coastal tourism in the Jeddah area, recreational pressure in the Asir National Park and the demise of Leyla Lakes illustrate these types of impact. The main threats and opportunities facing the tourism industry are as follows:

**Threats**

**Weak planning regime and lack of EIA for tourism projects**

The Kingdom has a weak institutional and legal framework for controlling tourism developments. This leads to tourism projects that are both environmentally damaging and intrusive. Continued unregulated coastal development is a major issue. Development of a planning framework with Environmental Impact Assessment (EIA) for major tourism projects is urgently required. This aspect is addressed in Section 14.
**Need to protect and conserve prime natural areas with tourism potential**

The 1410 H (1990 G) System Plan for Protected Areas identified 105 prime natural areas worth conserving in the Kingdom. Only about 25 of these sites have to date been afforded protected status. The 7th Development Plan target requires a doubling of the present area covered. Many of the unprotected sites offer high value ecotourism. Lack of protection represents a threat to the sites and their potential for supporting tourism.

**Litter and solid waste**

Litter is virtually a ubiquitous problem in recreational amenities in the Kingdom and is also to be found in desert and other wilderness areas. The loss in environmental quality and devaluation of the attraction is a major threat to developing an international tourism market. This requires anti-litter legislation, public education and provision of adequate waste management facilities at destinations.

**Potential impacts from Hajj pilgrimage**

The Hajj pilgrimage is an important tourism event attracting close to two million annual foreign and domestic visitors to the areas around the Holy Cities of Makkah and Madinah. Stresses from these large numbers of seasonal visitors are inevitably having a cumulative impact upon the quality of the environment. The provision of designated areas for camping, with basic facilities, would provide an important step in reducing these impacts.

**Potential impacts from industrial and urban developments**

Industrial and urban growth results in significant levels of pollution that can affect the environment in which a tourist attraction is situated. Such impacts include chemical effluents and urban areas discharging sewage into the sea, adversely affecting coastal habitats, ecological attractions and potential tourism sites.

While enforcement of strict pollution control standards will reduce this problem, land use planning (e.g. coastal zone management plans) is required to prevent future conflict with emerging destinations.

**Competition for freshwater resources**

Freshwater is a critical resource required for domestic, industrial and agricultural use, as well as for tourism. Conflicts between sectors can lead to environmental impacts on potential tourist attractions, e.g. over-abstraction can affect wetlands and coastal habitats.

**Potential impacts from large-scale diving tourism**

If sea diving tourism is allowed to develop on a large scale along the coast, without proper controls, impacts such as physical damage to corals and loss of fish stocks could occur that have arisen in other countries, for example in the Gulf of Aqaba.

**Opportunities**

**Linking sustainable financing of protected area management with tourism development**

Both tourism development and designation of protected areas are in their infancy in Saudi Arabia, both of which have considerable potential. There is therefore no better time to link the sustainable financing of protected area management with tourism development.

**Creation of internationally renowned coastal wilderness area**

There are few stretches of coast in the world - and in particular stretches of coral reef - that are in such pristine condition as Saudi Arabia’s Red Sea coast. Restricting use and development of certain regions through protected area status and enforcement can secure internationally important and valuable wilderness habitats for ecotourism destinations.
**World-class diving tourism potential**

The Saudi Red Sea coastline represents one of the greatest coral reef resources in the world. The reef stretches for almost two thousand kilometres. Apart from a few areas (such as around Jeddah), the majority is in excellent condition. If developed and managed on a sustainable basis, this could yield significant revenues for years to come.

**Potential synergies with the fishery sector**

Many opportunities exist for the fishery and tourism sectors to develop together, including local employment such as recreational fishing and tourist guide services and protection of traditional skills.

### 7.2.4 Role of Protected Areas in Tourism

Over the last decade there has been increasing awareness of the considerable social and economic benefits that can accrue from regulated public access to protected areas.

Saudi Arabia has a considerable potential for wildlife-orientated tourism centred on protected areas, which can also have a beneficial influence on the surrounding community. Carefully managed tourism focused on protected areas can generate revenue for reserves and for local communities, and can raise public awareness of, and support for conservation measures. However, even well managed visitor access will inevitably have an impact on the natural environment. The challenge is to balance the conflicting objectives of conservation with those of recreational access. Protected area management and sustainable tourism can be linked in the context of a national tourism strategy.

There has been a long history of protected area management in Saudi Arabia, ranging from the traditional hima concept, through to the creation by the NCWCD of more formal protected areas based on internationally accepted categories. The NCWCD’s 1410 H (1990 G) System Plan for Protected Areas identifies over 100 potential protected areas. By 1423 H (2002 G), 15 protected areas had been formally decreed covering over 8 million hectares. The NCWCD has also been involved in the creation of concept plans for Domestic Tourism sites, National parks and private sector funded wildlife parks.

The development of a strategy for tourism development in protected areas in Saudi Arabia will be a collaborative project between SCT and the NCWCD, and other government agencies, as appropriate. The strategy will set clear objectives relating to ecological conservation, and cultural, social and economic issues. Not all sites will be appropriate for tourism - the strategy will identify existing and proposed protected areas with an appropriate form of regulated visitor access.

Candidate sites will be ranked according to their potential for tourism development and the risks they face from unregulated development. Specific tourism plans will then be prepared for candidate sites.

These site-specific plans will include:

- identify mechanisms for primary stakeholder involvement
- delimit zones to ensure preservation of ecologically sensitive areas
- identify the types of visitor activities that will be compatible with the area’s conservation objectives, and
- outline mechanisms for the application of internationally established approaches to tourism environmental impact management and monitoring, and environmental education.

Fulfilment of each site’s resource, funding, training and marketing needs will be co-ordinated within the appropriate wider tourism development area.
7.3 Institutional and Regulatory Framework

There are a number of regulatory, monitoring and enforcement, and institutional issues concerning the environment which need to be addressed in the context of the Kingdom’s tourism sector.

The main area of concern – and one that has led to uncontrolled tourism and associated development – is the lack of EIA regulations for major tourism projects and guidance for developers in this sector. The SCT’s Guidance Booklet and Manual for Development have been prepared to address this shortcoming. Following their adoption under statute, and with due enforcement, these guidelines will provide a major step forward in controlling adverse environmental impacts from tourism in the Kingdom.

Moreover, what follows institutional capabilities should be strengthened in order to achieve an effective environmental planning and regulation system to service the anticipated backlog of EIA review, planning approval and on going auditing for tourism development projects.

Legislation will need to be drafted to control litter. This is a major issue facing the Kingdom’s tourism sector in terms of degrading environmental quality and visitor enjoyment at existing or potential tourist attractions. It is understood that currently there are no regulations governing litter.

7.3.1 Strengthening Environmental Policy

A set of environmental policies is required to foster development of sustainable tourism while protecting the Kingdom’s biodiversity, conserving natural resources and preventing pollution and environmental degradation. Three overall policy objectives are proposed for tourism and the environment in the Kingdom:

- **planning and controlling tourism development** - to minimize any adverse impact of tourism development and activities on the natural environment
- **improving the environment of tourism destinations** - to ensure that all tourism destinations have a high quality environment, minimizing pollution generated by other sectors
- **promoting nature-based tourism** - to use the quality of the natural environment to develop and promote new, year round nature-based tourism opportunities in different parts of the Kingdom to assist local communities and support conservation.

These policies serve to guide the national tourism structure plan (see Section 11), which reflects environmental matters in its development. The policies also serve as a pointer for action by the SCT and other stakeholders.

7.4 Key Considerations

Tourism and the environment share a symbiotic relationship:

- the natural environment is a resource for the tourism industry
- adverse environmental impacts can harm these assets.

The tourism industry therefore has a vested interest in protecting the natural (and cultural) resources that are the core of its business. As is evident in many countries with a successful tourism industry, tourism development and environmental conservation are only compatible with responsible planning and management.

As well as bringing tangible benefits, tourism development has the potential to degrade the natural environment, if left unregulated and driven by market forces. The evidence suggests that this has already occurred to some extent in the Kingdom. The Kingdom’s natural resources on which the tourism industry relies are therefore under threat.
Urban and economic development and industrial pollution in parts of the Kingdom is adversely affecting existing tourist attractions or areas where tourism has potential to develop emerging destinations. Unregulated tourism developments and public access along the coast threaten key sensitive ecosystems. Domestic recreation and leisure is also contributing to a reduction in environmental quality of popular attractions, notably from litter and lack of environmental awareness.

Nevertheless, much of the Kingdom’s natural capital remains pristine and untouched by development. For example, with a few localised exceptions, the vast majority of extensive coral reef systems along the Red Sea remain unscathed.

Overall, the threat from environmental impacts on the tourism sector is more from outside the industry than within. A key task is therefore to introduce measures to protect and conserve the Kingdom’s natural resource base in order to provide for a future sustainable tourism industry.

In conclusion, the following constraints and opportunities will need to be considered in drawing up environmental policy to ensure development of the Kingdom’s tourism sector moves forward in a sustainable fashion. These touch on legal, institutional, conservation, environmental control and public awareness issues:

### Constraints

- weak planning/EIA framework for tourism projects and issues related to rights on private land mean a lack of control and difficulty in meeting SCT policy objectives
- sectoral approach to responsibilities means cross-sectoral environmental problems are difficult to deal with (such as issues of water abstraction, changes or mix of land use)
- large areas of conservation value within the Kingdom are not yet protected - national scale impacts include overgrazing, tree felling, excessive water abstraction, consequent desertification, over-hunting and water pollution
- coastal/marine resources are under threat from unregulated development
- lack of understanding of or respect for the environment, which creates additional pressures (off-road vehicle use in areas of fragile ecology, litter and other pollution, pressure on rare species from intrusion into habitats, hunting or collection).

### Opportunities

- unique and diverse natural resource base for developing sustainable nature-based tourism
- low population pressure in many areas of ecological and landscape interest, including coasts and reefs, and relatively difficult access supports protection policies
- active environmental conservation and protection institutions both in government and the voluntary sector
- a sound national economy able to take on responsibility for protection and conservation of natural resources
- public education to help raise awareness of environmental conservation and improve visitor behaviour
- contribution to the local economy of a successful tourism industry based on the effective use of natural resources.
7.5 Future Stages of Action

The tourism General Strategy will seek to adopt the following headline policies in order to meet key environmental objectives:

**Land use plans**
Prepare or review land use plans for tourism development areas to be identified in the structure plan, which seek to control development in attractive natural and cultural landscapes and habitats that might devalue the quality of the visitor experience.

**Pollution monitoring and control**
Monitor levels of pollution in tourism development areas, including air and water quality, waste treatment and littering, and to improve management and control measures where necessary.

**Environmental Impact Assessment**
Undertake environmental impact assessment of proposed new tourism developments (to include social, economic and cultural impacts).

**Conservation of resources**
Promote good environmental practice in the operation of tourism enterprises, minimizing use of non-renewable resources and reducing waste and pollution.

**Education and Public Awareness**
Extend public concern for, and interest in, environmental issues and the natural heritage of the Kingdom, including school curricula, educational field visits, on-site interpretation, and promotion of environmental codes of practice for visitors.

**Role of Protected Areas**
Identify appropriate levels and types of tourism activity for each existing natural protected area.

**Protection of Natural Areas**
Extend the number of protected natural areas, including areas specifically designated for protection of landscape quality, which have potential appeal for tourism.

**Local Community Involvement**
Work with local communities in and around protected areas to identify and promote opportunities for them to benefit from supplying services to visitors.

**Role of Private Sector**
Work with the private sector to promote nature and ecotourism sites and tour programmes, including links with local tour operators and handling agents and specialist international operators.

**Sustainability Indicators**
Establish a set of sustainability indicators in tourism destinations, and monitor changes over time against these indicators.

Implementation of these policies will require a close working relationship to be established between the SCT and NCWCD at a national level, and between these two agencies and provincial and municipal authorities at a local level. The SCT will also have an important role to play in supplying tourism expertise and advice to the tourism industry and markets.
Environmental policies for the tourism sector will also need to be guided by national environmental policy and law, as most recently reflected in the draft General Environmental System (shortly to be enacted).

7.6 Conclusion

- Saudi Arabia’s natural heritage includes a unique and richly diverse range of features, landscapes, wildlife and habitats, which offer considerable opportunities for developing a strong nature-based tourism market.

- Research findings show a clear desire by domestic tourists (i.e. those on holiday, visiting friends and families, on business or performing Umrah) to see and experience the Kingdom’s natural heritage – but a demand that has not been translated into actual nature-based recreation.

- There are a number of regulatory, monitoring and enforcement, and institutional issues concerning the environment which need to be addressed in the context of the Kingdom’s tourism sector. The main area of concern – and one that has led to uncontrolled tourism and associated development – is the lack of EIA regulations for major tourism projects and guidance for developers in this sector.

- Three overall policy objectives are proposed for tourism and the environment in KSA:
  - planning and controlling tourism development
  - improving the environment of tourism destinations
  - promoting nature-based tourism

- Overall, the threat from environmental impacts on the tourism sector is more from outside the industry than within. A key task is therefore to introduce measures to protect and conserve the Kingdom’s natural resource base in order to provide for a future sustainable tourism industry.

- Close working relationship is to be established between the SCT and the main environmental agencies of the Kingdom, i.e. GPEP and NCWCD.
8.1 Introduction

Saudi Arabia’s rich cultural heritage and its tourism potential was presented in Section 4, which provided an overview of the distribution of heritage assets of various kinds around the Kingdom and an initial assessment of how these resources could be used to benefit Saudi Arabia’s emerging tourism industry.

This section therefore builds on the basic audit information presented in Section 4 identifying the key issues that need to be resolved for Saudi Arabia’s cultural heritage to play a key role in the development of tourism in the Kingdom. It also builds on the analysis of market demand in Section 3 by exploring further the current demand patterns for cultural tourism products in the Kingdom.

The main objectives of the section are to:

- consider which elements of the Kingdom’s many and varied cultural heritage assets are most suited to the main target markets slated for development in Saudi Arabia
- identify the constraints that are currently preventing their integration into the Kingdom’s tourism product
- indicate how these constraints can be overcome by the SCT and other partners working in the field for Sustainable Tourism Development.

At the same time, a review of the current legislative and governance framework for the heritage has helped shape recommendations on the future role of the SCT in helping to protect, conserve and manage those cultural heritage sites and activities that have tourism potential. The purpose of this particular exercise is to ensure that the SCT is well-placed to work with relevant partners on the integration of cultural heritage protection and development into the Sustainable Tourism Development Strategy of the Kingdom.

8.2 Markets for Cultural Tourism

Cultural tourism has been adopted as an element of tourism policy by national and regional governments in almost every part of the world. According to recent World Tourism Organisation estimates, cultural tourism represents some 37% of global tourism or more than one-third of all tourist activity. Moreover, it is estimated to be growing at around 15% per annum. In other words, tourism based on consumption of both the material culture found in museums and at archaeological sites, and of the living culture of everyday life, represents a major share of the international tourism market.

The basic motivation for cultural tourism is learning and having new socio-cultural experiences, although relaxation and entertainment are also important. Of importance to the tourism planning process is the fact that this type of tourism is not just experienced in museums and at historical sites, but in living communities.

It is important to understand the markets for cultural heritage, in order to offer some guidance on the likely demand for access to, and interpretation at, the Kingdom’s many archaeological, built heritage and soft culture sites. Both the domestic and international markets are considered, noting the main factors that will determine the suitability of the Kingdom’s cultural heritage asset base to support this aspect of tourism.

8.2.1 Current participation in cultural heritage activities by Saudi residents

Little information is currently available on levels of visitor activity at the Kingdom’s cultural heritage sites. The Domestic Tourism Survey (DTS) which was undertaken in Jumadah Alawal-Jumadah Althani 1422 H (July-Aug 2001 G) provides some valuable information on current levels of participation in cultural heritage activities by Saudi residents whilst on holiday:
ROLE OF CULTURAL HERITAGE IN TOURISM DEVELOPMENT

- 48% of main holiday trips, 43% of main VFR trips and 21% of business trips include at least one rural or desert visit

- 26% of main holiday trips, 20% of main VFR trips and 12% of business trips include at least one visit to a historical or heritage site

- Asian expatriates are most likely to visit historical and heritage sites (60% of main holidays) compared to 48% of Arab expatriates and only 40% of Saudi nationals. It should be noted that many expatriate workers in the country take the opportunity to perform Umrah whilst working in the Kingdom.

- however, Saudi nationals are far more likely than either Asian expatriates or other Arabs to make a rural or desert visit

- Saudi nationals are most likely to visit a souq (46% of main holidays), museum or art gallery (8% of main holidays) or attend a cultural event or festival (5%). Asian expatriates are least likely to engage with the Kingdom’s cultural heritage in this way

- Saudi nationals are also most likely to engage with rural aspects of cultural heritage (e.g. visits to the tribal/ Bedouin areas, historical or archaeological sites and antiquities sites). However, the actual propensity to undertake any of these activities is relatively low (6% for tribal areas on the main holiday, 8% of historical sites and 3% for antiquities sites)

- overall, visits to heritage sites are dominated by the incidence of visiting religious sites associated in and around Makkah Al Mukarramah and Madinah Al Munawarah.

These figures are generally lower than one would expect in a country with a strong domestic cultural heritage sector, and begs the question whether participation is being stifled by a lack of access and/or general awareness. There are very few important archaeological sites in the Kingdom where access is unrestricted. For instance, in most cases it is necessary to apply for a permit at least two weeks in advance of a planned visit. This type of constraint prevents casual and “walk-up” trade which can be very significant in the tourist market.

Similarly, the proportion of people visiting museums and galleries is very low by international standards, although this is hardly surprising in a country where there are only around 68 museums. Moreover, the restrictive opening hours and gender separation enforced at many museums within the Kingdom compound the problem by not allowing flexible visiting hours that suit the needs of visitors. For instance, many museums are not open at the weekend.

In exploring future interest by Saudis in participation in cultural heritage activities, research findings suggest considerable potential for the sector. The survey suggests that there is considerable latent demand for cultural heritage with between 40% and 50% of tourists expressing a desire to visit historical, archaeological or antiquities sites in the future. Those travelling for Hajj or visiting friends and relatives (VFR) are more likely than other tourist groups to express this desire

<table>
<thead>
<tr>
<th>Purpose of Visit</th>
<th>% wishing to visit historical or heritage sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hajj</td>
<td>48%</td>
</tr>
<tr>
<td>VFR</td>
<td>47%</td>
</tr>
<tr>
<td>Holiday</td>
<td>44%</td>
</tr>
<tr>
<td>Business</td>
<td>44%</td>
</tr>
<tr>
<td>Umrah</td>
<td>40%</td>
</tr>
</tbody>
</table>

*Source: The SCT, DTS.*
ROLE OF CULTURAL HERITAGE IN TOURISM DEVELOPMENT

There is effectively no packaging of leisure trips in the Kingdom resulting in would-be heritage site visitors having to make all arrangements themselves (i.e. arranging transport, accommodation, entrance permits). This poses a clear disincentive to certain segments wishing to engage with the cultural heritage, as the visit becomes difficult to organise.

Whilst dealing principally with social attitudes to tourism, the 1422 H (2001 G) SCT survey ‘Tourism and Society’ also found considerable support for traditional culture within the sample population. For instance:

- 93% feel “handicrafts and crafts are beautiful and attract tourists”
- 93% say that “folk heritage should be protected by presenting it to tourists”
- 92% say “tourism should support crafts at the local level”
- 89% felt that “investment companies should support handicrafts and merchandise them commercially”
- 87% agreed that “folk art is an important tourist attraction”.

These high levels of approval provide considerable support for the development of national and regional crafts and soft culture programmes that link directly into the tourism sector. Similar support was also expressed for the Kingdom’s archaeological heritage and handicrafts with many Saudis expressing a desire to see its potential developed for tourism.

8.2.2 Current participation in cultural heritage activities by inbound tourists

The International Visitor Survey (IVS) which was undertaken in Jumadah Al-Thani 1422 H (2001 G) has found that the frequency of visiting historical and heritage sites varies considerably according to the purpose of visit. Only 20% of international tourists visiting friends and relatives (the VFR market), and 23% of people on holiday visit historical or heritage sites during their time in the Kingdom.

This compares relatively unfavourably with the 98% of Umrah and 60% of pilgrims going to these locations, although since the Holy Mosques in Makkah and Madinah can be classified as heritage sites, this high frequency is perhaps not unexpected.

There is also considerable variation in the propensity of international travellers of different backgrounds to visit the Kingdom’s heritage sites.

Table 8.2: Propensity of international tourists to visit historical sites

<table>
<thead>
<tr>
<th>Country of Residence</th>
<th>% visiting historical or heritage sites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Arab (Non-GCC)</td>
<td>75%</td>
</tr>
<tr>
<td>Asia</td>
<td>68%</td>
</tr>
<tr>
<td>Europe</td>
<td>46%</td>
</tr>
<tr>
<td>GCC</td>
<td>35%</td>
</tr>
<tr>
<td>Other</td>
<td>59%</td>
</tr>
</tbody>
</table>

Source: The SCT, IVS.

Table 8.2 gives some guidance on the possible attractiveness of the Kingdom’s cultural heritage sites to different market segments (although more analysis is required to determine the situation when those performing Umrah are excluded from the calculations). However, even when religious sites are excluded from the equation it appears clear that the pilgrims coming into the Kingdom are most likely to visit historical, archaeological and antiquities sites (Table 8.3):
Table 8.3: Propensity to visit heritage sites, by purpose

<table>
<thead>
<tr>
<th>Purpose of visit</th>
<th>Historical or archaeological site</th>
<th>Antiquities site</th>
<th>Religious site</th>
</tr>
</thead>
<tbody>
<tr>
<td>VFR</td>
<td>8%</td>
<td>4%</td>
<td>15%</td>
</tr>
<tr>
<td>Holiday</td>
<td>6%</td>
<td>11%</td>
<td>19%</td>
</tr>
<tr>
<td>Umrah</td>
<td>19%</td>
<td>22%</td>
<td>98%</td>
</tr>
<tr>
<td>Ziara</td>
<td>15%</td>
<td>10%</td>
<td>58%</td>
</tr>
<tr>
<td>Business</td>
<td>3%</td>
<td>2%</td>
<td>15%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
<td>*</td>
<td>5%</td>
</tr>
</tbody>
</table>

*Note: *less than 1%.
Source: The SCT, IVS.

Europeans and Arab residents are most likely to visit historical, archaeological and antiquities sites. GCC residents were least likely of any group to engage with the Kingdom’s archaeological and historical heritage in any way.

8.2.3 Indicators of Market Segmentation for Cultural Tourism in the Kingdom

Table (8.4) reveals the level of interest likely to be shown by the main target tourism markets identified by the SCT in each category.

Table 8.4: Indicative assessment of fit between cultural heritage resources and likely market demand from main growth segments

<table>
<thead>
<tr>
<th>Type of Resource</th>
<th>Domestic market</th>
<th>Umrah Extensions</th>
<th>Business &amp; conference</th>
<th>Specialist (international)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sites reported in the Prophet’s biography</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Sites associated with Saudi history</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>Low/ Medium</td>
</tr>
<tr>
<td>Sites reported in Arab poetry</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>Low/ Medium</td>
</tr>
<tr>
<td>Archaeology, Historical &amp; Archaeological Sites</td>
<td>Medium/ High</td>
<td>Low/ Medium</td>
<td>Low/ Medium</td>
<td>High</td>
</tr>
<tr>
<td>Traditional Handicrafts &amp; Industries</td>
<td>Medium/ High</td>
<td>Medium/ High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Popular Customs &amp; Traditions</td>
<td>Medium/ High</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Values and Folktales</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Popular Arts</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>
8.3 Role of Cultural Heritage

This brief review of the market for cultural heritage tourism demonstrates that there is tremendous scope for growth within the Kingdom in terms of the level of uptake of visitors to heritage sites of all kinds. Certainly the level of domestic activity is lower than one would expect in a country with a developed cultural heritage sector.

The major difference between actual levels of activity and desired levels of participation suggests that engagement with the Kingdom’s cultural heritage is being stifled because of a lack of access, rather than a lack of desire.

Although some cultural heritage assets will be site-specific and will always be fixed points, such as major archaeological ruins or historic towns, other aspects such as handicrafts, festivals, folk traditions or art, can be presented and interpreted at many locations. This is particularly important in a country such as Saudi Arabia, which encourages diversification of the economy and regional development.

In all cases, cultural heritage assets can be transformed from being site to become elements of Tourism Attraction. As well as the economic development potential of cultural heritage, there are also real socio-cultural benefits. Tourism can be used as a means of cultural renewal, for the revival within communities of craft skills, art, traditions, music, story telling, poetry and folklore.

Increased domestic tourism by Saudis will provide opportunities to enhance popular understanding of the varied cultural and natural heritage of the Kingdom, allowing Saudi people to re-evaluate their rural and traditional heritage. This is particularly important in a nation such as Saudi Arabia that has, in addition to its own unique cultural identity, many and varied regional traditions in architecture, cuisine, clothing and crafts.

However, before a national tourism project can be developed for Saudi Arabia that includes the development of the cultural heritage sector, it is necessary to consider a wide range of issues surrounding the protection, conservation and presentation of the Kingdom’s cultural heritage. For instance, many archaeological sites are very fragile and could be damaged by over-visitation, and hence should only be promoted for tourism if appropriate management measures are introduced. On the other hand, the handicrafts and traditional industries sector, previously an important source of employment and income for many rural communities, is in rapid decline and tourism could provide the impetus for its regeneration.

Table 8.4 (continued)

<table>
<thead>
<tr>
<th>Type of Resource</th>
<th>Domestic market</th>
<th>Umrah Extensions</th>
<th>Business &amp; conference</th>
<th>Specialist (including international)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Desert Culture and Heritage</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Highlands Culture &amp; Heritage</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Marine Culture &amp; Heritage</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Architectural Heritage</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

Source: The SCT and International Consultants.
8.3.1 Issues Considered

The planning team’s work underpinning this section focused on reviewing the following inter-linked issues:

- current legislation and governance relating to the cultural heritage, and opportunities to improve this in the future
- public interest in all forms of cultural heritage. The brief review of markets for the cultural heritage provides a basis on which to assess the potential contribution of different aspects of the Kingdom’s heritage assets to tourism development
- the extent and condition of Saudi Arabia’s rich archaeological heritage, and the opportunities that exist for tourism development at selected historic sites all over the Kingdom
- the tourism potential of the Kingdom’s traditional settlements, old urban quarters and historic buildings, including an assessment of protection, conservation and management factors that must be addressed in order to secure their role in the Kingdom’s tourism product. The role of communities in protecting and developing their own communities for tourism purposes was also reviewed
- the “soft culture” of the Kingdom, such as folklore, food, custom and tradition and fine arts. Particular attention was given to the opportunities for using soft cultural activities to enhance and animate built heritage and cultural heritage sites that are to be developed for tourism
- the current state of the handicrafts and traditional industries sector in the Kingdom and actions necessary to ensure that these sectors and the communities they support are able to survive and play a full role in supporting tourism in Saudi Arabia. The converse of this was also reviewed, namely the contribution that tourism might make to restoring the health of this declining sector.
- Opportunities for involving local communities in the protection, management and development of cultural heritage assets.

8.4 Principal Findings

8.4.1 Legislation and protection

Protective legislation in the Kingdom for cultural heritage assets is extremely varied and there is a need for a co-ordinated approach to legislation that avoids any loopholes. Whilst there is some legislative protection for antiquities, there is very little protection for historic buildings and traditional settlements, or for the handicrafts, traditional industries and soft culture sectors.

Moreover, there is a lack of co-ordination in planning, implementing and enforcing legislation designed to protect the cultural heritage sector. Whilst there are many different stakeholders operating in the field (e.g. Ministry of Information, Ministry of Education, Deputy Ministry of Antiquities & Museums, National Guard Health Affairs Section, General Presidency for Youth Welfare, Saudi Society for Culture and the Arts, Provincial Governments and MOMRA), there is no single organisation with overall responsibility for the sector. It is essential for the development of the Kingdom’s tourism sector that gaps in legislation are filled urgently, so that the opportunities to develop cultural heritage tourism are achieved in as sustainable a fashion as possible.

8.4.2 Archaeology and antiquities

The SCT has identified more than 1,250 archaeological sites in the Kingdom. The most numerous are rock art sites and abandoned settlements, with pre-Islamic and Islamic sites being found in fairly equal numbers. In theory, archaeological sites in the Kingdom are reasonably well protected by
legislation. However, in practice they can often be vulnerable. Moreover, the current approach to the physical protection of sites and the limitations on access imposed by the pre-obtained permit system are not conducive to the use of most archaeological sites for tourism.

Key issues requiring resolution before the Kingdom’s archaeological heritage can be fully developed for tourism include:

- the fact that legislations protecting sites from trespass, vandalism or theft are rarely enforced
- there is a lack of resource which leads to insufficient presence by the Deputy Ministry of Antiquities & Museums or any other agency to provide both a security and information function
- ensuring that there is legal protection for the setting of archaeological sites, and particularly potential World Heritage Sites
- clear roles for the SCT, Deputy Ministry of Antiquities & Museums, and MOMRA.

8.4.3 Traditional settlements, historical quarters and buildings

There is a wealth of historic towns and settlements in the Kingdom of Saudi Arabia, the origins of many going back 1500 years or more. Many of these are still lived in, whilst others are now deserted and falling into decay. Historic quarters, traditional settlements and their buildings are a valuable resource for tourism. They are of interest for their historic, architectural and townscape values. They also provide an ideal setting for cultural attractions such as museums or retail operations including handicrafts and small-scale local businesses. Historic quarters add value to cities as tourism places, while traditional settlements add value to landscape settings and appreciation of natural environments. Buildings, forts or palaces are attractions in themselves, they can be developed to provide tourism services, but they also add value to the urban environment.

Issues to be addressed so that this aspect of the Kingdom’s cultural heritage can play its part in Saudi Arabia’s tourism include:

- improving the very limited legal or physical protection afforded to historic quarters and traditional settlements in the Kingdom of Saudi Arabia
- increasing awareness amongst planning and development professionals of the correct application and use of traditional materials in building conservation projects, particularly at the domestic scale where no statutory control can be exercised at present
- recording and sustaining traditional building and associated craft skills to ensure that there is a skilled and knowledgeable workforce able to assist with the conservation and preservation of historic structures
- exploring the potential for adaptive re-use, for tourism purposes, of conserved or restored historic buildings.

8.4.4 Soft Culture

Saudi Arabia has a rich and varied soft culture, some of which is shared across the whole Kingdom such as the tradition of Arab hospitality, the coffee ceremony and the majlis, whilst others are more regional, often reflecting the traditional way of life in mountain, desert or coastal areas. Soft culture can contribute to tourism development in three ways:

First: as an attraction in its own right (such as a performance of traditional poetry in a concert hall, or the annual festival at Jenadriyah)
Second: by enhancing the built heritage product (such as the performance of a traditional folk dance in a restored village square)

Third: as an economic activity (where performers or practitioners are able to sell their expertise, such as a local historian being employed to act as a guide to a tour group)

Principal key issues to be resolved in the coming years include:

- the absence of legislation to protect the Kingdom’s soft culture
- a lack of public awareness and understanding of importance of soft culture in some quarters, that means it is not able to fulfill its potential
- the lack of financial rewards to performers and practitioners of soft culture leading them to search for other sources of income
- evolving lifestyle that reduce the relevance of many traditional customs
- skills shortages at the governance level which lead to deficiencies in the management and presentation of soft culture
- changing tastes in Saudi society, that have reduced demand for some aspect of soft culture.

8.4.5 Handicrafts and Traditional Industries

Traditional handicrafts reflect the character of a country or region, and their preservation is a means of conserving local heritage and celebrating local distinctiveness. Where craft production is valued, it can exist as a living skill and industry, ensuring that this important aspect of a country’s heritage remains a part of modern life. Handicrafts thus have both a cultural and an economic dimension, and experience has shown that they can contribute considerably to the development of a country’s tourism industry.

Research has indicated that the handicrafts sector in Saudi Arabia is in a state of rapid decline, and that a number of key issues are affecting its chances of a viable future. These are:

- declining prices and reduced profitability
- increasing imports
- low status of craft workers in Saudi society
- increased use of expatriate labour.

Overcoming these barriers is essential if the sector is to make a full contribution to the development of tourism in the Kingdom.

8.5 Cultural heritage and community development

Running through the research in this area has been a consideration of how local communities can use their cultural heritage to support the growth of tourism in Saudi Arabia, and what contribution the sector can make to community welfare. Key issues arising include:

- the potential for involving local communities in managing and presenting archaeological and built heritage sites
- the many commercial and business opportunities that are inherent in the cultural heritage sector, and that are supported by the presence of tourists in a particular area
- the role that tourism can play in providing a reason for the retention of certain customs and traditions, even after the original reason for their presence has disappeared.
8.6 Future Roles

There are three ways in which the SCT’s role in the sphere of cultural heritage will develop in the coming years:

- as a promoter or advocate of opportunities and actions
- as an enabler of development
- as a controller of activities.

Certainly in the first few years, the SCT’s prime area of action is likely to be in research and advocacy, identifying suitable development opportunities and encouraging others to implement these ideas and recommendations. Crucial to this is the need to create and sustain good working relationships with the wide range of governmental and other authorities, and concerned parties that are needed to enable tourism development to happen at selected heritage sites around the Kingdom. Developing a practical working relationship with the bodies responsible for Antiquities & Museums and its successor agency is a prerequisite for success in this area.

The initial focus, in terms of the SCT’s own work, must be on promoting greater awareness of the importance of heritage buildings, structures, cultural traditions and handicrafts. The Saudi people must be made aware of the fact that these are irreplaceable cultural assets to be protected and conserved, as a reminder of the nation’s history.

Having fostered public awareness and appreciation of Saudi Arabia’s cultural heritage, the next contribution of the SCT will be working with others on the conservation and presentation of archaeological sites, restored or adapted buildings and traditional markets and workshop areas as tourism venues, demonstrating that they are viable assets to be used and maintained. This will need to be carried out at a sample of carefully selected sites in different regions of the Kingdom that can be used as examples for replication elsewhere in the country. In one or two strategic cases, it is desirable that the SCT becomes involved in developing and promoting ‘flagship’ projects that act as a catalyst for cultural heritage tourism development in those parts of Saudi Arabia slated to become the principal tourism destinations.

Throughout the duration of the strategy, the SCT must undertake a programme of monitoring and evaluation to ensure that the best examples of Saudi culture are preserved and maintained for future generations to enjoy, and that the activities of tourists do not compromise the sustainability of the cultural heritage resource.

8.6.1 Recommendations

The recommendations for action cover a wide range of areas associated with cultural heritage protection, conservation and presentation. As can be seen from the recommendations, the SCT is cast in one or the other of its principal roles, mainly promoter or advocate and, occasionally controller or enabler.

Legislation and Governance

- encourage the Deputy Ministry of Antiquities & Museums and the Department of Town Planning to address in legislation the issue of protecting an archaeological site’s character and setting
- advocate strongly enforcement of the Antiquity legislations
- encourage the Deputy Ministry of Antiquities and MOMRA to adopt recommendations to introduce a system of listing for vernacular architecture and to introduce protection or conservation areas
- encourage the Ministry of Municipality and Rural Affairs and Deputy Ministry for Antiquities and Museums to create a system for inventory and classification of archeitectural heritage sites and identification of
villages, quarters and buildings that could be subject to conservation and protection

- liaise with MOMRA and the Ministry of the Interior to change the practice of police and civil defence organisations demolishing buildings in the name of public safety
- advocate that the forthcoming Antiquities Act safeguards architectural building components (e.g. carved doors, windows) and discourages their export.

**Protection**

- promote the concept of Cultural Tourism Development Areas and encourage the introduction of specific protection measures and legislation (bylaws) within these areas
- explore, in conjunction with Ministry of Interior and the Deputy Ministry of Antiquities, the possibility researching ways to introduce an established protection system for antiquities and other heritage sites, and to increase public safety and enjoyment at these facilities
- encourage the relevant agencies to draw up site Management Plans for all major archaeological sites, historic towns and settlements, starting with those likely to be promoted for tourism
- encourage wherever possible the development of partnership approaches to archaeological site development and management, especially where it is possible to involve local communities
- liaise with MOMRA and the Deputy Ministry of Antiquities to ensure archaeological sites and urban and village sites designated as areas of historic importance are safeguarded through legislation
- promote good practice in adaptive re-uses of restored buildings in all pilot projects the SCT is a partner in
- raise awareness of the need for all historically important artefacts to receive appropriate collections care and management.

**Recording and Research**

- discuss with the Deputy Ministry of Antiquities & Museums the existing National Research and Excavation Plan, to ensure that those sites with tourism potential are accorded sufficient emphasis in the coming years
- encourage the Deputy Ministry of Antiquities & Museums and local municipalities to establish registers and stores of architectural components that are found at sites, for future use in restoration projects
- discuss with relevant agencies the need for a National Collections Audit, to ensure that all relevant aspects of Saudi Arabia’s material culture are preserved for future generations
- encourage the National Guard, Deputy Ministry of Antiquities & Museums and the King Abdulaziz Foundation and the General Persistency of the Youth Welfare and other related agencies to undertake a National Oral History project to record traditions before they are lost.

**Conservation**

- encourage appropriate agencies to implement sustainable post-extraction conservation and preservation techniques at all excavated archaeological sites in the Kingdom in order to protect their heritage value and their potential as a tourism resource
encourage the Deputy Ministry to prepare Conservation Plans for all important archaeological sites, especially those selected for tourism development

work with the Deputy Ministry of Antiquities & Museums to see how tourism revenues can be used to support incentive schemes that help owners in the restoration of their historic properties

courage the Deputy Ministry of Antiquities & Museums to assess the feasibility of developing a comprehensive collections care and management service for public and private museums throughout the Kingdom.

Skills and Training

support the Saudi Arabian Universities to

- develop a multi-disciplinary postgraduate courses on archaeological resource conservation and heritage management
- introduce conservation awareness into the undergraduate curriculum of architecture, town planning and archaeology courses

support the Deputy Ministry of Antiquities in a survey to

- assess the level of existing crafts skills and evaluate their relevance to the conservation of traditional buildings
- assess the demand for craft skills in each region
- support a contractor’s accreditation scheme that requires the highest standards of conservation work on all government funded conservation projects

in partnership with MOMRA, (the Deputy Ministry of Town Planning) and the Deputy Ministry of Antiquities & Museums, encourage the use of traditional building techniques and design elements in all new public building projects

work with the Kingdom’s 23 Social Research and Training Centres to develop suitable training courses in traditional handicrafts

work with the Deputy Ministry of Antiquities & Museums and Chambers of Commerce to secure a national pool of trained labour with necessary skills in building and interior decoration in order to support built heritage restoration programmes

work together with the Ministries of Labour and Education to investigate opportunities for facilitating participation in traditional handicraft production by women with a desire or need to do so, under religious disciplines.

Development of Tourism Projects

work with the Deputy Ministry of Antiquities & Museums and MOMRA on the preparation of site development guidelines for archaeological sites

work with the Deputy Ministry of Antiquities & Museums to see how tourism revenues can be used to part fund site conservation and management programmes

work with the Deputy Ministry of Antiquities & Museums to establish one or two model archaeological sites for a co-ordinated approach to tourism and research

work with municipal authorities and local craft workers to develop tourist orientated areas in souqs which will sell local crafts with a local marque.
Management of Cultural Heritage Sites

- encourage the Deputy Ministry of Antiquities & Museums to ensure that at all sites available for public access, entrance permits or tickets are available at the gate to permit ‘walk-up’ trade
- identify suitable opening hours for archaeological sites, adjacent museums and cultural heritage attractions that suit the tourism sector and press the Deputy Ministry of Antiquities & Museums to implement these
- encourage the use of Management Plans at all sites receiving tourists and assist in their preparation.

Presenting cultural heritage for tourism

- discuss with the Deputy Ministry of Antiquities & Museums which historical sites it feels are best suited to accommodate tourists, and to agree what visitor facilities are required and how these can be funded
- encourage a dialogue between religious authorities and the Deputy Ministry of Antiquities to secure a sensitive research programme and to obtain their opinions for access for visitors to important pre-Islamic sites. This will also involve the appropriate management of such sites to ensure a suitable balance between visitors’ needs and religious requirements
- in conjunction with Civil Defence within the Ministry of the Interior and the Deputy Ministry of Antiquities & Museums, produce National guidelines on Health & Safety at historical sites
- work with the Deputy Ministry of Antiquities & Museums and King Saud University to develop archaeological working holidays in the Kingdom
- work with the Deputy Ministry of Antiquities & Museums and others on the preparation of Interpretation Strategies for regions and for individual sites. When promoting tourism development in any traditional settlement or historic quarter, ensure that all proposals address considerations of:
  - conformity of activities taken place in site with tradition and customs
  - to consider religious significance of places
  - to achieve desired levels of privacy in accordance with Islamic shari’ah
- work with the Deputy Ministry of Antiquities & Museums to investigate the feasibility of a ‘National Heritage Collection’ of replicas and souvenirs which reflect authentic tradition, incorporate traditional skills and handicrafts and be Saudi made.

Involving Local Communities

- work with municipalities, Chambers of Commerce and groups of craft workers to establish craft villages where craftsmen and women can separately demonstrate craft production and produce crafts for retailing. Where possible these should be located within or adjacent to other cultural heritage sites in order to create a critical mass of heritage tourism facilities
- When assisting in the preparation of management plans for historic quarters and traditional settlements that are still inhabited, ensure that the local community is involved.
Marketing and Awareness

- coordinate with the Ministry of Information and other relevant government departments opportunities for national, regional and local promotional campaigns that raise awareness of the values and benefits of historic area conservation and promote the qualities of the Kingdom’s most outstanding traditional settlements and historic quarters.

- develop a strategy for the tourism promotion of historic quarters and traditional settlements, nationally and internationally.

- work with the Ministry of Education and other partners to develop a cultural heritage programme and tourism component for the school curriculum.

- promote pilot examples of good practice in using traditional building materials and techniques in repairing old properties under the National Sustainable Tourism Development Strategy.

- work with GPEP, the NCWCD and other relevant agencies on a nationwide awareness campaign that seeks to combat the litter problem throughout the Kingdom.

- discuss with the Ministry of Information and other relevant government departments opportunities for a co-ordinated awareness campaign that raises the profile of the traditional, local handicrafts sector. Linking this to a “Best of Saudi Craft” marque or a “Saudi Heritage Collection” would be extremely valuable.

- encourage the Deputy Ministry of Antiquities & Museums to review the feasibility of opening small museum shops that act as showcases for traditional handicrafts. These could be operated by the Department itself or as franchises.

World Heritage Sites

- At present Saudi Arabia has no World Heritage Sites and until UNESCO approves a Tentative List of possible sites (the essential first step in the process). The next step should therefore be the development of a Tentative List by the competent authorities. If the SCT’s role is limited to just monitoring, there is a significant importance of these sites, due to the relationship of world heritage listing and tourism promotion.

8.7 Conclusion

- There is a relatively low level of participation in cultural heritage activities by Saudi residents, but this is the result more of a lack of access and/or awareness than of desire.

- There are important socio-economic benefits from the development of the cultural heritage sector, and tourism can make a significant contribution towards it.

- A wide range of issues relating to cultural heritage and tourism require attention and resolution. The most salient are noted below:

- There is a need for co-ordinated action to close all gaps in protective legislation in the Kingdom in respect of all sectors of the cultural heritage. There are multiple government agencies involved, and there is clearly a need for rationalisation of the institutional structure for the cultural heritage sector.

- The current approach to the physical protection of archaeological sites and the limitation on access to them imposed by the pre-obtained permit system are not conducive to their use for tourism.
• Traditional settlements, historic quarters and buildings in Saudi Arabia enjoy limited legal or physical protection. There is a need, among other things, to explore the potential for adaptive re-use, for tourism purposes, of conserved or restored historic buildings.

• Saudi Arabia has a rich and varied soft culture that can contribute to, and in turn also benefit from, tourism, but requires protection, public appreciation, and development incentives.

• The handicrafts sector in Saudi Arabia is in a state of rapid decline. A viable future for handicrafts requires support in traditional skills revival and training, marketing and the funding necessary for these measures.

• Local communities can use their cultural heritage to support tourism development and should be involved in managing and presenting heritage sites.

• The SCT’s role in the sphere of cultural heritage will be threefold: as promoter or advocate of opportunities and actions, as enabler of development, and as controller of activities.
9.1 Introduction

The preceding sections have helped to set the scene for the formulation of the Sustainable Tourism Development Strategic direction of the Kingdom by assessing the industry’s present dimensions and characteristics and, more importantly, by establishing the socio-cultural, environmental and economic parameters within which tourism should be planned and developed. The preceding analysis has also made abundantly clear certain fundamental characteristics of the tourism industry, which call for a national vision and mission to guide its development.

Tourism is a fragmented and multifaceted industry that depends on the quality of a country’s natural and socio-cultural heritage and requires active community support and participation, effective public-private sector partnerships as well as ongoing co-ordination. Piecemeal development of tourism in an unplanned and unregulated environment entails grave risks for the country’s natural environment and cultural heritage, apart from unnecessarily increasing the economic costs. Only planned, orderly and controlled development of tourism can attempt to optimise the benefits and minimise potential adverse effects.

The tourism vision and mission statements of the Kingdom of Saudi Arabia, supported by strategic objectives, provide the framework within which the planning, development and management of tourism can take place. These are presented in this section.

9.2 Background to Tourism Vision and Mission in The Kingdom

The formulation of the Tourism Vision and Mission statements for the Kingdom of Saudi Arabia is the result of a gradual, evolutionary and participatory process characterised by ongoing, intensive and inclusive consultation with all stakeholders including representatives of the public and private sectors, community groups and academics.

The principal milestones in this consultative process are illustrated in Figure 9.1 below.

The policy underpinnings of the tourism vision and mission can be traced back to recent national Development Plans, but the statements emerged from a more focused and intensified process initiated by the Supreme Commission for Tourism (SCT) since mid of 1421 H (2000 G). The process further included workshops, feedback to the draft terms of reference for the STDP, a major public meeting chaired by the SCT Secretary General, culminating in visioning workshops and review and approval by the Executive Committee of the SCT Board of Directors, as well as the Board of directors.
Figure 9.1: Development Process - Vision and Mission

- National Development Plans
- Conferences and Symposia
- Media Coverage
- Feedback to TOR of Sustainable Tourism Development Plan

**Stage 1**
- Vision Programme Workshop
  - Rabie Al Thani 1420H (July 2000G)

**Stage 2**
- Revised Vision Workshop
  - Shawal 1421H (December 2000G)

**Stage 3**
- Stakeholders Meeting
  - Dhu Al Quda 1421H (February 2001G)

**Stage 4**
- Visioning Workshops
  - Dhu Al Hijja 1421H (March 2001G)

**Stage 5**
- Internal SCT Review
  - Dhu Al Hijja 1421H (May 2001G)

**Stage 6**
- Approval
  - Jamad Al Awal 1422H (July 2001G)
9.3 The national Tourism Vision and Mission

The Kingdom’s Tourism Vision and Mission, as shaped by this process, are reproduced below.

The Tourism Vision

“As the cradle of Islam, the Kingdom of Saudi Arabia aims to develop sustainable tourism for the socio-cultural, environmental and economic benefit of all, reflecting its cherished Islamic values, heritage and traditional hospitality”.

The Vision encapsulates in a succinct, cogent and inspirational manner several important concepts and principles, which are found to be consistent with overall national development objectives, strategies and policies of the Kingdom.

Paramount amongst these is the central role given to Islam and Islamic values as well as traditional Saudi hospitality. Another fundamental concept is sustainable development, broadly interpreted to include not only environmental, but also socio-cultural and economic parameters.

As regards the economic benefits, in line with key strategic objectives of the Seventh Development Plan, tourism is rightly seen as an effective means of diversifying the economy and achieving balanced regional development.

The Tourism Mission

“The Kingdom of Saudi Arabia will harness its unique endowments to develop tourism, in a sustainable manner, providing a quality experience, while contributing to economic diversification, employment creation, environmental and heritage preservation, cultural awareness and community enrichment”.

As the pathway to the Vision, the Mission Statement lays down the guiding principles tasks and means towards achieving the Vision. As such the Mission refers to the Kingdom’s:

- intention to harness its unique endowments in developing quality tourism
- commitment to develop Tourism in a sustainable manner
- contribute to economic diversification, employment creation
- also contribute towards environmental and heritage preservation, cultural awareness and community enrichment.

The Vision also includes that the social benefits from tourism development shall be available for all Saudi citizens.

The Vision and Mission are those of the tourism industry and the country as a whole, rather than of the SCT. Hence, they emphasise that tourism development is a national effort, involving, affecting and ultimately benefiting all members of the society, both as tourists and hosts.

Flowing from the Vision and underpinning the accomplishment of the Mission are a series of strategic economic, socio-cultural, and environmental objectives.
VISION, MISSION AND OBJECTIVES OF TOURISM DEVELOPMENT

The Vision, Mission and Objectives are integral parts of the tourism master planning process for the Kingdom of Saudi Arabia. They provide the philosophical and policy framework within which the entire Sustainable Tourism Development General Strategy has been formulated.

The participatory and consultative process that helped create the Vision and Mission will encourage widespread ownership and support for the Kingdom’s and the SCT’s efforts to develop the tourism industry.

9.4 Strategic Framework

The following paragraphs set out the guiding principles/policies, critical success factors and key strategic objectives flowing from the Vision and underpinning the accomplishment of the Mission. These objectives were largely defined by the Visioning Workshops referred to above. They are presented here under the major headings of guiding principles, critical success factors, and strategic objectives split into economic, socio-cultural and environmental objectives.

9.4.1 Guiding Principles

Guiding principles are policies that will guide the development of tourism in Saudi Arabia. Drawing from the input obtained from the Visioning Workshops, the following principles have been formulated.

- tourism will reflect Islamic values, Saudi traditions and hospitality
- tourism development will support the economic, socio-cultural and environmental policies and objectives of the country
- the Government will provide a suitable environment and framework for the development of sustainable tourism
- the development of tourism will be integrated into the overall development plans, which will achieve the general objectives and subjective strategic bases, establishing close linkages with other sectors.
- tourism is seen as an essentially private sector driven-industry, and the private sector will be encouraged to participate actively in the development and operation of tourism facilities and services
- tourism as a productive sector, will contribute in diversification of the economy and hence consider as tributary source of the Kingdom’s national income
- community support and involvement will be crucial to sustainable development of tourism and will be actively encouraged and fostered
- tourism development will focus on developing products of high quality, which will be sustainable and compatible with Saudi heritage, culture and lifestyle, and which will be competitive in their markets
- domestic tourism development will receive priority, providing Saudi citizens with recreation opportunities within their country, with particular emphasis on families and youth
- development of tourism will centre around key environmental principles and practices
- tourism development will be based on co-operation and partnership with key stakeholders, i.e. Government, private sector and the wider community
the priority beneficiaries of tourism will be the people and communities of Saudi Arabia. Tourism will be a vehicle for human resource development, employment creation and business opportunities for Saudis.

- Tourism development should, to the extent possible, be geographically balanced and benefit all regions of the Kingdom. Tourism development will optimise the positive economic, socio-cultural and environmental effects and minimise the negative impacts.

- Tourism development in the Kingdom shall foster closer ties and co-operation with GCC countries, other Arab, Islamic and friendly countries.

### 9.4.2 Critical Success Factors

In order to realise the vision for tourism, a number of key requirements must be met:

- Optimisation of the positive economic, socio-cultural and environmental effects and minimisation of the negative impacts.

- A planned, orderly and controlled approach to the development of the industry.

- An appropriate institutional framework for tourism.

- Relevant and transparent legislative enactments and regulatory frameworks governing the development and operation of tourism facilities and services. Appropriate administrative arrangements in support of the tourism sector.

- Integration of education and training capacity to support the labour market for Saudis so as to facilitate employment in tourism and the creation of tourism businesses and services.

- A secure and stable tourism environment.

- Consultation, active involvement of local communities through active participation.

- Sustainable environmental management practices and respect for carrying capacity limits.

- High service standards through quality assurance systems.

- Product development and diversification.

- Strong linkages with other sectors of the economy.

- Enhancement of the development of the craft sector and indigenous food and beverages.

- Proper institutional structures and laws supporting tourism development.

- Adequate infrastructure.

- Appropriate marketing and promotion and new market development.

- Projection of a positive image of the Kingdom to regional and global audiences and will interpret its rich culture, heritage and Arabian traditions.

- Establishment and operation of appropriate monitoring and control systems.

- Provision of value for money for the consumer.
9.4.3 Strategic Objectives

To support the vision and mission statements, a number of strategic objectives have been formulated. As indicated above, these are largely drawn from the outcomes of the Visioning Workshops. They also reflect and carry forward the objectives of the Seventh Development Plan and the mandate given to the SCT under Council of Ministers Resolution No. 9 dated 19/1/1421 H (14/4/2000 G).

These strategic objectives have been supplemented by the SCT planning team and classified into three categories:

- Economic Objectives
- Socio-Cultural Objectives
- Environmental Objectives

They are shown in Table 9.1.

<table>
<thead>
<tr>
<th>Objective</th>
<th>Economic Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Achieve diversification of the Kingdom’s economy</td>
<td></td>
</tr>
<tr>
<td>Achieve a more balanced regional development</td>
<td></td>
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<tr>
<td>Increase government revenue</td>
<td></td>
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<tr>
<td>Create employment opportunities for Saudi citizens and increase their participation in the sector’s workforce</td>
<td></td>
</tr>
<tr>
<td>Increase foreign exchange earnings and diversify the sources of national income</td>
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</tr>
<tr>
<td>Encourage the development of small and medium size enterprises, particularly arts, crafts and cottage industries</td>
<td></td>
</tr>
<tr>
<td>Induce and facilitate private sector investment through appropriate development incentives</td>
<td></td>
</tr>
<tr>
<td>Develop potential market opportunities and to build upon the traditional Hajj and Umrah visitor base</td>
<td></td>
</tr>
</tbody>
</table>

Source: The SCT and International Consultants.
### Socio-Cultural Objectives

<table>
<thead>
<tr>
<th>Objective</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Reflect Islamic values and way of life in an Islamic community</td>
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<tr>
<td>Build on and project the Kingdom’s rich cultural heritage including its</td>
<td></td>
</tr>
<tr>
<td>archaeological and historical sites and monuments</td>
<td></td>
</tr>
<tr>
<td>Encourage further development and enhancement of crafts and Promote</td>
<td></td>
</tr>
<tr>
<td>indigenous food and beverages</td>
<td></td>
</tr>
<tr>
<td>Promote awareness of the value of and enhance national pride in the</td>
<td></td>
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<tr>
<td>Kingdom’s heritage resources as tourism attractions</td>
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<tr>
<td>Develop quality year-round tourism facilities to meet the needs of various</td>
<td></td>
</tr>
<tr>
<td>income groups and ensure that all Saudis have access to them</td>
<td></td>
</tr>
<tr>
<td>Enhance the personal health and societal well-being of all Saudis, with</td>
<td></td>
</tr>
<tr>
<td>particular emphasis on families, youth and those social groups with special</td>
<td></td>
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<tr>
<td>needs</td>
<td></td>
</tr>
<tr>
<td>Encourage cross-cultural exchanges and stronger ties with especially GCC</td>
<td></td>
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<tr>
<td>states, other Arab and Islamic countries through increased travel to and</td>
<td></td>
</tr>
<tr>
<td>within the Kingdom</td>
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</tbody>
</table>

*Source: The SCT and International Consultants.*

### Environmental Objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Integrate tourism development into the overall national environmental</td>
<td></td>
</tr>
<tr>
<td>policy and plan</td>
<td></td>
</tr>
<tr>
<td>Identify, preserve and utilize natural, built and socio-cultural resources</td>
<td></td>
</tr>
<tr>
<td>in a sustainable manner</td>
<td></td>
</tr>
<tr>
<td>Encourage the development of sustainable tourism projects, restoring and</td>
<td></td>
</tr>
<tr>
<td>maintaining a clean environment</td>
<td></td>
</tr>
<tr>
<td>Develop and implement appropriate environmental management systems</td>
<td></td>
</tr>
</tbody>
</table>

*Source: The SCT and International Consultants.*
9.5 Conclusion

- A gradual, evolutionary and participatory process of consultation has ensured that the formulation of the national tourism vision and mission statements are not only appropriate, but also enjoy the widest possible degree of ownership and support by all stakeholders.

- The vision states in a succinct, cogent and inspirational manner several important concepts and principles, which are consistent with the Kingdom’s Development Plans.

- Flowing from the vision and underpinning the accomplishment of the mission is a strategic framework of guiding principles, critical success factors and strategic objectives.

- Strategic objectives for the development of the Kingdom’s tourism industry have been defined and set out under the three main headings of economic, socio-cultural and environmental.

- The vision and mission and the strategic framework of guiding principles, and strategic objectives within which the entire Sustainable Tourism Development Plan has been prepared.
10.1 Introduction

Sustainable development of the tourism industry in any destination is essentially about the achievement of set macro-economic and social objectives in a planned, orderly and controlled manner and within the framework of environmental and socio-cultural carrying capacities. Central to this process is the determination of the rate of growth and overall size of the tourism industry and its management.

This section sets out the three required growth scenarios for the 20-year 1441 H (2020 G) period of the Sustainable Tourism Development Strategy (STDS). They are based on an evaluation of the growth potential achievable within each of the main origin markets. These tourism growth scenarios (TGS) provide the basis for setting targets of tourist traffic numbers, and for determining the demand for accommodation and other facilities and the associated investment levels by the tourism industry.

10.2 Methodology

The incidence of travel within the Kingdom has been established by the programme of surveys initiated at the early stage of the preparation of the Sustainable Tourism Development Strategy. The surveys enabled a set of tourism data to be established for the 1421 H (2000 G) base-year that was national in coverage.

The level of demand for domestic travel was captured by the Domestic Tourism Survey (DTS), and foreign travel to the Kingdom by the International Visitor Survey (IVS). These surveys, conducted in Jamad Al Awal–Jamad AlThani 1422 H (July and August 2001 G), provide a snapshot of the travel patterns of domestic and foreign tourists. The travel incidence captured by the DTS covers a full year and that of the IVS the initial interview period of early Jamad Al Awal 1422 H (August 2001 G). An ongoing programme of surveys is being undertaken to ensure that a full seasonal coverage for international visitors is in place.

Where information on travel patterns, the demand for accommodation and facilities and the consequent spending impacts from certain market segments were not available through the survey process, alternative sources of data were used: for instance, data relating to Hajj pilgrims from abroad was obtained from surveys undertaken by the Ministry of Hajj. As additional survey periods are completed the results will be progressively incorporated into the national tourism database.

The growth scenario forecasts are made on the best-estimate data available at the time of analysis and provide a profile of visitor volumes and market segments that is invaluable for the strategy decisions and policy formulation that need to be made to advance development of the tourism industry.

When structuring the forecast growth rates, official data sources have been used wherever available as the base for projections. A multi-disciplinary taskforce comprising SCT personnel and consultants developed the growth scenarios. In undertaking the structuring of the growth scenarios, the taskforce brought their experience in the cultural, marketing, physical planning and economic analysis disciplines to the forecast analysis process. This approach is outlined below and set out in detail in Appendix C.

In preparing the Growth Scenarios, three possible outcomes are explored, a low, expected and high growth scenario for each of the segments within regional markets. These scenarios reflect the extent to which planning and deregulatory initiatives are adopted and implemented within the economy and the regulatory environment. The three growth scenarios have been defined as follows:

- **Low Growth Scenario**: implies a low degree of success in achieving the objectives of the STDS in a neutral environment. This is similar to the results expected in an unplanned scenario

- **Expected Growth Scenario**: implies a reasonable degree of success in achieving the policy and development objectives of the STDS in a reasonably favourable environment
• **High Growth Scenario:** implies a high degree of success of achieving policy and development objectives of the STDP within a favourable environment.

The influence of changes in the social, economic and regulatory environment, in addition to the implementation of planning initiatives, is also included in the structuring of the growth rates for the domestic, regional and international markets.

The base-year figures used for the growth scenarios are shown in Table 10.1. These represent international tourist arrivals and domestic tourist trips in the Kingdom for the year 1421 H (2000 G). These figures are disaggregated by the main purposes of visit used to measure tourist trips, and also by type of international traveller; that is, those arriving from the GCC, other Arab countries, and all other international markets.
### Table 10.1: Tourism Market Segments: Trips 2014-2016

<table>
<thead>
<tr>
<th>Purpose of Trip</th>
<th>Domestic</th>
<th>GCC</th>
<th>Neighboring Arab Countries</th>
<th>Other International</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hajj</td>
<td>440,000</td>
<td>437,000</td>
<td>709,000</td>
<td>218,000</td>
</tr>
<tr>
<td>Umrah</td>
<td>4,000,000</td>
<td>507,000</td>
<td>774,000</td>
<td>989,000</td>
</tr>
<tr>
<td>Vacation/Leisure</td>
<td>6,400,000</td>
<td>249,000</td>
<td>10,300</td>
<td>3,000</td>
</tr>
<tr>
<td>VFR</td>
<td>2,800,000</td>
<td>987,000</td>
<td>66,000</td>
<td>43,000</td>
</tr>
<tr>
<td>Business &amp; Government</td>
<td>700,000</td>
<td>350,000</td>
<td>84,000</td>
<td>254,000</td>
</tr>
<tr>
<td>Health</td>
<td>50,000</td>
<td>379,000</td>
<td>90,000</td>
<td>-</td>
</tr>
<tr>
<td>Shopping</td>
<td>50,000</td>
<td>99,000</td>
<td>2,500</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>100,000</td>
<td>41,000</td>
<td>2,600</td>
<td>1,000</td>
</tr>
<tr>
<td>Total Domestic</td>
<td>14,540,000</td>
<td>3,049,000</td>
<td>1,738,400</td>
<td>1,508,000</td>
</tr>
</tbody>
</table>

Source: The SCT-DTS, IVS; Passport Office (Ministry of Interior); Ministry of Hajj.
10.3 Influencing Factors

In establishing the three growth scenarios, the taskforce was mindful that there is a substantial number of influencing factors that will impact on tourism activity. Through the planning process the SCT has the ability to initiate and manage many of the key influencing factors to achieve positive and sustainable growth outcomes. There are other influencing factors over which the SCT has limited or no control, though it is in a position to mitigate potential negative effects of such factors.

The SCT designed the National Sustainable Tourism Development Strategy to establish an environment favourable to commerce and private sector initiatives.

Aspects of the social environment, such as education and cultural revival, are already being influenced by the national planning process through the five-year Development Plans, and will have a beneficial impact on the propensity and economic ability to increase travel within the Kingdom.

The factors that the SCT is seeking to influence through the Tourism Master Planning process include the development of tourism capacity and regulatory and institutional change:

**Transport and Technology**
- aviation policy towards competition and international air access
- highway development, particularly in the provincial regions
- adoption of technological change in transport and communication and
- development of rail links.

**Planning & Development**
- tourism infrastructure
- product and capacity development
- investment in the sector; and
- bankable projects.

**Marketing**
- product design and packaging
- awareness
- promotion and pricing strategies; and
- identification of targeted tourism markets.

Factors that are likely to impact on tourism volumes both within the Kingdom and from foreign sources over which the planning process cannot exert an influence include:

- population growth
- GDP and growth in disposable income
- social environment; and
- the political stability in the Middle East region.
In addition to these factors, it is also necessary to consider the potential changes to Hajj and Umrah travel in the Kingdom.

10.3.1 Hajj

The constraints to capacity are acknowledged, but it is considered that improvements in logistics and capacity will occur in the coming 20 years in order to meet the obligations of an expanding Muslim population world-wide, there will be pressure to provide additional capacity to maintain allocations of 1 to 1000 in Muslim populations. However, the physical limit to the number that can perform Hajj at any one time is understood to be 2.5 million. This establishes the upper limit for projected numbers over the coming 20-year period.

In the past 10-year period, since the Gulf War, growth in Hajj pilgrim volumes from overseas has increased by 3.4% annually. This rate of increase has been carried through for the initial 5-year forecast period. Thereafter a declining rate of growth is assumed as capacity constraints at the Holy Mosque become more acute. It is anticipated that the Ministry of Hajj will not be in a position to increase allocations for Hajj performers to the full 1 to 1000 ratio in the resident Muslim populations in future years.

In light of the above it is assumed that a constant rate of growth in pilgrim numbers of 3.4% cannot continue to hold in the coming 20-year period, as such exponential growth in the number of pilgrims would place an impossible burden on the physical location. Accordingly, adjustments on long-run projections have been made at regular intervals to allow for declining growth rates in pilgrim numbers.

The volume of domestic Hajj performers has decreased over the past 10-year period, recorded in Ministry of Hajj estimates to have declined from 800,000 in 1415 H (1995 G) to 440,000 in year 1421 H (2000 G). The growth scenario forecast anticipates that this trend will be reversed and growth will resume as the current rapidly increasing population ages, achieving an expected 1.2% annual growth over the forecast period.

10.3.2 Umrah

It is anticipated that the growth in Umrah performer volumes will be maintained from domestic and GCC residents, with expected long-term increases of around 1.6% per annum achieved.

The introduction of the Umrah extension visa, once bedded in, is anticipated to generate increased growth from Arab and other Muslim markets.

There are a number of features of Umrah travel that suggest it could grow significantly over the coming years. The main points are listed below:

- Umrah is spread over longer periods of time and hence is not limited by capacity constraints, as is the Hajj, which has to be performed over a very limited and specified period of time
- the easing of restrictions on travel following the new Umrah System will have wide repercussions in increasing the number of people coming to perform Umrah from outside the Kingdom. This institutional factor is an important determinant of the numbers performing Umrah, in addition to population growth
- while assumption of a long term constant proportionate rate of growth of around 2.3% means exponential growth that could lead to extremely high forecast volumes of Umrah performers over extended time periods, the forecast targets prepared for these scenarios are considered achievable. As in Hajj scenarios, adjustments allowing for declining growth rates on long-run projections may need to be instituted at some point in the future.

Table 10.2 sets out the consolidated domestic and international tourism growth scenarios derived from this forecasting process. As can be seen from this table, by the mid-term point of the Plan period, i.e. 1431 H (2010 G), total domestic tourism volumes are projected at a low of 18.9 million trips, an expected 20.6 million and a high of 22.7 million. By 1441 H (2020 G), the
corresponding volumes will be 26.5 million, 34.4 million and 45.3 million respectively.

On the other hand, total foreign tourist arrivals by 1431 H (2010 G) are projected at a low of 7.5 million, an expected 8.1 million and a high of 9.1 million, while the forecasts for 1441 H (2020 G) are 8.6 million, 10.9 million and 15.2 million respectively.

Thus, on the basis of the three growth scenarios, the combined total domestic and foreign tourist arrivals in the Kingdom by the end of the Plan period in 1441H (2020G) will stand at a low of 35.1 million, an expected 45.3 million and a high 60.5 million.
### Table 10.2: Domestic and International Tourism Growth Scenarios

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>Expected</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td><strong>Domestic</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth Rates (5 year period) %</td>
<td>2.2</td>
<td>2.9</td>
<td>3.6</td>
<td>3.1</td>
</tr>
<tr>
<td>Forecast (Million)</td>
<td>16.2</td>
<td>16.8</td>
<td>17.4</td>
<td>18.9</td>
</tr>
<tr>
<td><strong>GCC</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth Rates (5 year period) %</td>
<td>1.5</td>
<td>1.9</td>
<td>2.6</td>
<td>1.4</td>
</tr>
<tr>
<td>Forecast (Million)</td>
<td>3.3</td>
<td>3.4</td>
<td>3.5</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>Neighbouring Arab Countries</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth Rates (5 year period) %</td>
<td>2.6</td>
<td>3.4</td>
<td>4.3</td>
<td>2.0</td>
</tr>
<tr>
<td>Forecast (Million)</td>
<td>2.0</td>
<td>2.1</td>
<td>2.1</td>
<td>2.2</td>
</tr>
<tr>
<td><strong>Other International</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth Rates (5 year period) %</td>
<td>1.4</td>
<td>2.3</td>
<td>3.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Forecast (Million)</td>
<td>1.6</td>
<td>1.7</td>
<td>1.8</td>
<td>1.8</td>
</tr>
<tr>
<td>Target Forecast Foreign</td>
<td>6.9</td>
<td>7.1</td>
<td>7.4</td>
<td>7.5</td>
</tr>
<tr>
<td>Target Domestic + Foreign</td>
<td>23.1</td>
<td>23.9</td>
<td>24.8</td>
<td>26.3</td>
</tr>
</tbody>
</table>

*Note: Figures may not add up due to rounding.*
10.4 Summary of Expected Growth

Of the three growth scenarios, the expected growth scenario is the one considered to be the most probable when all factors governing the growth of international and domestic tourism have been considered. Thus, the STDS adopts this expected scenario as its target. This is summarised in Table 10.3 below.

This expected growth scenario shows a target of 10.9 million international tourist arrivals in Saudi Arabia in 1441 H (2020 G) and 34.4 million domestic tourist visits, as indicated in Table 10.3. Overall, the table shows that Saudi Arabia can expect over 45.3 million tourist arrivals (both domestic and international) in 1441 H (2020 G), which is more than double the figure in 1421 H (2000 G). Just over 75 percent of these will be domestic tourists, with the remainder being international arrivals. Of these international arrivals, over 43 percent will travel from GCC countries.

Forecasting of future tourism volumes prepared by the TGS taskforce is the base for assessing the corresponding room requirements over the coming 20-year Plan period. These forecasts should be seen as indicative but reflect the resultant demand for accommodation that would occur as the targets of the Growth Scenarios are met.

The “expected” forecasts from the Growth Scenarios are applied as the indicators of future room requirements used in the following analysis. The forecast room requirements have been made at the national level only. The future regional pattern of visitor night distribution will be established in the course of provincial and TDA planning.

10.4.1 Methodology

The DTS and IVS surveys provided the base data of the type of accommodation used by each of the market segments. The visitor night demand for each market segment was projected to the national level identified by the principal types of accommodation.

The dominance of family travel, reflected in the size of the travelling group, is the principal factor influencing the choice of accommodation. In the domestic market the demand of vacation and VFR segments driven by the family travel pattern and privacy issues is reflected in a high demand for furnished apartments compared to hotel accommodation. The visitor night demand in the base year is profiled by market segment in Table 10.4.
The room demand by type of accommodation is derived from the estimate of visitor nights demanded at the national level in the base year 1421H (2000G). The resultant demand for rooms was validated against the total inventory of hotel rooms throughout the Kingdom.

The demand by room type in the Base Year 1421 H (2000 G) was:

### Table 10.4: Visitor Nights by Market Segment (Thousand)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DOMESTIC</td>
<td>INTERNATIONAL</td>
</tr>
<tr>
<td>Hajj</td>
<td>2,343</td>
<td>4,189</td>
</tr>
<tr>
<td>Umrah</td>
<td>23,816</td>
<td>10,058</td>
</tr>
<tr>
<td>Vacation/Leisure</td>
<td>58,861</td>
<td>1,161</td>
</tr>
<tr>
<td>VFR</td>
<td>27,143</td>
<td>2,062</td>
</tr>
<tr>
<td>Business &amp; Government</td>
<td>6,903</td>
<td>5,818</td>
</tr>
<tr>
<td>Health</td>
<td>486</td>
<td>441</td>
</tr>
<tr>
<td>Shopping</td>
<td>360</td>
<td>1,091</td>
</tr>
<tr>
<td>Other</td>
<td>844</td>
<td>194</td>
</tr>
<tr>
<td>Total</td>
<td>120,756</td>
<td>25,014</td>
</tr>
</tbody>
</table>

**Source:** *The SCT - DTS, IVS Surveys; 1422H (2001G).*

Domestic demand is the dominant feature for furnished apartments at an estimated 31% of the total demand for such accommodation. Hotel demand is more evenly split between domestic and international sectors.

Rented accommodation refers to flats or apartments that are rented on a long-term basis (typically by the year) and available to the renter, their family or friends as a place to stay when in that location. Business travellers are the most likely to maintain a flat if they are making frequent business trips to a particular location. Makkah, Madinah, Jeddah and Dammam have a substantial number of flats or apartments rented to non-resident occupiers. The Eastern Province recorded a relatively substantial component of GCC travellers who rented long term accommodation in the city.

The statistic for those staying in private homes with family or relatives is something of an artificial figure. The incidence of demand for such stays is a reflection of its importance in the overall pattern of demand and an indication of the potential for diversion to commercial accommodation.

### Table 10.5: Room Demand Year 1421H (2000G)

<table>
<thead>
<tr>
<th>Type of Accommodation</th>
<th>Room Demand</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel</td>
<td>45,700</td>
<td>24</td>
</tr>
<tr>
<td>Furnished Apartment</td>
<td>57,400</td>
<td>31</td>
</tr>
<tr>
<td>Rented Accommodation</td>
<td>9,700</td>
<td>5</td>
</tr>
<tr>
<td>Private Home</td>
<td>61,600</td>
<td>32</td>
</tr>
<tr>
<td>Hostel/Camping</td>
<td>2,400</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>13,900</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>190,700</td>
<td>100</td>
</tr>
</tbody>
</table>

**Source:** *Tourism Demand Model, The SCT, 1422H(2001G).*
10.4.2 Forecast Room Requirements

The forecast of room requirements is of particular importance in identifying the investment requirements for the sector. The forecasts of room requirements have been derived by applying the TGS to the base-year estimate of visitor night demand. The profile of anticipated future accommodation requirements is attached in the following table 10.6.

In deriving the room requirements from visitor night projections a room occupancy factor has been applied. The factor used in this analysis is an annualized 60% that is considered to be a realistic attainable national target. The factor of 60% is a reflection of the seasonality that applies in the Kingdom on both an annual basis and throughout the week where occupancy is high during the working week but declines during the weekend. As an attainable target it also implies a level of profitability to the hotel sector and better utilization of resources than at present. It should be noted that most metropolitan hotels achieve occupancy rates at or above the 60% level. The demand for furnished apartments, particularly in vacation areas, is highly seasonal.

The forecast rooms required to meet target demand in year 1441 H (2020 G) would require an increase in hotel room numbers of 50 thousand and furnished apartment units by an estimated 74 thousand. This level of future demand will require substantial investment in accommodation capacity in the coming two decades.

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel</td>
<td>45.7</td>
<td>52.1</td>
<td>62.4</td>
<td>77.1</td>
<td>97.7</td>
</tr>
<tr>
<td>Furnished Apartment</td>
<td>57.4</td>
<td>66.1</td>
<td>80.5</td>
<td>122.8</td>
<td>131.6</td>
</tr>
<tr>
<td>Rented Accommodation</td>
<td>9.7</td>
<td>11.1</td>
<td>13.3</td>
<td>20.1</td>
<td>20.9</td>
</tr>
<tr>
<td>Private Home</td>
<td>61.6</td>
<td>72.5</td>
<td>90.8</td>
<td>139.1</td>
<td>155.8</td>
</tr>
<tr>
<td>Hostel / Camping</td>
<td>2.4</td>
<td>2.6</td>
<td>3.1</td>
<td>4.6</td>
<td>4.9</td>
</tr>
<tr>
<td>Other</td>
<td>13.9</td>
<td>16.4</td>
<td>20.6</td>
<td>26.8</td>
<td>35.7</td>
</tr>
<tr>
<td>Total</td>
<td>190.7</td>
<td>220.8</td>
<td>270.7</td>
<td>390.5</td>
<td>446.6</td>
</tr>
</tbody>
</table>

*Source: The SCT Tourism Growth Scenarios, 1422H(2001G).*

10.5 Conclusion

- A low, expected and high tourism growth scenarios have been formulated by a special taskforce of the planning team. The projections of future domestic and international tourism flows have been based on estimates derived largely from the Domestic and International tourism surveys conducted by the SCT in mid 1422H (2001G), supplemented by other data sources to establish base-year figures for 1421 H (2000 G).
- Base-year 1421 H (2000 G) domestic tourism volume is estimated at 14.5 million trips, while international tourist arrivals were 6.3 million.

- A series of influencing factors have been assessed. These include transport and technology, planning and development, marketing population growth, GDP and growth in disposable income, social environment, and political stability in the Middle East. In addition, special consideration was given to potential changes to Hajj and Umrah travel in the Kingdom.

- The combined total domestic and international volume of tourist arrivals/trips in the Kingdom by the end of the Plan period in 1441 H (2020 G) is forecast to stand at a low of 35.1 million, an expected 45.3 million and a high of 60.5 million.

- The “expected” growth scenario is the target on which the Strategy is based. To respond to this expected growth, investment will be required in 50 thousand additional hotel rooms and 74 thousand additional furnished apartments units throughout the country by the year 1441 H (2020 G).
11.1 Introduction

The National Tourism Structure Plan identifies sites and locations with potential for the development of tourist facilities and services throughout the Kingdom. The Plan is based on:

- an evaluation and classification of tourism resources
- the definition of tourist markets as outlined in Section 3 above
- assessment of accessibility to tourism sites and areas
- area development capabilities of a number of key Tourism Development Areas (TDAs)
- the availability and capacity of infrastructure; and
- the tourism vision, mission and strategic objectives set out in Section 9 above, as well as other factors and recommendations resulting from other aspects of the National Sustainable Tourism Development Strategy.

11.1.1 Purpose

The role of the Structure Plan is not to identify individual sites for development. It provides a framework for appropriate types and scale of tourism development at the national level. It identifies localities suitable for tourism development comprising natural and cultural resources, urban facilities, transport and infrastructure. It recommends national policies on the development of areas for tourism. Justification and the potential for some key development areas are included. The success of an area as a tourism destination depends as much on the conservation and enhancement of the scenic beauty or cultural appeal of the sites as on development of specific facilities.

Suggested tourism developments arise from in-field observations of present use, feedback from the provinces and evaluation of potential opportunities at selected locations, and the tourism growth scenarios presented in the preceding Section 10. Quantified assessments of infrastructure requirements at individual areas are not made in the National Structure Plan. They will follow during detailed evaluation of Tourism Development Areas by the SCT and the Provinces working with local authorities and stakeholders during phase three of the National Tourism Development Project.

There are few major physical limitations to development in any area at least up to likely levels of demand over the next 5-10 years. In most locations, tourism adds only a small amount to the demands on infrastructure and transport networks, (see also Section 12 below). In those few locations where tourism makes a major impact, such as in Makkah, assessing infrastructure requirements is a detailed local planning task.

The Structure Plan provides:

- a vision of how the resources of the Kingdom may be developed to meet future tourism demand
- a spatial framework on which to base national tourism policy
- national policies for developing the national tourism framework
- priority locations for staged tourism development.

Although the Structure Plan is developed at the national level and is largely a top down approach, planning for tourism must take account of provincial and local levels of policy making. This is the focus of Phase 3 of the Sustainable Tourism Development Plan of the Kingdom.

The Structure Plan should be seen as a cooperative planning exercise involving Provinces, local government and the private sector to develop policy to promote tourism on the ground in those areas identified as having potential.

Tourism Development Areas (TDAs) are used to focus the development of individual projects. A number of projects will be identified in each TDA, some of which will be important in order to create the necessary environment
for investment, others could be of national significance as ‘flagship’ or demonstration projects and become a ‘bankable project’. The Structure Plan identifies the need for the SCT to have a planning role not only at the level of the national tourism plan, but also by working with the Provinces and local stakeholders in designated Tourism Development Areas and Tourism Sites throughout the country.

Many important tourist sites are recreation areas belonging to other agencies and may be managed for other uses also such as nature protection, conservation of cultural sites, erosion control and water resources management. The SCT role is to ensure that the tourist attraction and use of sites is recognised and developed appropriately by the management agency.

11.2 Structure Planning Framework

The Structure Plan establishes the following tourism planning and development units:

- Kingdom (National Tourism Structure Plan - NTSP)
- Province (Provincial administrative area) (phase three of NTDP project)
- Tourism Development Areas (TDAs), (phase three of NTDP project)
- Tourism Sites (TSs) (following phase three of NTDP project).

These areas are defined below:

Tourism Development Areas (TDAs)

TDAs provide an operational focus for National tourism policies within a location of Province of the Kingdom to:

- stimulate specific market sectors (resulting in indicative assessment of demand for tourism development expressed in broad qualitative and quantitative terms)
- upgrade existing tourism facilities
- identify development opportunities for new major facilities
- harness cultural and natural attractions and providing infrastructure and services to stimulate investment.

The Structure Plan differentiates between three kinds of TDAs:

- **Existing TDAs** – currently well-developed tourism destinations with a concentration of tourism attractions and facilities; existing markets are expected to grow creating future development potential that would benefit from an integrated approach to plan new facilities and raise quality
- **Emerging TDAs** – urban centres with at least basic tourism attractions and facilities with potential to increase market share and become a tourism destination as new facilities are developed
- **New TDAs** - locations with little or no existing urban facilities but with excellent tourism resources suitable for development of products directed at markets that are predicted to grow such as beach tourism, nature and cultural based tourism.

There is no size limit to TDAs; boundaries will be defined in Provincial Tourism Plans following either administrative units or major topographical features. TDAs are areas in which specific SCT and local policies and procedures on development of tourism will apply. A TDA is a “development zone” in a Provincial Tourism Plan in which special land use planning and development controls will be applied to integrate tourism into the local environment and ensure the overall quality of the tourism products in the TDA are maintained and enhanced.
Tourism Sites (TSs)

Tourism sites are significant areas or sites which have existing or potential tourism use, are in public or private ownership, and have opportunities for future development or enhancement for tourism. Tourism Sites include land suitable for comprehensive planning of new tourism development e.g. a resort, natural and cultural sites attractive to tourists, important recreation and leisure facilities within or accessible from TDAs and large residential populations. Other TSs could be large areas of outstanding natural and cultural interest designated as National Heritage Parks, for example important geological phenomena (volcanoes, outstanding desert landscape areas comprising mountains and sand dunes) and vast tourist sites which have a substantial number of cultural and Archeological artefacts, also sites that are subjectively linked, such as historical routes, ancient Trade Routes, Hajj Routes, Hejaz Railway, the Hijra routes, Prophet Mohammed Batel sites and King Abdul Aziz sites.

Tourism Sites designated by the SCT will be developed and managed according to an agreed plan prepared by the lead agency or owner and incorporating policies on management of tourists and development of facilities. The SCT will provide technical assistance as required.

11.2.1 Hierarchy of Tourism Planning in the Kingdom

The Structure Plan recognizes a hierarchy for tourism planning and tourism plans (see Figure 11.1). The planning levels correspond to the national, provincial and local levels of planning used in the Kingdom, namely:

- The National Tourism Structure Plan: sets national policies to apply throughout the Kingdom
- Provincial Tourism Plan: national policies should be reflected in Provincial Tourism Plans according to the local circumstances
- Tourism Development Area Plans: are detailed in sets in Provincial Tourism Plans including land use and zoning plans, and will be prepared by provincial and local tourism authorities in collaboration with the SCT and other sectors; and
- Plans for Tourism Sites: tourism development and visitor management plans as part of site management plans.

Source: The SCT and International Consultants
11.3 Key Considerations Influencing the Structure Plan

- The existing destinations for religious, business and holiday leisure tourism will continue to dominate. However, the Structure Plan proposes that new and promising destinations should be encouraged.

- The existing and proposed highways and airports provide an excellent transport system to serve the future spatial arrangement for the development of tourism areas across the Kingdom. Border-crossing points and passenger ferry terminals provide adequate access to neighbouring countries for future inbound tourists.

- The Structure Plan has assessed the natural and cultural resources of the whole Kingdom to identify additional sites and areas suitable for tourism. A number of these sites have been visited and their potential assessed. Areas and sites with exceptional character and tourism appeal have been identified. They are located in most parts of the Kingdom and could be developed for for Tourism purposes.

- The macro-analysis of projected demand according to High, Medium and Low Scenarios for 1441 H (2020 G) (see preceding Section 10) provides a basis for the spatial allocation of tourists over the 20-year period.

- A number of factors arise that could influence the pattern of tourism activity in future. The most important of these being implementation of the policies to be pursued by the SCT.

- Growth of existing centres will take place in response to market demand. The Structure Plan does not propose policies to discourage this; indeed it is desirable that existing centres attract private investment to upgrade and improve facilities and maintain their role in tourism markets. The policy would be to support and encourage alternative destinations by providing assistance to develop tourism in these new and emerging areas. Structure Plan policies aim to disperse some of the growth in tourism across the Kingdom into locations that can be developed to meet different market sectors.

- Much tourism in the Kingdom is, and will remain, related to Makkah Al Mukaramah and Madinah Al Munawarah because of the two holy mosques, and to Jeddah as a gateway and as an established tourist city in its own right.

- Taif, Al Baha and Abha are traditioned mountain summer holiday centres.

- Business, shopping, and medical trips will continue to be focused on the main urban centres of Riyadh, Jeddah and Dammam, where large resident populations support facilities and tourism is only an addition, not the main market for these centres.

- National policy, as set out in the 7th Five-Year Development Plan and the National Urban Strategy, is to disperse new development to regional centres and away from the three main urban regions.

- Future growth in Visiting Friends and Relatives (VFR) will tend to be proportional to the size of the population of a province or city.

- Vacation and leisure trips are the markets that may be most influenced by the SCT policies to achieve some dispersal of the future growth of tourism to other parts of the Kingdom.

- If the Expected Growth Scenario is to be realised, there will be a requirement by 1441 H (2020 G) for an additional 50 thousand hotel rooms and 74 thousand furnished apartments. Hotels and apartments will be needed to meet this eventuality within a range of development areas to give investors and tourists choices and to meet any realistic pattern of future demand that may emerge by 1441 H (2020 G).
Examples of potential new markets within the Kingdom are adventure tourism, activity sports and pastimes engaged in by single men and women, also discovery of the Kingdom’s natural and cultural heritage. By identifying and promoting areas with potential for new products, the Structure Plan aims to establish opportunities for investors to develop facilities and set up enterprises which will spread tourism more evenly throughout the year and to new parts of the Kingdom.

Expansion of the international market that is compatible with Saudi socio-cultural norms could contribute to tourism development in non-traditional locations. If the Government chooses to open up the Kingdom to inbound leisure tourists the sectors that could be attracted are special interest groups for sightseeing in cultural (archaeology, historic towns and villages) and natural areas (coastal, marine and desert) and for experiencing distinctive Saudi culture. When developed, natural and cultural based products could attract a growing domestic market.

11.4 Spatial Implications

The Structure Plan has considered the possible growth of tourism predicted under the High, Expected and Low Scenarios.

The objective to disperse some tourism development provides the policy context to apply the scenarios. The forty existing, emerging and new Tourism Development Areas have been identified, which may compete for the projected growth in tourism. The SCT can develop policies to influence the pattern of demand and create investment conditions that would contribute to realising the objectives of the National Development Strategy project.

The Structure Plan assumes SCT will have some success in influencing the dispersal of domestic Vacation and Leisure tourism within the Kingdom.

Should the Government choose to open up the Kingdom to international vacation and leisure tourists and attract visitors, the tourism areas that can compete best with other countries are the Red Sea coast, outstanding desert landscapes and the most significant cultural heritage sites. The more important of these areas are identified in the Structure Plan as locations for Tourism Development Areas. The scale and rate of development of new and emerging areas will depend on whether the policies are successful or not.

The Structure Plan does not quantify the potential demand in each proposed Tourism Development Area. This is premature until further work has been done on refining the demand projections and assessing the potential of influencing the market.

11.5 Policies Underpinning the Structure Plan

At the core of the Structure Plan are 12 policies to be followed by the SCT as the agency responsible for the planning, development, promotion and management of tourism throughout the Kingdom. These 12 policies provide the foundation on which other government organisations and the private tourism sector can plan and develop tourism facilities and services. The Structure Plan focuses development on particular areas designated as Tourism Development Areas (TDAs). These are shown on the Structure Plan Map (see Figure 11.2).

1. promote balanced tourism development across the provinces according to the character and type of tourism resources present and demand by market sectors, and what have been identified by the National Urban Strategy
2. designate Tourism Development Areas (TDA) and Tourism Sites (TS) to encourage and focus development in areas of highest potential throughout the Kingdom
3. promote and encourage investment within designated TDAs. In the case of Existing TDAs, the priorities are to improve the tourism infrastructure, extend the season, and selectively develop additional facilities to extend choice and quality. In Emerging and New TDAs the priorities are to establish a strong focus for tourism, building on
the unique marketing point of the individual area and ensuring that the
development of new facilities reinforces the tourism focus and
complements existing tourism infrastructure

4. concentrate the resources of the SCT, the provinces, local authorities
and where appropriate the private sector, in designated TDAs to
reflect the priorities in item 3 above. The SCT resources will be
concentrated on providing planning inputs as well as incentives and
assistance to the development of tourism in new and emerging TDAs

5. encourage investment in upgrading existing tourism facilities to raise
the quality of tourism products and seek to promote innovative quality
products adequately serviced and appropriately sited to contribute to
the strength of a tourism destination and the development of a skilled
tourism workforce

6. develop the links between tourism and other economic sectors to
strengthen local economies and improve synergies to benefit the
tourism industry and related sectors

7. adopt a planned, orderly and controlled approach to the development
of the tourism sector including the preparation and adoption of
Provincial Tourism Plans and TDA master plans integrated with other
development and urban plans

8. develop systems to track and control proposed new tourism
developments, which include mechanisms to involve appropriate
government authorities and stakeholders in decision-making

9. regularly update tourism plans to take account of the actual and
predicted levels of demand and to overcome problems and resolve
conflicts

10. build opportunities for consultation, involvement and active
participation of local communities and stakeholders into the
institutional arrangements for tourism planning and control

11. encourage private sector participation in the development of TDAs,
by involving representatives of the tourism industry in planning, the
development of projects and the provision of tourism services
including support for the formation of private sector enterprises

12. give utmost priority to the protection and sustainable use of natural,
resources built and cultural heritage resources in tourism plans and
projects. Respect for environmental policy, protection of biodiversity,
protection of cultural resources, integrated coastal area management
and other conservation measures is an integral part of planning for
tourism and provides the context for the management and integration
of tourism activities and sites.

11.5.1 Structure Plan Map

The Structure Plan supports continued growth of eight existing tourism
destinations to meet anticipated demand, i.e. already established centres such
as the main cities and Asir highlands. It encourages development in 15
emerging tourism areas largely centred on provincial cities already attracting a
small but locally important number of domestic visitors such as Jizan, Tabuk
and Najran; and 14 new locations in the highlands and coastal areas designed
to achieve a balanced development across all Provinces and three potential
Provinces. The Plan also provides for the projected demand for Hajj and
Umrah travel in Makkah and Madinah.

The Structure Plan reflects the balance between traditional markets and
opportunities for development to open up new sectors with new products in
various locations. Many Tourism Sites have been identified within TDAs and
within a day trip distance from the main residential and tourism centres of the
country.
The Structure Plan policies were presented on a map of the Kingdom (see Figure 11.2). Table (11.1) examples the distribution of TDA over the Kingdom’s regions.
Figure 11.2: The National Tourism Structure Plan

Source: The SCT and International Consultants.
Table 11.1: List of TDAs and TSs

<table>
<thead>
<tr>
<th>Area</th>
<th>TDAs</th>
<th>TSs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Makkah</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>Maddinah</td>
<td>4</td>
<td>18</td>
</tr>
<tr>
<td>Riyadh</td>
<td>4</td>
<td>27</td>
</tr>
<tr>
<td>Eastern Province</td>
<td>6</td>
<td>16</td>
</tr>
<tr>
<td>Asseer</td>
<td>5</td>
<td>19</td>
</tr>
<tr>
<td>Jazan</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>Al-Qassim</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Tabuk</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>Najran</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>AL-Baha</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Al-Joof</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Hail</td>
<td>1</td>
<td>8</td>
</tr>
<tr>
<td>Northern Boarders Province</td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>

11.5.2 Staging of Tourism Development

Development of TDAs is recommended over the next 20 years 1441 H (2020 G) in four phases as indicated below.

First Stage 0-5 Years

Existing TDAs: Development will continue in response to demand. The SCT policies will encourage tourism in existing TDAs to spread the seasonal peaks, improve the quality of facilities and introduce new innovative attractions and facilities in response to growth in the market.

Emerging TDAs: The SCT policy is to support competing Emerging and New TDAs over the 20-year period. Focus on Provincial towns and cities where tourism is already emerging as an economic base and investments are occurring. TDAs identified for development in the first phase have at least one significant tourism project existing or in the pipeline that can act as an ‘anchor’ or focus for further rapid tourism investment i.e. Al Ula and Hofuf.

New TDAs: Give priority to one TDA on the Gulf coast, one TDA on the Red Sea coast and one TDA in the Asir Mountains.

Second Phase 6-10 Years

Existing TDAs: Development will continue in response to market demand.

Emerging TDAs: Focus on remaining Provincial cities and towns.

New TDAs: Give priority to one Desert and two/three additional Red Sea Coastal, (depending on the take up of development opportunities in response to SCT policies in the previous phase).
Third Phase 11 – 15 Years

**New TDAs:** Give priority to one of the desert TDAs through that. The level of demand, the rate of growth and the impact of tourism on the environment should be monitored during the Second Phase

Fourth Stage 16 – 20 Years

Continuation of development in all TDAs in response to market demand.

### 11.6 Conclusion

- The SCT has a planning role not only at the level of the national tourism plan, but also by working together with the provinces and local stakeholders in designated TDAs and TSs
- A hierarchy of tourism spatial units is envisaged ranging for the national level of the Kingdom as a whole, through the provinces, the TDAs to the designated Tourism Sites. Thus, in the corresponding hierarchy of tourism plans, the National Tourism Structure Plan occupies the apex, and will be followed by Provincial Tourism Plans, TDA Master Plans and Tourism Site Plans
- The National Tourism Structure Strategy, which is an integral part of the Sustainable Tourism Development Plan of the Kingdom, has identified 40 localities suitable for tourism development, which contain numerous and significant Tourism Sites (TSs). As much, TDAs are going to be the focus of the development of tourism in general and of individual projects in particular
- TDAs are differentiated into eight existing, 15 emerging and 14 new tourism destinations in the country and three potential destinations.

Appropriate developmental strategies will be adopted for each group, with the underlying objective being a wider geographical distribution of tourism activity, thus contributing to regional development

- The existing and proposed transport networks and services as well as other elements of infrastructure are adequate to serve the future spatial arrangement of tourism development and the volumes projected under the high, expected and low growth scenarios
- A number of potential policies are formulated by the structure plan, and these will be followed by the SCT as the agency responsible for the planning, development, promotion and management of tourism in the Kingdom. These policies provide the foundation on which other government agencies and the private sector can rely on to plan and develop tourism facilities and services
- Development of TDAs is staged over the 20 years of the Strategy in four phases. Continued growth of eight existing TDAs, i.e., established destinations, such as the main cities and the Asir Highlands, is supported. Development of 15 emerging TDAs, largely centred on provincial cities already attracting a small but locally important number of domestic visitors, such as Jizan, Tabuk and Najran, is encouraged. Finally, 14 new locations in the Highlands and coastal areas, designed to achieve a balanced development across all provinces, is recommended.
12.1 Introduction

The basis for estimating future infrastructure requirements is the TGS for future years. These TGS were presented in the preceding Section 10. This section examines the impact of planned tourism growth and development on infrastructure, utilities and services and determines the industry’s requirements for such supporting infrastructure and services. The “expected” tourism growth scenario is used as the basis for this section. Recommendations on improvements or additions needed for infrastructure facilities and services are considered.

In general terms the Kingdom’s infrastructure is keeping up with the demand for utility services and transportation. While there are a few issues with respect to future demand for water, aviation and the provision of accommodation, the supply of additional services to cater for tourism relative to the base load is not significant.

For instance, annual Kingdom power consumption in 1425 H (2004 G) is estimated at 134,700 million Kwh. The 7th Development Plan provides for an installed peak load capacity of 28,000 Mw. The total demand for all accommodations (hotel, apartment and homes), in 1441 H (2020 G) is between 12-15 million Kwh, which is about 1% of current capacity. Similarly, water consumption for accommodation in 1441 H (2020 G) is estimated at 1,500 m3 per day, whereas capacity of desalination plants today is about 3 million m3 per day. Thus the issue is not one of overall capacity, but one of making sure that provincial level services have sufficient capacity to handle new developments and that utility services can be extended to tourism sites.

In several cases, such as in Al Baha, there are already water shortages; in Najran agriculture uses most of the available water and in Tabuk many rural and coastal areas are without any public services. When Tourism Development Area (TDA) plans are developed it will be necessary to examine infrastructure capacity at the provincial and local level to determine whether requirements can be met by existing services.

The “Expected” scenario predicts tourism trips to total 45.3 million trips in 1441 H (2020 G). The requirements for infrastructure and services vary by trip purpose and demand, and are discussed below under each facility item.

12.2 Transport Systems

The Domestic Tourism Survey (DTS) and the International Visitor Survey (IVS) conducted by the SCT in mid 1422 H (2001 G) included information about choice of transport mode for trips of various purposes, the size of the group (family unit) making the trip and the number of days staying at accommodations of various types. On the assumption that these characteristics will not change significantly over the next 20 years, some very preliminary estimates of transport infrastructure requirements can be made. Tables 12.1 and 12.2 summarise the main findings of these surveys.

Table 12.1: Mode of Transport Used for Tourist Trips, During 1421H (2001G)

<table>
<thead>
<tr>
<th>Mode Used</th>
<th>Leisure / Vacation</th>
<th>VFR</th>
<th>Business</th>
<th>Other</th>
<th>Hajj</th>
<th>Umrah</th>
</tr>
</thead>
<tbody>
<tr>
<td>Car/Hire Car</td>
<td>85%</td>
<td>75%</td>
<td>48%</td>
<td>55%</td>
<td>Na</td>
<td>33%</td>
</tr>
<tr>
<td>Air</td>
<td>13%</td>
<td>17%</td>
<td>36%</td>
<td>20%</td>
<td>Na</td>
<td>9%</td>
</tr>
<tr>
<td>Taxi</td>
<td>1%</td>
<td>4%</td>
<td>7-8%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bus/Coach</td>
<td>1%</td>
<td>4%</td>
<td>7-8%</td>
<td></td>
<td></td>
<td>39%</td>
</tr>
</tbody>
</table>

Source: The SCT and International Consultants.
Table 12.2: Accommodation Used for Tourist Trips, During 1422H (2000G)

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Leisure / Vacation</th>
<th>VFR</th>
<th>Business</th>
<th>Other</th>
<th>Hajj</th>
<th>Umrah</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel</td>
<td>18%</td>
<td>12%</td>
<td>44%</td>
<td>55%</td>
<td>Na</td>
<td>33%</td>
</tr>
<tr>
<td>Apartment</td>
<td>53%</td>
<td>18%</td>
<td>21%</td>
<td>35%</td>
<td>46%</td>
<td></td>
</tr>
<tr>
<td>Home</td>
<td>22%</td>
<td>64%</td>
<td>32%</td>
<td>18%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* data collected from other surveys.
Source: The SCT and International Consultants.

As can be seen from Table 12.1 the transport mode used for most trips was the car followed by aircraft. The type of accommodation used varied considerably by trip purpose as shown in Table 12.2, as did the length of stay. These data, together with the forecasts of future tourist traffic by trip purpose, provide a reasonable basis for predicting the total number of primary trips generated by the tourism sector. However, the lack of origin and destination data makes it impossible to assign traffic to highway or aviation networks. When additional travel survey data is collected it may be possible to derive a simple origin – destination matrix by city/province and thus assign traffic to the main networks.

Attention is drawn to the fact that the surveys only cover the primary mode used to reach the trip destination. They did not cover trips taken during the leisure period or any day trip activity, such as school visits to nature reserves or sports and exercise related activities. Any estimates of tourism facility usage must consider both residential and daily visit activity. The heavy use of large vehicles that have a passenger capacity in excess of 9 passengers and buses for Umrah partially reflects the fact that all pilgrim travel within Makkah has to be by buses or coaches and thus may not represent a good estimate of the primary mode of travel. If there were high growth in international Umrah traffic, it would not be appropriate to assume that 39% of the tourists arrived at religious sites by bus/coach; most would arrive by air and then transfer to coaches.

12.2.1 Highway Network

Based upon survey data the total numbers of primary transport mode (that is used to reach the tourist destination) trips by vehicles currently and in 1441 H (2020 G) are shown in Table 12.3. The international Umrah vehicular traffic predicted is based on a vehicular mode share of 50%. This represents a compromise, while most Umrah tourists will arrive by air, they will travel around the Kingdom in buses.

The number of primary vehicular trips is expected to rise from just fewer than 3 million to 4.3 million journeys in 1441 H (2020 G), a change of 1.35 million trips, with an annual growth rate of 1.9% per year. This is an insignificant amount of trips relative to the traffic on the highway network today, which is rising at a much higher rate of between 3% and 5%. For the purposes of estimating traffic growth in the period between 1422H-1441H (2001G-2020G) the use of the annual growth rate is an acceptable approximation. On this basis traffic in 1426H (2005G) would be 8% higher than the 1421H (2000G) figures and would grow by 10% in each succeeding 5-year period.
Table 12.3: Estimated Current and Future Road Traffic by Purpose (vehicle trips in thousands/year)

<table>
<thead>
<tr>
<th>Traffic/Purpose</th>
<th>Vacation/Leisure</th>
<th>VFR</th>
<th>Business</th>
<th>Other</th>
<th>Hajj</th>
<th>Umrah</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current 1421H (2000G)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>618</td>
<td>350</td>
<td>168</td>
<td>28</td>
<td>99</td>
<td>510</td>
<td>1773</td>
</tr>
<tr>
<td>GCC/Arab</td>
<td>37</td>
<td>137</td>
<td>168</td>
<td>120</td>
<td>223</td>
<td>250</td>
<td>936</td>
</tr>
<tr>
<td>International</td>
<td>1</td>
<td>17</td>
<td>132</td>
<td>1</td>
<td>22</td>
<td>99</td>
<td>271</td>
</tr>
<tr>
<td>Total</td>
<td>656</td>
<td>504</td>
<td>468</td>
<td>149</td>
<td>344</td>
<td>849</td>
<td>2988</td>
</tr>
<tr>
<td>Future 1441H (2020G)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>939</td>
<td>471</td>
<td>303</td>
<td>44</td>
<td>127</td>
<td>687</td>
<td>2571</td>
</tr>
<tr>
<td>GCC/Arab</td>
<td>43</td>
<td>167</td>
<td>215</td>
<td>150</td>
<td>264</td>
<td>394</td>
<td>1233</td>
</tr>
<tr>
<td>International</td>
<td>30</td>
<td>15</td>
<td>238</td>
<td>2</td>
<td>32</td>
<td>217</td>
<td>534</td>
</tr>
<tr>
<td>Total</td>
<td>1012</td>
<td>653</td>
<td>756</td>
<td>196</td>
<td>423</td>
<td>1298</td>
<td>4338</td>
</tr>
</tbody>
</table>

Source: The SCT and International Consultants

12.2.2 Highway Network Requirements

12.2.2.1 Primary and Secondary Network

As noted in Section 4, the paved road network has continued to be upgraded under each succeeding 5-year Development Plan. By 1426 H (2005 G) most regional centres will be connected by dual 2-lane divided highways and a new freeway is being built between Madinah and Buraidah. With these improvements the intercity highway network can easily handle the additional traffic generated by tourist travel. However, the Red Sea coastal highways south to Jizan and north from Yanbu via Al Wadj and Dhuba to the Gulf of Aqaba are not programmed for upgrading in the short term. This could act as a disincentive for tourism development along the coast.

12.2.2.2 Local Traffic

While the major highway network should be able to handle any additional primary journey tourist traffic, this might not be the case for local traffic generated by tourists and recreationists on a daily basis. In total an additional 15-20 million local trips could be generated as part of day trip tourist activity. These day trips will concentrate in selected urban areas and could cause congestion especially during summer vacations and while visiting friends and relatives (VFR). Daily trip rates on vacation and during VFR do not appear to be high at the moment, but these could rise, as tourist sites are more fully developed to attract visitors. Traffic congestion is already being experienced in Abha and along the Jeddah Corniche during the peak tourist season. When plans are being developed at the TDA level, it will be necessary to determine whether there is a risk of local traffic congestion due to day trips and parking at tourist sites and solutions will need to be developed.

12.2.2.3 Roads to and within TDAs

Some of the emerging and new TDAs currently have limited local paved road access with poor local internal access roads. As indicated in the Structure Plan in Section 11, Tourism Sites and TDAs must have paved road access to avoid the destruction of natural areas; this will require the preparation of traffic management plans. A decision to pave, close, or create a new road will depend upon site-specific usage conditions.
12.3 Aviation

12.3.1 Traffic Forecasts

By using data regarding mode choice and trip purpose it is possible to build a general picture of current and future aviation sector traffic (see Table 12.4).

The total growth in traffic is not exceptional over the 20-year period. The additional 3.7 million passenger round trips would grow at a 2.8% annual rate, which is slightly below current aviation sector growth rates.

The most significant feature of this traffic is the high growth rate in international Umrah traffic, at least 50% of which is handled by the airlines. This traffic is expected to grow rapidly and eventually will be greater than that of the Hajj. Unless spread over the year, which is currently not the case, this traffic will cause pressure on the cities of Makkah and Jeddah (28% of Umrah occur currently when pilgrims are in Makkah on Hajj months).

The next most important characteristic of tourist air travel is that much of the travel occurs during the summer school break period, and during the Hajj and Ramadan.

While aviation sector traffic forecasting is a complex subject and beyond the scope of this Plan, an initial attempt has been made to determine where the problems might lie by allocating future traffic to the aviation system on a month to month basis, using the information gathered from the market research surveys and local knowledge.

Table 12.5 summarises the results of monthly traffic estimates for two key periods, February and July compared with March average when traffic for differing trip purposes overlaps to produce peak loads.

<table>
<thead>
<tr>
<th>Traffic/ Purpose</th>
<th>Vac/ Leisure</th>
<th>VFR</th>
<th>Business</th>
<th>Other</th>
<th>Hajj</th>
<th>Umrah</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic</td>
<td>520</td>
<td>476</td>
<td>252</td>
<td>40</td>
<td>44</td>
<td>360</td>
<td>1692</td>
</tr>
<tr>
<td>GCC/Arab</td>
<td>23</td>
<td>158</td>
<td>87</td>
<td>123</td>
<td>115</td>
<td>128</td>
<td>634</td>
</tr>
<tr>
<td>International</td>
<td>3</td>
<td>22</td>
<td>46</td>
<td>0</td>
<td>174</td>
<td>89</td>
<td>334</td>
</tr>
<tr>
<td>Saudi Overseas</td>
<td>2400</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Future 1441H (2020G)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>790</td>
<td>641</td>
<td>455</td>
<td>64</td>
<td>56</td>
<td>485</td>
<td>2491</td>
</tr>
<tr>
<td>GCC/Arab</td>
<td>27</td>
<td>193</td>
<td>110</td>
<td>154</td>
<td>136</td>
<td>202</td>
<td>821</td>
</tr>
<tr>
<td>International</td>
<td>120</td>
<td>19</td>
<td>82</td>
<td>0</td>
<td>259</td>
<td>1083</td>
<td>1563</td>
</tr>
<tr>
<td>Saudi Overseas</td>
<td>3906</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: The SCTand International Consultants.
Table 12.5: Selected Monthly Aviation Traffic in 1441H (2020G) (passenger round trips in thousands)

<table>
<thead>
<tr>
<th>Trip Purpose</th>
<th>Dhul-Hijjah February</th>
<th>Rabi Thani July</th>
<th>Moharram March (average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leisure / Vacation</td>
<td>281</td>
<td>774</td>
<td>281</td>
</tr>
<tr>
<td>VFR</td>
<td>52</td>
<td>128</td>
<td>52</td>
</tr>
<tr>
<td>Business</td>
<td>58</td>
<td>41</td>
<td>58</td>
</tr>
<tr>
<td>Shop/Medical/Other</td>
<td>20</td>
<td>14</td>
<td>20</td>
</tr>
<tr>
<td>Hajj</td>
<td>451</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Umrah</td>
<td>460</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>Total Domestic</td>
<td>314</td>
<td>288</td>
<td>164</td>
</tr>
<tr>
<td>Total International</td>
<td>1007</td>
<td>789</td>
<td>365</td>
</tr>
</tbody>
</table>

Source: The SCT and International Consultants.

In Dhul Hijjah (February), the various travel purposes associated with the Hajj and Umrah overlap with Saudis taking overseas vacations to increase traffic by 91% for domestic travel and 176% for international, compared to the average month of Moharram. The option of limiting Umrah traffic during this period to 25% of the forecast would reduce the international traffic load by a considerable amount, from 176% to 81% in the month of Moharram, while the domestic peak is associated with Saudi residents taking Hajj and Umrah and probably cannot be altered. Even with these potential reductions it may be difficult to handle passenger traffic going to the religious triangle. Because of terminal congestion at Jeddah consideration is already being given to diverting some Hajj traffic to Taif airport, to reduce the pressure on the Jeddah terminal.

In Rabi AlThani (July), the vacation traffic added to normal traffic produces both domestic and international sub-peaks of 76% and 116% compared to Moharram. The domestic traffic will be distributed across the Kingdom’s airport system, depending on the traveller’s origin and destination, while the international traffic is mainly made up of Saudi and other residents taking overseas vacations using the three international airports. There is little scope for shifting this traffic unless the monthly pattern of vacation taking is altered. If residents can be induced to take fewer overseas vacations in the future, the annual overseas traffic would be reduced.

12.3.2 Airport Capacity

Airport capacity was surveyed in 1415 H (1994 G) as part of the SANTRAPLAN II Study. It is unlikely that capacities have changed significantly since then with the exception of Abha and Najran airports, which have been upgraded. The listed airport capacities by Province are shown in Table 12.6 together with other information.
### Table 12.6: Airport Capacity and Usage 1421H (2000G)
(Arrivals and departures in thousand)

<table>
<thead>
<tr>
<th>Province/City</th>
<th>No of Airport(s)</th>
<th>Capacity</th>
<th>Use 1421H 1999G</th>
<th>Estimate 2 1441H 2020G Use</th>
<th>1441H 2020G Use* tourists</th>
<th>Capacity Issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frontier</td>
<td>4</td>
<td>2001</td>
<td>Na</td>
<td>Na</td>
<td>20</td>
<td>YES</td>
</tr>
<tr>
<td>Hail</td>
<td>1</td>
<td>350</td>
<td>282</td>
<td>450</td>
<td>32</td>
<td>YES</td>
</tr>
<tr>
<td>Al Jowf</td>
<td>1</td>
<td>200</td>
<td>164</td>
<td>400</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Tabuk/Wadj</td>
<td>2</td>
<td>950</td>
<td>567</td>
<td>1145</td>
<td>48</td>
<td>YES</td>
</tr>
<tr>
<td>Qurayat</td>
<td>1</td>
<td>250</td>
<td>92</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Madinah Al Mukaramah City</td>
<td>1</td>
<td>Na</td>
<td>1281</td>
<td>2300</td>
<td>1000+</td>
<td>YES</td>
</tr>
<tr>
<td>Yanbu</td>
<td>1</td>
<td>270</td>
<td>220</td>
<td>450</td>
<td>60</td>
<td>YES</td>
</tr>
<tr>
<td>Taif/Bisha</td>
<td>2</td>
<td>850</td>
<td>524</td>
<td>740</td>
<td>240</td>
<td>YES</td>
</tr>
<tr>
<td>Makkah Al Mukaramah City</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jeddah City</td>
<td>1</td>
<td>12m</td>
<td>9480</td>
<td>6300</td>
<td>2000+</td>
<td>YES</td>
</tr>
<tr>
<td>Qaseem</td>
<td>1</td>
<td>750</td>
<td>339</td>
<td>700</td>
<td>40</td>
<td>YES</td>
</tr>
<tr>
<td>Riyadh City</td>
<td>1</td>
<td>12m</td>
<td>8050</td>
<td>6000</td>
<td>350</td>
<td>YES</td>
</tr>
<tr>
<td>Dammam</td>
<td>1</td>
<td>8m</td>
<td>2660</td>
<td>1350</td>
<td>210</td>
<td></td>
</tr>
<tr>
<td>Baha</td>
<td>1</td>
<td>500</td>
<td>194</td>
<td>300</td>
<td>104</td>
<td></td>
</tr>
<tr>
<td>Asir</td>
<td>1</td>
<td>1150</td>
<td>1170</td>
<td>2450</td>
<td>220</td>
<td>YES</td>
</tr>
</tbody>
</table>

1. Capacity of each airport
2. Based on planned growth in Province population
3. Assumed growth based on 15% of tourist traffic by air
4. Estimated growth in domestic traffic only

**Source:** The SCT and International Consultants.

This Table is incomplete, lacking capacity data on the international airports, which are more difficult to define due to their complexity. Traffic has grown at airports since 1413 H (1992 G) at an average rate of 8%, mainly due to international traffic. At regional and local airports growth has been more modest at 3% per year. As population is expected to grow at a similar rate in the future it is safe to assume that traffic at provincial airports would grow at the same rate. The figures in the “Estimated 1441 H (2020 G) Use” column are based on this assumption. Finally, based on a simple assumption that 15% of future tourist traffic might reach provincial destinations by air, both normal air traffic growth and tourist traffic growth figures can be added to assess whether existing capacity would be exceeded at individual airports. This is indeed the case; by 1441 H (2020 G) capacities at eleven of the airports are expected to be exceeded at the locations noted. The problems of handling tourist air traffic at Madinah Al Munawarah and Jeddah were discussed in the previous section.

With the exception of dealing with traffic peaking during religious periods and summer months, there are no fundamental reasons why airport capacities could
not be increased to handle forecast tourist and normal traffic. The problem of handling peak period air passenger demand is well known and outside the scope of this Strategy.

12.4 Public Transport

There is a large fleet of buses and coaches operated by SAPTCO and other smaller companies available for satisfying future public transport requirements. All Hajj and most Umrah visitor traffic are handled by charter coach services. Due to the large amount of this new traffic concentrated at Makkah and Madinah, updated traffic management plans may be required in addition to the potential introduction of a fixed guideway light rail or metro type transport.

12.4.1 The State Railway

The MOT plans to extend the Riyadh to Dammam service to Makkah and Jeddah in the future to transport freight between the two coastal ports and inland destinations. If this programme is implemented there will be an opportunity to develop passenger services and to divert part of the regional vehicular and domestic aviation traffic to the line. Extensions to Madinah and north from Riyadh via Hail to Qurayat are also being considered.

12.4.2 Maritime

New cruise ship services within the Red Sea can be serviced from existing ports at Dhuba, Jeddah and Jizan. However, the quality and capacity of cruise ship terminals will need to be upgraded. Existing small marinas at Coast Guard stations and new marina resort developments should provide for local fishing, scuba diving and other coastal activities. It will be important for marina developments to minimize ecological impacts and to operate within coastal environmental management schemes to keep resources from being overused and damaged.

12.5 Utilities

12.5.1 Water Supply Issues

Availability of Water and Desalination Network

The very low rainfall that falls over most of the Kingdom means that there are no permanent surface water resources, and that sustainable groundwater resources are limited. This has led to the development of large desalination plants located on the Red Sea and Arabian Gulf coastlines, from which water is being distributed in increasing quantities to the water starved interior. Due to the restricted fresh water resources it is inevitable that desalination of water will become even more important to the Kingdom in future as the demand for water grows with its population. Figure 12.1 shows diagrammatically the degree to which distribution of desalinated water extends across the Kingdom.

Costs of Water and Wastewater Treatment:

The costs of wastewater collection and disposal, and the full cost of water supplies are not passed onto consumers. The government policy to increase the level of cost recovery will result in increased cost of water. This needs to be budgeted for in planning tourism facilities.

The Kingdom is a world leader with regard to the design, implementation and operation of desalination plants. It produces over 30% of the world’s desalinated water, and has the world’s largest desalination plants. The economy of scale in these large plants is significant, with unit production costs of water coming down to close to conventional plants. The costs of distribution are significant as these increase with distance away from the source of water and the need to raise water by pumping from sea level to over 2,000m in the case of Abha. The cost of providing water is specific to a location, for instance the mountain vacation area of Al Baha where availability of water is already a concern in tourism investment plans. Supply of desalinated water from the Red Sea coast could put a cost penalty on supply of additional water to the Province. The Government may wish to keep a uniform
tariff for the whole country, and the cost to the consumer will therefore depend upon the pricing policy of the ministry responsible for water supply.

Figure 12.1: Location of Desalination Plants

The Average Incremental Costs (AIC) of water from smaller desalination plants, sized for individual hotels, will almost certainly be higher. Due to the technology used in smaller plants, the economy of scale is not so significant over this range, and an approximate AIC for water of 5 SR/m³ is estimated. Therefore, as a general rule, it is recommended to connect new tourism facilities to an existing system where this is possible. Planning individual projects should ensure the existing system has sufficient spare capacity available for the foreseeable future, and the reliability and quality is adequate.

Delay Investment in Tourism Facilities until Adequate Groundwater Sources are Proven:

Sites, which are remote from the sea and existing water supply distribution systems, will depend on finding suitable groundwater sources. The occurrence of groundwater depends entirely upon the individual site, and each site has to be investigated separately to assess the potential for finding water in sufficient quantity and quality. It must be stressed that, due to the nature of groundwater, even the most rigorous investigation cannot guarantee the success of a borehole. Commitment to major investment in tourism infrastructure at any particular location should not proceed, therefore, until after a suitable water source has been confirmed, preferably by drilling, test pumping and water quality analysis.

Tourism Infrastructure in Areas with Existing Water Supplies:

In general, the availability of water has been a significant influence in the location and growth of settlements throughout the Kingdom. Towns and settlements are therefore generally located close to a groundwater source. However, with the rapid growth of population, and hence demand for water, the groundwater levels and quality trends need to be assessed, and the capacity and reliability of each individual water supply system checked to ensure it will be adequate for the design horizon of the project. The situation must also be discussed and agreed with the appropriate authorities, before any commitment is made to investment in an area.
Water Quality and Bottled Drinking Water:

Due to the high natural salinity of groundwater over much of the country, it is likely that public water supplies, without further treatment, may not be acceptable to hotels as drinking water. Therefore bottled water will be used for most drinking purposes.

12.5.2 Water Demand

The per capita water demand for hotels is high. Each hotel chain tends to have its own standards, but a fairly conservative estimation of demand for different classes and sizes of hotels can be estimated from Figure 12.2. This assumes various different levels of consumption for different classes of hotels. In areas of constrained water resources, or where costs of supply are high, hotel planners should adopt methods to reduce consumption. Water efficient showers and cisterns, and reduced frequencies of non-essential laundry can have a significant impact on consumption, especially for high-class hotels.

12.5.3 Wastewater Issues

Irrigation Water

All hotels with their own grounds will require water for irrigation, and due to the constrained nature of water resources in the Kingdom, will be required to recycle wastewater for irrigation purposes, in line with government Policy.

Source: The SCT and International Consultants.

Modest irrigation requirements can be readily supplied from laundry and wash water. This “grey” water requires only minimum treatment; it constitutes the majority of the wastewater, and should not contain pathogens. However, it is not recommended to use it on areas where there is likely to be any direct contact with skin, such as in grassed sunbathing or picnicking areas, due to possible allergic reactions to detergents and other chemical agents.

Kitchen and foul wastewater, which even after treatment is likely to contain pathogens, must be collected, treated and disposed of through public waste water systems or in a separate individual system.
Wastewater Treatment and Disposal for Facilities Close to Existing Sewerage Schemes

The operation, maintenance and monitoring of wastewater treatment plants to satisfy regulatory requirements is costly, and requires a level of commitment, knowledge and training that is difficult to obtain. It is therefore recommended to discharge the foul sewage to an existing sewerage system, if this is possible, even if it involves initially higher investment costs.

Tourism Facilities Distant from Existing Sewerage Schemes

If it is not possible to connect to a municipal sewerage system, a means of “on site” treatment and disposal needs to be adopted.

As discussed above, in accordance with Government policy, it is assumed that all laundry and wash water, which constitutes about 80% of the wastewater volume, will be collected and recycled for irrigation. This has the advantage of both decreasing the quantity of wastewater that requires treatment, and provides water suitable for most irrigation purposes without further depleting the water resources.

For small and even moderately sized hotels and apartment buildings in sparsely populated areas, a properly designed septic tank and soak-away system should be satisfactory for treatment and disposal of the foul sewage. Soak-away systems should not be however used in situations where the system can be in hydraulic continuity with groundwater, such as in fissured rock or in areas of high groundwater level.

Due to their low cost and relatively simple operation and maintenance requirements, appropriately designed and located septic tanks and soak ways are recommended for most developments that are outside built up areas. If such a solution is not acceptable, then a package treatment plant, designed to meet the effluent discharge requirements of the site, will be required. It is suggested however, that this should be as a last resort.

12.5.4 Solid Waste Collection and Disposal

The collection and disposal of solid waste is a key issue for tourism in Saudi Arabia, and needs to be addressed on both local and National scales.

The problem of litter and waste disposal is particularly relevant to Saudi Arabia. The dry climate means that any discarded waste tends to take much longer to decompose, and the general lack of vegetation means that it remains highly visual for extended periods.

With one of the highest population growth rates in the world, and with steeply increasing per capita solid waste generation, the total volume of waste generated each year in the Kingdom is rising exponentially. Traditional practices, which may have been acceptable to low population densities, and before modern, more durable materials were available, are no longer acceptable. The subject of solid waste is therefore fast becoming a major health and safety issue as well as an environmental issue for the country, and therefore needs to be addressed nationally. Initiatives successfully introduced in other countries have included:

- **Advertisement campaigns**: These can highlight safety and health issues, but can also advertise major tourist destinations, to illustrate some of the incredibly beautiful inheritance of the country, and the importance of keeping the environment unspoilt for future generations

- **Introduction fines**

- **Incentive programs**: Programs designed to reward communities for maintaining “tidy towns”
The problem also needs to be addressed locally by the relatively simple expedients such as:

- inclusion in all construction contracts for appropriate landscaping, and clauses to ensure the environment is rehabilitated to its original state on completion
- provision of adequate numbers of waste bins of appropriate design
- regular emptying of the bins, sanitary disposal of waste in purpose designed and screened facilities.

### 12.6 Power

The availability of power is not considered to be a particular constraint to the development of tourism resources anywhere in the Kingdom. The power requirements for hotels, due to the need for air conditioning, are high. An initial estimate of all inclusive electricity requirements can be obtained from Figure 12.3. In a local context, this may put strains on an existing distribution system, which may be unacceptable. Therefore, at the initial planning stage, the power requirements need to be discussed with the local representatives of the Saudi Consolidated Electric Company (SCECO), to determine if they can provide the required services, and at what costs. If the SCECO require the hotel developers to pay for a new power line and transformer station, the costs of providing an alternative diesel generator should be investigated, as this is likely to be cheaper for any distance of power line. Diesel is relatively inexpensive in Saudi Arabia, and there are plenty of suppliers that can provide good back up for maintenance and repair.

![Figure 12.3: Hotel Power Requirements](source: The SCT and International Consultants.)

### 12.7 Conclusion

- The additional load on power, water and sanitation due to the growth in tourism represents a very small increase in requirements relative to demand from population growth, industrial development and agricultural use. Although no increases in bulk supply are required to serve new tourism facilities in the Strategy
- Several Provinces have water supply, usage, distribution and disposal problems that unless overcome, could limit tourism development in the future
- It will become necessary for hotels and resorts in rural and coastal areas to make provision for independent supply of energy, water and
solid/liquid waste disposal where they are some distance from national networks

- The higher unit costs of independent supply and disposal will need to be taken into account when project viability is examined

- The lack of adequate sewerage treatment in coastal areas in and near towns is degrading water quality and measures are being taken to provide secondary treatment of liquid wastes from towns. These programmes may need to be expanded to provide tertiary treatment, to fully protect coastal areas.
13.1 Introduction

In order for tourism to flourish within a sustainable framework, it is essential that the appropriate structures are created. The framework needs to facilitate both public and private sector organisations, because without a partnership approach it is unlikely that tourism development will be either optimal or, indeed, sustainable.

The purpose of this section is to explore the nature of tourism organisations that will enable the Kingdom of Saudi Arabia to implement this Tourism Development Plan achieve its Tourism Vision. It examines the advantages and challenges which alternative structures for both the public and private sectors and at national, regional and local levels present, and recommends an appropriate framework with an interim solution. The transitional stages of setting up the organisational structures are also considered.

13.2 Existing Tourism Structure

Within the Kingdom there are organisations that deal with tourism planning and development at the provincial and national levels of government. At the national level, prior to the establishment of the SCT, the industry was forced to deal with a multitude of ministries that had no formal co-ordination in terms of the way the industry was administered. The establishment of the SCT represents a major step forward in providing a national body that can administer tourism development and planning in the Kingdom and pursue the Kingdom’s vision for this industry.

At the provincial level, there is no consistency between the way in which tourism issues are dealt with and there is a distinct lack of co-ordination between the public and private sectors. In the same way that it is necessary to have a central body that acts as the focus for the tourism industry, it is equally vital that a framework is put into place that facilitates the administration of tourism at the provincial level as well as ensuring that national objectives are pursued throughout the Kingdom. There are existing structures that can be modified to enable such a framework to exist and these matters are addressed below.

Although the Chambers of Commerce provide an effective framework as a vehicle for private sector involvement in the economy of Saudi Arabia, one of its primary advantages (its flexibility in composition and structure) is also a primary disadvantage with respect to the travel and tourism industry. The fact that tourism is not included in all Provincial Chambers of Commerce, except in the form of representatives from some of the component sectors, means that there is no consistent framework for the private sector tourism industry. The variation from chamber to chamber creates obstacles in the way that this channel may be used to harness the private sector’s energies for the development of tourism. This is a matter that needs to be addressed.

13.2.1 Tourism structure between the public and private sectors

Currently there is no formal public and private sector collaborative framework between the two sectors, except in so far as the Chambers of Commerce provide this link. However, this link is not consistent, nor is it sectorally focused. This is a serious weakness in an organisational structure that is intended to plan for and develop sustainable tourism within the Kingdom.

It can therefore be concluded that there is a lack of an organisational framework, and this is a reflection of the way in which tourism has developed to date. Without an all-embracing structure, tourism planning and development takes place in an ad hoc manner and with little heed to how one development may impinge on either the national objectives or even the performance of another development. The lack of engagement of both public and private sectors within a unified forum sets a stage for failure to achieve the basic objectives of the tourism industry.
13.3 Recommended Public Sector Organisational Structure

To achieve the Kingdom of Saudi Arabia’s vision of tourism it is essential that a framework is constructed that will encourage, enhance and harness the energies of the private sector whilst implementing the broader overview afforded by the public sector. This requires a robust and comprehensive system of relationships that operate from the national through the provincial to the municipal levels of operation. There are a variety of mechanisms that could be introduced to provide this framework.

The simplest structure would be one where the SCT took on the dual roles of Ministry and National Tourism Administration (NTA) and then set up a wide network of branch offices at the Provincial and Municipal levels. Such a network approach would certainly provide a high degree of control on the process of sustainable tourism development. It may also be possible to make such a system an effective vehicle for the proper evaluation of the tourism components, the implementation of training and community awareness programmes and the many other tasks associated with tourism development.

However, such a network of SCT branches is unlikely to be effective, from a cost-efficiency point of view, from the point of view of manageability, or from the point of view of harnessing the energies of the private sector. It is a system that would be difficult to control even if SCT had the necessary breadth and depth of expertise to run so many branch offices. It would also detract from the rich variety of inputs that can be brought into the system from the provincial and municipal levels. Finally, such a solution would not be able to exploit some of the existing structures that can be utilised within the tourism development framework.

Therefore, for a variety of reasons, it would not be desirable to recommend a centrally operated network of local tourism organisation branches. In its stead a framework is recommended that draws upon the best practice evident from around the world, that incorporates a range of organisations from a publicly funded and operated NTA to a largely privately operated municipal tourism organisation.

13.3.1 National Level – National Tourism Administration (NTA)

The SCT is the Kingdom’s National Tourism Administration. As an NTA, it is not subordinated to a ministry, but combines the functions of a Ministry of Tourism and a statutory agency responsible for the development and promotion of the tourism industry. It reports directly to the Prime Minister. This status is almost unique and is further reinforced by the fact that its Board of Directors includes 13 members of the Council of Ministers.

To be effective, particularly in a development scenario that is facing the Kingdom of Saudi Arabia, a single entity is by far the most logical structure to follow. It will allow the development and planning aspects to inform the marketing strategies and ensure that the Kingdom stays on track with its tourism vision.

The SCT has two distinct sets of functions:

First, there are the administrative functions necessary to operate the NTA; secondly there are core functions normally undertaken by an NTA (e.g. planning, development, marketing, research, industry regulation etc.).

13.3.1.1 Administrative Functions

The administrative functions to be undertaken by the SCT are fairly standard in any national government body and include:

- general administration and secretarial
- legal
such planning can take place. This role needs to be undertaken objectively and
with the knowledge of regional developments and this requires that a
significant source of its funding should come from the public sector.

Similarly, the regulation of the industry and the setting of its standards are
roles that require direction from the highest level to ensure consistency across
the Kingdom and high visitor satisfaction levels.

Shared Responsibilities: There are a number of planning and development
functions that have shared responsibility between the SCT and its provincial
and municipal counterparts. This sharing can be in the form of
implementation, monitoring and cross fertilisation between the national and
regional planning exercises. These can be considered under the following
headings:

- regional development
- product development
- investment promotion and facilitation
- human resource development
- quality assurance and standards
- allocating land for tourism development.

Advocacy Role:

It would not be appropriate for the SCT to attempt to undertake functions that
are already appropriately performed elsewhere with respect to tourism
development. Also there are aspects relating to tourism planning and
development that may impinge on areas outside the remit of the SCT. In these
cases the SCT should take on a role of advocacy where it will lobby Ministries
for changes that would benefit tourism development. These changes may be in relation to a wide range of aspects from investment regulations, through aspects of human resource development, to land allocation.

The SCT can be seen, in many of the above shared responsibility roles, as a facilitator as well as the body that sets out the ground rules for collaboration, co-ordination and standards.

Product development will take place at both a national and provincial level and this responsibility will be shared according to the nature of the development, its place within the national planning structure and its significance to the province. An investment promotion and facilitation role will be necessary to link the investments to the Tourism Development Corporations and the Tourism Development Areas. The former being set up at the municipal level by the government to encourage and pump-prime appropriate developments; undertake feasibility studies and appraisal projects. The role would be one of initiating followed by gradual withdrawal.

The human resource development function would include working with Human Resource Development Fund to set up an appropriate national programme that could then be rolled out at the provincial level. The setting of standards can only be undertaken at the national (SCT) level, however, the implementation and monitoring functions need to be undertaken at provincial and municipal levels.

Finally, the SCT will allocate land for appropriate tourism development, protect fragile areas and pursue a balanced development policy.

Tourism Regulation

Sole Responsibilities:

Licensing, Registration, Classification, Monitoring and Enforcement for key tourism services and facilities

Initially this would be with respect to tourist accommodation, tour operators, travel agents and tourist guides. The SCT would need the power to designate others with respect to these functions, resulting in a shared responsibility role. In order to maximise efficiency the SCT should, wherever possible, consider self-regulatory options for the industry. However, the need to ensure quality will limit this approach.

Shared Responsibilities:

Shared responsibility does not preclude the need for the SCT to assume the responsibility for the overall performance of each function. However, there are aspects of operations that can be delegated to the Provinces in the name of efficiency and to reflect provincial needs. The overall aim is to provide a seamless development between policy and implementation. Also regional expertise and knowledge should inform the national processes of development planning and regulation. These shared responsibility functions include those relating to:

- quality assurance
- health and safety consumer protection and
- conservation and protection

Advocacy Role:
The SCT will not have law making capabilities, but will be able to make proposals for the amendment of laws and regulations to facilitate the sustainable development of tourism. Such changes that may be proposed may relate to all of the above shared responsibilities as well as those relating to its other functional responsibilities.

Marketing and Promotion

The marketing and promotion role of the SCT is largely one of shared responsibility. However, the SCT is to some extent the Guardian of the National Image and has a responsibility to ensure that the information that is provided at regional and corporate level does not detract from that national image. This in effect makes a case for a sole responsibility within this function. Similarly, a case can be made for the SCT to take a sole
responsibility role for the national promotion of the Kingdom with respect to its various facets of tourism activity. The marketing and promotion activities can also be examined with respect to whether they are international, national or sub-national (intended for international or domestic visitors).

**Sole Responsibilities:**

**Destination image promotion and guardianship**
- shared responsibilities
- marketing planning
- product and market development *
- promotion and advertising
- public relations
- distribution
- visitor information services.

*Product and market development is really a joint function that bridges the planning and development function and yet takes cognisance of the marketing strategy.*

**Relationships**

This functional area includes a wide range of activities dealing with all internal stakeholders as well as external tourism relations:

- External Relations with bodies outside KSA (e.g. World Tourism Organisation, GCC, etc)

**Sole Responsibilities:**

- Public Relations
- Community Relations
- Corporate Affairs, and
- Organisational Liaison

The SCT will need to assume a sole responsibility in some of these activities and a shared responsibility in others.

**Sole Responsibilities:**

Relationships with bodies outside the KSA will need to be an SCT function. This includes the provision of information to organisations such as the World Tourism Organisation, or the liaison with counterparts in other countries. Public relations will largely be a shared responsibility but those aspects relating to the SCT in particular will be sole responsibility. Corporate affairs and organisational liaison will generally fall under the sole responsibility category.

**Shared Responsibilities:**

**Stakeholder relations**

This includes host and guest issues, stakeholder attitudes, perceptions and roles. Harnessing the socio-cultural factors that affect tourism development.

**Community relationships**

Minimising the socio-cultural impacts of tourism development at national, provincial and municipal levels.
Public awareness programmes

Encouraging and facilitating awareness of the benefits of tourism and the ways in which negative aspects can be avoided (Community and School programmes etc)

Encouraging local involvement

Research and Information Management

Research and information is the lifeblood of sound, sustainable tourism development planning. This is a core function of the SCT. Research and information also requires the collaboration of the provincial organisations and the private sector as providers of that information. This suggests that there is scope to cross-fertilise the licensing, regulation, marketing and research functions to provide a unified structure to data collection and management.

Sole Responsibilities:

In general, the design and structure of the processes are a sole responsibility for the NTA, but the implementation is delegated, becoming a shared responsibility.

Shared Responsibilities:

Collection, storage, analysis and dissemination of information to support tourism functions including:

Tourism statistics; databases; market & product research; market intelligence; visitor surveys; social, cultural, economic, environmental impact studies; tourism satellite accounts; tourism research information and data clearing house, etc.

Advocacy:

There will be many aspects of research relating to the economy, human resources, IT, the environment and the socio-cultural profile of the Kingdom that, although outside the scope of the NTA, will be advocated by the NTA when discussing matters with the relevant authorities.

13.3.2 Provincial Level – Provincial Tourism Council (PTC)

In order to implement the national tourism vision, it is important to provide for tourism administrations at the provincial level. This requires the formation of Provincial Tourism Councils (PTCs). These bodies will not be branches of the NTA, i.e. SCT, but will instead be public-private sector partnership bodies partly funded through the SCT’s delegated activities and partly funded from income generating activities with the private sector.

The Provincial Tourism Council should operate in a way that acts within the national strategies and policy determined by the SCT. It would need to be linked to the NTA in a formal manner and be responsible for the provincial implementation and monitoring of some of the SCT’s core functions. Similarly, the PTC would also delegate some of these inherited functions to the Municipal Tourism Committees (see below) for the effective execution.

In order to function effectively, particularly during the early periods following its inauguration, it would receive technical support from the SCT and, in some of the core function areas this support is likely to continue into the future (e.g. planning, HRD, marketing, etc).

The Provincial Tourism Councils, like their national counterpart, will have some core functions, and these will include:

- domestic marketing and promotion of the tourism products of the province
• provincial tourism planning and strategies including designated Tourism Development Areas (TDAs) and Tourism Sites (TSs)

• direct assistance to the SCT on local planning control

• provincial product development and investment

• administration of tourism in the province

• visitor servicing: looking after visitors post arrival. Providing such services as a network of information offices or information points, signposting, maps etc.

• joint ventures between private sector partners, SCT and/or MCT in designated TDAs and TSs.

The recommended structure of the Provincial Tourism Council is one based upon a partnership between the Provincial Government, the Private Sector and the SCT. Drawing upon experience around the world, the Council could take a variety of forms. These could include a local branch of the SCT (not favoured because it would be too cumbersome and not conducive to optimal development) a branch of the Provincial Government (but this too would probably lack full representation of the stakeholders); a Chamber of Commerce Committee, but this would tend to be over-represented by the private sector. The preferred option is the partnership approach whereby a Provincial Tourism Council (PTC) is established through the NTA (SCT) mandate and is given devolved powers.

13.3.2.1 Advantages of Provincial Tourism Councils

The proposed structure for Provincial Tourism Councils will:

• represent the provincial stakeholders in tourism planning and development

• facilitate a sustainable interpretation of the National Tourism Plan

• be able to provide a vehicle for achieving synergy between private and public sector objectives at the provincial level – unified tourism objectives

• provide a vehicle for the co-ordination of national plans with local variants.

To be successful, such provincial administrations must have sufficient delegated authority to be able to respond effectively to the dynamics of the local industry as it develops. It is also a more appropriate body to carry out a variety of functions on behalf of the SCT, either directly or indirectly, through the Municipal administrations. These would include the collection of data, licensing, monitoring and evaluation of tourism enterprises.

13.3.3 Municipal Level – Municipal Tourism Committees

The Municipal Tourism Committees (MCTs) must, like their provincial counterparts, function within the national tourism plan and policies. They will need to be formally linked to both the Provincial and National Tourism Administrations to facilitate communication and to be able to operate within the acceptable corridors of variation. It is possible that they will undertake some of the functions delegated to them by the Provincial Tourism Councils and they will receive funding to enable them to do this. They will also be able to draw upon technical support from both the PTCs and the SCT.

As an entity their core functions will differ from those at the National and Provincial levels, being closer to the host/visitor interface and industry. Specific core functions are likely to include:
Visitor Information and Centres/Visitor Orientation Centres

Visitor Servicing

Joint Ventures between the private sector/PTC and SCT

Protection and presentation of local tourism assets

Organisation of local tourism events

The structure of MTCs could be in the form of a tourism committee of the Municipal Authority with direct connections to the Provincial Tourism Council. On the other hand, it could also be a stand-alone organisation formed from the various stakeholders. What is essential is that the MTC has full stakeholder representation (including private sector) and that it receives its mandate and approval from the SCT. Structures of this nature have already been formed and an example of such an entity is the Jeddah Tourism Committee.

The advantages and challenges of such tourism administrations are different from those facing the PTCs and the SCT, because they are one step further towards the industry front-line. Both the composition and the funding is likely to reflect private sector involvement to a much greater extent than that experienced at the other levels of administration. Much of the funding at the Municipal level should be available from self-generating activities such as advertising and promotion. Additional fee income will be generated from the undertaking of delegated functions from the PTC.

13.4 Recommended Private Sector Organisational Structure

13.4.1 National Level

At the national level the prime possibilities are the Chambers of Commerce Committees, a Chamber of Tourism, and Trade Associations. The purpose of the private sector organisational structure is manifold and includes being able to have efficient dialogue and planning processes between the private and public sectors.

Given the nature of the tourism industry a trade association approach will deliver the most effective structure because it will facilitate discussions with the tourism industry collectively as well as provide mechanisms for discussions and developments with a single sector, such as hotels or tour operators or tourist guides. This is the model that is most common around the world and the one that is recommended to the Kingdom of Saudi Arabia as a future organisational framework. The recommendation includes the formation of a wide range of trade associations including:

- Hotel Association
- Restaurant Association
- Taxi Association
- Travel Agents Association
- Tourist Guide Association
- Diving Association
- Visitor Attractions Association.
It is also anticipated that these trade associations are formed in a way that provides not only the sectoral representation suggested above, but also the regional representation that can be achieved by the formation of provincial and (where appropriate) municipal association branches. Therefore, the trade association structure will provide comprehensive sectoral and geographical coverage for the industry. A case can also be made for providing an umbrella organisation that could be referred to as the Saudi Arabia Tourism Industry Association, which is created from a membership of the individual trade associations.

Although trade associations provide an effective mechanism for industry involvement there is a challenge in ensuring that the industry representation is properly balanced and reflects the tourism industry in the Kingdom. It would also need to operate in line with a constitution approved by the SCT to ensure that they have an appropriate composition and that safeguards are in place to maintain the integrity of their operations.

### 13.4.2 Private Sector Organisation within the Current Legislation

The present legal framework does not facilitate the formation of Trade Associations and the legislation will need to be amended in order to make this possible. At the same time, tourism development cannot be put in abeyance until trade associations are formed. Therefore an interim solution is required.

The most effective interim solution, and one that may be able to continue in a parallel fashion even after the formation of trade associations, is the existing Chambers of Commerce structure. The National Council of Chambers of Commerce is composed of sectoral committees that report through the Board to the Ministry of Commerce. Tourism should form one of the committees.

This structure would allow the SCT to engage the private sector at the national level at the present point in time. The access of the Chambers to the Ministry of Commerce through its Board of Directors is in keeping with the fact that the Minister of Commerce is also a member of the SCT Board and will, therefore, be included on the SCT Board.

The Chambers of Commerce provide an effective interim solution to private sector participation. However, the formation of trade associations will be facilitated as quickly as possible in order to provide for a more representative involvement in the SCT activities.

### 13.4.3 Provincial Level

The long term and interim recommendations are the same as those at the national level. The Provincial private sector structure is recommended to be an Affiliate or Section of the National Trade Association as a strong federal system. This is the long-term recommendation referred to above but, as an interim measure, the Chambers of Commerce should facilitate the industry representation through Committees.

### 13.4.4 National-Provincial Structure for the Private Sector

Once the trade associations have been formed using a federal type structure there will be linear relationships between the Municipal, Provincial and National levels of the organisation. The interim recommendation, using the existing Chambers of Commerce structure is not ideal but does provide a chain of communication and direction. The Presidents of the Chambers of Commerce sit on the National Council and the Provincial Chambers of Commerce fund the National Council. Investment and development decisions are made at both national and provincial levels of the organisation. Also the Provincial Chambers of Commerce Committee members sit on the National Sectoral Committees.
13.5 Recommended Private-Public Sector Interaction

To provide the basis for effective sustainable tourism planning and development, it is important that the organisational structure accommodates a wide stakeholder involvement at each level of administration. Partnership between the private and public sectors should permeate throughout the organisational framework from national through to municipal levels. This does not imply that responsibility or funding sources should reflect this partnership theme at all levels. (The recommended funding approaches of the tourism administrations are discussed later in this section.)

At the national level the aims and objectives of the tourism administration are wider than those applicable to the provincial and municipal levels. The social costs and benefits take on a greater importance within the planning remit of the national tourism administration, as does the guardianship of the destination image. These are elements that are difficult to source from private sector funding. The same is true from the point of view of many environmental and cultural aspects; therefore the involvement of the private sector at the national level will be essentially different from that at other levels.

The SCT will have a board that has a strong Ministerial representation. This is vital, given the complexity and multi-faceted nature of tourism development. To this public sector representation should be added private sector representation. This is equally vital because the private sector is the ultimate driving force of the industry. The challenge is to have wide industry involvement without making the SCT unwieldy and consequently ineffective. To facilitate this private sector representation, the current Statute of the SCT will need to be amended in respect of the requirement that Members of the Board should not have tourism industry interests.

This balance between representation and effectiveness can be achieved through a variety of means including the formation of Executive Boards to overlay the Formal Board of the SCT, the formation of Advisory Groups reporting to the Secretary General of the SCT and the fluid involvement of working parties that can be formed and disbanded as and when needed.

13.5.1 Role Alignment Options

The mandate of the SCT needs to be refined to make its role and functions more clearly defined once the present development planning stage has been completed. Furthermore, to provide the level of expertise and breadth of knowledge and experience required for optimal development of the tourism industry, it will be necessary to form advisory groups that report to the Secretary General to advise on specific aspects of tourism development and operation. This provides a flexible approach to both analysis and collaboration. It also has the facility to capture the synergies between the private and public sectors.

13.6 Resourcing the Tourism Organisational Structure

Some references to funding sources and methods have already been made in the preceding sections.

It is common practice for NTAs to draw the vast majority of their funding from the public sector. This is because many of the services being provided may be considered as public goods and are not directly associated with self-generating income sources. Within Europe it is commonplace for governments to support around 75% of the NTA’s total budget from public funds. This support can come from general public revenue and/or specific tourist revenue sources. However, at the different levels of tourism organisations there will be different levels of stakeholder participation together with different opportunities for self-generating income.
13.6.1 National Level - SCT

It is essential that the SCT is funded sufficiently to be able to deliver its services. The funding options available may include:

- government funding
  - grants from consolidated revenue
  - special tourism taxes. These may be dedicated (where the revenue goes directly into the tourism administration) or non-dedicated whereby the revenue goes into the national government and is then distributed from there. Examples of dedicated taxes would include room occupancy taxes which can be used for human resource development or to support marketing, and airport departure fees that can be used for infrastructure development.

The current environment is not conducive to the taxation of the tourism industry but is an important source in many of the best practice instances around the world. Therefore, its exploration should be an area of high priority for the SCT.

13.6.1.1 Public/Private Sector Partnerships

By pursuing a public-private sector approach to tourism development there are a number of opportunities for raising funds. The privatisation of hotels, granting of land leases, selling private sector concessions at cultural and natural attractions are just some of the avenues that can be explored. There are additional sources that may be exploited which relate more to operational aspects of the tourism industry including tourist entry fees at attractions, web marketing and promotion fees and other private sector service charges.

The functions to be undertaken by the SCT also provide some self-generating income sources in the form of cost recovery. For instance the regulation and monitoring functions are normally funded from licensing, classification and accreditation fees. The licensing fee presents one of the most obvious sources of income for the SCT. If the licensing and regulation systems are tied into approval for the marketing services, the SCT can ensure both the quality of its products and a significant source of revenue. These funding sources may also be supported by additional revenue from grant and levy schemes and the organisation and/or approval of training programmes.

13.6.2 Provincial Level - PTCs

The Provincial Tourism Councils will reflect a triple partnership between the NTA, Provincial Government and private sector. Its resourcing should reflect this stakeholder participation. The NTA should also provide technical assistance and information to the PTC, and this is vital during the early periods following their implementation. However, it is recommended that the SCT delegate the licensing and inspection functions to the PTC and this should be undertaken on a cost recovery basis for the PTCs.

Custom and best practice show that provincial governments tend to be less dependent upon public funding than their national counterparts. The Provincial Tourism Council fulfils a role of planning and development, which may be funded from public sources, but its marketing and promotion activities are closer to the industry and should yield significant sources of funds. Other sources of funds should come from the Provincial Government and the private sector as well as support from the SCT.

13.6.3 Municipal Level - MTCs

It is less easy to generalise about the funding sources for Municipal Tourism Committees because of the diverse nature and size of such communities. However, in most best practice instances the municipal tourist bodies are
funded from general municipal revenue together with fund-bearing activities such as marketing and promotion.

It will be easier to implement the Municipal Tourism Committees in some areas such as Jeddah and Abha; these should be developed initially to provide a model for MTCs.

13.6.4 Transition Funding

The implementation of the appropriate tourism organisational structure for the Kingdom is likely to take between three and five years. In some provinces and municipalities this time frame will be significantly greater. During the implementation stage there will be transitional costs that should be considered as capital investment rather than recurrent expenditure. This distinction is important from a funding point of view. The funding of the organisational structure should be considered separately from the operation of the organisations.

13.7 Conclusion

- There are a large number of public sector bodies with functions that affect tourism. This fragmentation is a reflection of the multifaceted nature of the tourism industry, but it underscores the critical need for integration and co-ordination.

- The SCT is the Kingdom’s National Tourism Administration, combining the functions of both a Ministry of Tourism and a statutory body responsible for the development and promotion of tourism.

- The core functions of the SCT are planning and development, marketing and promotion, industry regulation, community and stakeholder relations, and research and information management, which it will carry out either as sole or shared responsibilities, or by way of advocacy.

- Certain regulatory functions, such as licensing, registration and classification of tourism establishments and service providers, now exercised by other public sector agencies, will need to be transferred to the SCT.

- Provincial Tourism Councils, a partnership between the SCT, the provincial government and the local private sector, and Municipal Tourism Committees will be set up to complete the proposed public sector tourism structure.

- Provincial Tourism Councils and Municipal Tourism Committees will require institutional support and capacity building assistance from the SCT.

- Policy in the Kingdom has restricted the emergence of independent private trade associations, the principal outlet currently available being the Chambers of Commerce and their sectoral committees.

- The establishment of independent tourism trade associations is viewed as necessary and will be facilitated at national and provincial levels to work closely with the public sector tourism organisations. These will most likely emerge from the present structure of Chambers of Commerce and their tourism committees.

- Funding sources for the SCT, PTCs and MTCs will vary, with the public sector contribution being highest at national level, reducing as a proportion of the total budget at the regional and, even more so, at the municipal levels. A wide range of methods of funding exists, particularly for the SCT, and these need careful consideration and selection.

- The most urgent administrative and legislative actions required are (see also Section 18 below on legal and legislative reform):
amended legislation to refine and strengthen the mandate and role of the SCT as the Kingdom’s National Tourism Administration, including private sector representation

approval, and if necessary appropriate legislation, to establish funding sources and methods for the SCT

new legislation to enable the establishment of Provincial Tourism Councils and, if necessary, Municipal Tourism Committees

provision of technical assistance to, and institutional strengthening of, PTCs and MTCs

new legislation to enable the formation of tourism trade associations

transfer of regulatory functions (licensing of hotels and other tourist accommodation, travel agents and tour operators etc) from current competent authority in the public sector to the SCT.
14.1 Introduction

Sustainable development of the tourism industry in the Kingdom requires adherence to strict development standards and design guidelines on the part of tourism projects, be they for commercial facilities or for public recreation and infrastructure provision. The underlying rationale for such development standards and design guidelines is manifold. It aims, among other things, to

- optimise operational efficiency and economic and financial viability of the projects in question
- protect environmental quality and avoid adverse environmental impacts
- preserve cultural heritage resources and present them to best advantage
- promote traditional architectural design patterns and building techniques, so as to project a distinctive sense of place and culture in tourism developments
- promote the use of traditional crafts and skills in the construction, decoration and operation of tourist facilities
- facilitate product quality assurance at both the destination and the individual product levels.

This section outlines the development standards and design guidelines formulated under the Strategy and issued by the SCT. It focuses on the planning and approval process for tourism projects, the role of the regulatory authorities including the SCT and the thresholds used to determine major tourism projects. The section also highlights selectively certain key requirements in the planning approval process, notably the role of an Environmental Impact Assessment (EIA), financial viability and economic impact assessment of projects, as well as outlining basic principles in respect of general planning, architectural and landscape architectural design.

14.2 The Planning, Assessment, Design and Management Process

Clearly, the entire process from initial project concept right through to ongoing project monitoring is crucially important if the above objectives are to be met. Towards this end, specific tools have been developed under this Strategy to enable the SCT and the tourism industry as a whole to adopt, apply, enforce, monitor and maintain appropriate development standards and design guidelines. These are (1) the Guidance Booklet for Developers and (2) the Manual for the Development of Tourism Projects. Both are available as separate documents and are only briefly outlined here.

14.2.1 Guidance Booklet

This Booklet describes:

- what the Developer needs to do to take a project through the planning process to obtain approval.
- how major projects requiring detailed studies are identified (screened) using thresholds and what these thresholds are.
- the studies that need to be undertaken, design, economic, environmental, cultural and social.

This Booklet focuses on major projects likely to have a significant effect on local economies and on the environment.
It has three main aims:

- to help the Local Authorities, which are the planning authorities, to determine whether a project is a major one or not;
- to give information on the material developers and others interested in tourism development must provide to the Local Authorities in order to get permission to realise their major project;
- to explain the role of the Supreme Commission for Tourism in this process.

The complete planning and approval process is shown in the following flow diagram (Figure 14.1):

14.2.2 The Screening Process

The authorities responsible for giving Project Approval and Planning Permission to a development need to be able to determine whether an application should follow the normal route or whether full studies need to be undertaken. All proposals need therefore to be screened to determine to which category they belong. Proposals that exceed specified thresholds are Major Projects – such that they could have significant economic, environmental or social impacts. Thresholds are related to the size of a project and to the nature or the sensitivity of the environment in which it is to be placed.

14.2.3 The Thresholds

For the time being, the following thresholds have been established in order to determine whether a tourism project is a major project or not. Where it exceeds any of the following thresholds, the developer must follow the stages stipulated in the Guidance Booklet and outlined in the Manual for the Development of Tourism Projects. The Local Authority will forward relevant stages to the SCT for a decision. The Local Authorities or the SCT may also decide that certain projects below the threshold risk could have serious impacts; these projects will also require the process outlined in the Booklet and Manual to be followed:

**By Size**

The project site covers 5 hectares or more. The project includes any of the following:

- 50 rooms or more
- 50 parking spaces or more
- facilities allowing for use by more than 200 people at any one time
- facilities for sheltering or mooring more than 30 boats
- buildings/Structures higher than 15 metres above mean site level.

**By Location**

Projects of any size within the following:

- any Tourist Development Area (TDA)
- published approved or proposed terrestrial or marine protected areas
- published approved or proposed national parks and forests
- areas of historic or cultural heritage importance designated by the Deputy Ministry of Antiquities and Museums
- all coastal areas below the Highest Astronomical Tide mark (HAT)
• all coastal areas where the proposed site has direct frontage to the beach or sea, or is within 400 metres of the sea.

**Discretionary Power**

The SCT and regulatory authorities have the power to require that full studies be undertaken of any project falling outside these parameters, where they believe that it could have serious effects on economic, environmental or social conditions.

Typically, the Local Authorities, followed by a Review by the Supreme Commission for Tourism, will need to decide whether a smaller project, not immediately deemed a Major Project on size alone, is sufficiently sensitive that it needs to be considered as a Major Project. and both will pay special attention to proposed extensions to existing projects or phasing of proposed projects; the total future size of the whole project must be assessed against the above Thresholds. This will ensure that the accumulated effects of such a phased or evolving development are taken into consideration.

**Preliminary Decision of Project Suitability**

The SCT in consultation with other necessary authorities can give a Preliminary Decision on Project Suitability at this Stage, and can grant Preliminary Approval of a Project, i.e. after the Outline Design has been submitted. Or Project Permission may be refused at this stage.

The SCT will have the power to levy fees for its review and approval of project applications. An initial estimate of the SCT Fees is to be made at this stage.
Figure 14.1: The Planning, Assessment, Design and Management Process

Source: The SCT and International Consultants.
14.3 The Manual for the Development of Tourism Projects

The Manual provides detailed guidance for developers and regulatory authorities, including the SCT, on Major Project preparation. This guidance is of both procedural and technical nature, and covers the following main stages in the planning and approval process:

1. **Preliminary Information from Developers** - required for submission of a potential project to a Municipal Authority.

2. **Screening Information by Planning Authority** – the process by which the Local Authority undertakes the screening of a project to see if it is above or below the Threshold for Major Projects.

3. **Outline Design Information** - the plans, elevations, sections and material schedules required at this stage.

4. **Scoping Information for any future EIA** – the areas of potential environmental impacts that must be assessed and those that can be ignored.

5. **Environmental Impact Assessment** - all the impacts to be considered (collecting baseline data and assessing impacts); i.e.: 
   - soils and geology
   - landscape and visual quality
   - flora, fauna and nature conservation
   - hydrology and drainage basins
   - building materials
   - air quality and climate
   - water availability and quality
   - land use
   - infrastructure and traffic
   - human beings and population
   - cultural heritage
   - community issues
   - solid waste disposal requirements
   - wastewater disposal requirements
   - energy consumption and efficiency
   - material assets
   - interactions between these environmental aspects.

6. **Financial & Economic Study from Developers** – the evaluation of the financial and economic viability of the project.

7. **Planning Guidelines** - guidelines applicable at the planning stage.

8. **Design Standards** - architecture, landscape architecture and engineering.

9. **Construction, Management & Operational Standards** - All three subjects are comprehensively covered.

10. **International Case Studies** – examples of practice from around the world.

To facilitate both the prospective developers and the regulatory authorities to the greatest degree possible, technical appendices to the Manual deal in greater detail with a number of key subjects, such as architectural issues and practices as they relate to tourism development. Similar treatment is given to landscape issues, as well as to coastal developments, wastewater handling, and scuba diving developments.
14.3.1 Environmental Impact Assessment

A crucial aspect of the planning approval process required for all major tourism projects is the conduct of an environmental impact assessment (EIA). EIA is the systematic evaluation of the potential adverse and beneficial environmental effects of a proposed development or activity. Its purpose is to help ensure that the proposals evaluated are environmentally sound and sustainable.

An EIA thus has two important dimensions.

1. It is a decision-making tool, which predicts, analyses and interprets the significant environmental effects of a proposal. It provides an independent view of these effects, which enables appropriate authorities to make a decision as to whether the proposal should be:
   - allowed to go ahead with proposed projects on the basis of its potential environmental impacts
   - allowed to go ahead with revisions, or even on a different basis, or
   - be refused because the potential impacts are unacceptable.

   In the European Union, in the United States and many other countries, the law obliges the authorities to take the results of the EIA into account when making a decision about whether to allow a proposal to go ahead.

2. It is a design support tool because it identifies the potential problems of a proposal and can point the way to overcoming or minimising them, as well as making the most of potential benefits. This will often have positive economic effects because it leads to more effective project design.

14.3.2 Financial Viability and Economic Impact Assessment

At the earliest possible stage, the Developer is advised to undertake a pre-feasibility or scoping study for the project to identify and understand the parameters within which the proposed development would be operating. Such a study will also be valuable in refining the project concept as to size, features and phasing.

The principal component of a pre-feasibility study is the Market Audit Appraisal, which would include (but not be limited to):

Market demand analysis (indicative)
- target markets and seasonality
- competitive analysis
- access and transport capacity
- positioning and pricing
- product features
- location dynamics
- indicative revenue streams.
Once through the screening process the developer will need to demonstrate the **financial viability** of the concept to his own satisfaction and to obtain approval in principle for project funding. A full-scale financial feasibility evaluation will be necessary. The principal demand features and consequent revenue streams, together with the capital, operating and marketing costs of the proposed development, need to be evaluated to justify an acceptable level of return on investment. Funding agencies typically require risk assessment.

**Economic impact analysis** should also be undertaken to identify and mitigate external costs to the local or regional economy in the area of downstream infrastructure and utilities demand, water requirements and solid waste disposal. Major projects by underpinning demand for utilities can provide a base for increased infrastructure capacity. Increased traffic generation by the project would need to be assessed to establish the adequacy of site and arterial access capacity. Identifying the potential foreign exchange earnings or substitution would assist the project qualification process.

### 14.4 Planning Guidelines

The **size, bulk and the intensity** of the development must relate to its physical and natural context. It must be sensitive and sympathetic to its setting and enhance the quality of life and urban and natural environment.

In **historic and sensitive** areas, the development must be in keeping with the general height, scale, grain and urban patterns using building materials and details that enhance the quality of townscape and urban environment.

Development **in the countryside** and in areas of outstanding natural beauty must be sensitive to the topography, terrain and ecology of the area. Particular attention must be paid to the outstanding features of the landscape, geology, trees and plants and use of local building forms and materials.

Great care must be taken in the design and layout of the **infrastructure** related to the development and in the location and layout of servicing, roads and car parking in order to minimize their impact on the landscape. Trees, planting, lighting, street lamps, public furniture and signposting are all important elements of the environmental design and should be carefully considered as an integral part of the overall development.

**Architectural design** of the development must seek creative inspiration from the particular local building forms, materials, crafts and environmental wisdom and know-how of the region.

It must encourage the development of **local** construction and use of materials, which is both innovative and sustainable and minimises waste, pollution and the energy used in the manufacture and transport of building materials.

Development as a whole must produce an **overall coherent and satisfying composition** based on balance, harmony of scale and proportions, and use of enclosure, shade, colour, texture, contrast and visual rhythm and focus.

Elements of architectural design must respond to the history, culture and climate of the area. Local material and architectural features – window and door details, perforated screens for privacy and air circulation, overhangs and use of shaded streets, courtyards and enclosures - can all help to produce an architecture which relates to the local **tradition**, is culture and environment-friendly and at the same time is **innovative**, appropriate and rich in visual experience and expression.

### 14.4.1 Sustainability

Development must respond to contemporary **needs** and aspirations and take into account not just the present but also the long-term sustainability of local economy, resources and employment.

Development must promote sustainable communities and lifestyles by encouraging buildings which are **long-lasting** and made of durable material, are environmentally conscious, are flexible and adaptable for future change, and which require less repair and maintenance. Wherever possible, materials must be re-used and recycled.
Development must make effective use of resources, encourage the use of renewable building materials and energy including the development of alternative, less-polluting energy sources such as solar, wind and hydrothermal.

### 14.4.2 Cultural Aspects

Like language, dress, food and poetry, a ‘sense of place and culture’ is important. Development must, therefore, express and reinforce the sense of history and cultural identity, and relate to the particular social and family tradition of the area.

Developments must take full account of the Saudi way of life, family structure and religious, social, cultural and leisure needs. Particular attention must be paid to the arrangement, sizes and heights of room, circulation, need for family privacy and orientation towards the Qibla. All major developments should include proper space for prayer and separate facilities for ablutions.

Specific attention must be paid to all sectors of Saudi society not just to families; in particular, the needs of bachelors and families should be addressed. There is a need for layouts and designs to address the needs of the disabled.

### 14.4.3 Economic Aspects

Development must encourage the regeneration of local economy, crafts and construction skills and the long-term care, conservation and management of the built and natural environment.

Development should not be isolated but integrated into the local economy and community. It must help develop local material and human resources for the overall economic welfare of the area and the region.

Particularly, attention must be paid in the development to the education and training of local people to enhance their sense of well-being and employment opportunities.

### 14.4.4 Landscape Planning Considerations

If the proposed site in an Area of Special Landscape Value (ASLV), extra levels of sensitive planning and design must apply. The proposals must not devalue the ASLV in any way.

If the site falls in one of the 30 Landscape Character Areas (LCA), which are distinct physiographic regions, then the layouts, shapes, hard materials and planting choices should reflect the characteristics of the LCA. Locally-occurring natural materials (stone, plants etc.) should be proposed.

The visual impact of the development (including potential views in and out of the site) must be considered during the planning process. The first views of the development as tourists approach are critical. Studies to establish if and how the proposals may break the skyline may be appropriate.

The way the development sits in the adjoining landscape is important; early studies are necessary to establish if the proposal will be sympathetic to its surroundings. Sections, elevations and photomontages may be used.

### 14.4.5 Infrastructure Considerations

The primary aim of infrastructure development will be to satisfy an identified demand, using appropriate design criteria, standards and service levels. The design of the infrastructure shall also ensure its engineering durability, economic viability, financial sustainability and its environmental and social acceptability.
14.5 Design Standards

As a general rule, all design and construction shall be undertaken to a standard equivalent to or better than the specification and standards of the General Specifications for Building Construction issued by the Ministry of Public Works & Housing.

14.5.1 Siting in the natural or urban environment

It is important to design tourism projects that can accommodate people whilst enhancing the environment. Developments should:

- preserve any distinctive natural features and make them accessible without destroying them
- use natural grades and waterways to contain new runoff introduced by the tourism development
- site buildings, circulation routes, landscaping, and water and power supply systems so that a minimum of earth and vegetation are disturbed.

14.5.2 Social and Cultural Issues in Design

Tourism developments must respect prevailing social and cultural conditions and in particular:

- ensure the absolute respect of sites of religious significance
- help maintain sites and ideas of historical and cultural significance, promote understanding of their significance through integration into the design

- design facilities so as to respect social norms, in particular the need for family privacy and decency
- where sports and other facilities are provided for youth, ensure they do not clash with the above.

Urban Patterns

Urban and architectural unity with neighbouring sites (and within the site) with respect to the ambient social, structural and climatic elements of the area should be preserved.

Orientation

All climatic, environmental and visual elements should be taken into consideration when planning and designing a project. Orientate streets on an appropriate axis so that the openings on the predominant sides of buildings face within 20° of North and South (depending on the microclimate).

Building Height

Tourism projects are often located in sensitive areas. Buildings should be low/medium in height (not more than 5 floors high) maximising views and ventilation; this issue applies both to the site internally and with its relationship with the sites which are adjacent.

Façade/ Openings

Patterns of windows, doors and other openings are important; where possible they should reflect local architectural traditions. Ambient structural and climatic elements should be taken into consideration when designing facades and openings. Natural ventilation, day lighting, and passive solar heating should be incorporated into building design. Form should follow function.
Urban Spaces

Consideration should be given in urban layout and building groups to the designing of public, semiprivate and private spaces. In addition, local solutions and traditions with regard to making use of open areas such as traditional atria and courtyards should be incorporated. Urban spaces of all types should respect social factors like privacy and climatic aspects.

Architectural Styles

Traditional building forms and techniques are important; traditional designs should be followed but interpreted in line with contemporary architecture. Pastiche should be avoided. In each region of the Kingdom of Saudi Arabia only appropriate local styles should be used.

Regional Cultural Heritage

Tourist projects in each of the Kingdom’s regions should reflect the diverse cultural heritage and society of that region.

14.6 Conclusion

- Apart from being financially and economically viable, tourism projects must also satisfy two other main objectives
  - minimise negative human and environmental impacts
  - apply the highest standards in planning, design and management.

- Towards this end the Plan has formulated development standards and design guidelines for the benefit of both developers and the regulatory authorities, including the SCT. These have been issued as separate documents, and have only been briefly and selectively outlined here

- Particular attention is paid to major tourism projects, for the identification of which certain thresholds have been determined

- The importance and role of EIAs, financial and economic feasibility studies, and adherence to basic planning and design principles have also been highlighted

- Appropriate legislative enactments are required to accommodate the proposed regulatory and institutional framework in respect of the planning, approval and monitoring of tourism projects, in particular the respective roles, functions and powers of the Local Authorities and the SCT.
15.1 Introduction

The international tourism industry is highly competitive, because by its very nature it is not protected by tariff barriers and similar restrictive trade practices. At the same time, the international leisure tourist is an experienced and sophisticated consumer, who makes discerning and demanding travel purchasing choices. This position is further bolstered by the enactment in many countries of stringent consumer protection legislation in recent decades.

The need therefore for quality assurance systems and standards (QASS) is as evident as it is indispensable: It is essential for competitive purposes at the level of both destinations and individual tourist products. It is also legally required and enforced under consumer protection legislation. The need for quality assurance systems and standards is no less urgent in the case of the Kingdom, where the consumer-tourist is fairly experienced and sophisticated and the promotion of the domestic tourism market is at the centre of the strategy for the development of the Kingdom’s tourism industry.

This section therefore deals with specific statutory and voluntary measures that need to be instituted by both the public and private sectors to ensure consistent maintenance and delivery of quality tourism products in the Kingdom. In this connection, the role of the Supreme Commission for Tourism is vital, and this is examined and defined together with an appropriate action plan.

15.2 Issues

In considering the subject of ‘quality assurance systems and standards’ it can be argued that quality levels should first be defined by means of standards, and that assurance can then be achieved by means of systems.

Within the context of quality assurance, standards can take one of two forms:

Minimum standards. As their name suggests, this is the minimum level which is deemed to be acceptable. Minimum standards are usually set for critical areas such as health, hygiene and safety, whereby there is a serious possibility of risk if the standards are not met. Minimum standards should be clearly defined and adhered to in order for an enterprise to be allowed to operate.

Discretionary standards. These vary and can be set at different levels to define various levels of quality. Unlike minimum standards, which have to be met, discretionary standards – which are usually set at a level above the minimum standards – do not have to be met in order to be legally entitled to trade.

Systems can be statutory or non-statutory:

Statutory systems are those which are enshrined in legislation and thus legally binding. Legislation may be general in nature, i.e. apply to the population or organisations as a whole, or they may be specific. Sector-specific legislation can take the form of a self-contained act (for example the Hotels Act), or it may be drafted as an adjunct to general legislation.

Non-statutory systems are not enshrined in legislation, but may take the form of a voluntary code of practice, of self-regulation, or operated by a commercial enterprise.

Registration and licensing

Registration and licensing are the most common, often statutory, methods of regulating minimum standards:

- registration, literally, is the process of enrolling onto a register; in this context it is with a view to notifying the authorities of one’s activities
- licensing is the process of obtaining permission to partake of a particular activity.
Although registration and licensing are quite distinct measures, they will frequently be tied-in to each other so that an enterprise is registered as part of the licensing process.

Classification and grading

Classification and grading are two quite distinct concepts, which, within the context of the tourism industry, are often confused and used interchangeably; classification is the process of grouping things together by type, but does not usually involve any element of grading, grading on the other hand is the process of assessing something and ranking it relative to other similar things; grading is best based on identifiable and measurable criteria, but can be subjective (e.g. the quality of food) or objective (e.g. the size of a bedroom).

In the context of the tourism industry, classification and grading are often rolled into one: most hotel classification systems give an indication of not only the range of facilities and services offered, but also of their quality, although the balance between the two is frequently unclear. Classification and grading systems can be either statutory or non-statutory.

15.3 The Situation in The Kingdom

15.3.1 The accommodation sector

The tourist accommodation sector in the KSA comprises principally hotels and furnished units, although further sub-sectors exist such as rest houses, hostels, etc. In the main body of this report hotels and furnished units are covered separately, although in practice there is a significant degree of overlap in the QASS issues for both sectors.

Accommodation is the most legislated of all the tourism sectors in the KSA, with at least 11 separate resolutions and decrees governing its operation.

Despite this, the planning team’s review of the legislation revealed weaknesses in the way it is structured:

- it does not properly define the sector and thus there is ambiguity as to what is covered by the legislation and what is exempt from it
- it makes frequent reference to ‘standard practices’ and ‘minimum standards’ without giving any indication as to what these might be or where they are drawn from
- it outlines a classification and grading system which is unclear and out of step with international practice
- it fails to define who is responsible for enforcing the legislation, how often inspections will take place, and what penalties are in force to punish offenders
- it does not provide any degree of consumer protection.

With regard to furnished units specifically, it is furthermore understood that the rules governing the registration and licensing of the sector have not been properly enforced and that in fact they have now largely fallen into disuse. As a result, the majority of furnished unit establishments are unlicensed.

With the exception of the internal standards and practices operated by the large international hotel operators, there is no evidence of any significant non-statutory quality assurance systems in the Kingdom.

15.3.2 The restaurant sector

There is only one piece of restaurant-specific legislation in the Kingdom, the ‘Manual of Health Prerequisites for large Restaurants, Kitchens, Snacks and Fast Food Restaurants, which deals principally with health requisites for food and beverage outlets in the Kingdom. The Manual Areas of weakness are:

- does not stipulate minimum qualifications or experience for staff handling food
although it does seek to establish some minimum standards, they are often ill-advised and poorly defined

it fails to provide adequate minimum standards for certain essential food handling procedures.

The research undertaken indicated that not all of the food and beverage outlets in the Kingdom were registered and licensed, implying that there is an issue with the monitoring and enforcement of the existing licensing process.

There is no official or statutory classification or grading scheme in place for restaurants, and no third party or commercial classification schemes. A small number of independent general tourist guides are beginning to appear, some of which include ‘where to eat’ sections listing selected establishments.

There is a very poor level of knowledge of health and hygiene standards amongst the owners and staff of the majority of outlets, although many of the large branded restaurant operators organise their own health and hygiene training.

There was general recognition that the health and hygiene inspections were of a variable (and often poor) standard, that the relevant ministries had severe staff shortages and that further training was needed for inspectors.

15.3.3 The visitor attraction sector

Only one piece of sector specific legislation has been identified, decree number 10K/F2/CD dated 1410 H, which provides a list of safety conditions and protective measures for public playgrounds and amusement parks. The legislation outlines a classification scheme for amusement parks based on the size of the amusement park it does not give consideration to other parameters such as its location, the type of facilities available, etc. Moreover, due to a lack of clear definitions it is unclear whether the legislation covers family entertainment centres.

The legislation does not appear to recognise the many other types of visitor attractions such as swimming pools, video arcades, zoos and other nature-based attractions, museums, arts venues, forts and palaces, etc.

Responsibility for licensing the various different types of visitor attractions listed above is split across various different ministries and completely uncoordinated:

- amusement parks can be licensed after inspection by the Civil Defence Department (CDD)
- privately-owned attractions need to be commercially registered with the Ministry of Commerce (MOC)
- those providing food and beverage need to be licensed separately by the Ministry of Municipalities and Rural Affairs (MOMRA)
- the Deputy Ministry of Antiquities and Museums (DMAM) of the Ministry of Education (MOE) is responsible for running all of the country’s museums; private operators who have important collections to show must also be licensed by the Deputy Ministry of Antiquities
- the Ministry of Agriculture and Water (MOAW) and MOMRA are both involved in the registration and licensing of zoos.

Because of the range of ministries and departments involved in the registration and licensing of visitor attractions, the range of bodies involved in monitoring and inspection is similarly spread. Based on interviews with a number of operators, the inspectors from the CDD are regarded as more professional, than other agencies.

According to the legislation that does exist, amusement park operators are required to provide basic health and safety training to their staff. Whilst there
is anecdotal evidence that some operators are providing the relevant training, it is unclear whether all of them are up to date with this requirement.

The quality of attractions is extremely varied. Some are members of the US-based International Attraction and Amusement Parks Association (IAAPA), which ensures high standards, or voluntarily adhere to international standards. Many however do not adhere to international standards and use second-hand equipment sourced from Eastern Europe or some Arab countries.

15.3.4 The travel agents and tour operators sector

The rules governing the operation of travel agents and tour operators are contained in two separate pieces of legislation: one covering the operation of aviation companies, travel and tourism companies and cargo agencies, and another dealing specifically with the regulations for Umrah operators.

- the legislation empowers two completely separate ministries to licence travel operators and makes no attempt to ensure any consistency of approach between the two

- the legislation for ‘general operators’ relates to ‘tourism and travel companies’ in general and does not either define or differentiate between travel agents and tour operators

- neither set of regulations makes any stipulation as to the experience, qualifications or general abilities of the owners or staff of these tourism and travel companies

- the main criteria for licensing, at least for ‘general operators’, appear to be the availability of a suitable bank guarantee.

There appears to be no separate licence for tour operators: most companies involved in tour operating do so on the strength of their travel agency licence, but if one is not licensed as a travel agency it is not possible to acquire a licence just to operate tours.

The planning team’s research uncovered anecdotal evidence that there are a number of unlicensed travel agents operating in the Kingdom and that these rogue operators are damaging the image of the industry in the country. Additionally, it is understood that even in some of the licensed agencies, some operators do not have properly qualified or experienced management and staff, adopt poor managerial methods and they do not have adequate reservation systems.

Travel agents and tour operators are currently subject to many inspections from a range of different official bodies, mostly concerned with checking that all of the appropriate permits are in place, or with levying fees.

Saudi Arabian Airlines (Saudia), as the KSA’s national carrier, is strongly involved in the activities of most travel agents and tour operators in the Kingdom, and regularly visits operators to train and inspect agency staff with a view to ensuring high standards.

Although there are a number of internationally based trade and professional associations for travel agents and tour operators, even the most widely recognised one in the Kingdom, the International Air Transport Association (IATA), has only 411 members from the KSA out of a total of 1,100 licensed agents. Current legislation does not address the issue of consumer protection.

15.3.5 Other sectors

Over and above the aforementioned ‘main’ components of the tourism industry (namely accommodation, restaurants, visitor attractions and travel agents and
tour operators) there are a number of less well defined sub-components which also form part of the tourism product. These include:

- car rental
- boat hire
- jet-skiing
- desert trekking
- paragliding
- money exchange
- the production and sale of souvenirs
- fishing
- bus operation
- quad biking
- scuba diving
- sand-skiing
- tourist guides
- taxi services
- the production and sale of handicrafts
- falconry

Because of time and cost constraints, only a sample of three of these other sub-sectors or activities, namely scuba diving, desert trekking and tourist guides have been examined. It is, however, recommended that the SCT should consider the possibility of looking into QASS for a number of the other components listed above.

Scuba diving is the only one of the three for which specific legislation exists in the Kingdom: it is reasonably detailed and requires all divers wishing to dive in Kingdom’s waters to obtain a licence from the Ministry of Interior. Unlike in many other countries, the holding of a Professional Association of Diving Instructors (PADI) or National Association of Underwater Instructors (NAUI) diving certificate is not sufficient to allow one to dive in KSA waters.

There appears to be no legislation governing either desert trekking or tourist guides. It is understood, however, that every year there are occasions of accidental death from exposure whilst on a desert trek. During the course of the research for this part many complaints were raised about the lack of professionalism of tourist guides in the Kingdom.

15.4 Options

In order to identify possible courses of action for the Kingdom, a review of best practice was undertaken for each of the main sectors discussed above. The key findings are summarised below:

15.4.1 The accommodation sector

Best practice was reviewed in three countries, namely the UK, France and Jordan. Research was focused principally on hotels.

Registration and licensing

In the UK, prospective hotel operators are required to fulfil a large number of statutory obligations, contained within a wealth of different pieces of legislation, some general, some hotel-specific.

In France hotels do not need to be licensed, however, prior to opening, all hotels need to be certified by the Commission de Sécurité who undertake various checks, mostly concerned with the safety of the building.

In Jordan hotels require a licence to operate, issue of which is dependent principally upon the safety of the building.

Classification and grading
The UK does not operate a compulsory statutory grading system for hotels, although the National Tourist Boards (which are statutory bodies) do operate a voluntary scheme. Additionally, a number of commercial organisations operate independent schemes, the two main ones of which use one to five star rating systems, which have now been largely harmonised, along with the National Tourist Board schemes.

In France there is no statutory classification and grading scheme, however, there are a number of voluntary schemes. The most widely recognised scheme is that operated by the French hotel association, which also grades hotels using a one to five star rating system, although it is slightly different to the star rating scheme used in the UK.

In Jordan the main hotel classification and grading scheme is operated jointly by the Jordan Hotel Association and the Ministry of Tourism. Once again, the scheme uses a one to five star rating system.

15.4.2 The restaurant sector

The best practice review for this sector focused on the UK, France and Switzerland:

- the licensing of restaurants and fast food outlets is highly fragmented in all three countries but is always operated by an arm of the local authority
- legislation outlines general obligations on food safety and specific rules relating to food hygiene practice
- none of the countries reviewed operated any statutory system of classification and grading; instead, a range of voluntary systems were operated, often free of charge, by the private sector (the most widely established restaurant grading system is that operated by the Michelin guide).

15.4.3 The visitor attractions sector

The operation of visitor attractions was reviewed in the UK, the UAE and the USA.

Registration and licensing

In the UK and the USA there is no statutory registration and licensing process per se, however, attractions are bound to adhere to all relevant general legislation such as general health and safety-at-work regulations, fire safety regulations, disability access regulations, etc.

The English Tourism Council (ETC) operates a scheme called the Visitor Attraction Quality Assurance Scheme (VAQAS) which is a non-statutory scheme developed to encourage best practice across the visitor attractions sector. The Scottish Tourist Board (STB) operates a similar scheme. Although the schemes are voluntary, affiliation to them requires compliance with a number of standard requirements including those contained within the British Tourist Authority’s (BTA) Visitor Charter, and those of the National Code of Practice for Visitor Attractions.

In the US, the International Association of Amusement Parks and Attractions (IAAPA) is the world’s largest amusement park trade association. It is a US-based organisation serving a worldwide membership, however, the majority of its 5,600 members are from the US. Operators of visitor attractions wishing to register with IAAPA are required to adhere to a strict code of ethics.

In the UAE visitor attractions require a commercial licence issued by the Department of Tourism and Commerce Marketing; additionally attractions must register with the Chamber of Commerce and Industry.

Classification and grading

The ETC, as part of the VAQAS initiative, operates a classification system for visitor attractions, which identifies 14 separate types of attraction. Once
registered with the scheme, attractions receive a visit from the ETC and are assessed based on industry benchmarks. It should be noted that the ETC’s VAQAS scheme does not grade attractions; it either accredits them or it does not.

The Scottish Tourist Board operates a similar, but separate and slightly different scheme to VAQAS for visitor attractions in Scotland. The principal difference between the ETC and STB schemes are that the Scottish scheme differentiates between slightly fewer types of attraction (it identifies 11 compared to the ETC’s 14) and most importantly it does grade attractions based on the standard of facilities and services offered, using a five-tier star-based system reminiscent of the most common hotel classification schemes.

Despite being the only one of the countries reviewed to require a licence to operate a visitor attraction, the UAE does not operate any form of classification or grading scheme for such enterprises.

Although there is no statutory classification and grading of visitor attractions, IAAPA classifies visitor attractions into four separate types: amusement parks, water parks, family entertainment centres and attractions. IAAPA does not generally grade visitor attractions, however, it does operate various award schemes to recognise outstanding attractions.

15.4.4 The travel agent and tour operator sector

The operation of travel agents and tour operators was reviewed in Germany, Turkey and the US.

Licensing and registration

Licensing and registration of travel agents and tour operators in Germany is similar to that of any other company; they require registration with the local Trade Office, the professional trade association (in this case the German Travel Association) and the local Chamber of Commerce. They also need to be registered with the local tax office for tax purposes. In addition to those legal requirements, in order to be able to operate they will need to obtain retailer appointments from the large German tour operators such as TUI, affiliated to IATA for the sale of scheduled airlines, and with DB/DER (the German railways) for the sale of rail tickets.

In Turkey, travel agencies require a licence from the Ministry of Tourism and are also required to register with TÜRSAB, the Association of Turkish Travel Agencies. TÜRSAB works in conjunction with the authorities to promote best practice amongst travel agents for the development of tourism.

In the US, a licence to operate a travel agency is required from the local court house; licensing criteria differ slightly in each state. Many operators also choose to become affiliated to the American Society of Travel Agents (ASTA). A licence is not required to operate as a tour operator, however, in order to qualify for membership of the United States Tour Operators Association (USTOA), the trade association representing the tour operator sector, operators must meet certain criteria and adhere to the association’s strict code of ethics.

Classification and grading

Germany does not operate any form of classification or grading scheme for travel agents and tour operators.

In Turkey, members of TÜRSAB are classified into one of three categories dependent on the range of services they offer.

In the USA, agents and operators are also classified by the various trade associations according to the range of services they provide. Different associations recognise different levels of operator.

15.4.5 Other sectors

Scuba diving is an activity, which is very popular around the globe, and there are a great many national and international associations and clubs representing the sport.
The two most recognised associations internationally are PADI and NAUI, which have evolved and developed to such an extent that they have effectively become internationally recognised as the two main governing bodies for the sport. Their regulations, standards and training (certification) are recognised, between them, in most countries across the world. Diving is invariably co-ordinated through local diving clubs, and these clubs must be affiliated to either PADI, NAUI, or the local national equivalent if it exists. In most countries with a developed water-based tourism economy, diving for leisure or tourism purposes does not require a diving licence, but a recognised diving qualification, which can be either the local qualification or a PADI or NAUI certificate.

Desert trekking does not generally appear to be legislated, although various organisations produce safety guidelines.

In most developed tourist countries tourist guides are licensed and must undertake extensive training. Licensed tourist guides are usually required to demonstrate linguistic competence and knowledge of the history, geography, art, architecture, economics, politics, religion and sociology (as appropriate) of the area or subject for which they are qualified. There are a number of national and international professional tourist guide associations and these are usually very active in promoting professionalism and the highest standards amongst tourist guides.

### 15.5 Future Actions

#### 15.5.1 General recommendations

- Legislation should be changed to require that all tourism enterprises be registered and licensed:
  - Registration will facilitate the maintenance of a comprehensive database of tourist facilities.

- Licensing will provide the first step towards quality assurance

- Tourism Licensing Committee should be set up by the SCT to administer the registration and licensing of all tourism enterprises. The committee should be a one-stop-shop:
  - It should be a repository for all legal information relating to the sector, including a clear list of the requirements for the registration and licensing of new tourism enterprises
  - It should be the main point of contact and reference for all prospective and existing operators of tourism enterprises
  - It should be the sole licensing body for all tourism enterprises

- A Tourism Inspectorate should be established to monitor and enforce the registration and licensing process. This should comprise:
  - Licence Inspection Task Force
  - Classification and Grading Inspectorate

- Legislation should be introduced to allow the formation of professional and/or trade associations similar to those prevalent elsewhere around the globe. The primary purposes of these associations would be to:
  - Promote increased professionalism within the tourism industry
  - Be the main driver of improvements in consumer protection

- To this end, and in line with most other trade and professional associations worldwide, they should be:
management and accountability should be independent of both the SCT and the government, but recognised by them
- managed entirely by its members
- act as a communication channel between the tourism industry and the Government

- tourism education and training up to university level should be strengthened to:
  - improve the level of technical and management expertise
  - raise the profile of the tourism industry
  - act as a centre of excellence in the field of tourism.

15.5.2 Sector-specific recommendations

15.5.2.1 The accommodation sector

- the accommodation sector should, in the first instance be categorised, to identify and clearly define what different types of tourist accommodation exist. Hotels in particular and furnished units are two obvious main categories, however, there are others and these should be clearly defined.

- all forms of tourist accommodation should be registered and licensed, including not just hotels and furnished units, but all other types as defined through the categorisation process as recommended above.

- all forms of tourist accommodation should be registered and licensed including not just hotels, but furnished units, rest houses, youth hostels, etc

- licensing requirements should stipulate minimum criteria for key staff
- minimum health and hygiene requirements should be reviewed, especially with respect to food handling and built into the licensing requirement
- general and fire safety standards should be reviewed to reflect the particular dangers associated with the accommodation of people in unfamiliar surroundings
- the two existing hotel classification and grading systems should be replaced with a new, clearly-defined, five-tier star-based system adopting criteria that reflect international standards
- the existing three-tier classification system for furnished units should be replaced with a five-tier system similar to the proposed hotel system
- the industry itself should be consulted in the determination of the criteria for classification and grading, through the involvement of the hotel and tourist accommodation committee of the Chambers of Commerce, and eventually of the proposed trade associations
- generalised statutory pricing controls should be discouraged, however, a degree of price regulation may be required in the holy cities of Makkah Al Mukaramah and Madinah Al Munawarah.

15.5.2.2 The restaurant sector

- development of clear definitions as to what constitutes a restaurant in legal terms
- set clear health and hygiene standards that reflect international practice, without being too prescriptive or restrictive
clarify exactly who will be responsible for monitoring and enforcing the legislation

- outline exactly what penalties will be applied to operators who fail to comply with the appropriate standards and how the system of penalties will be enforced
- avoid statutory classification or grading system for restaurants, instead, follow non-statutory classification system
- encourage the emergence of commercial, non-statutory classification through restaurant guides
- raise the profile of the tourism industry by means of a public awareness campaign designed to highlight the long-term investment opportunities available in catering.

15.5.2.3 The visitor attraction sector

- introduce a simple classification system to help increase public awareness of visitor attractions in the Kingdom; this could differentiate between attractions which offer pure fun (such as amusement parks), those which offer high culture (eg museums) and those which provide a combination of fun and culture (eg zoos)
- stipulate that the granting of licences for visitor attractions will be dependent upon proof of adherence to all relevant general legislation
- clarify the responsibility and accountability for the safe operation of attractions
- require that all ride equipment be subject to daily inspection and that a full log of inspections be maintained and available for inspection without notice by the CDD and Tourism Inspectorate inspectors
- require that all equipment be subject to an annual service check by either the original manufacturer or the Tourism Inspectorate
- require that proper minimum and maximum weight and height restrictions be enforced as per equipment manufacturer’s instructions
- require that adequate safety equipment be provided and maintained, as per the manufacturer’s recommendation, free of charge
- require that suitable barriers be maintained and in place to separate wild animals from visitors
- allow longer opening hours for visitor attractions
- introduce family days for visitor attractions and other days for singles
- extend the standard period for government leaseholds.

15.5.2.4 The travel agent and tour operator sector

- simplify the licensing of travel agents and tour operators by making the Tourism Licensing Committee responsible for licensing all operators including prospective Umrah operators
- require all Kingdom-based internet travel agents to be licensed in the same way as normal agents
- establish a national association or organisation of travel agents to set standards by means of a code of practice
GENERAL STRATEGY

SECTION

QUALITY ASSURANCE SYSTEMS AND STANDARDS

- encourage the professional organisation to include voluntary consumer protection measures as part of its code of practice
- champion the cause of general consumer legislation
- increase the number of organisations able to issue or sponsor tourism visas
- relax the visa requirements for certain categories of tourists and consider abolishing visas for foreigners permanently resident in other GCC member states.

15.5.2.5 Other sectors

- revise existing scuba diving legislation to allow PADI and NAUI certified divers to dive without the need for further licensing
- require all scuba diving school operators and scuba diving equipment suppliers catering to the tourist/leisure market to be licensed by the Tourism Licensing Committee
- issue clear safety guidelines for desert trekking
- require all commercial desert trek operators to be licensed and follow safety guidelines
- require all tourist guides to be approved by the Tourism Licensing Committee
- agree a code of practice along the lines of those of the international federations
- introduce formal training and qualifications for tourist guides.

In the following table an outline action plan is presented summarising all of the main recommendations made above. A more extensive action plan with additional, more detailed action points, highlighting priority levels for each point, and main focus of responsibility is incorporated in Part V of this report.

Table 15.1: Summary of action plan for quality assurance system and standards

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<td>Review licensing procedure</td>
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<td>Establish clear licensing requirements</td>
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<td>General licensing requirement</td>
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<td>Put in place legislation requiring all forms of tourism enterprise to be licensed tourism licensing law</td>
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<td>Specific requirements for Accommodations sector (applies to hotels, furnished units and all other sub-sectors)</td>
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<td>Specific requirements for Restaurants sector</td>
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<td>Specific requirements for Visitor attractions sector</td>
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<td>Specific requirements for Travel agents and tour operators sector</td>
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<td>Specific requirements for desert trekking sector</td>
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<td>Establish a Tourism Licensing Committee (TLC)</td>
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<td>Transfer licensing of each sector to TLC</td>
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<td>Establish a tourism licensing inspectorate</td>
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<td>License inspection and monitoring taskforce</td>
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<td>Classification and grading inspectorate</td>
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### Quality Assurance Systems and Standards

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<th><strong>GENERAL STRATEGY</strong></th>
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<td><strong>Compile master register of tourist accommodation</strong></td>
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<td><strong>CLASSIFICATION AND GRADING</strong></td>
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<td>Categorise tourist accommodation</td>
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<td>Introduce/revise classification &amp; grading system for each category of tourist accommodation</td>
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<td>Outline general classification framework</td>
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<td>Revise hotel classification system</td>
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<td>Revise furnished units classification system</td>
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<td><strong>Establish classification system for other categories of tourist accommodation</strong></td>
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<td><strong>RESTAURANTS</strong></td>
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<td>Encourage issuance of restaurants manuals</td>
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<td><strong>VISITOR ATTRACTIONS</strong></td>
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<tr>
<td>Establish classification system for visitor attractions</td>
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<td><strong>PROFESSIONAL AND TRADE ASSOCIATIONS</strong></td>
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<td>Clarify the position with regard to associations and how they could be structured within the context of the Kingdom’s policies</td>
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<td>Clarify the current position in KSA with regard to associations</td>
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<td>Review the legal structure, purpose and function of trade and professional tourism-related associations in other countries</td>
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<td>Outline an acceptable framework for associations functions &amp; activities in the Kingdom</td>
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<td><strong>Consider suggestions regarding legal basis</strong></td>
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<td>Establish associations</td>
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<td><strong>STAFFING ISSUES</strong></td>
<td></td>
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<tr>
<td>Quality of staff</td>
<td></td>
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<tr>
<td>Staff management</td>
<td></td>
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<tr>
<td>Training</td>
<td></td>
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<tr>
<td><strong>Set national training standards</strong></td>
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<tr>
<td>Enforce national training standards</td>
<td></td>
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<tr>
<td>Establish a National Tourism University</td>
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<tr>
<td><strong>STAFF AVAILABILITY</strong></td>
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<tr>
<td><strong>VISAS</strong></td>
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<tr>
<td>Relax the rules governing tourist visa for certain tourist categories</td>
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<tr>
<td>Abolish tourist visas for foreign residents permanently resident in other GCC states</td>
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<tr>
<td>Consider removing visa requirement for certain other specific source markets</td>
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<tr>
<td>Facilitate the issuing of tourist visas</td>
<td></td>
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<tr>
<td><strong>OTHER ISSUES</strong></td>
<td></td>
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<tr>
<td>Price regulations for tourist accommodation</td>
<td></td>
</tr>
<tr>
<td>Operating costs for visitor attractions</td>
<td></td>
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<tr>
<td>Ease scuba diving restrictions</td>
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</table>

The establishment of effective QASS for the tourism industry requires the SCT to play a pivotal role, the key aspects of which will be:

- streamlining and expansion of the entire regulatory framework
establishment of the necessary institutional and technical capability for the proposed QASS, which centres on the Tourism Licensing Committee and the supporting Inspectorate; the setting up of a one-stop shop for licensing purposes.

- focusing on the core tourism sectors of accommodation, travel agencies and tour operators, visitor attractions, and tourist guides
- effect improvements in general QASS through close co-operation with related public sector agencies
- co-operate with private sector bodies with a view to instituting voluntary systems

15.6 Role of SCT

- of industry regulation
- act as an advocate of product quality improvements across all sectors of the tourism industry, notably in areas outside its legal and administrative jurisdiction.

15.7 Conclusion

- Quality assurance standards and systems in tourism are necessary for competitive and legal liability reasons
- Both statutory and voluntary (industry self-regulation) quality assurance systems can be used, with registration, licensing, classification and grading being the commonest types
- The overall regulatory framework for the main sectors of the tourism industry in the Kingdom (accommodation, restaurants, attractions, travel and tour services etc) is incomplete and inadequate. It requires updating, streamlining and expansion
- Registration and licensing should be required of all tourism establishments in the Kingdom. Towards this end, a suitable machinery is recommended centring on a National Tourism Licensing Committee
- Classification and grading should be applied selectively, as is the case of the existing hotel classification system, which requires major improvements
• Establishment of trade associations would be useful in the effort to both instill quality standards and to monitor and enforce them through voluntary regulation.

• The SCT will have to play a central role in the establishment of effective quality assurance systems and standards for the Kingdom’s tourism industry, by:
  - co-ordinating and leading other public sector agencies with an involvement in tourism
  - taking over certain existing regulatory functions now vested in other government agencies, such as hotel licensing and classification from the Ministry of Commerce
  - co-operating closely with the private sector
  - setting up the Tourism licensing Committee and related inspectorates.
16.1 Introduction

Tourism, as a predominantly private sector, is a labour intensive industry, and has a significant contribution to make at all levels (national, regional and local) in generating employment by providing additional demand for local produce and services. Furthermore the generation of employment opportunities as a result of tourism development plays an important role in the strategy to diversify the economy as well as the process of Saudisation of the Kingdom’s workforce.

Therefore employment of Saudi nationals into the tourism sector and their preparation for this purpose will be a key element in the tourism human resource strategy under this Plan. The sector will need to be looked upon as one offering career opportunities and advancement. The development of the tourism superstructure will create those employment opportunities in addition to commercial opportunities for small and medium-sized business enterprises.

The principal aim of this section is to gain a clear understanding of the present and potential future state of tourism employment in the Kingdom in order to aid the tourism planning process in response to the Plan’s human resource requirements. This section will explore some of the underlying issues relating to the employment of Saudis in the tourism industry and propose actions to prepare the labour market for the tourism sector.

16.2 Approach

In order to achieve this aim, the following main tasks were undertaken:

- evaluation of the present state and characteristics of the tourism workforce and identification of key related issues, including Saudisation
- conduct of a survey of the tourism workforce focusing on Human Resource Development (HRD) issues
- forecasting of future tourism workforce requirements to the year 1441 H (2020 G). As part of this process, several visioning workshops to assess key issues impacting human resources within the Kingdom’s tourism industry were also conducted
- a best practice review of key activities such as education and training methods, government incentives to encourage investment in human resources, qualification and accreditation systems for tourism occupations and monitoring and evaluation systems.

16.3 Employment Trends and Characteristics in The Kingdom

The Seventh Development Plan aims to promote the Saudisation of the workforce, whereby Saudis fill more jobs than non-Saudis. This is a sensible policy as approximately 100 thousand Saudi nationals are entering the labour market every year. It gains added importance given the fact that the lack of appropriate job opportunities for nationals is regarded as a source of discontent among the younger generation. The rate of those seeking jobs is relatively high, especially for 20-29 year olds. Saudis have a tendency to regard their work in tourism as a ‘job’ rather than a vocation or means to career development. They are reported by employers to frequently leave their jobs without giving adequate notice to employers, when a better offer is received.

16.4 Tourism Employment Trends and Characteristics

The composition of the different nationalities employed has undoubtedly given the services industry in the Kingdom a unique character and quality. This is attributed to the fact that approximately one third of expatriates who come to
this country are already trained and qualified elsewhere, while the remainder are on-job trained in their establishments or by contract trainers. The tourism industry and in particular the hospitality sector in the Kingdom is currently mainly staffed by non-Saudi employees. In a traditional society, people tend not to value employment in tourism activities and the tourism industry regarding customer contact as ‘servitude’. Low remuneration and shift duty hours, are other key factors which restrict the involvement of Saudis in the tourism sector.

There is an apparent lack of qualified Saudis for the tourism sector, which when coupled with the acute shortage of formal training institutions, is certainly a key challenge in terms of the human resource development and rapid Saudiisation of the tourism workforce in the Kingdom.

There are a number of structural features of the workforce that are likely to have an effect on the participation targets and employment expectations of Saudis. Not least of these is the dual labour economy that presently operates, whereby a massive number of foreign workers from South and Southeast Asia constitute the great bulk of the workforce, with average wages and salaries that are not geared to Saudi cost of living standards and social expectations.

There seems to be a somewhat paradoxical situation in which Saudi Arabia finds itself. On the one hand, there is an economy in which the private sector is creating employment through enterprise and a population boom which has the potential to supply the required workforce to fill the new job opportunities. On the other hand, the employment structure and education system do not fully respond to the needs of the labour market. In the case of the tourism industry the situation can be summarised as follows:

- a school curriculum which does not recognise the world of work; if the links between vocational secondary school and tourism industry are tenuous
- complete absence of mechanisms by which school age children receive advice about careers and occupations, i.e. total lack of awareness on careers in the tourism industry
- the existence of a low wage structure in the tourism sector in a high cost economy and society
- the paradox of high unemployment, notably among the youth, coupled with an expectation of highly paid, ‘white collar’ jobs.

There can be little doubt that factors such as these can contribute to social unease and feelings of dissatisfaction with the current Tourism employment situation. The present tourism industry does not have the potential to act as a model for the rest of the economy in helping to resolve all these issues.

The main challenges facing the tourism sector will be, first, to persuade society that employment in tourism and its various sectors is worthwhile, with the potential for attractive career progression, and secondly, to ensure that the compensation and other rewards are adequate to attract Saudis into tourism professions.

16.4.1 Estimates of the Current Tourism Workforce

It is necessary to estimate direct and indirect employment in the tourism sector for the year 1421 H (2000 G). Obtaining data on the tourism workforce has proved problematic, due to the fact that it is not a cohesive sector where official statistics can be found in one place. Conventional employment ratios have been used to estimate employment levels in tourism, as outlined in table 16.1:

| Table 16.1: Room / employee ratio as per conventional standards |
16.4.2 The Tourism Workforce Forecasts 1421-1441H (2000 – 2020G)

Table 16.2 sets out the forecasted tourism workforce by main sector and by five-year intervals.

**Table 16.2: Projected direct and indirect employment levels in the tourism sector**

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</thead>
<tbody>
<tr>
<td>Hotels</td>
<td>65692</td>
<td>75183</td>
<td>86045</td>
<td>98476</td>
<td>112704</td>
</tr>
<tr>
<td>Furnished apartments</td>
<td>16020</td>
<td>24665</td>
<td>37965</td>
<td>58468</td>
<td>90020</td>
</tr>
<tr>
<td>Restaurants</td>
<td>83418</td>
<td>104256</td>
<td>128260</td>
<td>155070</td>
<td>183658</td>
</tr>
<tr>
<td>Travel agents &amp; tour operators</td>
<td>11519</td>
<td>14397</td>
<td>17711</td>
<td>21413</td>
<td>25361</td>
</tr>
<tr>
<td>Recreation &amp; tourist attractions</td>
<td>54503</td>
<td>68118</td>
<td>83801</td>
<td>101318</td>
<td>119997</td>
</tr>
<tr>
<td>Airlines</td>
<td>24000</td>
<td>29995</td>
<td>36901</td>
<td>44615</td>
<td>52840</td>
</tr>
<tr>
<td>Sub-total</td>
<td>255152</td>
<td>316614</td>
<td>390694</td>
<td>479361</td>
<td>584580</td>
</tr>
<tr>
<td>Indirect employment</td>
<td>382,728</td>
<td>474,922</td>
<td>586,041</td>
<td>719,041</td>
<td>876,870</td>
</tr>
<tr>
<td>Total</td>
<td>637,880</td>
<td>791,536</td>
<td>976,735</td>
<td>1,198,402</td>
<td>1,461,450</td>
</tr>
</tbody>
</table>

*Source: The SCT and International Consultants.*
As can be seen from the above table:

- present direct and indirect employment in the tourism industry, based on the same method, is estimated at 638 thousand for the year 1421 H (2000 G)
- projected direct and indirect employment for the year 1426 H (2005 G) is estimated at 792 thousand
- projected direct and indirect employment for the year 1431 H (2010 G) is estimated at 977 thousand
- projected direct and indirect employment for the year 1436 H (2015 G) is estimated at 1.2 million
- projected direct and indirect employment for the year 1441 H (2020 H) is estimated at 1.5 million.

The current levels of tourism employment and future forecasts indicate an industry, which will potentially create relatively high levels of employment. In order to mobilise such a volume of human resources the need for education and training initiatives is paramount.

16.5 Tourism Education and Training

There are at present 12 private and public sector tourism education and training institutions in the Kingdom of various levels and standards, offering education and training courses ranging from one-month ad-hoc informal courses to five-year undergraduate degree level. However, there are no mechanisms or systems for giving career advice in the tourism and hospitality sector to motivate those interested in selecting the path of tourism or hospitality as a career. These mechanisms exist in numerous tourist destination countries where training centres, institutes and apprenticeship establishments offer skilled careers in various professions. These countries further have different levels of schools, post-secondary technical institutes and universities, which offer diploma and degree courses in tourism and hospitality, incorporating both theory and practical training. All institutions in these countries are fully equipped with in-house laboratories and workshops for practical training.

The training gaps in the tourism sector of the Kingdom can be identified as:

- lack of public awareness on the potential for careers in the sector
- lack of awareness in schools and a need for broadening of the curriculum to orient students towards private sector careers in general and tourism in particular
- school-to-work-transition programmes that include school-based learning about work ethics and attitudes to employment and generally assisting young students in becoming both employable and promotable in their chosen career field
- non-availability of specialised tourism training programmes for tourist guides
- non-availability of specialised training programmes for creative professions such as chefs and pastry chefs etc.

16.6 Future Education Requirements

Given the potential employment opportunities the tourism sector is likely to create, the following table 16.3 highlights the training requirements for Saudi nationals to the year 1441 H (2020 G). These figures have been calculated based on the percentage of employment in each Job classification considering the standards of the International Labour Organization (ILO).
Table 16.3: Training requirements - by job classification

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</tr>
</thead>
<tbody>
<tr>
<td>Management, administration, finance and accounts</td>
<td>4,793</td>
<td>5,615</td>
<td>7,614</td>
<td>9,844</td>
</tr>
<tr>
<td>Commercial and sales</td>
<td>2,048</td>
<td>2,318</td>
<td>2,841</td>
<td>3,388</td>
</tr>
<tr>
<td>Front office operations</td>
<td>1,629</td>
<td>2,428</td>
<td>3,794</td>
<td>6,201</td>
</tr>
<tr>
<td>F&amp;B supervisory operations</td>
<td>2,097</td>
<td>3,066</td>
<td>4,939</td>
<td>6,630</td>
</tr>
<tr>
<td>Housekeeping and general cleaning operations</td>
<td>1,448</td>
<td>2,706</td>
<td>5,017</td>
<td>8,925</td>
</tr>
<tr>
<td>Kitchen (food production) management and logistics</td>
<td>794</td>
<td>1,340</td>
<td>1,942</td>
<td>2,933</td>
</tr>
<tr>
<td>Guides</td>
<td>173</td>
<td>166</td>
<td>185</td>
<td>197</td>
</tr>
<tr>
<td><strong>Training requirements</strong></td>
<td>12,982</td>
<td>17,640</td>
<td>26,332</td>
<td>38,118</td>
</tr>
</tbody>
</table>

Source: The SCTand International Consultants.

Based on the results presented in the above table, it can be argued that by the year 1441 H (2020 G) there will be a need for establishing 48 institutions, for developing 381 specialized technicians, 576 instructors for teaching different curriculum and 191 class rooms to meet the training and education needs of the Saudi workforce. It should however be noted that training in the area of tourist attractions and recreation outlets is not included. This is usually an inhouse training responsibility, and it is unlikely that specialised training institutions will be set up in the Kingdom in the foreseeable future for this purpose.

### 16.7 Perceptions of Tourism Employment

Prejudice in regard to the tourism professions has already been mentioned as one cause, and it may be the basic cause, of the recruitment problems regularly found in countries developing tourism. There is a tendency to exaggerate the drawbacks, which probably stems from a certain ignorance of the actual nature of the various jobs. Because, at first sight, certain tasks seem somewhat uninviting, people tend to jump to the conclusion that working conditions as a whole in these sectors are unpleasant.

In actual fact, there are two types of drawbacks:

- Drawbacks which, though undoubtedly unpleasant and may at times interfere with family life, the daily hours of work, the seasonal nature of employment, the clash between days off and public holidays and the physical strain involved in certain tasks. The alleged strenuousness of these tasks is often exaggerated. It seems unlikely that such drawbacks are the cause of serious misgivings, particularly since employers are usually willing to offer palpable material advantages to make up for them.

- Drawbacks which many people regard as cultural difficulties arising in certain jobs, especially in the hospitality jobs, from contacts with the clients. This is often the reason for reservations noted in regard to this industry. This is a certain feeling of servitude, which provokes a general tendency to shy away, even though in reality there are few tasks likely to cause this feeling.

Urgent action is essential to address and modify these perceptions, since the shortage of qualified staff is widespread. It is a paradoxical fact in the
16.7.1 Means of remedying the situation

A plan of action is needed and it will have to take account of the existing educational, tourism and hospitality structures, and the psychological and socio-cultural climate. But whatever the diversity of situations and means, the effectiveness of the programme will depend on two vital conditions: first, that it combines a variety of efforts by the various parties involved in it and, second, that the notion of continuity be inherent in it.

First, all sectors of the tourism industry will be asked to give their support to implementing the programme. The aid solicited would essentially take the form of a financial contribution or services given free of charge. This assistance might be more readily given if those concerned have been associated in the preparation of a campaign from which they would ultimately benefit. It would be useful to include trade associations, where the importance of tourism development can have an influence on the social climate. Secondly, it is necessary to awaken the interest of the public at large in tourism and hospitality activities, and also change the distinctly unfavourable current opinion. There is a need to attract candidates and strengthen training facilities, and also to make use of these facilities to provide personnel skills and qualifications.

This should be treated as a long-term objective. On the one hand, hotel and tourism training programmes are spread over a number of years and involve a parallel progression in the number of posts to be provided; on the other hand, the training of skilled personnel for supervisory and managerial posts takes between two and four years of theoretical work and from six months to two years of practical work.

16.7.2 Main objectives of the proposed programme

The aim is to publicise the career opportunities offered in the hospitality and tourism sectors and the various ways of taking advantage of them. To dispel all or most of the prejudice, it is necessary to show clearly what the work is really like.

The critical attitude and negative perceptions of jobseekers towards certain occupations especially in the context of unfavourable socio-cultural patterns cannot be denied. Action which needs to be taken jointly by authorities, hotel schools, hotel establishments, tourism organisations and trade associations should thus always avoid exaggeration and show the drawbacks as well as the advantages in their true light. Two main types of action should be distinguished, action in schools and action through the mass media.

16.7.2.1 Action in schools

In order to influence students, the assistance of school teachers and vocational guidance counsellors is necessary. In some countries seminars for vocational guidance counsellors have been organised to draw their attention to the numerous career opportunities for young people in the hotel industry and tourism and to improve and update their knowledge of basic jobs and the promotion possibilities after training. To give an example, the standard job pattern in the hospitality industry, mainly in the multinational properties comprises some 200 listed jobs excluding auxiliary activities, which are specific to the tourism industry.

The publication of special brochures is of the utmost importance - a brochure on training facilities, a general brochure on careers in the hotel industry and tourism or, better still, one for each branch (administration, front office and food and beverage, agencies counter clerks, local and regional guides, sales promotion officers, recreation officers for tourism, etc). These brochures can be supplemented by individual job description cards. All this documentation can be used for information in employment offices, school vocational guidance offices and trade associations.
At the leaving stage in secondary schools and colleges, a direct approach to the students could be made with the help of the heads of these establishments. This would involve the co-operation of directors of hotel schools, hotel managers and directors of tourist organisations, who could be invited to introduce the professions.

Furthermore, with the prior agreement of sufficient number of hotels and travel agencies, the speaker might suggest the possibility of informative work experience in a hotel or travel agency. This might later pave the way for regular apprenticeship. The systematic application of the scheme to the hospitality and other tourism sectors might be very helpful.

16.7.2.2 Action through the mass media

Making use of mass media (the press, radio, television, Internet and films) can be expensive. To achieve maximum effectiveness in launching publicity and information campaign, advantage should be taken of any events related to tourist or hotel activities. On such occasions press releases can be given to newspapers, or a radio or television reporter can be invited to interview the director of the agency organising the congress, the manager of the hotel where the visitors are staying or the director of the hotel school.

16.7.2.3 Modification of certain job titles

The problem of unappealing job titles seems to arise only in the hospitality industry. It may be that certain job titles, because they are traditional, preserve, as far as the hotel guest is concerned, the old-world charm that goes with their antiquity, but they are undoubtedly totally lacking in any prestige value in the eyes of prospective young candidates. After all, today’s youth is unlikely to be attracted by the title of “handyman”, “general worker”, “assistant waiter”, “room service waiter” or “assistant chef”, to cite only the less tempting jobs? Much the same can in fact be said of certain higher posts in the hierarchy.

16.8 Saudiisation and its Impact on the Tourism Industry

The policy of Saudiisation of the workforce in the Kingdom is particularly complex in the case of the tourism industry. It affects, in an apparently conflicting manner, both the people, notably Saudi youth, as prospective members of the workforce, and the industry in terms of its operational efficiency and price competitiveness. References have been made in preceding sections to perceptions of employment and careers in general in the tourism and hospitality sector. These are at the heart of the issues surrounding efforts to implement the policy of Saudiisation of the workforce, but they are by no means the only constraints. The principal issues raised by Saudiisation can be summarised as follows:

- Non-existence of minimum wage legislation that would raise pay structures in the industry to levels commensurate with Saudi cost of living standards
- The prevalence of low wage practices in the sector, due to its reliance on imported cheap contract labour
- Raising substantially pay structures to attract Saudis would affect adversely the viability of the sector and reduce its price competitiveness and general operational efficiency. At the same time, creating a dual pay structure in the tourism industry may be seen as discriminatory and impracticable
- Lack of incentives and benefits within the tourism industry diminishes further its attractiveness. There should be scope for addressing at least some of the issues under this heading, so as to mitigate the perceived unattractiveness of the employment in the industry. For example the levying of service charge, but almost universal failure of employers to distribute it to employees in accordance with international practice, is just one example. Occupational provident funds and medical care schemes
are other examples. Legislation will be necessary to effect certain changes

- Lack of awareness of lucrative jobs in tourism. Even higher level, so-called white-collar jobs and supervisory and managerial positions in the industry do not seem to attract sufficient interest on the part of young Saudis

- Insufficient tourism education and training facilities, resources and programmes further compound the process of preparing large numbers of Saudis to join the tourism industry. This is a more severe constraint at the vocational training level, where the largest numbers are required, and where ironically the industry has access to skilled imported labour from South and Southeast Asia

- Last, but by no means least, negative socio-cultural perceptions, which were discussed above, will continue to act as a brake on the rate of employment take-up in tourism. A structured and long-term programme of awareness and attitudinal change, as outlined above, is urgently needed.

It would therefore show the significance of implementing the policy of Saudisation in the tourism industry, particularly in the hospitality sector, should be approached with flexibility and in a gradual and incremental manner, taking into account the severity of the above constraints and the capacity of the training institutions to provide the required quantities of skilled labour.

16.9 National Tourism Human Resource Development Plan (NTHRDPP)

A comprehensive NTHRDPP is recommended, the main components and strategies of which are set out below. This plan is also the framework for future action to be taken by both the public and private sectors of the industry.

- awareness campaign directed at Saudi nationals, especially youth. This will be designed to address negative perceptions and attitudes towards employment in tourism and induce greater acceptance of careers in the industry

- improved working conditions and industrial relations in general, so as to enhance the attractiveness of the industry as an employer. Special incentives and benefits may have to be negotiated and legislated for

- create a mechanism for tourism education and training, to accord professional recognition to trained and skilled tourism workforce by establishing, promoting and monitoring standards, and providing accreditation for tourism occupational skill standards (competencies), courses and certification. Curricula should be developed in consultation with the private sector

- establish the required infrastructure of technical training centres, colleges and other institutes to educate and train young Saudis for the tourism industry. This requires investment in both buildings and equipment, and importantly, in the development of a cadre of instructors

- develop and implement a diverse programme of tourism education and training utilising all available methods of delivery, from classroom-based instruction to industrial placements and apprenticeships, always leading to the possibility of obtaining nationally accredited qualifications

- enable and incentivise the tourism industry to develop and activate in-house, in-service and on-the-job training within the framework of nationally recognised curricula, which again lead to recognition of acquired skills and knowledge as part of an industry-wide accreditation system

- provide meaningful and effective financial incentives for tourism training, including consideration of the imposition of special training
levies and the use of grant-and-levy training schemes. Importantly, obtain funding support from the Saudi Human Resource Development Fund, the Chambers of Commerce and Industry and trade associations.

16.10 Conclusions

- The tourism industry in the Kingdom draws the great bulk of its workforce from imported and considerably cheaper contract labour from South and Southeast Asia. The proportion of Saudi nationals working in the industry is unduly small.

- By the year 1441 H (2020 G), the tourism industry is projected to generate 1.5 million jobs in direct and indirect employment. There is therefore ample scope for providing employment opportunities for Saudi nationals as part of the policy of Saudisation of the national workforce.

- However, negative perceptions of employment in tourism, particularly the hospitality sector, the lack of career counselling, inadequate tourism education and training facilities, resources and programmes, are all factors which militate against rapid and inflexible implementation of the policy of Saudisation. Other considerations include the effects of the policy on operational efficiency, price competitiveness and overall profitability.

- An awareness programme designed to mitigate negative socio-cultural perceptions and increase the take-up of employment opportunities, including education and training programmes, should be undertaken in a concerted and ongoing manner.

- Improved working conditions and general industrial relations in the industry, coupled with other incentives to both employees and employers will need to be negotiated.

- Increase qualifying Saudi nationals through tourism education and training establishments (institutes and universities) with particular focus on skills and practical training in accommodation sector.

- Provide incentives to activate on-the-job training for all occupational levels including administrative, executive and supervisory positions.

- A national tourism accreditation system based on agreed competencies and occupational skill standards and curricula should be introduced. This will lead to professional recognition of tourism industry jobs and of knowledge and skills acquired in a variety of methods.

- All the above and other specific HRD measures should find expression in a National Tourism HRD Plan in which both public and private sectors will have a significant role to play.
17.1 Introduction

In this section a review is undertaken of the factors affecting the financial viability of tourism related facilities and services and the key issues and impediments arising in investment and development. Matters to be considered include approval procedures and conditions, availability of finance, infrastructure, utility pricing, land tenure, lease and concession arrangements and price controls. In addition, the issue of SMEs is also examined with a view to identifying options and opportunities to use tourism as a means of reviving cultural heritage and traditions, supporting the preservation of tourist sites, handicrafts, cottage industries, and popular markets and developing related events and activities. Finally, recommendations are made on measures to overcome the identified issues and impediments and to stimulate the sustainable development of tourism in accordance with the General Strategy.

17.2 Background and Approach

The general objective of the Sustainable Tourism Development Strategy is to provide a framework to stimulate the development of sustainable tourism as a productive, culturally positive and economically viable sector. Flowing from this general objective are the following specific objectives, which are particularly relevant to the subject of financing tourism development:

- economic objectives including diversification of the economy, improved balance of payments, balanced regional development and increased opportunities for employment and small business development
- conduct personal interviews with the officials of the concerned bodies at the national, regional and local levels to get acquainted about their remarks and viewpoints
- social objectives including setting up a suitable social environment that contributes positively in developing valuable and sustainable tourism, realizing maximum social benefits in conformity with social privacy of the Kingdom within the framework of Islamic values
- cultural objectives including the revival of heritage and traditions and support for preservation and restoration of heritage sites, handicrafts, cottage industries and popular markets
- environmental objectives including the identification, protection and sustainable utilisation of natural resources

In order to achieve the above, and to do so with a degree of rigour, the planning team has conducted research and obtained views from the private sector through a variety of corroborative sources and methods, including:

- discussions with various firms in the private sector, both in tourism and related services, and non-tourism sectors. These discussions were conducted mainly through homogeneous focus group sessions with potential developers, investors, operators and their advisors, to solicit views on private sector investment impediments and possible solutions
- face-to-face interviews with key stakeholders on a national, regional and local level to determine their views. Key stakeholders included those who were identified as being in a position to either influence the investment climate, or those who can impact or are impacted by changes to the regulatory framework
- a questionnaire developed by the World Bank to determine the extent of impediments in the business environment (called the World Bank Environment Survey or “WBES”) was administered to the focus group participants. The results of the survey have been analysed by firm size (small, medium, large) and comparisons made to the WBES survey results from other countries
• a survey, soliciting views on the investment climate in the Kingdom, was conducted covering a cross section of 100 companies in the Kingdom (Tourism Investment Climate Survey or ‘TICS’)

• independent research was conducted and was supplemented by research material provided to the planning team by focus group and stakeholder participants

• best practice interviews were conducted with the national tourism organisations (and in some cases, also with the investment promotion authority) of six countries identified as having best practices in the area of private sector tourism investment. The interviews also covered potential solutions to the major investment barriers identified by the focus groups, interviews and surveys mentioned above.

17.3 Issues in Financing Tourism Development

Labour related issues

Labour related issues were mentioned as a significant barrier to investing in the Kingdom most frequently by the participants in focus groups. Labour related problems arose on account of issues in recruiting Saudis and non-Saudis. In relation to recruiting Saudis, ‘Lack of qualified Saudi manpower’ was seen as the key impediment especially when coupled with ‘Lack of training facilities for Saudi manpower’. ‘Difficulty in recruiting qualified foreign manpower’ was the key barrier related to recruitment of non Saudis. In this respect, the current labour policies are perceived to be very inefficient.

A number of participants raised the issue of difficulty in recruiting skilled manpower. The quotas specified for labour from various countries were perceived to be a major barrier since this system does not permit the companies to select candidates according to their abilities and qualifications. Quite often, companies have to opt for staff that do not necessarily have optimum skills, thereby reducing work efficiencies. Also because of the closed and difficult labour markets, companies do not take as many hiring and firing decisions as they otherwise ought to, again, reducing potential job openings. This is a critical issue regarding the service sector where lasting impressions are created by the level of service received from employees by consumers.

One of the key issues identified was that Saudis, particularly in the service sector, treat their work as a job rather than use it to build careers. As a result, they are seen to be very ‘transient’, and a liability for the management. Quite often Saudis leave their employment without adequate notice period, as and when they get more lucrative offers. Managements are therefore unwilling to make the necessary investments in training and grooming Saudi staff, especially since Saudis usually leave even before the investment in them starts yielding returns.

Resistance of Saudis to work in low level positions such as bellboys, maintenance workers, and waiters is a problem. There needs to be technical as well as attitudinal training for Saudi front-office staff. Participants believed that Saudi employees should develop a “service attitude” and should be willing to serve foreigners. This includes serving all nationalities, equally.

Saudisation has been raised as a major constraint. The problems are also compounded by the lack of adequate quality training, which imposes an additional burden on the employer. Part of the problem could be traced to the shortcomings of the current educational system. Forced Saudisation (by imposing minimum Saudisation requirements) might be detrimental to the economy and also would not necessarily reduce the unemployment rate of Saudis. At the same time, this could also discourage investment. Saudis are generally seen as more expensive resources, and employing Saudis in prospective businesses is likely to make investments less attractive. The idea of one Saudisation target covering all sectors might not be feasible, especially in areas where Saudis are generally not willing to work, such as restaurants, delivery and maintenance. The manner in which labour regulations are implemented is another issue concerning the labour market. Administrative processes, which include issuance and renewal of visas and iqamas, are seen as costly and have the effect of adversely affecting investor returns or pushing up prices for tourism services (which are already seen as high by respondents).
The time taken to issue visas was seen as an issue to getting skilled labour into the country quickly. The government agencies need to understand that labour is one of the prime inputs to any business, just like raw materials.

Lack of adequate technical/specialist training institutes and programmess was identified as a major issue. There are few technical training institutes, due to which the students from these institutes are always in demand. This has resulted in frequent job-hopping among the graduating students. The concept of summer jobs for students is not well used, nor is there much use of internship in order to provide on the job training for Saudis.

As a result of the above and the non-availability of training facilities within the Kingdom, training costs for Saudis are seen as higher than for non-Saudis.

**Market**

Seasonality of the leisure tourism industry in places like Taif, Abha, Dammam and AlKhobar, as well as tourism related to religious events in places like Makkah and Madinah are important constraints that are peculiar to the Kingdom. The tourism sector is effectively open for around two seasons in the year – that means that the tourism industry in these regions has to recoup its investments within this period.

Another key issue is the lack of accurate and updated information on the market. The government, in most cases, is not in a position to provide information. Investors deal with such things as a lack of transparency and lack of accurate information by simply increasing the risk weightings of the project. In addition to market information, information on opportunities for businessmen is also needed to guide investments.

Most focus group participants also highlighted visa regulations as lengthy and unclear and this issue needs to be tackled urgently, which is further compounded by the restrictions on Hajj pilgrims to visit other cities in the Kingdom. This is possibly due to the unclear rules that allow for inaccurate decisions taken by the concerned body.

Most government decisions are seen to take too long. As the government is involved in many aspects of establishing and operating a business in the Kingdom, and because time can generally be considered as a cost, doing business in the Kingdom is generally less efficient than in other countries. As a result, projects that are viable elsewhere can appear or become unviable or unattractive when costed out in the Kingdom.

Difficulties in obtaining clearances have also resulted in many investors reversing their decision to invest in the Kingdom. Obtaining registration for companies continues to be a major problem area. There are too many levels of rejections or acceptance in any given process. The apparent lack of efficient coordination between relevant government bodies is seen to be a cause of delays in obtaining clearances. In this context, SAGIA is being seen as a “one-stop” shop for all government services related to investment. To improve the Kingdom’s competitive position among regional countries attracting inward investment flows, it is suggested that SAGIA support establishing a mechanism allowing the investor a “no-stop” registration (registration and clearances through the Internet). In general, regulations are viewed as inconsistent, unclear and non-transparent posing a significant hurdle to business. The biggest is the fact that there appears to be no clear authority to control all the regulations. While one authority would grant the permission, another authority could revoke it. As a result of unclear regulations, implementation of the regulations poses an ongoing level of frustration and resultant delays/costs for businessmen.
The availability of adequate infrastructure facilities as well as the cost and quality of the infrastructure have been raised as issues. Among problems highlighted were the unavailability of developed land and utility connections that can take significant time to obtain and are expensive, thereby reducing the profitability of investments or increasing the cost to the tourism (consumer).

**Financial**

The availability of capital is not really considered a barrier in Saudi Arabia. On the face of things, this seems obvious with so much private sector wealth invested abroad (approximately US$750 billion). Generally, adequate capital is available for larger projects as long as the projects have reasonable financial returns commensurate with perceived risk. In the words of a senior banker, ‘In all my years I have not heard of a project that failed here because it could not raise financing.’

However, this may be so for large, connected companies, but it is not necessarily so for individuals and SMEs. In the Kingdom, there is no effective means of connecting talent to capital – a process that has fuelled the economic development of many other countries. Conversely, the cost of operating certain businesses in this industry is seen as high. However, there are two aspects to this: the high normal operating costs such as utilities, and the hidden costs due to having to constantly deal with the regulatory issues as discussed earlier. The cost of tourism to the consumer is seen to be high and this could scare away potential investors (stakeholders said they could holiday outside the Kingdom for the same price as a holiday within the Kingdom). A higher cost to consumer is more often than not a transfer of the costs incurred by the investor to the consumer. Some of these costs relate to higher per consumer overheads, other costs are high on account of operating costs like utility costs.

The difficulty in getting loans from banks was one of the issues raised. Banks are seen to impose restrictive conditions and high interest rates for granting loans, especially on foreign companies and to projects with a large real estate component, as is common with many real estate projects. Banks are not able to facilitate the funding process in these cases because of the difficulty banks have with registering and enforcing mortgages and other security agreements.

Also, the market is geared more to short and medium term loans, which do not meet the requirements of the tourism sector (where gestation periods are relatively longer).

**17.4 Options for Tackling the Issues**

**Labour Issues**

- Saudi Arabia should consider setting its immigration policy at the border, i.e., the workforce at any given time will be made up of a local pool, supplemented by certain numbers of foreigners based on an ‘immigration policy’. Once this is set, there is a need to facilitate the procedures of movement of non-saudi workers within the boundaries of the Kingdom.

- the Saudisation plan that is being developed by the Government should take into account the current level of training that needs to be made for national staff that will work in that sector. Consequently, the government should consider not applying uniform Saudisation rates for all sub-sectors and consider differential rates depending on the available pool of local talent and the training plans within each sector

- establishing high quality technical training institutes, or encouraging the private sector to establish such institutes

- the need to consider revising the labour regulations to permit temporary labour. This could also be supplemented by encouraging training institutes to stipulate internship or summer jobs as a compulsory part of the curriculum

- increase accountability of Saudis who bring non-Saudis on ‘free visas’ by, for example, stipulating a minimum wait period before transfer.

**Market related issues**
set up continuous information collection systems as part of the National Tourism Research and Information Centre TRIC (Section 19)

improve the accuracy of existing information by considering options like outsourcing data collection and validation to the private sector or revamping the existing information collection and analysis systems

disseminate information through a centralised system including providing it on the Internet.

Institutional Issues

simplify visa procedures for tourists. Consider providing visa-requesting permission to hotels or travel agents, as in the case of the neighbouring countries

benchmark current regulations to those in other countries to show the improvement needed in specific steps along the process, to rectify inefficiencies. The benchmarking can be locally based on examples of best practices from various ministries and public bodies within the Kingdom. The benchmarks and a service level agreement should be made public

in conjunction with the above, government departments and individuals within them need to have some sort of incentive to change. Doing so for ‘the national good’ has never worked elsewhere and will not work here

commission a concerted public relations and training program, aimed at government employees. Although the Government has publicly stated its strategic vision of encouraging private sector investment, public sector employees do not yet seem to comprehend this vision. First, the employees must understand the importance to the Kingdom, of private sector investment. Second, they should understand their role in making that happen

privatise existing state run transport companies like SAPTCO, and open the way for competition in this sector through permitting private transportation services between cities

the SCT needs to understand what legislations are currently under review and what are the recommended changes. Also the SCT will need to ensure that these changes take into account the requirements of the tourism sector

consider setting up of a communication system, to increase the coordination between ministries

Financial Issues

a revamp of the existing banking regulations needs to be considered – the current regulations will not favour lending to the tourism industry which will currently be seen as high risk

the capital market reforms are long overdue. While draft regulations have been prepared a while ago, their implementation needs to be hastened.

Also, steps to increase access to equity finance as well taking the necessary means to transfer private companies to publicly held companies with their stocks traded in the stock market

specific financing mechanisms may need to be developed for the small to medium-sized investor.

17.4.1 Course of action

In view of the fact that it will not be possible to remove a number of impediments in the short run, the SCT will consider a phased plan of action. Resolution of issues can be broadly classified as follows:
### Table 17.1: Classification of resolution of issues

<table>
<thead>
<tr>
<th>Priority ranking</th>
<th>Classification of issues</th>
<th>Suggested course of action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Issues directly actionable by the SCT and viewed as being resolved in the short run</td>
<td>Action to be taken by the SCT in the short term, put on high priority</td>
</tr>
<tr>
<td>2</td>
<td>Issues not directly actionable by the SCT and viewed as being resolved in the short run</td>
<td>The SCT to influence others responsible for primary action, put high on priority</td>
</tr>
<tr>
<td>3</td>
<td>Issues directly actionable by the SCT and viewed as not being resolved immediately</td>
<td>Action to be taken by the SCT, consider intermediate action plan, put long term resolution low on priority</td>
</tr>
<tr>
<td>4</td>
<td>Issues not directly actionable by the SCT and the solution is viewed as a long term one.</td>
<td>Not to prioritise at this stage</td>
</tr>
</tbody>
</table>

Source: The SCT and International Consultants.

In undertaking this action, the SCT is aware of initiative overload and mission creep. In this regard, the SCT may need to restrict itself to not more than 1-2 actionable issues for each of the major issues raised.

### 17.5 Future Action

#### 17.5.1 Actions related to non-financial barriers

**Labour market**

One of the key issues relating to the tourism industry is the lack of a talent pool within the Kingdom. While in the longer term, the objective of encouraging tourism is to create jobs for Saudis, in the absence of a trained resource pool, it is not possible to develop the tourism industry. The removal of impediments relating to the labour market will therefore be highest on the SCT agenda. The issues of seasonality of market could also be solved if temporary labour were permitted. Greatest attention will be given to improving the quality of the Saudi workforce.

As a first step, manpower requirements in various tourism sectors have been accurately predicted in the preceding Section 16, and gaps in manpower needs identified accordingly. The SCT will develop a plan to identify the nature of training institutes and programmes that are necessary to fill the gaps. As a part of the plan to set up these training institutes and programmes, attention also needs to be paid to the development of a service attitude. An effective way of doing this is by making internship or ‘summer’ training a prerequisite for graduates from these institutes. Internships or ‘summer’ training will also serve the purpose of meeting the seasonal demand characteristics of the tourism industry. (For example, internships could be planned to coincide with the periods of Hajj or the month of Ramadan.)

Until such a time as an adequate and well-trained Saudi manpower pool is available, the Saudisation requirements for specific sub-sectors in tourism need to be relaxed. This will ensure knowledge transfer to the local human resources, as well as ensure that adequate well-trained manpower is available to run the industry. To achieve this, the SCT will determine the current availability of Saudi workforce in each of the existing sub-sectors, and plan for an increase in Saudisation based on existing levels of local workforce and predicted increase in supply based on current and proposed training institutes and their throughput. The SCT will need to demonstrate to the highest levels of Government that phasing the Saudisation process in some sectors is justified given the investment in training that is being planned for by the sector and the long-term benefits a structured approach to Saudisation in this sector will bring, if done correctly.

**Institutional Issues**
While addressing the labour issues will ensure that the supply side of the tourism industry is taken care of, the demand for tourism also needs to be adequately boosted. Feasibility of new projects will primarily depend upon the projected growth of business and new investments will be forthcoming only when adequate demand is achieved. A big issue in this regard is the problem of obtaining tourist visas. Tourist visas are currently handled by the Ministry of Interior in conjunction with the Ministry of Foreign Affairs, and are viewed more as a means of keeping visitors out of the country rather than to encourage them to visit the country. In comparison, the tourist visas process in Saudi Arabia is significantly more complicated and time consuming. The SCT has been liaising with competent authorities on this matter with a view to improving the current visa procedure, and also consider devising intermediate solutions where a ‘fast-track’ visa issuance system for tourists is put in place. In the longer term, the SCT must assist in setting up a mechanism to obtain visas similar to the one in other GCC countries.

Related to investments in the tourism sector is the issue of ease of setting up operations. In this regard, the common refrain has been that there is no single entity for licensing and regulation, which can be viewed as the only authority responsible for tourism. It is necessary to remedy this situation at the earliest. A single window operation is already available through SAGIA, albeit SAGIA has a long way to go in making it effective as it needs substantial amount of time, effort and support. However they are working on being the government agency responsible for issuing licenses. The SCT will set up a ‘hot desk’ in SAGIA similar to the country desks being proposed for major investing countries. Through this arrangement, the SCT will provide licensing guidelines and approvals to prospective investors through SAGIA. Another possible issue that needs to be considered is creating a ‘negative’ list of areas where licensing will not be permitted in the tourism sector – similar to the list prepared by SAGIA.

At the same time, the SCT will ensure that proposed regulatory changes currently being studied (e.g. capital markets system, labour system etc.) do not threaten the development of the tourism industry. Therefore, the SCT’s legal section liaise with the appropriate authorities on a timely basis to provide the SCT’s input, where possible, to the formation of such laws for the good of the tourism sector.

Market related issues

One of the industry’s most felt needs is to have access to accurate information. The SCT is undoubtedly best positioned to provide tourism related information. In any event, while preparing the General Strategy, the SCT has collected information that can assist the private sector in preparing their investment plans. Non-availability of information usually results in an assumption of higher uncertainties related to the prospective business, which in turn results in higher risk weightage, possibly making some projects non-feasible.

The SCT will, as a priority, disseminate all the information currently available with it. While other issues may be more important, the SCT can accomplish this task with relative ease. In order to do this most effectively, the SCT will consider setting up its own website. In fact, all the best practice countries that were contacted had their own websites, which were used to provide information easily to potential users. The SCT has to develop a plan for setting up a web-based information system. It will also prepare an inventory of available information, identify gaps in information and work towards collecting information in areas where there are gaps. There are some areas where other ministries are currently collecting tourism related information – this responsibility will be devolved to the SCT where practicable.

Information collection and dissemination is an on-going process, and the SCT will set up a plan to collect, analyse and update information. Section 19 deals with this issue and outlines the establishment of the Tourism Research and Information Centre (TRIC), which will compile and disseminate, among other things, information that is relevant and useful to investors.

Infrastructure related Issues
Supporting infrastructure at the national level is one of the impediments both for setting up new tourism related projects and for attracting tourists to tourism sites – it therefore affects both demand and supply.

The SCT will make an inventory of all tourism projects that exist currently and determine the gaps in infrastructure and support facilities. In addition, the SCT will need to continuously determine infrastructure and support requirements for new projects in tourism. The provision of these facilities will be made either by the Government, or the private sector. However, this will be led by the SCT.

17.5.2 Financial Issues

The biggest financial barriers to investment in tourism projects relate to access to finance. Availability of finance is not seen to be an issue. Ease of access is dependent on the size of the firm – large firms do not have as many issues in accessing finance as compared to smaller firms.

17.5.2.1 SME funding

Some SME funding has taken place through the Saudi Credit Bank and efforts are currently ongoing to make SME funding a viable proposition. This will be done by developing proper infrastructure for a dedicated SME fund or by utilizing the infrastructure of another existing managerial and technical capabilities currently available (e.g. the Industrial Development Fund). Since the tourism industry will be most affected by SMEs, the SCT will have to play a key role in ensuring that funds are allocated to the private sector in tourism. To make certain the SCT will:

- ensure representation of the SCT on the board that approves loans to the SMEs, and even
- involve the SCT in the development of guidelines for disbursement of funds to the SMEs to ensure that all the concerns of SMEs in the tourism industry are addressed.

17.5.2.2 Bank lending issues

Bank lending to the tourism industry has been limited to some funds to the hotel sector. A major real estate development project was partly funded by one of the national banks, but the deal was not attractive. The biggest problem to lending to the tourism sector is the issue of mortgages and their enforceability. Mortgages are not permitted by banks, and even where recorded through separate entities, are not easily enforceable. The fear of defaults without recourse to the underlying asset has resulted in banks shying away from lending to this sector. The SCT will consider joining the lobbying effort underway (by the managing directors of banks committee) for a change in the regulations that would permit banks to record mortgages in their names, in the first place. A short-term proposition in this regard could be to provide guarantees to banks for loans to the tourism sector, as is being proposed for the SME fund.

The solution to the problems of bank financing is not short term. The role of the SCT in the development of the solution is also limited. Consequently, the SCT will consider alternative transitional solutions until a stage that either the tourism industry is seen to be more mature and investment-worthy, or the banking rules change. Such a transitory solution could be the establishment of a tourism development fund.

17.5.2.3 Investor returns

Other than hotels, restaurants and tour operators, all sectors of tourism are relatively unexplored in the Kingdom. Uncertainty about the future of these
businesses, coupled with the impediments described above, increases the perceived risk to investors and consequently pushes up the expected return. This makes projects unviable, and investors are more likely to invest their funds in areas where returns are more secure and predictable (such as other sectors in the Kingdom or in the tourism sector outside the Kingdom).

While the SCT can and will take steps to reduce some of the non-financial barriers, as outlined earlier, it will take some time in order to establish confidence within the industry. Intermediate solutions are necessary in order to develop the tourism sector and also to provide example projects to the private sector.

17.5.2.4 National Tourism Development Fund (NTDF)

Constitution of a National Tourism Development Fund is an intermediate solution to the issues of financing that face the tourism industry. The National Tourism Development Fund co-exists with the SME fund. This fund can be considered as a partnership mechanism between the private and public sectors. However, essential for the SCT to have full supervision of the fund to insure continuity of cooperation between the private and public sectors, while the SME fund’s purpose is to lend to the private sector, the National Tourism Development Fund’s main purpose will be to support the national tourism development efforts as well as support the private sector role in establishing new and innovative tourism projects, events and programmes. Thus, both government and private parties can benefit from this fund. The NTDF’s role may include:

1) provide support and incentives to tourism related activities, projects and circumstance aimed to develop the national and regional tourism

2) offering sponsorship funds to the private sector through a fund matching programme and investors (governmental or non-governmental)

3) funding technical and financial studies of structures needed for tourism development, or sharing with other funding agencies (governmental or non-governmental)

4) offering sponsorship funds to tourism marketing campaigns about Saudi Arabia and other related activities at all levels.

5) offering sponsorship funds to activities aimed to raise the tourism awareness and its positive economic, cultural and environmental roles

A preliminary report on the proposed Tourism Development Fund, its articles, and objectives has been developed under this Plan. However, the SCT will develop a detailed plan for setting up the NTDF in the next phase. Issues that need resolution, and appropriate guidelines for doing so, include:

1. **Financial resources** for the NTDF that may include:
   - grants by government (capital allocated by the Ministry of Finance as the case with many development funds)
   - loan provided by government (e.g. General Investment Fund)
   - fees approved by the government in favour of the fund
   - grants, gifts, assistance, endowments deemed acceptable by a decision from Board of Directors
   - returns on the fund’s investments
   - revenues of the SCT obtained from its activities and services
   - any other financial resources approved by the Board of Directors as suitable for the fund’s purposes

2. **Areas of funding and types of projects**: Funding will be restricted to only new tourism projects that develop the industry, and not to mature
tourism sectors. Funds will also be allocated by sector and by region/city and limited by the number of projects.

3. **Tenure of the fund**: Capital funding activities of the NTDF will be used for new and innovative projects only. A time bound schedule needs to be developed to decide on the life of this type of funding activity. Over time, the private participation should increase and the need for this type of funding should decrease. As the tourism industry matures, the nature of the NTDF itself could change to address the needs of the maturing tourism industry.

4. **Amount of funds**: The fund requirement depends on the identification of projects. In Malaysia, this was estimated at SR 200 million ($50 Million). Canada, Ireland and the Czech Republic are setting up similar funds. It is not possible to estimate the funding requirements without completing a preliminary funding plan, which will be completed in the next phase.

5. **Exit options for the Fund**: Where the funding is by way of loans to the private sector, exit will be on a commercially acceptable return. On the other hand, for funding the projects that are initially owned by the SCT, investments will be recouped by selling them to the private sector on a competitive bid basis.

17.6 Conclusion

A number of issues act as impediments to investment in tourism projects:

- Labour-related issues cover a multiplicity of constraints ranging from the lack of qualified Saudi manpower, the lack of training facilities for Saudi manpower, to the difficulty in recruiting qualified foreign manpower
- There is perceived resistance among Saudis to work in low level positions in the industry, and there is clearly a need for both technical and attitudinal training for prospective Saudi entrants to the tourism workforce
- The related issue of Saudisation is also perceived as a major constraint. Forced Saudisation is seen as detrimental to the economy and also as not necessarily reducing the unemployment rate of Saudis. Flexibility is required, especially in areas where Saudis are generally not willing to work
- Streamlining labour regulations and administrative processes is essential, if Saudi Arabia is to compete for skilled labour with neighbouring countries
- The most serious market-related barrier to investment is the acute seasonality of the tourism industry in the Kingdom
- Institutional constraints centre on the view that regulations are inconsistent, unclear and non-transparent posing a significant hurdle to business
- Whilst the availability of capital for large companies is not a barrier, this is not necessarily so for individuals and SMEs. There is no effective means of connecting talent to capital. The difficulty of getting loans from banks is another issue raised by the private sector
- A range of options or measures exists to overcome or mitigate these constraints, and these were outlined in the preceding pages. They are designed to review and revise policies, improve and streamline
procedures, rectify inefficiencies, revamp existing banking regulations, hasten capital market reform, etc

- A series of actions to be taken by the SCT, on a priority basis, have been identified. These relate to both non-financial barriers such as the labour market, institutional constraints, market and infrastructure related issues, and to financial barriers such as access to finance, bank lending issues, SME funding, and investor returns.

- The creation of a Tourism Development Fund is seen as an intermediate solution to the issues of financing facing the tourism industry.
18.1 Introduction

The organisational structure and framework of tourism in the Kingdom has been defined and presented in Section 13 above. The aim of this section is to set out the existing legal and administrative context in which public and private entities engaged in travel and tourism operate. This is vital to ensure that the proposed institutions and laws arising from this project fit appropriately within the constitution, laws and customs of the Kingdom of Saudi Arabia.

All key issues impinging on the regulatory aspects of tourism and its organisational structure have been carefully examined and appropriate legislative proposals have been made. These are outlined in this section.

18.2 The Need for a Coherent Institutional and Legislative Framework

The establishment of the SCT, with a powerful Board of Directors, is evidence of the importance now being given to this sector in the Kingdom. National responsibility for tourism development and promotion should be the exclusive domain of this body. Whilst the SCT is an independent organisation with a clarity of function, and a clear locus of power and authority, that does not preclude it from having a useful synergistic relationship with other independent bodies.

Under the Strategic Objectives (set out in Output 1.01) two of the “Critical Success Factors” are:

- an appropriate institutional framework for tourism
- relevant and transparent legislative enactments and regulation frameworks governing the development and operation of tourism facilities and services.

The Kingdom needs a tourism statute which sets out the functions and powers of the SCT and its relationship to Ministries, other public bodies, advisory bodies and the private sector, all of which have been outlined in Section 13 above. The statutory responsibility for, and the relationship between, tourism and cultural and heritage protection and presentation should be made clear. The legislation should set out precise definitions of the entities and activities involved in tourism and these should reflect international norms and conventions. Some kind of statutory national forum should be established comprising of officials of Ministries and other public bodies whose activities affect or are affected by tourism. This forum should address matters which require cross-Ministry solutions.

This standardisation of the institutional framework for tourism facilitates regional co-operation. It also ensures that potential investors are clear about which institution is responsible for tourism development and promotion.

Finance Ministries are sometimes cautious about the provision of fiscal incentives for the tourism industry because that industry is not clearly defined and thus incentives may be claimed by those who are only nominally engaged in the tourism business. Thus, it is imperative that there are clear statutory definitions of tourism enterprises such as tour operators, travel agencies, tour guides, hotels, tourist transportation, etc. These should be accompanied by licensing systems, the principal purpose of which is to establish and maintain professional standards, training and qualifications and financial security and rectitude. The legislation should set out the rights and obligations of these tourism service providers and this should reflect international practice and conventions.
These issues have been addressed and proposals are put forward in a bespoke manner, recognizing the distinctive nature of Saudi society but, where possible, consistent with the best international practice.

18.3 Background and Overview of Required Regulatory Reform

The Basic Law of the Kingdom sets out the nature of the State of the Kingdom of Saudi Arabia and emphasizes its Islamic foundation and the role of the Shari’ah. It contains a number of articles which are of particular import to the issues affecting tourism:

- freedom of private property
- the use of State assets
- the basis of Labour Law
- the power of Ministries to make Regulations
- protection of the family
- protection of, and fostering, cultural heritage
- protection of the environment
- obligations of the State in respect of Hajj and Umrah
- control of publications
- the right to judicial redress.

There are 20 Ministries (or presidencies) and 15 other governmental agencies which have remits which affect the work of the SCT and the tourism sector.

The SCT should have authority to recommend Regulations on all matters relating to tourism except insofar as these matters are expressly and exclusively reserved within the remit of other Ministries or public bodies.

The SCT should acquire responsibility for the following from the public body indicated:

- leasing of tracts of land for tourism purposes (from the Ministry of Agriculture) but with the obligation to consult that Ministry to ensure that agriculture is not detrimentally affected
- the right to employ staff on a non-civil service basis. This would enable the SCT to recruit staff with appropriate expertise and private sector experience, on full-time or part-time, permanent or fixed term contract basis and with a remuneration package and conditions of employment that reflect their function and abilities. This would either involve a statutory exemption from the Civil Service rules or agreement from the Ministry of Civil Service
- licensing of hotels, furnished apartments, resorts, chalets, travel agents, tour operators, ground handling agents, tourist guides, visitor attractions, tourist transportation (for use as such – not mechanical or operational matters), dive shops. These will be transferred from the Ministries of Agriculture, Commerce and Defence and Aviation. This will be done through the Tourism Licensing Board (recommended in Section 7). It would not, however, prevent relevant Ministries and bodies laying down appropriate standards for these activities, e.g. for safety (Civil Defence), hygiene (Health, etc.)
- classification of hotels, visitors attractions and restaurants. These powers come from the Ministry of Commerce
18.4 The Functions and Powers of the Supreme Commission for Tourism

The SCT was established by Council of Ministers’ Resolution which provides it with:

- independent legal status attached to the Prime Minister but answerable to the Council of Ministers
- a wide mandate to foster the tourism sector in the Kingdom
- a range of functions but, in particular, to designate Tourism Development Areas
- a strong Board of Directors comprising several Ministers
- power to put forward legislative proposals to the Council of Ministers
- an obligation to cooperate with, and foster, the private sector
- financial autonomy.

The current legislative framework for the SCT, however, is not sufficiently precise or detailed. Although the existing Statute provides that “Tourism Development Areas” may be leased to the private sector, it does not specify the mechanism by which the SCT shall identify, acquire and divest itself of such property.

A statute has therefore been that will replace the existing statute setting out functions and powers which reflect the SCT’s role as the equivalent of a combination of a Tourism Ministry and a National Tourism Organization. This is briefly outlined below.
The Objectives of the SCT are be clearly stated and include:

- to devise, formulate, promote and implement the vision, mission, policy and plan for tourism in the Kingdom
- to encourage and enhance the role and activities of the private sector in the development of tourism so as to strengthen its contribution to the national and provincial economy
- to stimulate employment and business opportunities for Saudi citizens in the tourism sector
- to encourage, and provide opportunities for, citizens and residents of Saudi Arabia to enjoy leisure and recreation in the Kingdom
- in accordance with national policies, to encourage people to visit Saudi Arabia for the purposes of leisure and recreation
- enhance, promote and present the culture and heritage of Saudi Arabia in cooperation with relevant Ministries and public bodies
- enhance, promote and present the natural heritage of Saudi Arabia in cooperation with other relevant Ministries and public bodies
- promote the efficiency and international competitiveness of the Saudi Arabian tourism industry
- promote sustainable tourism development in the Kingdom.

The functions of the SCT shall include:

- to devise the national plan for tourism in the Kingdom of Saudi Arabia
- to provide appropriate institutional schemes and to propose laws and regulations which facilitate tourism development and quality assurance in the tourism sector
- to encourage joint ventures between the public and private sector to exploit available investment opportunities in tourism development
- to promote, provide and/or accredit training courses, qualifications and certification of achievement by workers, or those who aspire to work, in the sector
- to designate Tourism Development Areas and Tourist Sites and, in cooperation with relevant Ministries, provincial and municipal, and other public bodies, to devise, formulate and enforce planning and building controls so as to protect, promote and enhance the tourism potential of the area or site
- to enhance, promote and present the culture and heritage of the Saudi Arabian people, in cooperation with relevant Ministries and public bodies
- to promote the revival, development and accreditation of traditional handicrafts, the popular arts, festivals and cultural activities in cooperation with relevant Ministries, provincial, municipal and other public bodies
- to protect, enhance, promote and present the natural heritage of Saudi Arabia in cooperation with relevant Ministries and public bodies
- to maintain registers of hotels, restaurants and other tourism enterprises and cultural associations
- to gather, maintain, analyse and publish statistics and other data relating to tourism
to carry out other tasks relating to tourism, heritage protection and cultural development which the Council of Ministers determines.

- to further the improvement of the physical environment in which the tourism industry operates.

These functions build on the provisions of the present Statute and recognize the SCT’s role as a combination of tourism ministry and national tourism organization.

These provisions reflect objectives stated in the Seventh Development Plan. All functions set out are in accord with that Plan and with the Vision, Mission, Guiding Principles and the Critical Success Factors under the Strategic Objectives set out in Section 9.

The functions and powers proposed for the SCT are wide-ranging. It must therefore have the human resources capable of delivering these. The Supreme Commission for Tourism should have power to do anything for the purposes of discharging its functions, or which is incidental, or conducive, to the discharge of those functions and, in particular, for that purpose, power:

- to promote and undertake publicity in any form
- to develop and adopt the Structure Plan for Tourism
- to designate areas of the Kingdom as Tourism Development Areas or Tourist Sites
- to encourage investment in hotels, restaurants and tourism enterprises; (This function must be carried out in conjunction with SAGIA.)
- to encourage investment for the preservation of sites, buildings or items of cultural, natural, historical or national interest
- to foster the development of, and to provide support and assistance to, voluntary groups established for the protection and promotion of Saudi Arabian culture, or aspects thereof, in co-operation with the Ministry for Education; and, or, the General Presidency for Youth and Welfare
- to provide financial assistance to those carrying out projects to provide or improve tourist facilities or amenities; (Whilst this power is given, the SCT is not compelled to exercise it.)
- to co-operate with other bodies, public or private, engaged in tourism activities or in the provision of services to tourists
- to promote and undertake research and to provide technical assistance to those engaged in the tourism industry, cultural associations and potential investors
- to participate in tourism fairs, conferences, seminars and courses within Saudi Arabia and abroad
- to reimburse or contribute to the expenses of any other person or organization promoting Saudi Arabia as a tourist destination
- to provide training and accredit training courses provided by educational institutions and others
- to consider international agreements, treaties and protocols on tourism related matters; and make recommendations to the Council of Ministers
- to advise the Council of Ministers on co-operative agreements on tourism matters with international tourism organisations, associations and other states
- to implement agreements between the Kingdom of Saudi Arabia and other states and/or international organisations in the field of tourism
● to co-operate with the competent authorities to ensure the safety and security of tourists

● to acquire, manage and dispose of land, buildings, plant and machinery

● to provide land, buildings and premises for the use of the tourism industry

● to enhance the physical environment of tourism development areas and tourism sites

● to impose a tourist charge.

This would enable the SCT, for example to impose a bed tax on tourists staying at hotels, resorts or furnished apartments, to help fund its tourism promotional activities.

The recommended statutes provide for the establishment of a National Tourism Co-ordination Committee containing senior representatives of Ministries and other public bodies to ensure co-operation and co-ordination at operational level. It is recommended that co-operation between the SCT and provincial and local bodies is achieved under the auspices of a Committee of Provincial and Municipal Tourism Officers.

It is also recommended that Provincial Tourism Councils be established, with representatives of the SCT, the province and the private sector on the Board. At the same time, a mechanism has been provided, by means of a Tourism Development Corporation, whereby the SCT can engage in joint public-private sector enterprise in the tourism field.

In the event that a less radical legislative route is adopted, a revised SCT statute has also been prepared. This Statute sticks closely to the intention and terms of the Resolution which established the SCT. However, the existing statute is brief and unclear and the aim of this revised statute is to:

● clarify the role of the SCT in promoting and developing tourism

● separate the functions from the powers of the SCT

● provide a legal taxonomy for the tourism sector so that the delineation of functions of stakeholders and tourism transactions reflect current practice in Kingdom of Saudi Arabia and, where possible, comply with legal norms internationally

● clarify the position of those members of the Board of the SCT who are not Ministers

● reinforce the importance of coordination between the SCT and Ministries and governmental bodies whose activities impact on, or are affected by the tourism sector

● ensure the coordination and cooperation between the SCT and the provinces and municipalities

● set out the role of the SCT in designating tourism development areas, engaging in, and providing financial support for tourism projects

● setting out provisions governing enforcement of terms and conditions of grants and loans (equity financing)

● providing powers for classification and registration of hotels and other tourist accommodation

● providing residual powers of inspection.

### 18.5 Tourism Development

Sections 13, 14 and 15 as well as the Seventh Development Plan emphasize the need for cooperation between the public and private sectors in tourism development. In this connection the planning team has prepared a Tourism
Development Corporation Law to facilitate that cooperation, which SCT will process in due course. This draft provides for the establishment of tourism development corporations which could enter into joint ventures with other public entities and the private sector. This mechanism will be used to create named tourism development corporations to correspond with Tourism Development Areas.

18.5.1 Real Estate

It is necessary to enact a Tourism Development Leases Law to provide the mechanisms for the SCT to lease land for tourism development. Recommendations for a draft law have therefore been prepared for further processing by the SCT.

This Law is based on Council of Ministers’ Resolution No. 215 of 27.11.1419H (15.3.1999G) and would, among other things, contain the following main provisions:

- a set of standard definitions
- powers of the SCT to designate sites and to determine the prerequisites to be met before a site is leased. This would include provisions for:
  - a detailed map and geomorphological assessment of the site
  - residual powers of the SCT over the leased site
  - obligations of the lessee in respect of flora and fauna
  - limiting the type of developments that may take place on the site
  - ensuring fair competition with other tourism service providers
  - regulating site access and safety
  - obligations of the lessee to restore the site
- rules governing public tendering for sites including:
  - restricting public tendering to sites of more than 100,000 square metres
  - permitting sites of less than 100,000 square metres to be leased directly without public tender
  - providing that all authorised investors have the right to bid in public tenders and have equal opportunities in respect of the tender
  - the procedure for public announcement of the successful tender
- rules governing the tender criteria:
  - bidder to submit a feasibility study including plans and designs for the proposed site and water supply and other resource requirements
  - environmental impact assessment
  - detailed work plan, time frame and target date for completion
supporting evidence that the investor is capable of executing the project

- bank bond covering 5% of the total estimate for the cost of the project

- SAGIA licences (for foreign investors)

- procedures for Site Licensing:
  - notification of successful bid
  - time limit for completion of the lease contract
  - withdrawal of offer of lease if bidder fails to respond within time limit

- lease conditions including:
  - duration of lease
  - renewability of lease
  - revocation on breach by lessee or, where necessary, in the public interest
  - prohibition on assignation of lease without prior permission of the SCT
  - period of notice to be given by lessee if he does not intend to renew the lease
  - variation of terms of the lease on renewal application

- prohibition on construction work or engagement in activities not contained in the original application except with prior permission of the SCT

- procedure to be followed on breach of lease conditions

- provision for improvement notices

- powers of the SCT to make, and charge for, repairs, where the leasee fails to carry them out himself

- compensation for a non-renewing lessee for the value of work undertaken by him which increased the value of the site

- requirement of lessee to have acquired construction permits and all licences and permits required by Law

- restrictions on the types of building materials and designs that may be used on the site.

- leasees obligations to include:
  - providing necessities such as water, electricity, telephone service, healthcare facilities, sewerage, garbage disposal, routes leading to the site, etc
  - posting a sign bearing the project’s name, license number and the SCT name
  - implementation of safety and security precautions related to traffic and civil defence in all designs and construction and obtaining written certifications from the relevant authorities
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The fees for entering site must be agreed with the SCT. Providing a full staff of managers and technicians to operate and maintain the site, who should be medically examined prior to appointment. The lessee must also give due consideration to Saudization programmes.

Prohibition against the setting up of dams or any other installations that might disrupt or harm the natural flow of water or cause soil to be swept on the site or nearby sites.

To repair damages occurring on the site or nearby sites as a result of construction works.

The establishment of Tourism or Heritage Development Endowments or Trusts is recommended to provide a mechanism whereby the SCT can restore traditional settlements where they are still in private ownership and/or where the actual owners are unknown. An endowment mechanism will essentially involve the SCT taking over such property and holding it in trust for its owners. The property could then be restored, enhanced and developed as part of a heritage or tourism site. Once the work was completed the original owners would be entitled to re-inhabit the property, lease it to others or transfer it to the SCT. Provision would be made to enable the SCT to recover all or some of the costs of restoration from the proceeds of any lease or sale.

18.5.2 Environmental Protection

Article 32 of the Basic Law provides that it is the duty of Government to preserve, protect, develop and prevent pollution to, the environment. The Meteorological and Environment Protection Administration (MEPA) has a central role in furthering this objective. The Ministerial Committee for the Environment was established to foster coordination between Ministries and development of national environmental policy.

MEPA have proposed that the SCT should be responsible for the EIA review process in respect of tourism projects. It also advocates that it should have an audit role to check on compliance. There is a system of Environment Impact Assessment, but there is insufficient mandate for MEPA to compel that these take place. MEPA divides projects into ‘designated’ and ‘general’ but the latter is vaguely defined.

The new General Environment Law reaffirms MEPA’s existing role and, in particular, its role in follow-up of implementation of environmental impact standards. It prevails over all existing provisions on environmental regulation but does not replace them insofar as they are consistent with it. Although the new Law again emphasizes the importance of environmental impact assessments it does not make it mandatory for all licensing bodies to refer projects to MEPA for EIA approval.

The Protected Areas Law regulates areas designated for the protection of wildlife. It has mechanisms covering the designation of land which are useful precedents for the SCT. The SCT’s mission includes the protection and enhancement of the environment. This is central to its work. Resolution No. 9 refers to its designation of natural landscapes as tourism development areas. Thus, the SCT should be represented on the Ministerial Committee for the Environment. If its lack of Ministerial status is an issue, it should be given non-voting status.

The SCT should be included in MEPA’s circuit in dealing with environmental impact assessments in respect of tourism developments. In providing tourist sites for investors, where the site is to be designated for a particular purpose, preliminary work on the EIA could be done by the SCT as an inducement to investors. The General Environment Law should be amended to make the requirements for licensing bodies to consult MEPA on EIA and compliance with environmental standards mandatory.
18.5.3 Cultural Heritage Protection and Presentation

Tourism should be promoted in such a way as to encourage sensitivity and respect for the cultural heritage of Saudi Arabia. Although there is a mutuality of interest between Cultural Heritage and Tourism, the former must not be made subservient to the latter. In this regard the following action needs to be taken:

- the Draft Antiquities Law needs revising
- there is inadequate protection for Soft Culture.

In order to ensure high standards and conserve confidence and satisfaction with what is on offer, a new Handicrafts and Souvenirs Law should be promulgated, regulating their manufacture and retail. There is also need for a new Law governing public museums in the Kingdom. The Law should regulate such museums; provide funding; protect their collections; set out their rights to acquire artefacts; deal with opening times, ensuring that these are wider than at present; regulate charges; deal with interpretation of issues, etc.

18.6 Social, Religious and Criminal Law Contexts

The draft code of travellers behaviour will be updated and distributed to all those who apply for tourist visas. It should also be made available in hotel guestrooms. The SCT will have regular meetings with representatives of the General Presidency for the Promotion of Virtue and Prevention of Vice in order to ensure consistent application of the rules in tourist areas so that tourists do not inadvertently commit offences.

In addition, the law should be amended (Shari’ah Pleadings Act) to give a foreign accused a right to be attended by a consular official throughout the period from the start of detention to appearance in court.

18.7 Regulation of the Private Sector

Initially, it is proposed that the SCT should work closely with the existing tourism committees of the Chambers of Commerce. As the industry grows, new structures may be necessary. Thus, tourism associations should be established providing similar functions to that of the Chamber of Commerce and Industry but focusing on the distinctive needs of the tourism sector and fostering professionalisation of it. This would require a draft statute and it would contain the following articles:

- establishment of the Association
- registered Head Office
- the Objects for which the Chamber is established:
  - to promote professionalism and develop training in the tourism sector
  - to establish and maintain codes of conduct
  - to discourage unfair competition without harming initiative and enterprise based on fair trading
- rules governing the income and property of the Chamber
- limitation of Liability of its members
- members to contribute to the assets of the Association
• categories of membership
• criteria for membership – financial stability, etc
• annual subscription
• provision of non-commercially sensitive business information
• procedures for investigating applications for membership
• formation of Codes of Conduct
• disciplinary matters
• establishment of an Appeals Committee
• requirements for an Annual General Meeting
• rules governing Extra-ordinary General Meetings
• rules governing notice of meetings and procedures
• election of the Council (Committee) of the Association
• disqualification of Council members
• election of President and Vice President
• rules governing the Treasurer
• keeping of minutes and other documents
• official Seal of the Association

• display of the Association logo by members
• financial accountability
• indemnification of members.

The SCT will require that all joint venture projects in which it or a Tourism Development Corporation participates is covered by appropriate insurance. Finally, the draft E-Commerce Law should be reviewed and adopted urgently.

18.7.1 Labour Law

As the new Labour Law is still being considered, the SCT will avail itself of the opportunity to raise the issues affecting the Tourism Sector and make proposals to adjust that Law to deal with such matters as seasonality of employment; the need of visitor attractions to recruit female staff; the need to be able to recruit part-time staff; training needs of the sector; effective powers for the employer to require staff to continue their professional development and to undertake training; liberalization of working hours; greater powers to discipline staff.

18.7.2 Regulation of Tourism Services

The current legal framework for the tourism sector does not reflect current national or international practice, is piecemeal and, in places, contradictory. It is therefore proposed to take the following regulatory measures and actions:

• legislation to license and register all tourism enterprises
• registration to facilitate the maintenance of a comprehensive database of tourist facilities
- Licensing to be used as a first step towards quality assurance
- A new Tourism Licensing Board:
  - Set up by the SCT
  - To administer licensing and registration
  - A one-stop shop
  - A repository of all legal information relating to the sector
  - A clear list of requirements for registration and licensing
  - The main point of contact and reference for prospective and existing tourism enterprises
  - To be the sole licensing body for all tourism enterprises
- A new Tourism Inspectorate
  - To monitor and enforce the registration and licensing process
  - To comprise of:
    - Licence Inspection Task Force
    - Classification and Grading Inspectorate
- Establishment of trade and professional tourism associations
- To promote professionalism
- To provide consumer protection
- Independent of SCT but recognized by it
- Managed entirely by members
- To act as a channel between the sector and government
- Accommodation: Licensing to stipulate minimum criteria for key staff
- All forms should be registered
- Minimum health and hygiene requirements to be reviewed – particularly food handling
- Fire safety standards to be reviewed
- Replacement of hotel classification scheme
- Abolition of statutory price controls except Makkah Al Mukaramah and Madinah Al Munawarah
- Visitor attractions
  - Simple classification system
  - Licensing
  - Clarify responsibility and accountability for safety
  - Daily inspection of rides and log of inspections
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- annual service check of all apparatuses
- minimum weight and height restrictions
- adequate safety equipment be provided and maintained
- suitable barriers
- animal trainers – properly trained Longer opening hours
- singles days and families days
- extend lease periods from 20 to 99 years

- travel agents and tour operators
  - licensing by Tourism Licensing Board – including Umrah operators
  - internet agents to be licensed
  - Establishment of a national trade association
  - development of a code of practice
  - consumer protection legislation
  - increase number permitted to issue/sponsor tourism visas
  - review visa requirements for certain categories of tourist and abolish visa for foreigners permanently resident in GCC states

- other sectors
  - adjust diving legislation to permit PADI and NAUI divers to dive without a further licence
  - Tourism Licensing Board to license dive school operators and diving equipment suppliers.

18.8 Conclusion

- There is a need for a coherent legislative framework, at the heart of which is a statute which sets out the functions and powers of the SCT and its relationships to other ministries, other public sector bodies and all other stakeholders
- The objectives, functions and powers of the SCT are set out in a recommended new statute, which seeks to strengthen the existing Council of Ministers Resolution No. 9 of 9/1/1421H (14/4/2000G) and SCT Statute
- In fulfilling its core role and functions, the SCT needs to acquire responsibility for a range of activities from the various public bodies currently exercising those powers
- Licensing, registration and classification of key tourism establishments and service providers should be carried out by the SCT. Towards this end, a Tourism Licensing Board and related Inspectorates will be set up in a one-stop-shop tourism licensing operation
- In spearheading the development of tourism, the SCT will be empowered not only to designate TDAs and TSs, but also to establish TDCs to attend to specific tourism development projects. A draft law for TDCs is proposed
The SCT’s shared responsibilities with a number of public sector agencies, such as SAGIA and MEPA, are to be clearly defined and regulated.

The SCT will assist the eventual formation of tourism industry trade and professional associations, for which appropriate legislation will be prepared.
19.1 Introduction

At present, there are limited tourism statistics available in the Kingdom. This makes it difficult to plan, market, monitor and develop appropriate policies for the industry, and consequently there is an urgent need to institute a series of procedures for the collection and compilation of tourism statistics. However, it is also important to manage and prioritise resource utilisation, as considerable time can be spent developing sophisticated statistical systems that, at the present time, are not necessary. It is therefore important to focus on the key tourism statistics and make these available as quickly as possible to assist with the development of the tourism industry.

This section sets out the recommended approach to a tourism information system, involving the collection, compilation and dissemination of tourism statistical and other information, as a key function of the SCT. This function depends on wide-ranging and ongoing research activities and information management. It focuses on the proposed National Tourism Research and Information Centre (TRIC), the design, structure and establishment of which are outlined below.

19.2 The Tourism Research and Information Centre (TRIC)

The TRIC is the proposed tourism information system for Saudi Arabia. It will comprise both a computerised database and also a research and analysis department that will be responsible for the collection, entry and dissemination of data.

The principal objectives of the TRIC are to:

- centralise all of the information being collected by the SCT

- provide a central tourism resource and research function from which all information can be sought

- enable all departments within the SCT to more easily and effectively share information; and

- to serve many different users, in particular: the SCT, other government departments, the tourism industry and the tourist.

The principal tourism statistics that will be collected and processed by the TRIC are:

- inbound, outbound and domestic tourism statistics;

- information related to tourism resources, including human resources/employment

- accommodation statistics

- tourism expenditure data; and an

- information resource for the Government, tourism industry and the tourist, or the so called the e-Library.

19.2.1 Inbound and outbound tourism statistics

Inbound and outbound tourism statistics provide a country with its most important, and fundamental, measurement of tourism. They show the volume and characteristics of international visitors travelling to the country (inbound tourism) and the volume and characteristics of its residents travelling to other countries (outbound tourism).

When measuring both inbound and outbound tourism, it is important to understand and adhere to well-defined definitions regarding these tourists and
their relevant attributes. Unless such guidelines are followed, it will be impossible to compare statistics from one year to the next or indeed between one country and another. The World Tourism Organization (WTO) has developed comprehensive concepts, definitions and classifications of tourism statistics, and these should be adopted by the TRIC.

When collecting inbound and outbound tourism statistics, the principal aim is to collect the following information from all travellers crossing the Kingdom’s international frontiers:

- date of arrival/departure
- purpose of visit
- country of residence (for inbound visitors) or country being visited (for outbound visitors)
- nationality
- mode of transport
- length of stay
- age; and
- gender.

The collection of this information on a periodic basis will enable the compilation of a set of standard tables that will clearly and concisely represent the volume and characteristics of the inbound and outbound tourism markets.

The capture of such data is, however, not simple. In many countries, one of the most simple and best-recognised sources of the data is the embarkation/disembarkation (E/D) card. Usually implemented by the immigration authorities, these cards can provide a convenient and already existing source of information that tourism departments can use to generate arrival and departure statistics. However, in the Kingdom the usefulness of E/D cards is limited as they are:

- not completed by GCC nationals (Saudi Arabia’s most significant market)
- not completed by Saudi nationals (so cannot be used to measure outbound tourism); and
- do not include information regarding the country of residence or purpose of visit (the two most important tourist attributes when measuring tourism flows) of the visitor.

Whilst a revised and amended E/D card could eliminate some of these shortcomings, it would still need to be completed by all travellers crossing Saudi Arabia’s international frontiers.

It is also in the process of phasing out the E/D card altogether through the implementation of Machine Readable Visas (MRV) that will be issued to all travellers visiting the Kingdom with non-GCC passports. The MRVs are electronically generated visas that can be machine-read at the border posts and contain all the information that is presently being collected from the E/D card.

The introduction of the MRV has the potential to improve the quality of inbound tourism statistics, as the electronic reader ensures that all the data stored within the visa is transferred to a computer database. By comparison, the entry of information from the E/D card to the database was often incomplete. Also, additional information that was not collected from the E/D card – most significantly purpose of visit - is included.

However, the MRV data will only be useful for the measurement of those inbound visitors who require a visa to travel to the Kingdom. It also lacks
information regarding the country of residence of the traveller, and the purpose of visit is, at present, an open-field (meaning that the responses are not coded).

Taking all available options into consideration, it is recommended that the collection of inbound and outbound tourism statistics be progressed as follows:

- information regarding non-GCC inbound tourism to be sought from the Ministry of Interior. The SCT should continue in its dialogue with the Ministry of Interior to attempt to influence the development of the MRV to include country of residence and transform the purpose of visit from an open-field to a coded-field.

- information regarding GCC arrivals (and in the short term non-GCC arrivals as well) should be sought through the implementation of a monthly tracking survey at the principal border posts of Saudi Arabia. This new International Visitor Survey (IVS) survey should provide a sample size large enough to be representative of all travellers to the Kingdom; and

- information regarding residents of Saudi Arabia travelling out of the Kingdom should be gathered through the implementation of a three-times-a-year household survey (as part of the Domestic Tourism Survey).

The use of surveys to measure inbound and outbound tourism is common throughout Europe, where most countries have an open-borders policy and E/D cards are generally not deployed. Surveys are also used by the USA to measure the large volume of tourist arrivals crossing the border with Canada. Consequently, surveys should not be viewed as a poor alternative to E/D cards. Through the use of carefully constructed surveys and well-defined sample sizes at the appropriate border posts, surveys should provide results that are as accurate and as useful as using information from the immigration departments.

19.2.2 Domestic tourism statistics

In most countries, domestic tourism is the most significant form of tourism in terms of visitor numbers. Whilst these tourists might not spend as much as international arrivals per trip, their sheer volume often means that domestic tourists generate more revenue than their international counterparts.

There are a number of different ways in which domestic tourism can be measured, and almost all of these are survey related. Of all the survey methodologies, the most reliable is the household survey.

As already noted in preceding sections, the first Domestic Tourism Survey (DTS) was undertaken by the SCT in 1422 H (2001 G). It was executed by intercepting residents of the Kingdom on the street and then interviewing them to gather information related to their travel activities within the Kingdom. It is recommended that this survey be repeated on a regular basis, a process that has already commenced, to provide more comprehensive domestic tourism statistics. Following the initial DTS, future surveys will be based on a fine-tuned methodology, as follows:

- the survey will be executed three times a year, with the recall period of residents for each survey being the previous four months.
- the survey will ask respondents about the travel activities of all the members of their household, not just themselves.
- to increase the quality of information being collected, the survey will be reduced in length, essentially by removing as many of the qualitative questions as possible, and also restructuring the sections concerned with the trips taken during the reference period.

Successful completion of these surveys should enable the production of a set of standard tables (similar to those generated for inbound and outbound tourism) that show the number of domestic trips by various tourist and trip
characteristics on a monthly and annual basis. These will enable changes within the domestic tourism sector to be monitored.

19.2.3 Inventory of tourism resources

Tourism resources comprise those business establishments or attractions that principally cater for the domestic or international tourist. Such establishments can be grouped according to the nature of goods and services that they provide for tourist consumption, namely:

- hotels and other accommodation establishments
- restaurants and cafés
- certain types of transportation
- tour operators, travel agents and tourist guide services
- recreational, cultural and sporting centres; and
- other services such as tourist souqs and shops.

An inventory of these establishments can help the tourism authorities to choose target markets that seek the goods and services the country’s tourism industry offers. The number, location and description of tourism resource (or supply) establishments also serve as a basis for producing facility directories for tour operators, travel agents and visitors. Such directories are effective marketing tools for the tourism authorities and the private sector as well. Analysing these data can also alert the national administrations to actual or prospective shortages of tourism services that should be redressed to accommodate growing demand, both international and domestic.

Due to the fragmentation of the tourism sector, the development of a tourism resource database requires the collection of information from a number of different sources. Its success will be based on the willingness of the sector to divulge information requested from it, and the research and data gathering capabilities of the team established to collect the information. However, for each of these tourism resource groupings, the recommended procedure for data collection is as follows:

- collect from the relevant authorities (i.e. Ministry of Commerce for the accommodation sector, Presidency of Civil Aviation and the travel agency sector etc) or from primary research the complete list of resources in each data group (accommodation, restaurants, travel companies etc), thus providing basic contact information (name, address etc)
- contact each resource, requesting the additional pre-defined information required for the Tourism Resource database
- encourage all tourism resources to keep their own record up-to-date by accessing the TRIC database on-line (when this facility is made available). In the meantime, each resource should be encouraged to update their record by post, fax or email once a year; and
- develop a relationship with the authorities responsible for the licensing or approval of new resources, so that any newly operating businesses or facilities can be recorded in the database.

It is anticipated that in the long term the SCT will be able to persuade a large proportion of resources to maintain their own information on the TRIC, based on the understanding that the database itself will provide them with a greater market profile. This would particularly be the case for hotels, apartments, restaurants, travel companies, and certain tourist attractions. In addition, a team of researchers (see 19.3 below) will be continually researching and collecting this information as, initially at least, only a small proportion of the supply sector are likely to provide data to the SCT and maintain it themselves on a regular basis.
19.2.4 Accommodation statistics

In addition to the volume of inbound, outbound and domestic tourists, accommodation statistics are one of the most useful indicators of a country’s tourism sector, as they show the level of utilisation of its fixed accommodation establishments (hotels, furnished apartments, etc) as well as other useful indicators such as the average length of stay of guests. Without such statistics, it is impossible to plan the development of the accommodation sector properly.

At present, the body responsible for the collection of accommodation statistics in Saudi Arabia is the Ministry of Commerce. On a twice-annual basis, all hotels and furnished apartments in the Kingdom are required to complete a form and return it to the Ministry. However, the methodology followed in collecting and analysing occupancy rates does not allow proper economic analysis of this sector. The principal problem is that they take a top-down approach to the data collection: they do not gather the raw data that is required to calculate many accommodation sector indicators, in particular length of stay.

It is preferable to request basic operational figures from accommodation establishments (such as the number of rooms occupied and vacated each day) as this generally allows the compiling authorities to generate more useful and accurate statistics, and it is also easier for smaller accommodation establishments to understand and complete. Taking this bottom-up approach, the compiling authority has more flexibility to re-work the data into different formats (for example: occupancy rates by province or occupancy rates by size of accommodation establishment etc).

Consequently, it is recommended that the responsibility for the collection of accommodation statistics be transferred to the SCT. As the SCT will be the prime user of the data, it is logical that it should have full control over the collection and dissemination of this information. A new monthly reporting form has been designed and is proposed as the instrument used to collect operational statistics from the accommodation sector in the Kingdom. This form will enable the calculation of:

- room and bed occupancy rates
- density factor (average number of guests per room)
- average length of stay of guests (by resident and non-resident of the Kingdom)
- achieved room rate (average price paid of a room); and
- employment, sales revenues and wage expenses.

Whilst this information can be calculated for each accommodation establishment on a monthly basis, the published statistics will show aggregated statistics, with establishments grouped by:

- month
- province
- size (number of rooms); and
- grade.

Standard tables will be generated from the statistics to aggregate the data by the above groupings. This will enable the performance of the sector to be monitored on a monthly and annual basis. However, for the tables to be meaningful, it will be necessary to achieve a high response rate to the monthly reporting form from accommodation establishments within the Kingdom. Without encouragement, it is unusual for more than 50 percent of all establishments within a country to provide the required data. Whilst it may be necessary to consider regulations that make it mandatory for establishments to complete the monthly reporting form, it is hoped that the SCT can encourage involvement through the sharing of the findings with the sector in the form of a quarterly statistics bulletin.
The link between the SCT and the accommodation establishments is the key element in the collection of this data. It is anticipated that fax and email will initially be used to send and receive completed monthly forms. In the longer term, a facility to collect this information online will be established, although initially only a limited number of accommodation establishments are likely to embrace this method of supplying their statistics.

As the role of the SCT develops and it becomes the licensor of accommodation establishments within the Kingdom, it should be more straightforward to enforce the completion of the monthly accommodation form. Quite simply, the licensing of hotels and furnished apartments would only be approved and granted on the submission of all monthly accommodation forms for the previous license period. This should ensure that all establishments report on a regular basis and on time.

19.2.5 Tourism expenditure

The collection of visitor expenditure statistics is an important activity when determining the economic impact of tourism in a country. There are various methodologies that can be used to measure tourism expenditure, and the most appropriate one must be chosen based on the situation in the reference country. However the most common, and often the most appropriate method for measuring expenditure, is through a visitor expenditure survey. These surveys can measure inbound, outbound and domestic expenditure, although different methodologies are usually required for each type.

Whilst these surveys provide information concerning the demand side of tourism expenditure, it is also necessary to collect tourism related expenditure data from the supply side as well. This tends to be more difficult because of the diversity and fragmentation of the tourism sector. Both demand and supply side data is required to measure the economic impact of tourism, and in particular for the development of a Tourism Satellite Account (TSA), to which reference has been made in Section 5.

The WTO, OECD and EUROSTAT have jointly developed the conceptual framework of the TSA, and the Statistical Commission of the United Nations approved it in 1421 H (2000 G). The fundamental structure of a TSA is based on the general balance existing within an economy between demand of products generated by tourism and their supply. Whilst a decision has yet to be made within Saudi Arabia regarding the implementation of a TSA, it is prudent to collect statistics that are in a format consistent with the TSA to enable the implementation of its tables as and when such a decision is made. Consequently, the recommendations for the collection of tourism expenditure statistics are based on the data required for the development of a TSA.

At present in Saudi Arabia, tourist expenditure (demand side) data is collected from the International Visitor Survey (IVS) and Domestic Tourism Survey (DTS) that were executed in 1422 H (2001 G) by the SCT. The deployment of these surveys will be continued, with certain amendments designed to enhance the data already collected.

International Visitor Survey (IVS)

As recommended in 19.2.1 above, this survey should be undertaken as a monthly tracking survey (i.e. data collected on a monthly basis), to ensure the seasonality of tourist arrivals is taken into consideration in the annual sample. As the primary purpose of the monthly tracking survey is to collect information on international inbound tourist flows, it will not be necessary to collect expenditure data from every interviewee. However, a certain percentage (around 20%) of all interviews will require the respondent to provide this data. Consequently there will be two versions of the survey, one with expenditure-related questions and a shorter version without.

Domestic Tourism Survey (DTS)

The existing Domestic Tourism Survey will be modified, as recommended in 19.2.1 above, to include the gathering of information concerning trips outside of the Kingdom as well as domestic trips within it. Consequently, estimates of outbound tourism expenditure, in addition to domestic tourism expenditure can be recorded.
Tourism Supply Survey (TSS)

At present, limited data is available from the supply side regarding tourism related expenditure at commercial tourism resources (such as hotels, travel agencies, and attractions). It is necessary to gather information such as annual revenues, expenses, wages and salaries from these establishments. Rarely is this information available from third party sources in the format that is required. Consequently it is necessary to gather such data directly from the sector through the implementation of a survey. Due to the sensitivity of the data being collected, it is usual for the authorities to put in place some form of regulation that ensures compliance from the sector when attempting to collect this information.

It is recommended that a sample Tourism Supply Survey (TSS) be implemented on an annual basis that will collect the relevant data from a representative cross-section of the tourism sector. Due to the low usage of the postal service in the Kingdom, the request for these data should be faxed to the relevant establishments and returned to the SCT either on a dedicated confidential fax line or by personal collection. If this latter method is chosen, it is usual for the data collector to use a laptop computer for direct entry of information. This method, called Computer Assisted Personal Interviewing (CAPI), helps to reinforce compliance, assists respondents with difficult questions, and where necessary, allows the inspection of records directly.

Whilst the collection of this information is time-consuming and often difficult, it is an essential activity for the measurement of the economic impact of tourism. It is also mandatory if the development of a TSA is to be considered.

19.2.6 Information resource: the e-Library

The information resource (or e-Library) is unlike any other section of the TRIC in so far as it does not contain data that requires regular updating. It is also less structured than any other element of the database. Essentially it is a data repository in which it is possible to store and retrieve a diverse range of information related to the tourism sector in the Kingdom and indeed worldwide. It comprises three basic sections.

Research facilities

This section is designed to assist researchers with a broad range of general information regarding the tourism industry. It has six main components as follows:

- survey data: the raw data from all surveys undertaken by the SCT and also the key findings for any ad-hoc surveys (that is all those surveys other than the IVS, DTS and TSS)
- library of electronic texts, journals, reports, online databases and websites
- database of tourism-related laws and legislation
- details of tourism-related courses available in the Kingdom
- provincial tourism data: general information collected by the Provincial Committees for Tourism (or their predecessors); and
- tourism statistical summaries: all the quarterly and annual tourism reports generated by the TRIC.

Services for the tourism industry

This section of the e-Library is unlikely to be developed until the database is relatively mature, as it requires considerable information for it to operate effectively. However, it is anticipated that it will include:

Online licensing service: once the role of the licensing tourism facilities falls under the jurisdiction of the SCT, it will be possible to develop an electronic licensing facility that will enable a large proportion of the licensing paperwork
to be completed online. This feature of the TRIC will be particularly useful for ensuring that the Tourism Resource database is kept up-to-date, as license applications would only be granted when all information required by the database has been received; and

**Research and reporting service:** a service for both private and public sector clients would be available (on a commercial basis) to provide specific tourism related information that is requested on an ad-hoc basis.

**Information for the tourists:** this facility would be aimed specifically at the tourists, although it might also be of interest to researchers. It would provide information that is likely to be sought by tourists planning a trip within the Kingdom, including:

- accommodation
- exhibition and conference facilities
- restaurants and cafés
- towns and cities in the Kingdom
- attractions sites
- calendar of events
- travel to, from and around the Kingdom; and
- maps and photographs.

Much of this information is already stored within the Tourism Resources section of the database, and would simply be re-presented here in a format that would be most useful for the tourist. Other information, such as the calendar of events, would need to be researched and updated on a continual basis as part of the TRIC’s research function.

### 19.3 Development and implementation

#### 19.3.1 Organisation of information

At present, the collection and storage of information within the SCT is fragmented. Each module or department is undertaking its own data collection, resulting in much overlap of data and inefficient use of resources. Consequently, when information is required either internally or externally, it is not immediately apparent where the data is stored or if it is available. The SCT will be able to function much more efficiently if there is a central information resource. The TRIC aims to provide that information resource and research function.

The Geographical Information System (GIS) is the largest database of information that currently exists within the SCT, and it is imperative that the GIS is integrated into the TRIC at the most appropriate time during the TRIC’s development. This is expected to be when the basic TRIC structure has been programmed and the data collection and update procedures have been established. On the timeline, this should be around one year from the commencement of the TRIC development (see 19.3.6 below).

The integration of the GIS into TRIC is likely to be a time-consuming task, as the data structures of the two databases will show some marked differences. However, their integration is highly recommended, as the alternative would be for the SCT to maintain two separate databases. This would produce data duplication, overlapping of data collection procedures, general loss of data integrity, and inefficient deployment of human resources.
19.3.2 Institutional requirements

Considerable data needs to be collected and organised if the TRIC is to function as planned. Indeed, the collection and organisation of the data is the principal challenge when developing any tourism information system. Consequently, a dedicated team of data researchers will be required to collect the data and update it at the appropriate time. Each team member will be assigned a specific role. This is desirable as it enables individuals to become familiar with the information they are collecting and to develop relationships with the suppliers of information.

19.3.3 Orderly development

The development of the TRIC database will be well planned and orderly to ensure that it is possible to utilise the information that is collected as soon as possible. Clearly, the collection of data and the development of the database need to be carefully co-ordinated.

The inventory of tourism resources is central to the TRIC, as many of the other elements of the database link to it. For example, the Monthly Accommodation statistics will link to the accommodation establishment records located in the Tourism Resources section. Whilst many elements of data collection and database development can run concurrently, the general order of development should be as follows:

- accommodation inventory
- rest of the Tourism Resource inventory
- inbound Tourism Statistics
- e-Library (Research Facilities only)
- monthly accommodation statistics

- domestic tourism statistics
- outbound tourism statistics; and
- tourism expenditure.

19.3.4 Reporting

The TRIC will generate two series of reports on an ongoing basis: a Quarterly Tourism Monitor and an Annual Tourism Report. These reports should provide up-to-date statistics concerning inbound, outbound and domestic tourism, visitor expenditure, accommodation statistics and any other trends or commentary that might be relevant.

19.3.5 Linking the provinces

Whilst at present the collection of information for the TRIC will essentially be a centralised operation based at the SCT in Riyadh, it is anticipated that in the medium term, data collection will be decentralised and Regional Tourism Councils will become responsible for collecting certain data related to their province. In particular, this will include the Tourism Resource data and Monthly Accommodation statistics. Certain elements of the TRIC, such as Inbound Tourism statistics will always be maintained centrally.

Consequently, the design of the TRIC takes into consideration the potential decentralisation of data collection. If/when this takes place, technical considerations will be necessary to allow the regional tourist offices to access and update data themselves. The design of the TRIC allows for the incorporation of these changes as and when appropriate.
19.3.6 Timeline for development

It is anticipated that the initial period of development of the TRIC will take place over 12 months. During this period, the data collection procedures will be initiated and the development of the database structure, the basic input forms, and output reports will be completed.

Following this phase, the development of “external applications” will take place. These will allow users from outside of the SCT to access the database, and also those within the SCT to access it through user-friendly menu systems. The design of these external applications will be undertaken during the initial 12-month period of development of the TRIC as a greater understanding of external user requirements is gained. However, it should be noted that the development of these applications would continue for as long as they are required to satisfy future users needs. This phase will also mark the commencement of the integration of the GIS into the TRIC, which is likely to take between three and six months.

19.4 Conclusion

- The setting up and effective functioning of a Tourism Research and Information Centre (TRIC) by the SCT is an essential prerequisite for the proper planning, development, marketing, and monitoring and evaluation of the Kingdom’s tourism industry

- This task is of an even greater magnitude, given the present relative dearth of information and data on tourism in the Kingdom

- The operational goal of the TRIC will centre on the regular and authoritative collection, compilation and dissemination of statistical and other research data in a centralised fashion

- The centre will aim to service the tourism information and data needs of all key stakeholders in both the public and private sectors, as well as be a source of consumer information

- The TRIC will be structured around the key areas of:
  - inbound, outbound and domestic tourism statistics
  - tourism resources inventories
  - accommodation statistics
  - tourism expenditure data
  - e-library – a wide-ranging information resource for the Government, the industry and the tourist

- Development and implementation of the TRIC is a major priority for the SCT.
20.1 Introduction

As tourism is a relatively new phenomenon in the Kingdom, it is necessary for the SCT to have a clear and accurate understanding of the major economic costs and benefits that are likely to occur as a consequence of sustainable tourism development.

The economic objectives set out in the STDP are as follows:

- to diversify the economy
- to improve balance of payments
- to create balanced regional development
- to increase opportunities for employment and
- to support small business development.

With these objectives in mind the aim of this section is to gain an understanding of major economic impacts that are likely to occur as a consequence of sustainable tourism development in the Kingdom. The principal concerns of the section are as follows:

- to assess tourism’s contribution to the national economy
- to assess the overall direct and indirect economic costs and benefits of tourism development
- to offer recommendations on ways in which the economic benefits of tourism can be enhanced at all levels
- to investigate the development of Tourism Satellite Accounts (TSA) for the Kingdom.

20.2 Approach

In order to achieve the aforementioned objectives several tasks were undertaken including:

- assessment of the overall direct and indirect economic costs and benefits of tourism development at national, regional and community level
- primary research in the form of field surveys, which were initiated to identify the core market segments to assess their size and relative economic impact and to establish the expenditure from tourist activity on the core sectors of the tourism industry
- analysis of the multiplier effects on sales, employment, value added and on the incomes generated within the sector utilising a national Input/Output matrix.

20.3 Tourism’s Potential Contribution to the National Economy

Tourism expenditure in the base year is estimated at SR35 billion. This is anticipated to rise to SR41 billion by the year 1426 H (2005 G), to SR49 billion in 1431 H(2010 G) and to SR61 billion in 1436 H (2015 G) and to SR78 billion by the end of the forecast period. The forecasts of spending by each of the core market segments are profiled in Table 20.1 below.
Table 20.1: Domestic and International Spending Growth Targets (SR million, Expected Scenario)

<table>
<thead>
<tr>
<th>Purpose of trip</th>
<th>Base Year Estimate (SRm)</th>
<th>1426H (SRm)</th>
<th>2005G</th>
<th>1431 H (SRm)</th>
<th>2010G</th>
<th>1436 H (SRm)</th>
<th>2015G</th>
<th>1441H (SRm)</th>
<th>2020G</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hajj</td>
<td>4,000</td>
<td>4,655</td>
<td>5,120</td>
<td>5,400</td>
<td>5,580</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Umrah</td>
<td>6,535</td>
<td>7,045</td>
<td>7,775</td>
<td>8,920</td>
<td>10,350</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vacation/Leisure</td>
<td>11,280</td>
<td>13,585</td>
<td>17,520</td>
<td>23,230</td>
<td>31,600</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VFR</td>
<td>6,750</td>
<td>7,860</td>
<td>9,725</td>
<td>12,400</td>
<td>16,250</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business</td>
<td>4,475</td>
<td>5,140</td>
<td>6,340</td>
<td>8,025</td>
<td>10,430</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2,200</td>
<td>2,475</td>
<td>2,890</td>
<td>3,475</td>
<td>4,270</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>35,240</td>
<td>40,760</td>
<td>49,370</td>
<td>61,450</td>
<td>78,500</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: The SCT and International Consultants.

20.3.1 Growth in Employment Generated by Tourism

The tourism forecasts from the TGS were run through the model to evaluate the direct and downstream employment in the economy. There is a high proportion of non-Saudi employment in the sector, which tends to be dominated by lower skill occupations and hence lower paid employment. The number of full time employees generated directly and indirectly by tourism was estimated at 638 thousand in year 1421H (2000G). This is anticipated to rise to an ‘expected’ 1.5 million in 20 years time.

20.3.2 Future Foreign Exchange Savings Potential

The foreign currency outflows on foreign travel was set at SR 19.7 billion in the year 1422 H (2001 G). It is expected that actual outflows exceed the above mentioned figures because there are monies and foreign bank accounts for Saudi nationals in addition to remittance made through unofficial channels and consequently not considered in money transference statistics.

Whereas the basic infrastructure was already completed under the tourism development strategy, a wide transfer from outside travel to domestic travel is expected to occur. Also a rise is anticipated in VFR market for non-Saudi residents who may host their families in the Kingdom during their vacation, instead of travelling to their home countries.

Based on the above, it is anticipated to attain savings in foreign currency and through a successful marketing plan and provision of competitive infrastructure such savings could become remarkable at the end of the national tourism development project.

20.3.3 Future Contributions

The revenue of SR 785 million attributable to tourism activity (direct and indirect import duty revenues) was raised during an era of 12% import duties. Since then import duty rates have been reduced to 5%. The contribution that tourism can be expected to make from this source is thus anticipated to be substantially lower. While there can be an expected increase in the volume of imports demanded by other segments of the economy, it is not anticipated to stimulate significant increase in purchasing by tourists.

At these reduced rates it will require 2.4 times the level of tourism revenue to raise the same level of revenue that is estimated to be generated from this source at present.

For tourism to make a contribution to the government revenues in addition to its contribution to employment, output and commercial activity in coming years and as a means of recouping government investment in infrastructure to support the growth in the sector, some other sources of revenues will be required. The preferable options are taxes levied directly on those tourists or...
users of recreational facilities obtaining the direct benefits of their use. The service fees currently applied to KSA hotels goes directly to hotel operations. Many countries levy a value added fees on tourism hospitality spending. However, a significant time delay would be anticipated in implementing such fees.

The most acceptable option is considered to be a “room tax” levied on hotels and furnished apartments. The advantages are that it is impossible to avoid, collection is made a condition of the licensing system and it is a near universal form of tax with which travellers are familiar. The potential revenues at a selection of rates are indicated in the following table.

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax at 2% SRm</th>
<th>Tax at 3% SRm</th>
<th>Tax at 4% SRm</th>
<th>Tax at 5% SRm</th>
</tr>
</thead>
<tbody>
<tr>
<td>1421H/2000G</td>
<td>125</td>
<td>190</td>
<td>250</td>
<td>315</td>
</tr>
<tr>
<td>1426H/2005G</td>
<td>145</td>
<td>220</td>
<td>290</td>
<td>365</td>
</tr>
<tr>
<td>1431H/2010G</td>
<td>180</td>
<td>265</td>
<td>355</td>
<td>445</td>
</tr>
<tr>
<td>1436H/2015G</td>
<td>225</td>
<td>335</td>
<td>450</td>
<td>560</td>
</tr>
<tr>
<td>1441H/2020G</td>
<td>290</td>
<td>430</td>
<td>575</td>
<td>720</td>
</tr>
</tbody>
</table>

*Source: Tourism Demand Model, The SCT, 1422H (2001G).*

### 20.4 Economic Costs & Benefits of Tourism

This section examines the economic costs and benefits of tourism development as proposed in the STDP at three significant levels, namely:

- National Level
- Regional Level
- Community Level from individual tourism projects.

#### 20.4.1 National Level

The costs of implementing the Plan at national level will be an aggregation of the costs of individual private and public sector projects combined with wider spending programmes. The capital costs of the SCT itself are one example. The benefits are defined in terms of increased economic output, potentially increased government revenues from taxation and higher levels of employment.

The multiplier modelling process has identified the impacts of spending by domestic and international tourists in the following areas:

- additional sales
- value added
- generation of employment
- increased personal incomes.

Both the direct and indirect benefits are identified through the multiplier modelling process, providing a picture of the overall benefits on an economy-wide basis.

#### 20.4.2 Projected Net Economic Benefits

The potential future benefits that could be obtained from increased tourism activity have been evaluated through the application of the multiplier methodology. This technique tracks the stream of spending and production activities made in response to the demand from tourists for four main services, namely.
• accommodation
• transport
• food/meals
• recreational activities including shopping.

A graphic illustration of the multiplier effect in tourism is shown in Figure 20.1 on the following page.

Future tourism activity and the incomes and employment generated have been projected using the I/O matrix base year economic inter-relationships. While analysis should be treated as indicative only, the process does track the direction of growth and the indicative benefits that could be obtained. These benefits are positive (above unity in their effect) even when the import component of the goods and services traded in the tourism sector is taken into account. Moreover, with the changes in consumer demand that have occurred over the past two decades the benefits as measured through the initial multiplier analysis are in all probability understated.

The multiplier analysis was applied to tourism forecasts to indicate the potential future contributions that tourism could make in the four key areas evaluated. The generation of positive downstream benefits and impacts to households, for employment and in enterprise are realised in the immediate rounds of direct and indirect spending and do not rely on diffusion through the entire economy to have an overall positive effect.

The forecasts of direct and indirect economic impacts of increased tourism activity obtained from this process are positive. These impacts affect the community at a number of levels, namely:

• in their economic activities
• in providing employment opportunities
• in having the potential to generate activity in regional areas.

A summary of the outcomes at the national level, indicating the extent of the net benefits in the four key areas of concern, follows:

**Output Sales**
The total direct and indirect sales generated by tourism activity are anticipated to rise from an estimated SR37.8 billion in year 1421 H (2000 G) to an ‘expected’ level of SR86 billion in year 1441 H (2020 G). This represents an increase in activity of 127% over the planning period.

**Income**
The remuneration received in wages and salaries by those in the tourism sector and suppliers is anticipated to rise from SR8.1 billion in 1421 H (2000 G) to an ‘expected’ level of SR18.8 billion in 20 years’ time.

**Value Added**
The value added component generated in the tourism sector by tourism activity includes income, operating surplus (profit) and indirect tax less any subsidies, is forecast to increase from the current level of SR26 billion to SR60 billion by year 1441 H (2020 G).

**Employment**
The number of full-time jobs generated directly and indirectly by tourism activity was estimated at 638 thousand in the year 1421 H (2000G). This figure is forecasted to rise under the “Expected” growth scenario to 1,5 million over the upcoming 20 years.
### Figure 20.1: Tourism Sector Multiplier Effect

<table>
<thead>
<tr>
<th>Tourists Spend for:</th>
<th>Second Round of Expenditures</th>
<th>Ultimate Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodging</td>
<td>Wages and salaries</td>
<td>Accountants</td>
</tr>
<tr>
<td>Food &amp; Beverages</td>
<td>Tips and gratuities</td>
<td>Appliance repairpersons</td>
</tr>
<tr>
<td>Leisure and Entertainment</td>
<td>Payroll taxes</td>
<td>Architects</td>
</tr>
<tr>
<td>Clothing</td>
<td>Commissions</td>
<td>Artisans and craftspeople</td>
</tr>
<tr>
<td>Gifts and souvenirs</td>
<td>Administrative and general expenses</td>
<td>Art and crafts suppliers</td>
</tr>
<tr>
<td>Personal care, medicines</td>
<td>Professional services</td>
<td>Athletes</td>
</tr>
<tr>
<td>Photography</td>
<td>Purchase of food and beverage supplies</td>
<td>Attorneys</td>
</tr>
<tr>
<td>Tours, sightseeing, guides and local</td>
<td>Purchase of goods for resale</td>
<td>Auto service persons</td>
</tr>
<tr>
<td>transportation</td>
<td>Repairs and maintenance</td>
<td>Bakers</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>Advertising promotion and publicity</td>
<td>Bank workers</td>
</tr>
<tr>
<td></td>
<td>Utilities</td>
<td>Butchers</td>
</tr>
<tr>
<td></td>
<td>Transportation</td>
<td>Carpenters</td>
</tr>
<tr>
<td></td>
<td>Licenses</td>
<td>Cashiers</td>
</tr>
<tr>
<td></td>
<td>Insurance Premiums</td>
<td>Charities</td>
</tr>
<tr>
<td></td>
<td>Rental of facilities and equipment</td>
<td>Clerks</td>
</tr>
<tr>
<td></td>
<td>Interest and principal payments of borrowed funds</td>
<td>Clothing manufacturers</td>
</tr>
<tr>
<td></td>
<td>Income and other taxes</td>
<td>Cooks</td>
</tr>
<tr>
<td></td>
<td>Replacement of capital assets</td>
<td>Cultural organizations</td>
</tr>
<tr>
<td></td>
<td>Return to government</td>
<td>Dairies</td>
</tr>
<tr>
<td></td>
<td>Others</td>
<td>Dentists</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Department store owners/workers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Doctors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Education providers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Electricians</td>
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<tr>
<td></td>
<td></td>
<td>Engineers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Farmers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Fisherpersons</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Freight forwarding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Furniture makers</td>
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<tr>
<td></td>
<td></td>
<td>Gardeners</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Gift shop operators</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Government workers</td>
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<tr>
<td></td>
<td></td>
<td>Grocers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Healthcare providers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Housekeeping staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Insurance workers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Laundry service providers</td>
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<tr>
<td></td>
<td></td>
<td>Manufacturing workers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Office equipment suppliers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Painters</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Petrol stations</td>
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<td>Plumbers</td>
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<td>Printers and publishers</td>
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<td>Recreation equipment, rales/rental</td>
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<td>Resort Owners, operators</td>
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<td>Road maintenance workers</td>
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<td>Utilities, providers and repair persons</td>
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<td>Waiters</td>
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<td></td>
<td></td>
<td>Wholesale suppliers</td>
</tr>
</tbody>
</table>

### Notes
- Tourists spend for various categories, including lodging, food and beverages, leisure and entertainment, clothing, gifts and souvenirs, personal care, music, photography, tours, sightseeing, guides and local transportation, and miscellaneous items.
- The second round of expenditures includes wages and salaries, tips and gratuities, payroll taxes, commissions, administrative and general expenses, and more.
- The ultimate beneficiaries encompass a wide range of industries, including accountants, appliance repairpersons, architects, artists and craftspeople, and many others.
20.5 Projected Economic Costs

The direct economic costs incurred in providing tourism goods and services are contained within the multiplier process. In addition there are indirect costs incurred by the community at the national level. These include:

**Infrastructure Costs**

Transport infrastructure and utilities costs are the principal infrastructure costs from a tourism development perspective. However, tourism is rarely the prime reason for the development of transport infrastructure, though the transport network provides the tourism sector with a substantial external economic benefit.

The capital costs associated with the provision of accommodation, restaurant and retail properties to service the tourism sector are the most important features in the development of tourism because growth in the sector is entirely dependent on increased capacity. Capital spending on tourism accommodation projects either in progress or having received development planning approval was recorded at SR900 million in 1422 H (2001 G).

**Subsidies**

Utilities and agricultural production have been subsidised by the Government. The level of subsidies has been reduced markedly in recent years and in the case of power and water production, the cost of generation and distribution is currently close to being met by market charges. With recent increases in charge rates, accommodation properties are currently paying the cost of production for power. The indirect economic costs of subsidies will be an issue in remote areas where distribution and probably production costs will be directly attributable to tourism development.

**Government Services**

Compliance costs for licensing, inspection, health and safety services etc are an economic cost of tourism that is largely borne by government. Charges made for licences and other services go some way to meeting the cost of administration. A portion of the institutional costs of border control, security, law and order and agency services such as the SCT can be attributed to tourism activity and need to be allocated into the national cost of tourism. An increase in international visitors will raise the costs of border control and other administrative services.

**Metropolitan Services**

Metropolitan services cover solid waste disposal, road maintenance and utilities maintenance. In the absence of an urban rating structure, the recovery of these costs is an issue in major metropolitan areas hosting a large volume of visitors, such as Makkah Al Mukaramah.

**Labour Market Costs**

The high proportion of expatriate workers in the hospitality sector has an economic cost. Remittances overseas by those working in the sector are not available to be re-spent in the economy and have a negative impact on the Balance of Payments, reducing the initial impact of foreign exchange flows from tourist arrivals.

Development of domestic and inbound tourism to the Kingdom will increase the demand for labour. At current ratios, tourism development will require a substantial increase in demand for expatriate labour. In the accommodation sector alone the requirement in 20 years’ time is for a forecast 50 thousand additional hotel rooms and 74 thousand furnished apartments.

Applying an indicative, sector-wide, staff-to-room ratio of 0.5 for hotels and 0.17 for furnished apartments, an additional 38 thousand staff would be required. Making an allowance for increased Saudi national participation in
the accommodation sector at 30%, there would still remain an additional direct requirement for over 26 thousand expatriate accommodation staff.

In addition to their economic costs in terms of foreign exchange leakages, expatriate workers place a demand on housing, utilities and imports for general household operations.

20.6 Economic Benefits and Costs at the Regional Level

The current pattern of nights spent and associated expenditure in particular locations throughout the Kingdom is highly concentrated. The importance of Hajj, Umrah and Ziarah to the Two Holy Cities dominates the regional incidence reflecting this concentration and applies to both domestic and international travellers. The proportion of foreign total expenditure impacting on the two Holy Cities (Mekkah and Madinah) is estimated to be in the region of 55%.

Domestic tourist expenditure is even more concentrated in the Western Region with close to 60% attributable to this region. The proportion of spending attributed in the Two Holy Cities and Jeddah is estimated at 47% of the total domestic spending. Taif is estimated to attract close to 10% of domestic traveller spending during the course of a year.

With the removal of the requisite travel pass for resident expatriates and provision of Umrah extension visas for foreign pilgrims the current concentration of visitation to the traditional destinations is anticipated to become more dispersed and trips taken are expected to be longer in duration. It is also anticipated that an increase in the number of domestic trips made by the resident expatriate population could increase. The extent of dispersion occasioned by the removal of restrictions on broader travel options will be tracked through the IVS and DTS surveys.

The principal economic benefits to be derived at the village or local area level will initially come as part of the development and stimulation of greater dispersion of the tourist demand pattern in general. Increased economic impacts will be generated by overnight stays and/or making day trips to attractions and places of interest within the area the visitors are staying.

The opportunity for Small and Medium Sized Enterprises (SMEs) or small-scale traders to set up food stalls and sell ethnic and local speciality food products and handicrafts, as well as provide guiding and local tour services, are typically the first areas to be given a stimulus by increased visitation. The universally high incidence of shopping as the major activity undertaken, regardless of destination, can be anticipated to have a salutary impact on market areas and souqs in provincial village areas. Shopping represents a third (35%) of overall tourist expenditure.

Spending on recreational facilities is currently low, but the development of commercial attractions in areas with a critical mass of visitors will enhance the commercial opportunities. Linkages to other complementary attractions or food and tourist retail outlets in the proximity of the key recreational attractions will raise the economic potential of a particular site or area.

The development of overnight accommodation in the immediate area is the main stimulus to economic opportunities at the village level. The more tourists staying in an area and the longer they stay, the greater the opportunity for the sale of goods and services to them.

20.6.1 Costs and Evaluation of Regional Tourism Projects

The process of establishing Tourism Development Areas (TDA) is designed to identify potentially bankable projects, which will then be subject to rigorous evaluation. Through this process the costs of individual projects can be established, aggregated within each region and added to overall public sector costs within each region to establish total regional costs (which can in turn be fed into the calculation of total costs for the Kingdom.)
Economic benefits at the regional level can be measured in the same manner as at the national level, by increased sales, increased incomes and increased jobs. Potential increases in tax revenues from public sector development projects together with the identification of external benefits can be established and aggregated within each region.

In order to undertake an economic evaluation of projects at the regional level, a regional economic database is a prerequisite. No official regional economic database currently exists. The 7th Development Plan identifies this information gap and has committed to establishing such a database. However, this is unlikely to be completed before the end of the 7th Plan, in 1425 H (2004 G), if then.

A benchmark pattern of regional tourism demand, derived from the survey programme, has been assembled. This benchmark provides details of estimated visitor volumes by purpose of visit, nights stayed by location, and regional spending estimates. As part of the companion regional survey programme, supplementary analysis of tourism activity has been undertaken in prime locations.

Also in place are demographic profiles for regions in the 1421 H (2000 G) base year, profiling nationality and age groups.

Several of the metropolitan Chambers of Commerce (Riyadh and Jeddah in particular) have sophisticated economic databases and analysis relating to their region. This is less likely to be available in other provinces that have smaller populations and less industrial activity.

The issue for the SCT will be to assemble the necessary regional economic and social data to undertake their responsibilities in the analysis of regional tourism development. Although the 7th Development Plan is scheduled to assemble a regional economic database, that process will inevitably be driven by macroeconomic concerns rather than tourism sector analysis. Moreover, as indicated above, the time schedule for completion of the 7th Plan database is 1425 H (2004 G) at the earliest. Accordingly, the responsibility to assemble at least an indicative economic and social database in order to undertake analysis of benefits arising at regional level will inevitably rest with the SCT in the short term.

A Business Expenditure Survey (BES) will be carried out. This will have an extremely valuable role in accessing the appropriate economic data at the regional level. The proposed survey will need to be structured to provide a representative coverage of tourism and commercial operations within each of the regions. Follow-up procedures will need to be implemented to ensure adequate regional response rates are achieved.

### 20.6.2 Infrastructure Development

Infrastructure development has been an important element of the past three National Development Plans. Progress in providing a transport network of highways and air links to stimulate development in the core sectors and assist the downstream diversification of the economy has been substantial. The provision of utilities infrastructure to regional towns and cities has been comprehensive with most urban communities now serviced with power and water supplies.

The government has committed to maintaining expenditure on the provision of infrastructure. Transport and communications infrastructure funding of SR5.8 billion (up from SR5.5 billion in the previous year) has been recorded in the coming 1422 H (2001 G) budget, despite a move back to budget deficit.

Tourism development alone can rarely justify the development of transport infrastructure. However, because tourism is a transport intensive and dependent industry, it is vitally concerned with transport developments that enable it to achieve its potential, while conferring net benefits in those areas where tourism development is targeted. Transport development typically requires high cost investments with long development/delivery lead times. The STDP has a critical role in providing signals to those responsible for implementation in the transport sector so that the necessary transport infrastructure to support the growth of the tourism sector is provided.
20.6.2.1 Road Network

The National Tourism Structure Plan (NTSP) set out in Section 11, and Section 12 on supporting infrastructure, confirm the programme for road building being implemented through the Ministry of Transport. This programme is anticipated to not only keep pace with increasing traffic flows on inter-regional highways but also to expand access roads in provincial areas. The expansion of the road network is a bonus for tourism, an external economic benefit.

The lack of accommodation along highways, mentioned by DTS respondents, provides an area of opportunity for private sector operators and investors to fill an evident need, albeit a seasonal need in some areas.

20.6.2.2 Airfields

The 7th Development Plan provides for an expansion of airfield capacity. Airfields and airport infrastructure are expensive. However, air access is central to the development of regional tourism.

In addition to the traditional Economic Internal Rate of Return (EIRR) analysis and commercial viability assessment, strategic decisions on a preferred scenario of airport development requires formulation. Such a vision will provide appropriate signals to development agencies on priorities from a tourism perspective. There are a number of options for airfield development including a hub system of regional airports or a dispersed airfield infrastructure with provincial hubs supplemented by access airstrips in close proximity to major resorts and attractions. These options need to be systematically appraised for their ability to meet long term tourism demand and effect regional development objectives.

The application of EIRR analysis at the regional level to evaluate these strategic options will be an essential element within the overall strategic development process of prioritising development strategy and TDA options.

20.6.2.3 Rail Ways

Another transport development that has the potential to provide benefits in the longer term is the development of a rail network linking Jeddah and Riyadh as an extension of the Riyadh - Dammam sector. The economic justification for the proposed rail link is derived from the benefits of mineral extraction and bulk line haulage of freight from the western and eastern ports.

The development of Riyadh/Jeddah sector will provide the opportunity for tourist passenger services along the rail corridor and confer external economic benefits. While such passenger services are most likely to be used by those making their religious observance, they would also provide an opportunity for longer-haul VFR and family travel. The construction of the Jeddah to Riyadh link, however, is unlikely to commence for some five years until the investment funding strategy is established and implemented, and once in place it is anticipated to meet supplementary demand for transport services.

20.6.2.4 Accommodation and Facilities

Despite the numbers of domestic travellers anticipated to more than double, based on the “expected” growth scenario in the coming 20-year period, the current concentration of visitation does not benefit provincial areas, with the exception of the summer resort areas in the mountains. The issue will be whether critical mass can be achieved to warrant the construction of new facilities in presently undeveloped or under-developed areas.

The development of overnight accommodation capacity in a destination is the main stimulus to economic and employment opportunities. The more tourists staying in an area, the greater the opportunity to provide goods and services. These linkages need to be carefully considered.

Providing accommodation capacity of the appropriate style and size to both stimulate and meet expanding demand will be the key element in achieving regional tourism diversification. The attitude of potential investors towards
investment in accommodation capacity in developing areas will be a critical element in achieving regional development.

20.6.2.5 Utilities

In provincial towns and cities the additional power demand from new hotel and accommodation properties, due to their need for air conditioning, may put strains on existing distribution systems. An essential element in the evaluation of external costs will be the availability of power supplies on a location by location basis and to determine, with local representatives of the Saudi Consolidated Electric Company (SCECO), if the required services can be supplied and at what cost. The same will apply to the evaluation of water supply and solid waste disposal on a location by location basis.

20.7 Economic Costs and Benefits of Individual Projects

20.7.1 Methodologies to Analyse Individual Projects

Traditional project analysis considers the financial return and the economic rate of return of individual development projects. For commercial developments the key ratio of the Financial Internal Rate of Return (FIRR) is typically applied. For public sector infrastructure and facilities the Economic Internal Rate of Return (EIRR) is more usually applied. As a means of assigning priorities and ensuring the effective allocation of resources within the area of government funded projects, a Finance Ministry will typically impose a hurdle rate of EIRR. To be given serious consideration a development project must be able to demonstrate it can potentially generate returns higher than the hurdle rate over the life of the project.

The project dossier checklist identifying a number of areas where evaluation is essential is set out in Appendix D.

20.8 Tourism Satellite Accounts System

- a Tourism Satellite Account (TSA) is a synthetic statistical operation linked to a country’s national accounts that are designed to determine the size and importance of the tourism sector within an economy
- there are 10 tables within the TSA system covering tourism demand and supply
- four of these tables – covering spending/consumption by inbound and by domestic tourists, employment in tourism industries and visitor arrival data – are considered the minimum requirement for implementation of a TSA system
- the travel and spending data required on the demand side is available in significant detail through the DTS and IVS and is adequate for the task. As this database is progressively built up, greater detail and depth will be obtained in the tourism data resource
- the system of National Accounts ideally should be compliant with the UN SNA93 standard. A review of the KSA National Accounts to re-base the accounts to a 1420 H (1999 G) year is currently being undertaken
- a tourism Input/Output matrix is an essential pillar in the establishment of an effective TSA system.

20.9 Future Actions

- the SCT will undertake a Business Expenditure Survey (BES) to provide an up-to-date detail of the tourism industries within the Saudi economy. The current sectoral breakdown prepared by the CDS is relatively crude and does not distinguish between several of the key sub-sectors within the tourism economy, namely, accommodation, restaurants and retail shopping. In the CDS economic statistics these sub-sectors together with
the wholesale trade are combined in the single ‘trade’ sector. The recommended Business Expenditure Survey, which would establish the level of economic activity from primary tourism sector sources and estimate the inter-industries linkages among other sectors in the economy, will be crucial in providing the basis to implement the required Tourism Satellite Accounts system. The BES will have an extremely valuable role in accessing the appropriate economic data at the regional level and build a profile of national costs in the tourism sector.

- the MOP intends to include the tourism sector and sub-sectors in their planned new I/O matrix. The SCT will take the lead by providing comprehensive tourism expenditure and technical data regarding the tourism industries. Should the timeframe for the development of the proposed MoP update to their I/O matrix be particularly lengthy, the SCT will conduct this survey in preparation for future impact studies and the TSA project and embark on the construction of a simple aggregative I/O model.

- the SCT will establish a partnership with the MOF to estimate the tourism industry contribution to government revenues.

- the SCT will aim to establish and implement a system of taxes levied directly on those tourists or users of recreational facilities obtaining the direct benefits for their use. The service charge currently applied to KSA hotel bills goes directly to hotel operations. The most acceptable option is considered to be a room fees levied on hotels and furnished apartments.

- details of outbound travel by Saudi residents available through the Passport Office need to be improved. The SCT will liaise closely with the Passport Office to accomplish this task.

20.10 Conclusion

- this section has sought to highlight the potential economic costs and benefits of tourism development within the Kingdom of Saudi Arabia. It has worked out indicative forecasts of tourist spending levels over the 20-year Plan period. It has also described the impact of these economic costs and benefits for the government, economy and society at varying levels. The benefits appear to bring about several positive impacts including job creation, income generation, foreign exchange earnings and economic diversification. All of these contribute to the economic objectives of the NSTDP. The costs are in no way dissimilar to costs incurred by any emerging tourism destination. In instances such as infrastructure costs, the long-term benefits of improved transport networks for example will enhance the country irrespective of tourism.

- it cannot be denied that the economic impacts of tourism development are significant, yet complex to measure and evaluate effectively. This section has gone some way in measuring and evaluating these impacts. However, the issue of reliable data sources remains vital. Progressively building a dossier of regional and national costs and benefits will advance the evaluation of the identified Tourism Development Areas and the implementation of the Plan as a whole. The proposed BES survey will advance the process of accurately establishing economic impacts in the tourism industry. However, the recommendations and actions proposed in this section will be acted upon appropriately in order to ensure accurate capture, monitoring and recording of economic impacts of tourism development in the Kingdom as the industry grows, without which the risk of unsustainable and erratic development is greatly increased.
21.1 Introduction

The socio-cultural impact of tourism upon a new and emerging destination cannot be underestimated. Investigations of such impacts have uncovered many issues such as demonstration effect, erosion of culture, authenticity, globalisation and standardization. By the same token, and as already discussed in Section 6, tourism itself is affected by the prevailing socio-cultural patterns of the destination.

Because tourism is a relatively new phenomenon in the Kingdom, and because of the special role that Saudi Arabia plays within the global Islamic community, it is necessary for the Supreme Commission for Tourism (SCT) to have a clear understanding of the major socio-cultural issues that might affect, and be affected by, the development of tourism.

The main purpose of this section is to evaluate the type and extent of positive and negative socio-cultural impacts of projected levels of tourism development, as set out in Section 10 above, and which form the basis of the proposed tourism development strategy. Recommendations will also be presented on specific ways to mitigate any negative impacts and reinforce positive ones.

21.2 A framework within which to examine impacts of tourism

Islam emphasizes the duty of hospitality by hosts towards travellers. Guests are asked to respect the privacy and culture of their hosts. But there are specific religious concerns since “the problem is not just the huge economic, developmental and social gap, but also the threat that an industry like tourism represents in the sense of violating Islamic cultural values and traditions.”

Decisions made in the destination about the forms of tourism which will be marketed (and where) and the facilities provided enable the host community to maintain control over the tourism it experiences. The destinations are far from powerless in shaping the forms of tourism, which they experience, and there is a range of measures, which can be used locally to control tourism development.

Some of the socio-cultural impacts of tourism are the normal changes or stresses that arise when any form of economic development occurs. Other impacts result from differences between hosts and guests from within the same culture. The third type of impact occurs when there are substantial cultural differences between residents and tourists. These differences relate to “basic value and logic systems, religious, traditions, customs, life-styles, behavioural patterns, dress codes, sense of time budgeting, attitude toward strangers, and many other factors.”

Where there are marked economic differences between guests and hosts the purchasing power of the visitors can distort the local economy and undermine cultural values with traditional arts being vulgarised to satisfy tourist demand. Negative socio-cultural impacts tend to be most significant where there are substantial differences between hosts and guests. The density of tourism, i.e. the ratio of tourists to the resident population of a destination, can exacerbate these effects.

However, the impact depends upon the susceptibility of the visited to influence from the visitor. The ‘demonstration effect’ results in changes in attitudes, values or behaviour that result from “merely observing tourists.” (de Kadt, E (1979) Tourism: Passport to Development? Oxford, Oxford University Press p65)

The demonstration effect requires that those modelling themselves on the visited have first identified the visitors as role models. Socio-cultural proximity may be important here. The emulation of visitors by the visited is difficult to disentangle from the consequences of the globalisation of culture – particularly of popular culture. The impacts of satellite television and the role of popular music, film, radio and video is difficult, if not impossible, to
disentangle from the impacts of tourism. The ‘demonstration effect’ can result in intergenerational conflict as young people model their social lives on external models – whether on behaviour in other regions of the country or across national boundaries in the GCC or the West. In extreme cases this can result in outward migration of young educated workers.

Studies of hosts’ perceptions of their visitors have been conducted in a range of destinations, and the results suggest that responses are complex and that communities are not homogeneous in their responses. Thresholds of irritation vary from one community to another. Men and women, young and old, those working in tourism and those who have been adversely affected will all have different responses.

Host-guest, visited-visitor relationships involve meetings between people who would not meet other than because of tourism, and can involve people from different cultures, ethnic groups, life styles language and levels of prosperity. There are two schools of thought about measuring the impacts of tourism. One assumes that there is a threshold, which is crossed when “the costs of tourism begin to outweigh the benefits”.

A community’s attitude to tourism is likely to vary. In this connection, the characteristics of the tourists are likely to be more important than their absolute numbers and a destination community’s own characteristics will help determine its ability to absorb growing numbers of visitors.

Relevant characteristics would include level of economic development, spatial distribution of tourist activity, the strength of its local culture and political attitudes. The rate of change and the speed with which tourism is developed is also important.

Academic research points out that as tourism develops in an area a previously homogenous community with a common attitude to tourists may, as experience of the phenomenon increases, develop a range of responses – resistance, boundary maintenance, revitalisation of local culture, adoption of the tourists’ culture. It has also been suggested that different functional groups – residents, business sector and administration – are likely to have divergent responses.

Nevertheless in general the level of cultural clash or social conflict is likely to be a function of

- degree of the similarities of living standards and cultural attitudes between hosts and guests
- the number of tourists and the social and physical pressures which they exert
- the extent to which visitors adapt to local norms
- the strength of local norms as against acculturation processes.

Certainly, the influence of tourism as an agent of change depends, to a large extent, on a local culture’s sensitivity and its power of resistance to exogenous influences.

Advertising and the media play a very significant role in cultural and social change. Tourism is only one part of an emerging ‘global culture’ characterised by powerful brand images. Within countries the development of the modern nation state dilutes regional differences.

But the reality is more complex and destinations are not powerless in shaping the forms of tourism they accept. Tourism has played a role in both assisting cultural convergence and paradoxically countering it by revaluing traditions and ethnicity. National and regional tourism bodies, can be working with planners, the private sector in the destination (and in the originating markets) and local communities can do a great deal to mitigate the negative impacts and harness tourism for positive social and economic development.
21.3 Managing socio-cultural impacts

There is a range of management mechanisms available for minimizing the negative impacts of tourism on society and culture. Here the emphasis is on managing potential negative impacts, an issue of concern to many Saudis.

Whether or not the Kingdom will actually experience major socio-cultural disturbance as a result of the development of tourism in the country remains open to question. For instance, some argue that “some of the statements about the negative impacts of tourism are highly exaggerated”, and “The Kingdom’s culture and religion is very strong and almost impervious to disturbance from external forces associated with tourism development”. This suggests that Saudi Arabia’s genuine and distinctive culture should be sufficiently strong to resist change and to be able to retain its cultural heritage in a way that is meaningful to both Saudis and non-Saudis.

Whether this view will prevail is of course dependent upon the scale and rate of change in the volume of tourism, and the profile, cultural background and behaviour of these additional visitors to the Kingdom, issues explored in a subsequent section in this section. Also, later in this section specific measures are suggested to manage the socio-cultural impacts of tourism in the light of different growth scenarios. First, however, the major socio-cultural impacts identified from the literature are addressed along with some specific concerns also identified from the literature review.

21.4 Management Responses to Socio-cultural impacts

When considering the likely impacts of tourism on Saudi society and culture, it is important to assess

- resilience: strength and coherence of social and culture structure
- economic development: diversity of local economy and the significance of tourism within it
- form and volume: scale and character of tourism, activities of “guests”
- management: effectiveness of local management strategies.

The following set of principles can guide decision-making when managing the impacts of tourism on communities:

- awareness should be raised of the socio-economic significance of tourism
- tourism planning should be based on overall development priorities of the local population
- to coordinate with interested local authority concerning development of domestic tourism attractions
- there should be a public and private effort to maintain the integrity and quality of local opportunities for rest and relaxation
- greater involvement of local people in the development of local tourism should be encouraged
- community participation in tourist events should be facilitated
- itinerary themes that reflect local history, lifestyle and place should be developed
- growth problems should be mitigated before proceeding

Important priorities in managing tourism at the destination level will include:
• the maintenance of local ownership, management and control of tourism businesses and attractions

• using selective marketing and control of the types of facilities, attractions and activities to ensure that they attract only those tourists who will appreciate and respect local cultural traditions

• the creation of employment for Saudis and developing training for this purpose

• establishing thresholds of congestion and monitoring the tolerance of local residents to tourism activity. This enables the development of management responses to minimize the adverse impacts and accentuate the positive, and which can counter overcrowding and loss of sense of place

• integrating tourism into the whole economy in order to maximise benefits

• educating local communities about tourism and its costs and benefits

• recognising that tourist guides play a central role in managing the impacts of tourists and in interpreting the culture of the hosts to the guests.

The following table reviews the likely socio-cultural impacts that might be associated with the development of tourism within Saudi Arabia, and indicates whether these are positive or negative.
### Table 21.1: Likely Socio-Cultural Impacts That Might Be Associated With The Development Of Tourism Within Saudi Arabia

<table>
<thead>
<tr>
<th>Problems identified from the literature</th>
<th>Assessment of likely impact in Saudi Arabia, and possible solutions</th>
</tr>
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<tbody>
<tr>
<td>Foreign words and devaluing of the Arabic language</td>
<td>Globalisation is the major threat here rather than tourism. The main vectors are consumerism, advertising and the media.</td>
</tr>
<tr>
<td>Loss of spirituality &amp; dignity</td>
<td>Tourism, as currently envisaged, is unlikely to have any significant impact. However, the situation will require careful monitoring to ensure Islamic values and Saudi culture are not undermined.</td>
</tr>
<tr>
<td>Commodification and trivialisation of culture</td>
<td>Tourism, as currently envisaged, is unlikely to have any significant impact. Instead, tourism should actually strengthen awareness and appreciation of the Kingdom’s rich cultural heritage.</td>
</tr>
<tr>
<td>Loss of control to originating areas, rather than the host area/destination</td>
<td>Unlikely to happen where concerned government bodies will include the SCT in the process of tourism development in the Kingdom on the national and local levels. All major decisions should be made with the full involvement of communities to be affected by tourism.</td>
</tr>
<tr>
<td>Demonstration effect, intergenerational conflict and outward migration of the young</td>
<td>This may occur where tourism development occurs outside of cities. It may be difficult to distinguish between the impacts of tourism and the impacts of globalisation more generally – the internet and visual media are likely to be more penetrating. Outward migration of the young may be reduced by the creation of attractive jobs and business opportunities in the rural areas.</td>
</tr>
<tr>
<td>Relative deprivation and resentment - islands of affluence in the midst of poverty</td>
<td>Disparities of wealth are likely to be recognisable wherever those with recreational time and money come into contact with those who have less of either or both. The social practice in Saudi Arabia of unified wear for men and women and the norm of not conspicuously displaying wealth mitigates this effect for domestic tourism. A code of conduct for tourists would be helpful in reducing risks of offence.</td>
</tr>
<tr>
<td>Use of scarce natural resources for the enjoyment of wealthy foreigners</td>
<td>Possible impact in some rural areas, particularly if there is no advance planning to ensure that water supplies in particular are not subjected to competing demand. It is important therefore that tourists should bear the full costs of their visit to Saudi Arabia, more than covering the costs of providing water, waste disposal etc. There may also be a positive outcome from this, as tourism-related infrastructure projects create beneficial effects for local communities.</td>
</tr>
<tr>
<td>Crime – prostitution and theft</td>
<td>Unlikely to be of major concern since most tourists will be domestic citizens or Muslims coming for religious reasons. Saudi Arabia already successfully manages the large annual influx of pilgrimage and Umrah travel as a well as a significant population of expatriate workers.</td>
</tr>
<tr>
<td>Littering</td>
<td>The expansion of domestic tourism is likely to significantly increase littering. This is a major challenge for the Saudi authorities and will require public awareness programmes backed up by legislation.</td>
</tr>
</tbody>
</table>
### Problems identified from the literature

<table>
<thead>
<tr>
<th>Problems identified from the literature</th>
<th>Assessment of likely impact in Saudi Arabia, and possible solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social division as some gain more than others</td>
<td>This is a risk with any form of development; at the planning stage consideration needs to be given to spreading benefits through all sections of the local community</td>
</tr>
<tr>
<td>Crowding and intrusion, loss of privacy and of “sense of place”</td>
<td>May well be an impact in the most popular destinations (e.g. Asir, Taif, al-Khobar), especially at peak periods. Resolving this issue will require a destination management strategy, which spreads the numbers of tourists spatially and seasonally. The issue needs to be considered in the planning of all initiatives. A Code of Conduct for tourists would certainly help raise awareness of Saudi social and behavioural norms relating to privacy</td>
</tr>
<tr>
<td>Misunderstandings and conflict can arise between residents and tourists because of differences in languages, customs, religious values and social behaviour. Lack of a shared language reduces the extent of the cultural exchange</td>
<td>Potentially an issue wherever non-Saudis are concerned, particularly non-Arabs and non-Muslims. Other GCC nationals are likely to penetrate more deeply into Saudi society because of their shared language and partially shared culture but there may be a risk that some of their cultural beliefs and modes of behaviour may be transferred to the host population through a ‘demonstration effect’. A visitors code and tourism awareness programmes in the Kingdom would assist in reducing misunderstandings. It is noticed that a substantial number of expatriates who come from different linguistic and cultural backgrounds live in the Kingdom without any conflict due to misunderstanding, moreover, they are accepted and respected as long as they adhere to sound social norms</td>
</tr>
<tr>
<td>Crowding out and loss of access to amenities</td>
<td>Potentially an issue in the most popular destinations if there is insufficient investment in infrastructure and management. This can be countered by ensuring that local residents have access to cultural, leisure and recreational facilities, where necessary.</td>
</tr>
<tr>
<td>Over-commercialisation and loss of authenticity of traditional arts and crafts if over-modified to suit tourist tastes</td>
<td>This is a risk, and indeed there has already been a major decline in local craft skills. Training can play a major role in ensuring that the development of the arts and handicrafts is undertaken in ways which build on Saudi cultural traditions and which avoid over-commercialisation. Tourism can contribute much to revitalising interest in the purchasing of traditional Saudi arts and crafts.</td>
</tr>
</tbody>
</table>

*Source: The SCT and International Consultants.*
21.5 Overview of the growth scenarios

The stated policy of the SCT as regards extending tourism within the Kingdom is to achieve short-term gains by broadening and deepening those market segments that already generate volume traffic.

These segments are:

- Umrah (currently estimated by the SCT at around 6.3 million trips per annum). This is focused on Makkah Al Mukarramah and Madinah Al Munawarah, with the principal point of entry for many foreign Umrah celebrants being Jeddah.

- Domestic tourists already using the Kingdom’s established resorts or who may be attracted to these destinations if certain socio-cultural conditions for tourism are met (currently estimated at 6.7 million trips per annum holiday trips and a further 3.9 million VFR visits). Holiday resorts are located principally in Asir region around Abha, in and around Taif, and also on the Gulf coast at Al Khobar. Some beach resort developments are under construction on the Red Sea. However, it is likely to be at least 5 to 10 years before beach style tourism is at a level where it is significant. The VFR market is obviously based around wherever there is a host population.

- Business and conference tourism (estimated at 1.4 million trips per annum). This is currently focused on the commercial centres of Riyadh, Jeddah and Dammam and to a lesser extent on the Royal Commission cities of Jubail and Yanbu.

An additional market that has good growth potential, but which in absolute volume terms is and will remain extremely low, is cultural heritage travel around the Kingdom by overseas tourists. Already a small number of overseas specialist tourists travel to the country each year in organised, supervised groups.

21.5.1 Impacts associated with Umrah extensions

The recent decision to extend the Umrah visa will create the conditions necessary to increase quite considerably the level of business in and around Makkah Al Mukaramah and Madinah Al Munawarah. In both cities, investment in hotel capacity is geared for the peak demand that occurs during the Hajj period and in general, occupancies are low outside that period.

In terms of the positive socio-cultural outcomes that may be associated with the development of Umrah-related tourism, the following are likely to become evident:

- Increased awareness amongst domestic and foreign Umrah visitors of both Islamic and Saudi culture, particularly as expressed in the traditions of the Makkah-Madinah-Jeddah area of the Kingdom. This could translate into additional demand for tours, ground transportation, guiding services and accommodation, with the associated economic benefits providing a positive return to certain aspects of Saudi society.

- An increased market for, and appreciation of, traditional handicrafts and other items sold in souqs catering to this market segment particularly if this increased volume of potential purchasers is able to access higher quality domestic items.

- The increased trade at hotels and other tourism businesses catering for this market should enhance the commercial viability of such operations, increasing their appeal to Saudis seeking a suitable career path or business opportunity. This in turn will generate additional economic and employment benefits.

Negative socio-cultural impacts are not anticipated in any great volume from an increase in Umrah visitors for the following reasons:
21.5.2 Impacts associated with a growth in domestic tourism

The SCT estimates that in 1422 H (2001 G) there were around 6.7 million domestic tourists and international visitors who had domestic trips for the purpose of vication and a further 3.9 million VFR visits, 10.6 million trips in all. This market is predicted to enjoy the highest growth rate per annum, of up to 7.5% per annum from 1431 H (2010 G) onwards as economic stability and an increase in the number of family units drives up demand for tourism.

Whatever the current state in terms of the volume of activity, it is certain that in the coming years there will be an increase in the level of domestic tourism. What is also evident is that there will be some socio-cultural impacts.

From the research undertaken to date it would appear that there will have to be a certain element of change to oversee family needs if domestic tourism is to grow significantly. Indeed, it would appear that such change is a necessary condition for the further development of domestic tourism within the Kingdom.

For instance, the vast majority of respondents to the national survey of members of society agreed with the statement that some flexibility will have to be introduced into the tourism product, particularly if the needs of families are to be satisfactorily addressed. Judging from the findings of the discussion groups, one can suggest that one of the most fundamental changes desired relates to the interpretation of rules governing the time and the places that whole families, i.e. husband, wife and children, can spend time together.

In the longer term there is a risk that sustained exposure to slightly more liberal attitudes whilst on holiday by residents of more conservative parts of the Kingdom may alter their behaviour, and that this behaviour may then be transported back to their home town or village. This risk is real, but possibly less than the influence of modern media such as satellite TV and the Internet, both of which are becoming increasingly prevalent amongst certain groups within the Kingdom. Similarly, the opposite case might arise and people used...
to more liberal behaviour may in fact adopt the conservative values and traditions of their visitors.

Other than the point raised above, it is not anticipated that there will be any major negative socio-cultural impacts associated with the development of domestic tourism for the following reasons:

- the fact that all domestic tourists are Saudi nationals, Arabs, Muslims and others already living in Saudi Arabia means that they are already familiar with the conventional religious values and behavioural customs

- the areas that are most popular for domestic tourists are operating well under capacity, and thus there are unlikely to be conflicts over access to resources such as agricultural land being taken for building new resorts or water supplies being diverted to water landscaped planting areas and golf courses rather irrigate farm crops.

21.5.3 Impacts associated with business and conference tourism

This market is currently estimated at around 1.4 million tips per annum and is projected to grow at between 3% and 3.5% per annum. Business tourism appears to be mainly focused on Riyadh, Dammam and Jeddah where the major concentrations of businesses occur.

Improvements to the tourism product, particularly in the area of cultural and natural heritage sites, will raise the awareness of travelling businessmen of the tourism opportunities that exist in or close to these regions. This should be translated into additional demand for short breaks to these destinations in the longer term, as Saudis become more familiar with the recreation and tourism opportunities around the country.

Such investment may also encourage some overseas business travellers to extend their stay in the Kingdom. In spatial terms, this will also be likely to be focused around existing accommodation operations in destinations that are already catering for the international market. Thus again, the potential for negative impacts is likely to be limited.

21.5.4 Impacts associated with specialist tours for international tourists

The national airline, SAUDIA, already has the ability and capacity to bring in groups of international tourists on specialist cultural tours, under its “Discover Saudi Arabia” programme. In the last five years around 2,100 tourists have come into the Kingdom on 124 group tours organised through Saudia. The current Discover Saudi Arabia target announced at ITB in Berlin in 1422 H (2001 G) is 220 groups and 6,000 tourists in the coming years. The most recent large group was a party of 355 Japanese tourists who spent more than a week in the Kingdom in Safar 1422 H (April/May 2001 G), whilst previous parties have included tourists from a number of European countries and the USA. The programme for the recent Japanese party included:

- city tour of Riyadh
- guided tour of Al-Ulla
- trip to Asir (Abha) and Al-Baha
- city tour of Jeddah.

All of these destinations, with the exception of the archaeological site at Al-Ulla, already receive considerable amounts of tourism and both Riyadh and Jeddah also have sizeable expatriate populations.

Assuming that future tours concentrate largely on the same destinations then there is unlikely to be much interference with traditional Saudi beliefs and culture. From the media coverage of the Japanese trip, for instance, it was clear that female members of the party were entirely happy to comply with the
requirement to wear the abaya and there appear to have been no instances where cultural misunderstandings caused offence. Good briefing for tourists before the visit (perhaps based on a Code of Conduct for international tourists coming to the Kingdom) and local and well-informed guides to escort the party whilst touring should ensure that any negative socio-cultural impacts are avoided.

In terms of the positive socio-cultural impacts of international specialist tourism, the following benefits are anticipated:

- increased awareness and understanding of Islam amongst those international, non-Muslim tourists coming to the Kingdom
- increased awareness and understanding of Saudi deep rooted history and culture amongst those international tourists coming to the Kingdom
- increased demand for traditional arts and crafts as souvenirs, thus increasing the opportunity to create a sustainable art and craft sector, with an increased opportunity for small crafts industries, and job opportunities for nationals
- increased interest in regional foods and recipes, leading to additional support for the rural economy, especially the agricultural sector
- greater demand for local guides, particularly at natural and cultural heritage sites thus extending job opportunities for suitably trained professionals in key destinations. This should be encouraged through a policy of local recruitment.

21.6 Conclusion

Despite the concerns expressed in some quarters that tourism development in the Kingdom will be a catalyst for undesirable social change, it is firmly believed that on the basis of the projections referred to above, it is extremely unlikely in the short to medium term that growth in tourism within Saudi Arabia will have any negative socio-cultural impact at all.

The reason for this statement is relatively clear. By far the greatest growth in volume terms is expected to come from two segments:

- Umrah extensions from Muslims whose motivation for coming to the Kingdom is based on religious imperatives, and who have the most profound faith and respect for the Islamic Sharia
- Residents living and working within the Kingdom and respecting the country’s traditions, cultural beliefs and behavioural norms.

In the longer term, as a small, specialist international market for cultural, archaeological and wildlife tourism develops, the number of non-Muslims arriving in the Kingdom will certainly rise and in some cases these tourists may travel to parts of Saudi Arabia that have previously seen relatively few foreigners. However, in volume terms these international tourists are likely to represent only a very small proportion of the total number of Western expatriates who live and work in Saudi Arabia on a year-round basis. Thus the likely overall impact of these additional tourists will be minimal, particularly since the tourism products and experiences to be offered will be uniquely Saudi in their nature, reflecting the product strengths that differentiate the Kingdom with all its cultural uniqueness from other Middle Eastern countries.
22.1 Introduction

The key environmental attributes of the Kingdom and their tourism and recreation potential were described in Section 7, in which also the impacts of current tourism and recreational use of environmental resources were assessed. The purpose of the present section is to assess the environmental impact of the planned development of tourism as set out in Part III of this report, particularly based on the projections outlined in Section 10 and the national tourism structure plan in Section 11.

Thus, policies, guidelines and best practice are recommended in respect of protection and conservation of natural resources that form part of, or may be affected by, the tourism product. In particular, practical measures are put forward for mitigating adverse environmental effects and enhancing beneficial ones through application of sustainability principles. Finally, an action plan is recommended.

22.2 Environmental Impact of Projected Tourism in The Kingdom

Over the next 20 years there is potential for significant environmental impacts arising from growth of the tourism industry, specifically associated with mountain and coastal resort developments largely aimed at satisfying the domestic leisure/vacation market. These impacts can be avoided with planning controls or otherwise satisfactorily controlled by application of mitigation measures at the destination level. Fundamental to this is the need for a comprehensive planning framework for major tourism projects requiring full EIA, and ongoing monitoring with a strong enforcement element. This has already been set out in Section 14 in connection with the development standards and design guidelines in tourism development.

The potential environmental impacts of future tourism under low, expected and high growth scenarios have been considered. In the short to medium term, it is expected that growth in Saudi Arabia’s nature-based tourism sector will come from four sources:

- Umrah visits - associated with trip extensions
- business and conference tourism
- specialist markets e.g. ecotourism, scuba diving
- domestic tourism (mainly leisure/vacation).

The potential for adverse environmental impacts from Umrah extensions is considered to be low but could be locally significant during the peak season (Eid Holidays) and may increase with tourism marketing. A similar conclusion is drawn for the business/conference market where visits to natural areas are likely to be of short duration and occur throughout the year.

Specialist nature-based tourism markets such as ecotourism and scuba diving are niche segments that are not currently developed but which have potential for high growth in the long term, given the correct market conditions.

Ecotourism (defined as low impact nature tourism) is a low-volume high-value market that, if developed, has the potential in the long term to bring significant conservation and economic benefits to the Kingdom. Visitor levels projected for the “expected”, indeed even for the high growth scenario are well within the Kingdom’s capacity and are not expected to cause adverse effects.

The scuba diving market is domestically driven, but could potentially expand to a world class destination should diving/coral reef destinations along the Red Sea coast be developed to international standards. However, there is potential for high environmental impact as the market is largely informal and unregulated, with consequent risk of damage to pristine coral reefs as has occurred in the Gulf of Aqaba on the Egyptian side.
Environmental impacts from future tourism growth in the tourism industry are likely to come primarily from the domestic tourism for vacation/leisure purposes (including the VFR segment). Risk factors are the large numbers of visitors approximately half the tourism market, a highly seasonal visitor pattern and largely unregulated access to natural areas exacerbated by lack of alternatives to the most frequented destinations (e.g. Abha, Taif).

All major market segments have an underlying interest in outdoor recreational pursuits. In conjunction with a high population growth, increasing leisure time and higher disposable incomes, pressures on the environment from domestic tourism will continue to grow.

22.3 Minimising the Environmental Impacts of Tourism

Minimising the adverse environmental impacts of future tourism growth in the Kingdom - as well as promoting the benefits – is an essential consideration for the national tourism plan. Such measures can take place at the planning level (e.g. development of emerging tourism destination areas such as Al-Baha to reduce pressure on Abha and Taif) as well as at the destination level, e.g. visitor management methods.

Planning for sustainable tourism is a key aspect. The most serious negative impacts of tourism development can often be avoided or mitigated through land use planning at a national, regional and local level. Planning will be most effective in areas where the tourism industry is emerging, as in the case of the Kingdom.

Development of the Structure Plan has included designation of tourism development areas taking into account environmental and social priorities. Implicit in this process is the recognition of areas of ecological sensitivity, which should be protected from tourism development.

Environmental impacts from tourism encompass a wide variety of interrelated factors covering infrastructure and facility development, operations and activities, ranging from water and energy use, waste disposal and sewage treatment, to recreation, transportation and interaction with local communities. Development of resorts and other tourist facilities involves the construction of large-scale infrastructure, increased resource demands and an influx of new people, ideas and cultures. Without proper precautions, these developments can have a serious impact on local environments and communities.

However, many of these impacts can be avoided by application of good design and management practice. Reference should be made in this regard to the Manual for the Development of Tourism Projects developed by the SCT in the course of preparing this General Strategy. (See Section 14 on Development Standards and Design Guidelines).

A strong set of monitoring and enforcement tools is essential to underpin the effectiveness of mitigation measures taken by policy makers and destination managers.

22.3.1 Mitigation, Monitoring and Control

- The SCT will ensure effective implementation of mitigation and monitoring measures for tourism development projects in line with EIA findings. Developers will be encouraged to prepare and use an environmental management plan.
- The SCT will develop a practical set of performance indicators covering the economic, socio-cultural, environmental and institutional dimensions of tourism that can be monitored as part of implementation.
- The SCT will convene a workshop with interested stakeholders (government, NGO’s, private sector etc) to consult on the selection of indicators. An indicator study will be carried out on a suitable natural area site.
environmental monitoring procedures.

- tourism policies directed at pollution control will focus on industrial pollution of air and water (notably sewage), litter and waste dumping.

22.3.2 Skills and Training

- The SCT will consider setting up a national training programme for environmental awareness and impact minimization, including accreditation, for tourist guides and operators. It is likely that this resource will be based at the NCWCD’s existing Natural Resources Training Centre in Riyadh.

- The SCT will ensure that tourist guides and tourism operators receive appropriate safety and emergency response training in respect of environmental hazards. The SCT should consult the Coast Guard and other relevant safety organizations.

- The SCT staff will acquire specific environmental assessment, monitoring and audit skills in order to adjudicate EIAs submitted in support of planning applications.

22.3.3 Public Awareness

- The SCT will discuss with the NCWCD and the Meteorological and Environment Protection Presidency (MEPP) means for greater promotion of the benefits of wildlife conservation and the adverse consequences of illegal hunting both in the national curriculum and in public education programmes.

- The SCT in conjunction with the NCWCD and other interested parties will develop a Code of Practice for tour operators and a Code of Conduct for visitors to promote best practice for nature-based tourism (including camping, picnicking, recreation). The Codes will be promoted and adopted on a voluntary basis throughout all tourism sites.

- The SCT will develop with the Meteorological and Environment Protection Presidency (MEPP) a public awareness and education programme through the media to demonstrate the value of conserving natural resources, waste minimisation, recycling, care and respect for wildlife and avoiding littering.

22.4 Best Environmental Practices

22.4.1 General

The SCT’s role with respect to the framework of environment protection is summarized as follows:

- The SCT will promote awareness of Agenda 21 issues Rio De Janeiro 1992 and the role tourism enterprises can play in achieving the aims of sustainability - specifically the need to establish environmental management systems within their core business.

- The SCT will promote best environmental practice in the operation of tourism enterprises, minimizing use of non-renewable resources and reducing waste and pollution.

- Cost savings methods (e.g., energy and water minimization, waste control and green purchasing) will be used to encourage those who are interested in entering the tourism sector.

- The SCT will monitor developments in international treaties, agreements and protocols on the environment to which the Kingdom is a party with relevance to the tourism sector.
22.4.2 Tourism in Protected or Other Sensitive Areas

- Principles of sustainable development will be incorporated into planning for tourism in protected areas and other sensitive sites. This will include monitoring of environmental conditions and mechanisms for feedback of findings to prevent environmental damage.

- Tourism associated with protected areas will respect the rights of traditional natural resource users, involve local communities in management, and share benefits. This may be accomplished through the creation of contact groups, local management committees, or other such bodies.

- Management of marine and coastal sites will incorporate zoning, integrated coastal zone management, monitoring, activity restrictions, and public involvement.

22.4.3 Minimization of Risks to Tourists and Tour Operators

- A Visitor Risk Management (VRM) approach will be incorporated in planning for nature-based tourism development to identify and assess risks, develop and implement policies to respond to risks, and to ensure that sufficient and appropriate resources are available within each site.

- The SCT will ensure that protected area authorities, tourism operators and tourist guides and other personnel are appropriately trained in visitor safety management, with specialist training as necessary.

22.4.4 Indicators of Sustainable Tourism for Monitoring

- Sustainable tourism development in Saudi Arabia will incorporate the use of environmental indicators as a means to monitor, evaluate and manage the environmental impacts of tourism. Tourism authorities and managers in the Kingdom will adopt the World Tourism Organization’s guidelines for the development and use of indicators of sustainable tourism.

22.4.5 Resource Conservation by Tourist Facilities

- Best practice guidelines for water and energy conservation and waste minimization for tourism developments will be copied. Adherence to best practice standards can provide a basis for project approvals and for national and regional resort and operator accreditation programs.

22.5 Recommendations

With a view to promoting an environmentally sustainable tourism industry in the Kingdom, the following policy guidelines will be adopted. The focus is on conserving natural resources, adoption of best environmental management practice, and incorporation of mitigation measures to avoid potential environmental imbalance.

22.5.1 Legislation, Regulation and Enforcement

- The SCT and the Meteorology and Environmental Protection Presidency (MEPP) will agree provisions for new regulations and responsibilities under the pending General Environment Law to strengthen environmental protection of tourism resources, control of pollution and the SCT’s role in regulating tourism developments.

- The SCT will take up with concerned authorities the need for drafting legislation to control litter in natural areas with provision for spot fines. The issue of enforcement should be discussed with concerned bodies.

- The SCT will discuss with the NCWCD the mechanism necessary for increasing the benefits of wildlife conservation to implement and strengthen hunting system.
22.5.2 Institutional Strengthening

- The SCT will support the role of specialized establishments in studying and evaluating environmental impacts, the SCT will also review any tourism project planning applications and studies to ensure that they are of high quality and address issues required by law.

- To ensure environmental protection standards and mitigation measures are incorporated during construction and operation of approved tourism projects.

- The institutional capacity of the SCT will be strengthened in order to take actions to service the anticipated backlog of EIA, planning approval and ongoing auditing of tourism developments.

- A formal division of responsibilities will be sought between the ASCT and other agencies in respect of EIA procedures. The respective roles of the SCT, NCWCD, MEPP and other government bodies will need to be clarified as part of this process.

22.5.3 Environmental Impact Assessment and Tourism Planning

- The SCT will implement an effective planning framework for the tourism sector to include Environmental Impact Assessment (EIA) for major projects.

- The SCT will agree with the licensing and other responsible authorities what environmental thresholds or criteria should be adopted for tourism projects requiring EIA.

- The SCT will promote widely EIA through the SCT’s Booklet and Manual for Development of Tourism Projects produced under this Plan.

- The SCT will discuss with MMRA how to integrate tourism into existing land use plans and coastal zone management plans for the Red Sea and Gulf region.

As for the role of the Structure Plan role in EIA and Tourism planning consists of:

- The Structure Plan has identified alternative mountain resorts to those most frequently visited by tourists (e.g. Abha, Taif) in order to relieve pressure during the peak summer season, and this process will be further expanded when provincial tourism plans are prepared.

- The Structure Plan has made provision for adequate theme parks and other mass tourism attractions on the urban fringe to divert visitors away from protected areas.

- The Structure Plan seeks to cluster future new tourist development, where possible, to preserve the quality of the natural environment.

- The Structure Plan ensures that particular tourism products in tourism development areas are not in conflict with environmental resources and sensitivities.

22.5.4 Development of Sustainable Nature-based Tourism

The SCT will develop with other interested parties a nature-based tourism strategy for the Kingdom, and specially the Ministry of Agriculture and Water as it is currently preparing the National Plan for Forests in the Kingdom.

In partnership with the NCWCD, the SCT will identify candidate, existing and proposed protected areas from the preliminary list prepared under Phase 1 that are suitable for sustainable nature-based tourism.
Tourism facilities in protected and other sensitive sites will be designed to follow best practice in terms of available space, ecological vulnerability, accessibility, general site conditions, visual compatibility, waste management and resource use.

The SCT will ensure that visitor management techniques are considered at the earliest stages of the planning process; these could include education, zoning, use limitation, guidelines, regulations, trail systems, user fees and charges.

Steps will be taken to improve the level of on-site interpretation of natural heritage sites which is currently of low quality. This could include sensitive application of signs, boards and leaflets, as well as provision of well-trained guides.

**22.6 Future Action**

Steps to be Taken Over the Plan Period

Phasing key:

1 = 20-year General Strategy  
2 = 5-Year Action Plan  
3 = Bankable Projects  
4 = Plan Implementation (2+ years)  
5 = Plan Monitoring (5+ years)
**Steps To Be Taken Over The Plan Period**  
**National Level EIA And Tourism Planning**

<table>
<thead>
<tr>
<th>Phase</th>
<th>ACTIONS: EIA AND TOURISM PLANNING</th>
</tr>
</thead>
</table>
| 1     | • National level EIA of tourism sector (SCT)  
       | • Initial TDA evaluation (SCT) |
| 2     | • Completion of TDA evaluation (SCT)  
       | • Implement planning framework for the tourism sector to include EIA for major projects (SCT to lead)  
       | • Agree environmental thresholds or criteria to adopt for tourism projects requiring EIA (SCT/NCWCD/MOMRA).  
       | • Identify alternative mountain resorts for development within Structure Plan to relieve environmental stress (SCT)  
       | • Cluster future new tourist development in Structure Plan to preserve natural environment (SCT)  
       | • Present national tourism strategy at International Ecotourism Conference in Riyadh, Mouharam 1423H (March 2002G) (SCT).  
       | • Identify candidate existing and proposed protected areas suitable for sustainable nature-based tourism (SCT/NCWCD).  
       | • Ensure visitor management techniques are considered at the earliest stages of the planning process (SCT, NCWCD)  
       | • Improve level of on-site interpretation of natural heritage sites (SCT, NCWCD) |
| 3     | • EIA of major tourism projects – (SCT, MOMRA, MEPP)  
       | • Promote EIA through the SCT’s Guidance Booklet and Manual for Tourism Project Development (SCT)  
       | • Ensure design of tourism facilities in protected and other natural areas follow best practice (SCT, NCWCD, MOMRA, Enterprises)  
       | • Develop a nature-based tourism strategy for the Kingdom (SCT, NCWCD). |
| 4     | • EIA of project proposals (SCT, Municipalities)  
       | • Integrate tourism into existing land use plans and coastal zone management plans for the Red Sea and Gulf region (SCT/MOMRA) |
| 5     | • Monitoring of major tourism projects (SCT) |

Source: The SCT and International Consultants.
### Steps To Be Taken Over The Plan Period
#### Policy/Legal/Institutional

<table>
<thead>
<tr>
<th>Phase</th>
<th>ACTIONS: POLICY/LEGAL/INSTITUTIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>• Development of environmental policy for tourism (SCT)</td>
</tr>
</tbody>
</table>
| 2     | • Agree new regulations required under General Environment Law for tourism sector (SCT/MEPP)  
      | • Agree SCT’s role in regulating tourism developments (SCT/MEPP)  
      | • Draft anti-littering legislation and its enforcement (SCT, MOI)  
      | • Clarify roles of government agencies for EIA procedures involving tourism projects (SCT, MEPP, NCWCD and others) |
| 3     | • Support measures to combat illegal hunting (SCT, NCWCD, MOI)  
      | • Influence specialized bodies to study EIA, which is reviewed by the SCT later (SCT, MEPP, MMRA)  
      | • Consider SCT’s role for auditing construction and operation of tourism projects (SCT, MEPP, MOMRA) |
| 4     | • Adoption of legislation and regulations  
      | • Strengthen institutional capacity of SCT to service EIA applications (SCT) |
| 5     | • Monitoring and enforcement of regulations |

*Source: The SCT and International Consultants.*

### Steps To Be Taken Over The Plan Period
#### Environmental Management

<table>
<thead>
<tr>
<th>Phase</th>
<th>ACTIONS: ENVIRONMENTAL MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>• Identification of best practice environmental management of tourism destinations (SCT)</td>
</tr>
<tr>
<td>2</td>
<td>• Application of best practice design for presentation, interpretation and visitor management (SCT)</td>
</tr>
</tbody>
</table>
| 3     | • Develop environmental indicators (workshop and pilot study) as a means to monitoring tourism environmental impacts (SCT, stakeholders)  
      | • Focus pollution control measures for tourism projects on sewage, waste and litter (SCT, NCWCD) |
| 4     | • Ensure implementation of mitigation and monitoring measures for tourism development projects follow EIA findings (SCT, Developer).  
      | • Encourage developers to prepare and use an environmental management plan (SCT, Developers).  
      | • Disseminate best practice advice on management and reduction of pollution to tourist operators (SCT) |
| 5     | • Monitoring of environmental management programmes adopted by tourism industry (SCT) |

*Source: The SCT and International Consultants.*
### Steps To Be Taken Over The Plan Period
### Training, Education, Marketing

<table>
<thead>
<tr>
<th>Phase</th>
<th>ACTIONS: TRAINING, EDUCATION, MARKETING</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>• Identification of training &amp; education needs (SCT)</td>
</tr>
</tbody>
</table>
| 2     | • Conduct a more in-depth market study of domestic nature-based tourism (SCT)  
         • Develop a product marketing strategy to promote less intensive tourism for environmentally sensitive areas (SCT) |
| 3     | • Establish a national accredited safety and environmental awareness training programme for tourist guides and operators (SCT, NCWCD, Enterprises)  
         • Conduct EIA, environmental monitoring and audit training for SCT staff (SCT) |
| 4     | • Develop awareness campaign for nature conservation in schools (SCT, NCWCD)  
         • Develop and disseminate Codes of Practice for responsible tourism by visitors and enterprises (SCT and tour operators).  
         • Raise public awareness through media on need to avoid litter, minimise waste and respect the environment (SCT, NCWCD) |
| 5     | • Monitor effectiveness of training, education and marketing programmes (SCT) |

**Source:** The SCT and International Consultants.

### 22.7 Conclusion

- The potential environmental impacts of the low, expected and high tourism growth scenarios under this strategy have been assessed. Significant impacts can arise from the growth of tourism over the next 20 years especially in mountain and coastal resort developments aimed at the domestic leisure/vacation market.

- However, these can be avoided with planning controls or otherwise satisfactorily controlled through mitigation measures at the destination level.

- In addition to the planning approval requirements stipulated under development standards and design guidelines in Section 14, notably conduct of EIA in respect of all major tourism projects, there will be ongoing monitoring and strong enforcement.

- A series of policy guidelines and strategies for minimising the environmental impacts of tourism have been formulated under the broad areas of mitigation, monitoring and control, skills and training, public awareness and education, and best environmental practice.

- Specific measures have been formulated in respect of legislation, regulation and enforcement, institutional strengthening (with the respective roles of the SCT, NCWCD and MEPP defined), EIA and tourism planning, and development of sustainable nature based tourism.
23.1 Introduction

The General Strategy has tackled a variety of different subject areas relevant to the development of sustainable tourism in the Kingdom. Each Section has assessed the situation within the Kingdom in terms of its subject area and made subsequent recommendations regarding strategy approach, policy implementation and actions to be undertaken.

This section seeks to collate these key issues, related strategies and policies and recommended actions assigning priority and responsibility to each specific area. For the purposes of providing an easy overview these key issues, strategies, policies and actions are summarised and presented in tabular form in the following Table 23.1.

It should be noted that this collation does not encompass all the detailed recommendations emerging from the entire General Strategic process. These are found in the individual technical reports of the 15 outputs, which constitute phase 1 of the NTDP and contribute to the present General Strategy report. Thus, only major issues, strategies, policies and actions are presented here. The present collation not only brings together the key outcomes of each output, but also integrates and groups them into major subject areas, which represent the core functional responsibilities of the Supreme Commission for Tourism. Further, in assigning responsibility, the central concepts of primary responsibility, shared responsibility and advocacy in respect of the role of the SCT have been adopted.

Assigning priority rankings to the various issues and actions provides an indication of the relative importance and urgency of the issues and actions in question, and therefore of their staging in the subsequent implementation plans of the SCT. By the same token, the entire collation presented below provides the framework within which Phase 2 of the National Tourism Development Project – the Action Plans – can be elaborated. It should also provide the framework for a more rational grouping of functional responsibilities under the various departmental work plans of the SCT, which will take primary responsibility in implementing the Strategy.
### SUMMARY OF KEY ISSUES, STRATEGIES, POLICIES AND ACTIONS

<table>
<thead>
<tr>
<th>Priority Ranking</th>
<th>Classification of Issues/Actions</th>
<th>Suggested Course of Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Issues directly actionable by the SCT in the short run (<em>primary and/or shared responsibility</em>)</td>
<td>Action to be taken by the SCT the short term put on high priority</td>
</tr>
<tr>
<td>2</td>
<td>Issues not directly actionable by the SCT and viewed as being resolved in the short run (<em>advocacy role</em>)</td>
<td>The SCT to influence others responsible for primary action, put on high priority</td>
</tr>
<tr>
<td>3</td>
<td>Issues directly actionable by SCT and viewed as not being resolved immediately (<em>primary and shared responsibility</em>)</td>
<td>Action to be taken by the SCT, considered intermediate action plan, put long term resolution, low on priority</td>
</tr>
<tr>
<td>4</td>
<td>Issues not directly actionable by the SCT and the solution is seen as a long term one (<em>advocacy role</em>)</td>
<td>Not to prioritise at this stage</td>
</tr>
<tr>
<td>Ongoing</td>
<td>Issues which require continuous attention and involvement, irrespective of whether they are primary or shared responsibilities</td>
<td>Clearly many of the activities of the SCT will be of such a continuing nature. They are also seen as commencing in the short run</td>
</tr>
</tbody>
</table>

*Source: The SCT and International Consultants.*

The following abbreviations are used in the ensuing table:

- **M.R.: Main Responsibility**
- **Sh.R.: Shared Responsibility**
- **A.R.: Advocacy Role**

**Ongoing:** Continuing involvement in activity in question
### Table 23.1: Summary of Key Issues, Strategies, Policies and Actions

<table>
<thead>
<tr>
<th>Key Issue/Core Functional Area</th>
<th>Strategy, Policy, Action</th>
<th>SCT Role</th>
<th>Priority Level</th>
<th>Responsibility/Partners</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tourism Planning and Development</strong></td>
<td>1. Physical planning</td>
<td>The fountainhead of all tourism planning and development in the Kingdom will be the National Tourism Vision and Mission Statements and associated strategic objectives</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>All levels of public &amp; private sectors at national, provincial and local level</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Adopt national tourism structure plan’s hierarchy of spatial units and plans</td>
<td>M.R.</td>
<td>1</td>
<td>All competent public sector bodies</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Adopt staging plan for development of existing, emerging and new TDAs over the 20-year period of the NTDP</td>
<td>Sh.R.</td>
<td>In co-operation with national &amp; provincial authorities</td>
<td>-Need to achieve balanced development through dispersal of tourism, and to contribute to regional economic development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Demarcate identified TDAs and TSs</td>
<td>Sh.R.</td>
<td>1</td>
<td>With provincial/ local authority assistance</td>
</tr>
<tr>
<td>2. Provincial and local planning</td>
<td>Designate TDAs and TSs</td>
<td>M.R.</td>
<td>1</td>
<td>With provincial/local authority assistance</td>
<td>-Appropriate legislative enactment will be required</td>
</tr>
<tr>
<td></td>
<td>Identify, survey and claim government lands suitable for tourism development</td>
<td>S.R.</td>
<td>1</td>
<td>With concerned Ministries and provincial/local authority assistance</td>
<td>-Appropriate legislative enactment will be required</td>
</tr>
<tr>
<td></td>
<td>Prepare Provincial Tourism Plans</td>
<td>Sh.R.</td>
<td>1 (extending over 2-3 years)</td>
<td>Provincias governments, local authorities, local private sector bodies and other Interested parties</td>
<td>-Including land use plans</td>
</tr>
<tr>
<td></td>
<td>Prepare TDA Master Plans</td>
<td>Sh.R.</td>
<td>1 (extending over 2-3 years)</td>
<td>Provincias governments, local authorities, local private sector bodies and other Interested parties</td>
<td>-Detailed identification of infrastructure, product development and other requirements</td>
</tr>
<tr>
<td></td>
<td>Integrate provincial and TDA plans with other regional and urban development plans</td>
<td>Sh.R</td>
<td>1 (extending over 2-3 years)</td>
<td>Provincias governments, local authorities, local private sector bodies and other Interested parties</td>
<td>-Linkages with other economic sectors will be strengthened</td>
</tr>
<tr>
<td></td>
<td>Expand and improve the SCT resource databases to facilitate provincial and local tourism planning</td>
<td>M.R.</td>
<td>Ongoing</td>
<td>Provincias governments, local authorities, private sector</td>
<td>-Specification of individual projects/sites -Including GIS database</td>
</tr>
</tbody>
</table>
### GENERAL STRATEGY

#### SECTION

**SUMMARY OF KEY ISSUES, STRATEGIES, POLICIES AND ACTIONS**

<table>
<thead>
<tr>
<th>3. Tourism project development</th>
<th>Undertake a fundamental review of the provision of tourism and recreation opportunities for key groups within Saudi society</th>
<th>S.R.</th>
<th>3</th>
<th>bodies and other interested parties</th>
<th>-Will be guided by overarching national policy of making domestic tourism an attractive alternative to travel abroad, primarily to improve the balance of payments but also underpin the viability of its developments targeting the domestic tourism market (see also under Marketing and Promotion below)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Undertake further practical examination of the potential role of the country’s rich and varied cultural and natural heritage as tool for stimulating domestic tourism</td>
<td>Sh.R</td>
<td>3</td>
<td></td>
<td>-There is a need for suitable recreation and leisure facilities that reflect bachelors’ specific requirements at the country’s tourism destinations, if this important segment is not to continue seeking alternative foreign destinations</td>
</tr>
<tr>
<td></td>
<td>Encourage adoption and adherence to development standards and design guidelines for tourism projects</td>
<td>Sh.R</td>
<td>Ongoing</td>
<td>PTOs, LTOs, Other Govt agencies. Private sector</td>
<td>-As per the SCT Booklet and Manual for Tourism Developers. These will be constantly reviewed and updated and widely distributed for information and feedback</td>
</tr>
<tr>
<td></td>
<td>Implement tourism project planning approval procedure</td>
<td>Sh.R</td>
<td>Ongoing</td>
<td>PTOs, LTOs, Other Govt agencies. Private sector</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Revisit international best practice in tourism project design, development and operation and adapt to Saudi situation as needed</td>
<td>Sh.R</td>
<td>Ongoing</td>
<td>PTOs, LTOs, Other Govt agencies. Private sector</td>
<td></td>
</tr>
<tr>
<td>4. Supporting infrastructure provision</td>
<td>Infrastructure at national level is adequate to cope with the projected growth of tourism</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>Concerned Ministries</td>
<td></td>
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<td>---------------------------------</td>
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<tr>
<td></td>
<td>Hotels and resorts in rural and coastal areas will need to make provision for independent supply of energy, water, sewage treatment and solid waste disposal where they are at some distance from national networks. In particular, where desalination of seawater is not a feasible option, delay investment in tourism facilities until adequate groundwater sources are proven. TDAs and TSs must have paved road access to avoid destruction of natural areas. Traffic management plans will need to be prepared to avoid risk of local traffic congestion due to day trips at tourist sites.</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>PTOs, LTOs, local branches of ministries</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-Tourism-specific infrastructure requirements will be identified and ultimately provided at the local level of the TDAs and TSs within the framework of provincial and TDA plans</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Product development (see also under Marketing and Promotion function)</td>
<td>Interpretation, presentation and general visitor management of key natural and cultural heritage sites</td>
<td>Sh.R.</td>
<td>1</td>
<td>NCWCD, Dep. Ministry of Antiquities &amp; Museums</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Identify tour circuits incorporating such sites</td>
<td>Sh.R.</td>
<td>1</td>
<td>NCWCD, Dep. Ministry of Antiquities &amp; Museums</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-Need to develop such resources into organised and marketable tourist attractions</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Festivals and similar events are potentially important tourist attractions</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
### GENERAL STRATEGY

#### SUMMARY OF KEY ISSUES, STRATEGIES, POLICIES AND ACTIONS

<table>
<thead>
<tr>
<th></th>
<th>Encourage and promote soft cultural attractions, such as arts, crafts, traditions etc</th>
<th>A.R.</th>
<th>Ongoing</th>
<th>NCWCD, Dep. Ministry of Antiquities &amp; Museums</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Ecotourism and cultural heritage tourism development</td>
<td>The policy for tourism and the environment is based on the principles of (a) planned and controlled tourism development, (b) improving the environment of tourism destinations, and (c) promoting nature based tourism</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>Ministry of Interior, NCWCD, MEPP and Ministry of Agriculture and Water</td>
</tr>
<tr>
<td></td>
<td>Cultural tourism as a special interest niche, or as a component activity of general interest tourism has considerable scope for development</td>
<td>Sh.R. &amp; A.R.</td>
<td>Ongoing</td>
<td>Dep. Min. Of Antiquities &amp; Museums, cultural associations</td>
</tr>
<tr>
<td></td>
<td>Areas in which attention will need to be focused include legislation and governance, protection recording and research, conservation, skills training, development of tourism projects based on cultural and natural heritage sites, management of heritage sites, presentation, marketing and awareness of sites</td>
<td>A.R.</td>
<td>Ongoing</td>
<td>Dep. Min. Of Antiquities &amp; Museums, cultural associations</td>
</tr>
<tr>
<td></td>
<td>-Building on traditional Saudi leisure practices in the countryside and coastal areas, preservation of environmental quality will be a paramount objective</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>-The SCT will act in three specific capacities: as an advocate or promoter of opportunities and actions, as an enabler of development, and as a controller of visitor/tourist activities</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>-The SCT will work closely with the competent authorities in all these areas, as well as involve local communities not only in planning and development of attraction sites, but also in safeguarding and presenting them</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>7. Upgrading of existing tourism facilities</td>
<td>Encourage investment in upgrading existing tourism facilities and in the conversion and adaptive use of old heritage buildings</td>
<td>Sh.R.</td>
<td>2</td>
<td>Local communities, individual owners</td>
</tr>
<tr>
<td></td>
<td>Priority will be given to the protection and sustainable use of natural, built and</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td></td>
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<tr>
<td></td>
<td>-Various suitable incentives, in addition to technical assistance will be offered by the SCT to communities and individual owners</td>
<td></td>
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</tbody>
</table>
### GENERAL STRATEGY

<table>
<thead>
<tr>
<th>Summary of Key Issues, Strategies, Policies and Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural heritage resources in tourism planning and general product development</td>
</tr>
</tbody>
</table>

| 8. Updating of tourism plans | Develop systems to track and control proposed new tourism developments and update regularly tourism plans at all levels | M.R. & Sh.R. | 3 | -Essential to maintain the relevance and effectiveness of plans. Local community involvement in the planning process will be an essential precondition |

#### Investment Promotion and Facilitation

| 1. Improve investment climate for tourism sector | The SCT will assist in implementing capital market reforms, amending banking regulations and other measures conducive to easing constraints on tourism investment | A.R. | 2 | SAGIA, MOFNE etc |
| 2. Promote investment and facilitate project development | Establish project facilitation unit within the SCT | Sh.R. | Ongoing | SAGIA |
| | Make available to prospective investors all necessary information and data on industry to enable effective investment planning | Sh.R. | Ongoing | SAGIA |
| 3. SME activities and studies needed for national tourism development financing | Establish specific financing mechanisms for small/medium size investors | Sh.R. | 1 | MOFNE |

- Tourism as an industry is characterised by large SME components. This is particularly valuable in terms of regional and community development objectives, creation of employment and entrepreneurship opportunities. However, SMEs are generally at a disadvantage in terms of access to finance and technical know-how.
<table>
<thead>
<tr>
<th><strong>Marketing and Promotion</strong></th>
<th><strong>Provide technical assistance and training to SME operators in tourism</strong></th>
<th>Sh.R.</th>
<th>Ongoing</th>
<th>PTOs, Chambers of Commerce</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Establish a Tourism Development Fund designed to leverage investment in tourism and generally pump-prime development process</strong></td>
<td>M.R.</td>
<td>1</td>
<td>MOFNE, Council of Ministers</td>
<td>Developing tourism projects, activities and studies needed for tourism development needs support and incentives at the beginning of establishing this infant industry.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Marketing and Promotion</strong></th>
<th><strong>1. Destination Marketing Strategy and Promotion Programme</strong></th>
<th><strong>Formulate national destination marketing strategy in line with market analysis and overall vision and mission for tourism and prepare promotion programme for short and medium term</strong></th>
<th>M.R.</th>
<th>1</th>
<th>PTOs, LTOs, private sector</th>
<th>The SCT central responsibility for this task and will play an ongoing leadership role in this area</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Formulate provincial destination marketing strategy and promotion programme in line with national strategy</strong></td>
<td>Sh.R.</td>
<td>3</td>
<td>PTOs, private sector</td>
<td>-Part of Provincial and TDA Tourism Plans</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Marketing and Promotion</strong></th>
<th><strong>2. Market Development</strong></th>
<th><strong>Prioritise:</strong></th>
<th>Sh.R.</th>
<th>1</th>
<th>PTOs, private sector</th>
<th>-Consistent with National Tourism Vision and Mission Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>-Domestic leisure tourism market</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>-International Umrah travel</strong></td>
<td></td>
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</tr>
<tr>
<td><strong>-Specialised niche market segments based on natural/cultural heritage</strong></td>
<td></td>
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</tr>
<tr>
<td><strong>Geographical market targets:</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>-Domestic</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>-GCC States</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>-Other Arab Neighbours</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>-Other Muslim countries</strong></td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>
### GENERAL STRATEGY

**SUMMARY OF KEY ISSUES, STRATEGIES, POLICIES AND ACTIONS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Key Issue</th>
<th>Department</th>
<th>Timeframe</th>
<th>Key Actions</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Product Development (see also under Planning and Development above)</td>
<td>Tackle acute seasonality of domestic tourism industry</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>PTOs, private sector</td>
<td>- Need to enhance viability of domestic tourism enterprises, reduce costs and improve price structures</td>
</tr>
<tr>
<td></td>
<td>Expand/improve domestic tourism product portfolio</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>PTOs, private sector</td>
<td>- Develop new products in line with market needs and wants</td>
</tr>
<tr>
<td></td>
<td>Research, identify, pilot and refine product components that can be put into Umrah extensions</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>PTOs, private sector</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Design tourism packages targeted at specific groups in Saudi society</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>PTOs, private sector</td>
<td>- Examples of groups include families, women, youth</td>
</tr>
<tr>
<td></td>
<td>Design, pilot, refine and promote packages for GCC markets</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>PTOs, private sector</td>
<td>- The characteristics of the GCC market open up whole range of opportunities e.g. short breaks, special events, historic, religious and cultural holidays</td>
</tr>
<tr>
<td></td>
<td>Design, pilot, package and promote special interest products for the international market</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>PTOs, private sector</td>
<td>- Based on cultural and natural attractions, and exploring possibilities of tie-ups with neighbouring destinations</td>
</tr>
<tr>
<td></td>
<td>Develop domestic nature-based tourism activities and foster the ecotourism concept</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>PTOs, private sector</td>
<td></td>
</tr>
<tr>
<td>4. Access and accessibility of domestic tourism destinations/sites</td>
<td>Improve internal passenger transport</td>
<td>A.R.</td>
<td>2</td>
<td>MOT, Saudia, other airlines, private sector land transportation companies</td>
<td>- Increase competition, improve service standards, lower fares</td>
</tr>
<tr>
<td>Deregulate air and road passenger transport on domestic routes</td>
<td>A.R.</td>
<td>2</td>
<td>MOT, Council of Ministers, Saudia, other airlines, private sector land transportation companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Improve road-side rest facilities, visitor/traveller information centres</td>
<td>A.R.</td>
<td>2</td>
<td>MOT, Council of Ministers, Saudia, other airlines, private sector land transportation companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Stem flow of Saudi tourist travel overseas</td>
<td>Improve domestic tourism product packaging, distribution and promotion</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>PTOs, private sector</td>
<td></td>
</tr>
<tr>
<td>Address issues of affordability and competitiveness of domestic tourism products</td>
<td>A.R.</td>
<td>Ongoing</td>
<td>As above plus national Government agencies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Negative market perceptions of domestic tourism</td>
<td>Address lack of awareness about domestic tourist attractions and facilities</td>
<td>Sh.R.</td>
<td>1</td>
<td>Various govt agencies, private sector, media, etc</td>
<td></td>
</tr>
<tr>
<td>Undertake specific research to establish exact level of expenditure on Saudi outbound tourism</td>
<td>Sh.R.</td>
<td>1</td>
<td>Various govt agencies, private sector, media, etc</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undertake long-term public education about tourism programmes (see Community Relations issue below)</td>
<td>Sh.R.</td>
<td>1</td>
<td>Various govt agencies, private sector, media, etc</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

-Need to improve product availability and ease of access from consumer viewpoint
-Need to bring about attitudinal change vis-à-vis domestic vacation options
-Divert outflow of funds and mitigate drain on economy
### 7. Travel facilitation (see also Legislative Framework and Regulatory Reform)

<table>
<thead>
<tr>
<th>Organisational Structure of Tourism in KSA</th>
<th>Streamline visa procedures for bona fide tourists</th>
<th>Establish and enforce uniform policy guidelines throughout network of Saudi embassies</th>
<th>Deputy Prime Minister, Ministry of Interior, Ministry of Labour and Social Development</th>
<th>MOI – Passport Office, MOFA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sh.R.</td>
<td>1</td>
<td>MOI – Passport Office, MOFA</td>
<td>Delegate licensed Saudi travel principals (tour operators, inbound travel agents with procedural tasks and responsibilities pertaining to visa applications and issuance)</td>
<td></td>
</tr>
</tbody>
</table>

**Organisational Structure of Tourism in KSA**

1. **Public sector tourism organisation**
   - The SCT is the National Tourism Administration (NTA) of the Kingdom
   - The SCT role and modus operandi is defined by the triptych of: primary responsibility, shared responsibility, and advocacy
   - The SCT is at the apex of the Kingdom’s tourism organisational structure. It uniquely combines the status, role and functions of a ministry of tourism and any tourism sector organisation body.

2. **Provincial Tourism Organizations (PTOs)**
   - Sh.R.
   - M.R.
   - The SCT Board of director and Provincial governments
   - PTOs will have three main stakeholders: the SCT, the provincial government and organizations and the private sector, who will also constitute its three main sources of support.
   - PTOs will be largely local private sector driven bodies, will operate as adjuncts of the local council and be constituent members of their respective PTOs.

3. **Local Tourism Organisation (LTOs)**
   - Sh.R.
   - M.R.
   - Provincial govt, PTOs
   - The SCT is at the apex of the Kingdom’s tourism organisational structure. It uniquely combines the status, role and functions of a ministry of tourism and any tourism sector organisation body.
### 2. Private sector tourism organisation

- **A period of 3 to 5 years will be required to establish and activate fully the proposed public sector tourism organisation, for which appropriate planning and budgeting will be made**

- **Close co-operation will initially be sought with the Chambers of Commerce and their tourism committees, as the only private sector representative body in the Kingdom at present**

- **The SCT will however encourage the gradual evolution of tourism trade and professional associations in order to enhance its ties with its key private sector stakeholders and ensure their direct representation on national, provincial and local tourism organisations and their more effective involvement and contribution to the overall tourism development and promotion effort**

### 3. Institution building and strengthening

- **Restructure the SCT to reflect the defined role and functions of an NTA**

- **Prepare detailed business (corporate) plan for the SCT to guide its institutional development**

- **Strengthen the institutional capability of the SCT to enable it to fulfil its mandate as the Kingdom’s NTA**

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Responsible Body</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>A period of 3 to 5 years will be required to establish and activate fully the proposed public sector tourism organisation, for which appropriate planning and budgeting will be made.</td>
<td>M.R.</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>Close co-operation will initially be sought with the Chambers of Commerce and their tourism committees, as the only private sector representative body in the Kingdom at present.</td>
<td>Sh.R.</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>The SCT will however encourage the gradual evolution of tourism trade and professional associations in order to enhance its ties with its key private sector stakeholders and ensure their direct representation on national, provincial and local tourism organisations and their more effective involvement and contribution to the overall tourism development and promotion effort.</td>
<td>MR.</td>
<td>3</td>
</tr>
<tr>
<td>3.</td>
<td>Restructure the SCT to reflect the defined role and functions of an NTA.</td>
<td>M.R.</td>
<td>1</td>
</tr>
<tr>
<td>3.</td>
<td>Prepare detailed business (corporate) plan for the SCT to guide its institutional development.</td>
<td>M.R.</td>
<td>1</td>
</tr>
<tr>
<td>3.</td>
<td>Strengthen the institutional capability of the SCT to enable it to fulfil its mandate as the Kingdom’s NTA.</td>
<td>M.R.</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>
### Activate and strengthen the consultation mechanisms and procedures with all public and private sector stakeholders through various sub-committees, working groups, task forces, etc, as appropriate

<table>
<thead>
<tr>
<th>Sh.R.</th>
<th>Ongoing</th>
</tr>
</thead>
</table>

### Prepare the necessary legal instruments for the establishment of Provincial Tourism Organization and Municipal Tourism Committees

<table>
<thead>
<tr>
<th>M.R.</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council of Ministers</td>
<td></td>
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</tbody>
</table>

### Prepare business plans for and provide ongoing guidance and technical assistance to these sub-national and local tourism organisations

<table>
<thead>
<tr>
<th>Sh.R.</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>PTOs, MTCs, Chambers of Commerce</td>
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</table>

### Facilitate the formation and operation of private sector tourism trade associations

<table>
<thead>
<tr>
<th>A.R.</th>
<th>4</th>
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</thead>
</table>

### As a basic policy, funding sources for the SCT, PTOs and LTOs will vary, with public sector contribution being highest at national level

<table>
<thead>
<tr>
<th>4. Funding the tourism organisation</th>
<th>Council of Ministers</th>
</tr>
</thead>
</table>

### Further evaluation of a number of identified potential funding methods and sources of revenue for all three tiers of public sector tourism organisation will be conducted and appropriate proposals will be made to the Government

<table>
<thead>
<tr>
<th>Sh.R.</th>
<th>1</th>
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<tbody>
<tr>
<td>Council of Ministers, provincial &amp; municipal Tourism organizations &amp; private sector</td>
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</table>

### Consistent with international practice, the SCT will derive the bulk of its required funding from direct national government budget subventions. Other sources of revenue will be utilised, but these will tend to supplement rather than replace government funding

<table>
<thead>
<tr>
<th>Sh.R.</th>
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<tbody>
<tr>
<td>Council of Ministers, provincial &amp; municipal Tourism organizations &amp; private sector</td>
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</tbody>
</table>

### Public sector funding will steadily decrease at the level of the PTOs, and will not be available at the level of the LTOs. In the case of the latter, the private sector will bear the bulk of the funding requirements

### Ascertained legislative position and, if necessary introduce suitable legislation to enable the formation of vocational associations

### Provide the initial required technical assistance and facilitate national and international interface with similar private sector bodies
### General Strategy

#### Summary of Key Issues, Strategies, Policies and Actions

<table>
<thead>
<tr>
<th>For this transitional period of establishing a tourism organization structure separately estimated and budgeted for Government approval</th>
<th>S.R.</th>
<th>1</th>
<th>Council of Ministers, MOFNE</th>
</tr>
</thead>
</table>

Similarly, the initial establishment cost of the proposed provincial and municipal tiers of the public sector tourism organisation will need to be estimated, separately budgeted and made available from public sector funds, in phase 1, the fund demolishes gradually after implementing procedures that support these organizations.

<table>
<thead>
<tr>
<th>Similarly, the initial establishment cost of the proposed provincial and municipal tiers of the public sector tourism organisation will need to be estimated, separately budgeted and made available from public sector funds, in phase 1, the fund demolishes gradually after implementing procedures that support these organizations.</th>
<th>M.R.</th>
<th>1</th>
<th>Council of Ministers, SCT Board of directors, MOFNE</th>
</tr>
</thead>
</table>

The SCT will be responsible for the establishment of the proposed sub-national tourism organizations and the required establishment funding of these organizations as needed, with private sector assistance, providing these organizations with special programs that ensure basic funding needs.

<table>
<thead>
<tr>
<th>Industry Regulation and Product Quality Assurance</th>
</tr>
</thead>
</table>

1. Regulate the monitoring privileges of core tourism businesses

<table>
<thead>
<tr>
<th>Register, license and classify designated tourism services</th>
<th>M.R.</th>
<th>Ongoing</th>
<th>Council of Ministers</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Transfer relevant functions and powers from Ministry of Commerce</th>
<th>Sh.R.</th>
<th>3</th>
<th>Council of Ministers, MOC</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Set up Tourism Licensing Board and related inspectorates</th>
<th>M.R.</th>
<th>1</th>
<th></th>
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</thead>
</table>

<table>
<thead>
<tr>
<th>Establish a one-stop-shop licensing service for tourism industry</th>
<th>M.R.</th>
<th>1</th>
<th></th>
</tr>
</thead>
</table>

Core tourism sectors are hotels and other tourist accommodation establishments, travel and tour operators, tourist transport operators, tourist guides, tourist attractions.

Transfer licensing privileges public tourism facilities in the hospitality sector, which is fundamental for the SCT to take the role of controlling and monitoring this sector.

The SCT will always set standards. Requirements and criteria to be worked out in consultation with tourism industry and other concerned parties.
<table>
<thead>
<tr>
<th>Section</th>
<th>Issue</th>
<th>Strategy</th>
<th>Responsibility</th>
<th>Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Consumer information and protection</td>
<td>Designate other businesses as tourism services subject to the SCT regulation as the need arises</td>
<td>M.R.</td>
<td>3</td>
<td>The task of monitoring and enforcing regulation will be transferred to provincial and municipal tourism organisations as their technical capacity to handle these tasks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Review and update existing licensing and classification systems</td>
<td>Sh.R.</td>
<td>3</td>
<td>Similarly, self-regulatory approaches will be adopted whereby the industry enforces standards through trade associations will be pursued as the latter’s technical capability develops</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Review and revise, with a view to abolishing, price fixing regulations for tourist accommodation</td>
<td>Sh.R.</td>
<td>3 MOH, MOC</td>
<td>The SCT will also explore outsourcing technical tasks involved in the regulatory procedures to outside accredited professional persons and companies, wherever and whenever possible</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Collate, publish and generally increase flow of information consumers</td>
<td>A.R.</td>
<td>2</td>
<td>Confidence in product/service delivery and maintenance of quality standards is essential to building up both domestic and international markets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investigate and strengthen consumer protection in tourism</td>
<td>Sh.R.</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Establish a complaints investigation and settlement mechanism</td>
<td>Sh.R.</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Customer care</td>
<td>Integrate customer care training in all HRD curricula (see also HRD core function below)</td>
<td>Sh.R. Ongoing</td>
<td>Educational/training institutes, private sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Best practice research in other tourism sectors</td>
<td>Conduct best practice research and adopt and adopt measures appropriate to Saudi situation</td>
<td>S.R.</td>
<td>Ongoing</td>
<td>To cover, but not be limited to, car rental, boat hire, scuba diving, taxi services, production and sale of handicrafts etc</td>
<td></td>
</tr>
</tbody>
</table>
### Relations

<table>
<thead>
<tr>
<th>Relations</th>
<th>Summary</th>
<th>Key Issues</th>
<th>Strategies/Policies and Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Community relations</td>
<td>Create and increase awareness, understanding and support for tourism, its role and importance in Saudi society and economy</td>
<td>Sh.R.</td>
<td>Close collaboration with industry groups, related public sector bodies and local and foreign media</td>
</tr>
<tr>
<td></td>
<td>Publicise national tourism vision and mission statements and related strategic objectives of tourism development in the Kingdom</td>
<td>Sh.R.</td>
<td>Ongoing</td>
</tr>
<tr>
<td>2. Education of youth about tourism (see also Human Resource Development below)</td>
<td>Help introduce tourism into school curricula</td>
<td>A.R 2</td>
<td>In co-operation with education authorities</td>
</tr>
<tr>
<td>3. Industry/stakeholder relations</td>
<td>Develop and strengthen co-operation and involvement of private and public sector stakeholders in tourism development in general and functions of the SCT, provincial and local tourism associations in particular (see also Organisational Structure above)</td>
<td>Sh.R Ongoing</td>
<td>PTOs, LTOs, Chambers of Commerce</td>
</tr>
<tr>
<td>4. Customer relations - Guidance and briefing of tourists</td>
<td>Develop and disseminate code of conduct for tourists inculcating environmental and cultural conservation ethic and appreciation of national heritage</td>
<td>Sh.R. Ongoing</td>
<td>In partnership with NCWCD, MEPA, Dept of Antiquities and Museums, Authorities</td>
</tr>
</tbody>
</table>

**Notes:**
- **Sh.R.** indicates short-term action.
- **A.R.** indicates ongoing action.
- **PTOs, LTOs,** Chambers of Commerce: Private, Tourist Operations, Local Tourism Operators, Chambers of Commerce.
- **HRD:** Human Resource Development.
<table>
<thead>
<tr>
<th>Section</th>
<th>Issue</th>
<th>Description</th>
<th>Timeframe</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. International relations</td>
<td>Foster intra-GCC tourism co-operation</td>
<td>M.R.</td>
<td>Ongoing</td>
<td>In co-operation with the Ministry of Foreign Affairs, GCC Council. The Kingdom has a role to play in regional tourism co-operation and can potentially benefit from information exchanges with and the experiences of GCC and Arab neighbours with more advanced tourism industries.</td>
</tr>
<tr>
<td></td>
<td>Foster Arab Islamic tourism co-operation</td>
<td>M.R.</td>
<td>Ongoing</td>
<td>Arab foreign affairs Council of Ministries, Arab League, Arab Tourism Council of Ministries, Islamic World League. Participation in international community of official tourism organisations can be highly beneficial in terms of information flows, know-how and technical assistance provision, as well as positive exposure of KSA.</td>
</tr>
<tr>
<td>6. Monitoring of Socio-cultural impacts</td>
<td>Formulate and implement a system of ongoing monitoring of impacts of tourism activity on all sections of community (see also Research and</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>Competent public sector agencies. Community. Specially designed research activities to inform policy formulation and management decision making.</td>
</tr>
<tr>
<td>Information Management below)</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>organisations, private sector</td>
<td></td>
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</table>

### Legislative Framework and Regulatory Reform

**1. Social environment**

Need for clarity and consistency in interpretation and enforcement of rules governing social environment, especially with regard to social behaviour in public places and gathering of all families members to tourism and recreational opportunities

Domestic tourism and recreation provision for certain social groups such as females, bachelors and senior citizens and the physically challenged needs to be improved

<table>
<thead>
<tr>
<th>A.R.</th>
<th>2</th>
<th>Council of Ministers, the SCT Board of directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>Various competent govt and public agencies at national &amp; provincial level</td>
</tr>
</tbody>
</table>

It is important for families together on vacation within Saudi Arabia, then they to limit their travel to alternative tourist destinations in foreign countries, with the concomitant outflow of funds

Whilst domestic tourism and recreation provision is generally inadequate, these social groups are particularly disadvantaged

**2. Commercial/business environment in tourism**

Similar need for clarity and consistency of interpretation and enforcement of rules regarding the operation of tourism and recreational facilities

Establish a high-level Government Committee to review and rule on situation regarding restrictions on both commercial operations and social environment.

<table>
<thead>
<tr>
<th>A.R.</th>
<th>2</th>
<th>Council of Ministers, the SCT Board of directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.R.</td>
<td>2</td>
<td>Council of Ministers, the SCT Board of directors</td>
</tr>
</tbody>
</table>

The interests of the Saudi people as tourists in their own country and of the tourism industry itself converge in a vitally important manner: the need to have unimpeded access to and continuous and viable operation of tourist attractions, facilities and services

There is uncertainty as to the legal justification for many restrictions on personal behaviour, resulting in widespread inconsistency in how the authorities interpret and enforce aspects of the social code of behaviour.
#### 3. Restructuring of traditional holiday patterns

| The possibility of setting a special tribunal to adjudicate on disputes should be considered | A.R. 2 | Council of Ministers, the SCT Board of directors | This leads to a climate that is (a) limiting investment in tourism, (b) limiting participation in domestic tourism, and (c) increasing foreign travel and outflow of funds. All of which militate against the development of a sustainable tourism industry in the Kingdom |

| Investigate the possibility of restructuring the current school vacation to support tourism, cultural lings and realize economic, educational and cultural benifets and to improve the usage of vacation time | A.R. 2 | The SCT, the High council for education policy |

#### 4. Environmental legislation (see also under Planning and Development above)

| Litter control, particularly at tourism sites, needs to be urgently addressed | A.R. 2 | NCWCD, MOI, MOMRA | Litter degrades environmental quality at Kingdom’s tourism sites and diminishes visitor enjoyment at existing and potential attractions. This will need to be tackled at both national and local levels through a variety of methods such as advertising and public relations campaigns, introduction of fines and incentive programmes, etc |

| Strengthening and enforcement of hunting laws also require urgent attention | A.R. 2 |

#### 5. Amendment/introduction of legislation (All legislations proposed strategies, policies and actions of the master plan)

| Appropriate legislative amendments/enactments will be introduced to enable the SCT to implement its mandate | Sh.R. 1 | Council of Ministers, the SCT Board of directors | Including transfers of existing regulatory functions from current competent authorities, and in turn devolve some of these functions to provincial and municipal tourism organisations |

| Human Resources Development |

<p>| Development of human | Business plan and institutional | M.R. 1 | In order for the SCT to exercise its leadership |</p>
<table>
<thead>
<tr>
<th>resources of SCT and other tourism organisations</th>
<th>development, career development schemes for staff</th>
<th>role credibly and effectively, it must possess a highly qualified and experienced cadre of tourism professionals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Development of National tourism industry-human resources</td>
<td>Formulate a National Tourism Human Resource Development Plan (NTHRDP), defining specific strategies and actions by both the public and private sectors</td>
<td>Flexible approach to implementation of policy, taking into consideration the directions and rate of take-up of employment in tourism by Saudi youth, the capacity of training institutes to provide sufficient skills training and the effect on the industry’s operations, cost efficiency and competitiveness</td>
</tr>
<tr>
<td></td>
<td>The private sector has a responsibility to contribute significantly to the training and skills development effort of its workforce</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employment policies, relations between employee and establishment working in tourism industry</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Saudisation of the tourism workforce is a complex issue, affected by in-country training capacity constraints, negative perceptions and operational efficiency considerations of competitiveness and profitability</td>
<td></td>
</tr>
<tr>
<td>3. Provision of tourism education and training</td>
<td>Adequate tourism education and training facilities, resources and programmes will have to be provided in line with projected workforce requirements and Saudisation targets</td>
<td>Professional recognition within the framework of a national accreditation system and clearly defined career paths in the tourism industry are essential requirements and draw on best international practice</td>
</tr>
<tr>
<td></td>
<td>The SCT will act as both a provider of training and an accreditation authority</td>
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</tbody>
</table>
### GENERAL STRATEGY

#### SUMMARY OF KEY ISSUES, STRATEGIES, POLICIES AND ACTIONS

<table>
<thead>
<tr>
<th>Issue Area</th>
<th>Description</th>
<th>Responsible Authority</th>
<th>Timetable</th>
<th>Expected Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consider creating a high level tourism education and training council under the auspices of the SCT, and agree and set uniform and consistent curricula</strong></td>
<td></td>
<td>Sh.R.</td>
<td>3</td>
<td></td>
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<tr>
<td><strong>Consider implementation of training grant-and-levy schemes</strong></td>
<td></td>
<td>A.R.</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td><strong>4. Working conditions and industrial relations between tourism establishments and their employees</strong></td>
<td>Improve working conditions and industrial relations in tourism establishment and their employees so as to enhance its attractiveness as an employer</td>
<td>A.R.</td>
<td>Ongoing</td>
<td>MOLSA, private sector - Special incentives and benefits will have to be negotiated and legislated</td>
</tr>
<tr>
<td><strong>5. Saudisation of the tourism workforce (see also Community Relations above)</strong></td>
<td>Develop and implement ongoing awareness campaign directed at Saudi nationals to address negative perceptions of working in tourism Utilise all available modalities to effect attitudinal development towards employment in tourism, including appropriate modification of school curricula</td>
<td>Sh.R.</td>
<td>Ongoing</td>
<td>Ministries of Education, Labour and Social Affairs, Presidency of Youth Affairs, Saudi HRD Fund It is important to counteract these negative perceptions, largely rooted in socio-cultural traditions, and achieve greater acceptance of careers in tourism industry</td>
</tr>
<tr>
<td><strong>Research and Information Management</strong></td>
<td>The SCT, through TRIC, will aim to become single most authoritative source and provider of information and data on the tourism industry Integrate all research functions into the TRIC, which will be the research and information management function and department of the SCT and will aim to be</td>
<td>M.R.</td>
<td>1</td>
<td>The TRIC of the SCT will centralise, design, implement and co-ordinate all Commission’s research activities</td>
</tr>
<tr>
<td>2. Measurement of Tourism</td>
<td>Institute a series of ongoing data collection and survey programmes to obtain reliable, comparable and internationally compatible statistics on the volume, value and profile characteristics of both domestic and international inbound and outbound tourism, namely: Domestic Tourism Survey (DTS) and International Visitor Survey (IVS)</td>
<td>M.R.</td>
<td>Ongoing</td>
<td>Information on non-GCC inbound tourism to be sought from Ministry of Interior</td>
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<tr>
<td></td>
<td>Undertake a reliable measurement of Saudi outbound travel for tourism purposes, so as to fill existing major data gap and facilitate policy planning and management decision making</td>
<td>M.R.</td>
<td>1</td>
<td>MOI – Passport General Department, Implement a 3-times a year household survey on tourism travel incidence and expenditure patterns</td>
</tr>
<tr>
<td></td>
<td>Redesign and utilise the Embarkation/Disembarkation (E/D) cards to facilitate capture of the required data on tourism inbound and outbound flows</td>
<td>A.R.</td>
<td>2</td>
<td>MOI – Passport General Department, Implement a monthly tracking survey at the principal border posts of Saudi Arabia</td>
</tr>
<tr>
<td></td>
<td>Undertake a Business Expenditure Survey to provide up-to-date detail of the expenditure levels and patterns of the tourism industry</td>
<td>Sh.R.</td>
<td>1</td>
<td>MOP, Outbound tourism volumes and expenditure levels and patterns will need to be improved to provide reliable and internationally comparable data</td>
</tr>
<tr>
<td></td>
<td>Ensure that tourism and its various sectors are included in the Input/Output matrix of the Ministry of Planning (MOP)</td>
<td>A.R.</td>
<td>2</td>
<td>MOP, MOFNE, Essential for the monitoring and evaluation of the economic impact of tourism</td>
</tr>
<tr>
<td></td>
<td>Set up Tourism Satellite Account (TSA) in line with international guidelines and as soon as the necessary data become available</td>
<td>Sh.R</td>
<td>3</td>
<td>MOP, Collaboration with MOF is necessary to facilitate access to unpublished data concerning Government revenue statistics, especially revenue generated by tourism sectors</td>
</tr>
<tr>
<td>GENERAL STRATEGY</td>
<td>SECTION</td>
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<td></td>
</tr>
<tr>
<td><strong>SUMMARY OF KEY ISSUES, STRATEGIES, POLICIES AND ACTIONS</strong></td>
<td>23</td>
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</thead>
<tbody>
<tr>
<td><strong>Set up and implement monitoring programme of social impacts of tourism</strong></td>
<td>S.R.</td>
<td>1</td>
<td>Related govt agencies and community responsible for monitoring general and social behaviour</td>
</tr>
<tr>
<td><strong>Ongoing programme of surveys and studies targeted at different social groups and situations</strong></td>
<td></td>
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<tr>
<td><strong>3. Integrate and expand the SCT’s tourism databases</strong></td>
<td>Undertake a Tourism Supply Survey and associated data collection programmes to compile and track tourism capacity/supply data</td>
<td>Sh.R.</td>
<td>1</td>
</tr>
<tr>
<td><strong>Its scope will need to be wide ranging to cover all tourism resources and facilities in the country. It will also be an ongoing task, so as to be up-to-date and reliable</strong></td>
<td></td>
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<tr>
<td><strong>The existing Geographical Information System (GIS) of the Commission will also be integrated into the TRIC</strong></td>
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<tr>
<td><strong>4. Collect, analyse and disseminate data and information</strong></td>
<td>A policy of servicing the tourism information requirements of all bodies of interest will be followed</td>
<td></td>
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</tr>
<tr>
<td><strong>Regular statistical reports, analyses, and studies will be prepared and published, e.g. Quarterly Tourism Monitor and Annual Tourism Report</strong></td>
<td>M.R.</td>
<td>Ongoing</td>
<td>All media and techniques available (print, electronic and especially internet based) will be explored and deployed. This will be both a conventional and electronic facility. A resource acquisition and journal subscription programme will need to be set up and implemented expeditiously</td>
</tr>
<tr>
<td><strong>In particular set up the Library component of the TRIC as the Kingdom’s pre-eminent tourism documentation centre</strong></td>
<td>M.R.</td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td><strong>A system of subscriptions to certain SCT/NTIC publications and electronic databases will be developed and implemented</strong></td>
<td>M.R.</td>
<td>Ongoing</td>
<td></td>
</tr>
<tr>
<td><strong>5. Develop technical</strong></td>
<td>Develop the institutional capacity of the</td>
<td>M.R.</td>
<td>Ongoing</td>
</tr>
<tr>
<td><strong>The necessary computer hardware and</strong></td>
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</tbody>
</table>
| research capacity | SCT to undertake an ongoing and multifaceted programme of research and data collection *(see also establishment of TRIC above)* | Sh.R. | Ongoing | Department of Statistics, other public sector agencies | software, internal organisational and staffing arrangements will have to be put in place, including specialised training of newly recruited personnel. It is also important for the SCT to maintain close relations with such external research resources and to foster the conduct of serious and effective research programmes on tourism issues.

As a matter of policy and operational practice, the SCT will also utilise outside research agencies and academic institutions, whose resources and expertise are better suited to certain research tasks.

Department of Statistics, other public sector agencies |

| 6. Transfer of administrative responsibilities for data collection | Information returns by tourism operators/suppliers will be made compulsory and built into licensing and registration systems | M.R | Ongoing | MOC, PTOs, private sector |

As a matter of policy and operational practice, the SCT will also utilise outside research agencies and academic institutions, whose resources and expertise are better suited to certain research tasks.

Information returns by tourism operators/suppliers will be made compulsory and built into licensing and registration systems.

| 7. Devolve data collection and develop research capability at provincial and municipal levels | The collection of certain data at the provincial and municipal levels will be devolved to PTOs and LTOs | Sh.R. | Ongoing | PTOs, LTOs |

PTOs will have direct access to the TRIC for both downloading and uploading updated data.

PTOs will have direct access to the TRIC for both downloading and uploading updated data.

The necessary design arrangements will be made and suitable training as well as ongoing technical support will be provided to PTO staff by the SCT.

| 8. Consumer information | Develop and install domestic and international websites in several important languages | M.R. | 1 | PTOs |

The necessary design arrangements will be made and suitable training as well as ongoing technical support will be provided to PTO staff by the SCT.

Roll out gradually as sufficient content is assembled and servicing capacity develops. |
Preparation of a comprehensive long-term (20 years) General Strategy for sustainable tourism development. The strategy shall be structured so as to be actionable at both the national and provincial levels.

**Output 1.1 Mission & objectives**

Tourism development vision, mission and objectives considering economic, environmental, and socio-cultural factors.

**Activities**

1. Review of the preliminary vision, mission statement and objectives developed by the SCT.

2. Review of present government objectives for overall development and for tourism. This review will include document research, consultation and communication with the government, industry and other stakeholders throughout the country.

3. Facilitate a maximum of four workshops and three focus groups on the vision, mission statement and objectives to test the formulated vision. The first workshop will be conducted in conjunction with Green Village who will be contracted by the SCT.

4. Undertake a benchmarking exercise on tourism development in six selected destinations with comparable or best practice features.

5. Define tourism best practice in the area of vision, mission statements and objectives identified by the stakeholders within the Kingdom of Saudi Arabia and from benchmarked countries.

6. Deliver a report outlining best practice as identified through the benchmarking exercise in six agreed countries and the findings from consultations with various stakeholders and community within the Kingdom of Saudi Arabia. Clear formulation of the vision and mission statement for the Kingdom.

7. Formulation of the objectives in a preliminary manner to be later refined based on the findings and conclusions of the surveys, analyses and plan preparation.

**Output 1.2 Inventory and evaluation of tourism resources**

Inventory and evaluation of the existing and potential tourism resources.

**Activities**

1. Review of the preliminary reports and data collected by the SCT under the work programs described in Part I and all other existing relevant plans, studies, reports, legislation, regulations and statistical data on tourism and tourism-related activities in the country.

2. Identify and agree with the Steering Committee the scope of further field surveys, document research and data collection required to complete the other activities listed under this Output.

3. Field surveys and document research of existing and potential attractions and related activities, particularly natural, cultural and special interest attractions, traditional architecture, arts, handicrafts, markets, festivals and special events.
4. Field surveys and document research of existing and already planned tourist facilities and services including accommodation, tour and travel agencies, tour programs, information and guide services, restaurants, shopping, frontier formalities, medical, public safety, postal and telecommunications services.

5. Field surveys and document research of existing and already planned transportation facilities and services including access to the country and internal network. Particular attention should be paid to aviation policy and potential expansion of the rail service (including e.g. a rail service between Jeddah and the two Holy Cities).

6. Field surveys and document research of other infrastructure required for tourism such as water supply, sewage and solid waste disposal, and electric power.

7. In conjunction with Activities 3 – 6, undertake a maximum of 30 face-to-face interviews.

8. Systematic evaluation of the tourism resources in relation to the present and potential types and level of tourist markets and market segments, as identified in Output 1.3, having regard for the rights and obligations of the SCT under the Council of Ministers Resolution No (9) and taking account of socio-cultural values.

These should be determined under three alternative growth scenarios – low, expected, high.

Activities

1. Review of the preliminary reports and data collected by the SCT under the work programs described in Part I and all other available, studies, reports and related statistical data to determine present number, characteristics and trends for inbound international tourists, Saudis travelling and holidaying outside the country and domestic tourism (including expatriates).

2. Identify and agree with the Steering Committee the scope of the further field surveys, document research and data collection required to complete the other activities listed under this Output.

3. Survey and evaluation of key existing and potential market segments to determine their characteristics, perception of Saudi Arabia as a destination, motivations, recreational activities and desired destinations, accommodations, attractions and activities. Segments selected shall be consistent with the objectives and shall include:
   - Saudis holidaying domestically (particularly families)
   - Saudis travelling and holidaying abroad
   - GCC citizens
   - Hajj and Umrah visitors and potential visitors
   - Expatriate community (Saudi and GCC)

Output 1.3 Market study

Identification of the present and potential types and level of tourist markets (domestic, regional and international) and market segments in relation to the tourism resources, as evaluated in Output 2 and consistent with the objectives.
- Special interest groups including health, diving, desert trekking, archaeological, cultural and historical.

4. Identification of the competing destinations and survey and assessment of the strengths and weaknesses of each.

5. Determination of the type and extent of potential tourist markets that can be attracted to and within the country which would be compatible with the objectives.

6. Establishment of target markets by five-year periods by type, segment and volume.

7. Projection of the type and number of accommodation units required and of other tourist facilities and services required, based on the market targets established by Activity 1.3.6.

**Output 1.4 Structure plan**

National tourism development structure plan, including major tourist attractions and activity areas, tourism development areas, and the transportation access and linkages based on the three alternative growth scenarios – low, expected, high.

**Activities**

1. Determination of tourism development areas, sites and locations for the development of tourist facilities and services throughout the country, based on the evaluation and classification of tourism resources, definition of tourist markets, accessibility, site development capability and carrying capacity limits, availability of infrastructure and other relevant factors and having regard for the rights and obligations of the SCT under Council of Ministers Resolution No (9).

Possible tourism development areas include:

- Coastal, mountain, desert, rural, historical pilgrimage routes, historical trade routes and urban heritage areas.

- Possible tourism development projects include:

Seaside resorts, farm resorts, mountain eco-lodges, desert resort, national park attraction and interpretation centre, ecotourism, educational tourism, medical tourism, shopping tourism, oil and petrochemical industry attraction, cultural heritage and antiquities attraction and interpretative facilities, conference and exhibition facilities.

2. Designation of the type and level of facility and amenity development in each area/site/location determined by activity 1.4.1 and presented nationally and by province.

3. Recommendations on the improvements and/or additions needed to transportation and other infrastructure facilities and services, including access to the country and internal network to serve present and future levels of tourism.

4. Specification of the staging of development of the designated tourism development areas/sites/locations taking into consideration the need for integrated sustainable development of tourist attractions, activities, facilities, services, transportation and other infrastructure within each area/site/location and the need for regional development in each province.
Output 1.5 Economic analysis

Economic analysis of the present and projected future level of tourism development based on the three alternative growth scenarios, and ways to enhance economic benefits.

Activities

1. Review of the preliminary reports and data collected by the SCT under the work programs described in Part I and all other available, studies, reports and related data on the economic impact of tourism in the country.

2. Identify and agree with the Steering Committee the scope of further field surveys, document research and data collection required to complete the other activities listed under this Output.

3. Economic analysis of the present and projected future levels of tourism development, including tourist expenditure patterns, contribution to the GNP, gross and net foreign exchange earnings and leakages, direct and indirect employment by number, nationality and type, multiplier effect, contribution to government revenues, and other relevant economic measures.

4. Analysis of the overall direct and indirect economic costs and benefits of tourism development as proposed in the plan.

5. Recommendations of ways in which the economic benefits of tourism can be enhanced at the community, provincial and national levels.

6. Investigate the feasibility of the design and implementation (including training of Saudi nationals) of a tourism satellite accounting system (TSA) which properly measures the economic contribution of tourism in accordance with WTO methodology and which can be used for policy, lobbying, budgeting, infrastructure, resource allocation and prioritisation purposes.

Output 1.6 Environmental impact

Environmental impact assessment of tourism based on the three alternative growth scenarios and ways to mitigate negative impacts and reinforce positive ones.

Activities

1. Review of the preliminary reports and data collected by the SCT under the work programs described in Part I and all other available, studies, reports and related data on the environmental impact of tourism in the country.

2. Identify and agree with the Steering Committee the scope of further field surveys, document research and data collection required to complete the other activities listed under this Output.

3. Assessment of the types and extent of the positive and negative environmental impacts of present projected levels of tourism development.

4. Recommendations on ways to mitigate any negative impacts and reinforce positive ones.

5. Recommendations on environmentally sustainable ways of minimising the risks to tourists, tour guides, tourism operators and employees of extremes of temperature/winds/rainfall/flooding.
6. Recommendations on environmental protection and conservation policies and programs needed, terrestrial and marine areas which need to be protected, and guidelines for the identification of environmentally sensitive tourism projects and associated impact assessment procedures, having regard for the rights and obligations of the SCT under the Council of Ministers’ Resolution No. (9).

7. Specification of guidelines for management of protected areas including presentation, interpretation and visitor management methods and facilities.

**Output 1.7 Socio-cultural impact**

Socio-cultural impact assessment of tourism based on the three alternative growth scenarios and ways to mitigate negative impacts and reinforce positive ones.

**Activities**

1. Review of the preliminary reports and data collected by the SCT under the work programs described in Part I and all other available, studies, reports and related data on the socio-cultural impact of tourism in the country.

2. Identify and agree with the Steering Committee the scope of further field surveys, document research and data collection required to complete the other activities listed under this Output.

3. Identification of socio-cultural issues and concerns affecting tourism development.

4. Evaluation of the types and extent of positive and negative socio-cultural impacts of present and projected levels of tourism development.

5. Recommendations on specific ways to mitigate any negative impacts and reinforce positive ones, including public and tourist awareness and education programs.

6. Identification of options and opportunities to use tourism as a means of reviving cultural heritage and traditions, supporting the preservation of tourist sites, handicrafts, cottage industries, SME and popular markets and developing related events and activities.

7. Recommendations on ways to achieve community involvement in all aspects of tourism at the local level.

**Output 1.8 Development standards & design guidelines**

Tourist facility development and design standards to be applied to development and operation of accommodation and other tourist facilities and activities.

**Activities**

1. Review of the preliminary reports and data collected by the SCT under the work programs described in Part I and all other available, studies, reports and related data on development standards and design guidelines for tourism in the country.
2. Identify and agree with the Steering Committee the scope of further field surveys, document research and data collection required to complete the other activities listed under this Output.

3. Review of existing planning, development and building guidelines and standards and formulation of any necessary modifications and additions required for the development and operation of accommodation and other tourist facilities, activities and related infrastructure and services including guidelines for sustainable tourism development. Appropriate graphic illustrations will be prepared.

4. Review of the traditional architectural styles and building materials, environmental influences on design and any existing architectural design standards. Formulation of suitable architectural design guidelines, including architectural motifs and use of local building materials to the greatest extent practicable, based on considerations of traditional local styles, appropriate contemporary styles, and local environmental characteristics. Appropriate graphic illustrations of architectural concepts will be prepared.

5. Review of the indigenous and well adapted exotic landscaping plants. Review and evaluation of any existing landscaping design standards. Formulation of suitable landscaping design guidelines, including types of plants and landscaping principles, giving consideration to the natural environmental conditions, use of local plant material, water conservation and low maintenance requirements of the landscaping. Appropriate graphic illustrations of landscaping concepts will be prepared.

Output 1.9 Cultural heritage protection, conservation and presentation

Cultural heritage and site protection and conservation policies and programs together with methods of presentation, interpretation and visitor management.

Activities

1. Review of the preliminary reports and data collected by the SCT under the work programs described in Part I and all other available studies, reports and related data on cultural heritage tourist attractions in the country.

2. Identify and agree with the Steering Committee the scope of further field surveys, document research and data collection required to complete the other activities listed under this Output.

3. Review and evaluation of existing cultural heritage site protection and presentation measures, systems, conditions and institutional arrangements particularly at those sites identified in Output 1.2 as having significant existing or potential tourist attraction.

4. Recommendation of cultural heritage site protection and conservation policies, programs and institutional arrangements needed and guidelines for identification and impact assessment procedures for sensitive cultural heritage tourism projects.

5. Specification of guidelines for management of cultural heritage sites including presentation, interpretation and visitor management methods and facilities.

6. Identification of options and opportunities to use tourism as a means of reviving cultural heritage and traditions, supporting the preservation of...
tourist sites, handicrafts, cottage industries, SME and popular markets and developing related events and activities. (Intentionally repeated from Activity 1.7.6.)

7. Formulation of ways to coordinate the activities of fieldwork archaeology and restoration plans in the country with historical tourism development programs.

8. Recommendations on ways to achieve community involvement in and benefits from protection, presentation and all activities related to cultural heritage.

Output 1.10 Quality assurance systems & standards

Accommodation and other tourist facilities and services quality assurance systems and standards including self-regulatory options.

Activities

1. Review of the preliminary reports and data collected by the SCT under the work programs described in Part I and all other available, studies, reports and related data on relevant quality assurance systems and standards in the country.

2. Identify and agree with the Steering Committee the scope of further field surveys, document research and data collection required to complete the other activities listed under this Output.

3. Review and evaluation of any present standards and systems for licensing and classifying tourist accommodation and other tourist facilities and services including restaurants, tour and travel operations, tour guides, scuba diving and desert trekking.

4. Formulation of any modifications and additions necessary to present standards and systems to ensure customer satisfaction, health and safety.

Output 1.11 Human resources

Tourism manpower analysis and plan and an education and training program for tourism.

Activities

1. Review of the preliminary reports and data collected by the SCT under the work programs described in Part I and all other available, studies, reports and related data on human resources and training in the tourism sector in the country.

2. Identify and agree with the Steering Committee the scope of further field surveys, document research and data collection required to complete the other activities listed under this Output.

3. Survey and analysis of the present number and type of employees in the tourism public and private sectors and evaluation of existing training needs to upgrade their skills.

4. Survey and evaluation of any existing public or private tourism education and training institutions and programs.
5. Projection of the type and number of tourism employees, by job classification and skill level, which will be required based on the projected levels of tourism development.

6. Evaluation of the human resources available to work in tourism, including reviewing any existing manpower planning studies for the country, and identification of any issues and impediments.

7. Formulation of the tourism education and training program and a human resources development plan including a uniform national training competencies and accreditation system to meet future manpower needs of the public and private sector including expansion of existing and/or establishment of new courses and institutions to prepare the required type and number of personnel to work effectively in tourism and related services. The objective is to build upon and work in conjunction with existing institutions and programs offered by the public and private sectors.

8. Specification of the costs and staging of implementation of the human resources development plan taking into consideration identified projected needs.

**Activities**

1. Review of the preliminary reports and data collected by the SCT under the work programs described in Part I and all other available, studies, reports and related data on human resources and training in the tourism sector in the country.

2. Identify and agree with the Steering Committee the scope of further field surveys, document research and data collection required to complete the other activities listed under this Output.

3. Review of the present organizational structures for tourism, including the SCT, provincial organisations, coordinating or advisory bodies and private sector tourism organisations.

4. Formulation of recommendations on the most effective organizational, legal and regulatory structure for tourism, including the position of tourism in the overall government organization, funding arrangements and preparation of an organizational framework and description of the roles, functions and inter-relationships of various public, quasi public and private bodies at national, provincial and local levels.

**Output 1.12 Organizational framework and structure**

Recommended public and private organizational structures for tourism, including systems necessary for sustainable development of the tourism sector and implementation of the General Strategy.

**Output 1.13 Private sector role & Investment facilitation**

Finance, incentives and other measures required to encourage private sector investment in the development and operation of tourist facilities and services.
Activities

1. Review of the preliminary reports and data collected by the SCT under the work programs described in Part I and all other available, studies, reports and related data on private sector investment and development in the country.

2. Identify and agree with the Steering Committee the scope of further field surveys, document research and data collection required to complete the other activities listed under this Output.

3. Identification of options and opportunities to use tourism as a means of reviving cultural heritage and traditions, supporting the preservation of tourist sites, handicrafts, cottage industries, SME and popular markets and developing related events and activities. (Intentionally repeated from Activity 1.7.6.)

4. Review the factors affecting the financial viability of tourism related facilities and services and the key issues and impediments arising in investment and development. Matters to be considered include approval procedures and conditions, availability of finance, infrastructure, utility pricing, land tenure, lease and concession arrangements and price controls.

5. Recommendations on measures to overcome the identified issues and impediments and to stimulate the sustainable development of tourism in accordance with the General Strategy.

Output 1.14 Legislation, regulation, monitoring & enforcement

Legislation, regulations, monitoring and enforcement systems for travel, recreation and tourism development, including for the establishment and functions of the bodies recommended in Output 1.12, tour and travel agencies, accommodation and other tourist facility standards; tourist safety and security; financing, investment incentives, land title, zoning and approvals required for tourist projects and activities.

Activities

1. Review of the preliminary reports and data collected by the SCT under the work programs described in Part I and all other available, studies, reports and related data on tourism law and regulation in the country.

2. Identify and agree with the Steering Committee the scope of further field surveys, document research and data collection required to complete the other activities listed under this Output.

3. Review of the existing legislation, regulations, management, monitoring and enforcement organizations and systems (including responsibilities and authorities) relative to travel and tourism and implementation of the tourism General Strategy.

4. Expert input and advice on the legal and regulatory issues and the institutions, systems, guidelines and standards required in the Activities under the other Outputs in the General Strategy including self-regulatory options.

5. Draft any required modifications to existing systems and organizations and any new legislation and regulations required for tourism. Final legal drafting will be undertaken by the SCT’s lawyers.
Output 1.15 Tourism information system

An integrated and effective tourism information system to serve policy formulation, planning, marketing, research, monitoring and evaluation of the tourism sector and the information needs of the industry and other stakeholders and consumers.

Activities

1. Review of the preliminary reports and data collected by the SCT under the work programs described in Part I and all other available, studies, reports and related data on tourism law and regulation in the country.

2. Identify and agree with the Steering Committee the scope of further field surveys, document research and data collection required to complete the other activities listed under this Output.

3. Review and evaluation of the present information system (including databases, GIS, web site, tourism satellite accounting) for tourism and recommend modifications necessary to provide an integrated and effective tourism information system on matters including:
   - inventory of tourism resources
   - calendar of conferences, festivals and events
   - occupancy, utilization rates and other performance measures of tourism facilities
   - human resources
   - visitor arrivals numbers and characteristics
   - domestic tourism numbers and characteristics
   - market research and related information
   - information for the research community (including links)
   - information for the tourism industry
   - information for consumers
   - library of texts, journals, reports, studies and on line services
   - information related to the tourism satellite account
   - databases including text, maps, photographs and graphical material
   - links to key tourism web sites and databases.
Output 1.16 General Strategy Reports

Draft the final reports for the General Strategy. The strategy reports shall be structured for presentation at both the national and provincial levels.

Activities

1. Preparation of the draft General Strategy report and an executive summary for review and comments by the Steering Committee and other concerned parties.

2. Preparation of the final version of the General Strategy report and executive summary (in Arabic and English) with suitable explanatory text and graphics, photographs, maps and charts.

Powerpoint presentation of the final General Strategy report, in Arabic and English at five seminars of stakeholders, to be organised by the SCT.

Output 2.01 Organizational Structure, Policy, Legislation & Regulatory Framework

Establish the public and private sector organizational framework required in the initial phase of the General Strategy along with the supporting legislation and regulatory framework and budget requirements.

Activities

- Determine the institutional requirements at the public and private sector levels for the effective implementation of the first five years of the General Strategy and the supporting legislation and regulatory framework.

- Preparation of five year operating budgets and Business Plans including the selected funding option for the SCT and Other Tourism Organizations incorporating the recommended organizational and legal structure. Business Plans shall contain vision, mission and objectives, business process (including administrative systems and procedures), staff job descriptions, training, recruitment plan, compensation packages and contracts. Other Tourism Organizations shall include typical provincial tourism organization, local tourism committee, national trade association, provincial trade association and Tourism Development Organizations (TDO’s).

Preparation of five year costs and budget for this Output’s Action Plan including establishment and operating costs.

SECOND; TERMS OF REFERENCE FOR PHASE 2 (ACTION PLAN OF THE NATIONAL TOURISM DEVELOPMENT PROJECT)

Provide the framework for implementation of the first stage of the sustainable tourism development plan through preparation of a five year tourism development action plan and related programs, to be integrated into the overall national development plan. Also drawn up structural plan, executable at both the national and provincial level.
Output 2.02 Human Resources Development

Formulate the human resources development action plan including the uniform national training competencies and accreditation system.

Activities

- Determine responsibilities, institutional and funding arrangements for implementation.

- Specify the steps required for implementation and monitoring arrangements of the plan.

- Preparation of five year budget and costs for this Output’s Action Plan.

Output 2.03 Tourist facilities, services, activities and attractions

Formulate national strategic policies and guidelines for improvements and additions required for key tourist facilities, services, activities and attractions.

Activities

- Based on the evaluation of tourism resources in the NTDP, specification of the improvements and additions required to facilities, services, activities, tourist attractions and associated transport and infrastructure shall include, in particular the following:

- tourism signage
- tourism information centers
- roadside facilities
- rest areas on express ways
- utilities and infrastructure
- travel agencies
- tour operators
- tour guide services
- restaurants and hotels
- car rental and taxi services
- tourist transportation (road, sea, air)
- other key facilities for visitor attractions and activities.

- Based on the evaluation of natural heritage in the NTDP, improvements specification and additions required to facilities and services required for presentation, interpretation and visitor management in the TDAs, locations and sites.
- Preparation of five-year budget and costs for this Output’s Action Plan.

Output 2.04 Marketing strategy & promotion program

Five-year tourism marketing strategy and promotion program.

Activities

- Formulation of the tourism marketing strategy based on the NTDP plus the market analysis and its targets.

- Recommendations on respective and joint roles of the public and private sectors in relation to tourism promotion.

- Preparation of a general tourist promotion program, with budgetary cost estimates, specifying annual promotional techniques and related estimated costs, including production of promotional and commercial material and audiovisual presentations, web site information, distribution channels, advertising, attendance at trade fairs, and hosting of visiting tour operators, travel literature writers, and specialized photographers. The program shall include a specific promotion program designed to encourage citizens to holiday at home.

Identify and specify suitable marketing and promotional tools required carrying out the program and preparing design and production briefs, produce methods and specified marketing and promotional tools. These shall include:

- Attractive tourism maps (in print and electronic form and in Arabic and English) of the Kingdom and each province showing the information necessary and of interest or use for tourists including natural, cultural and commercial attractions, accommodation, transport networks, cities, and geographical features.

- Informative tourism brochures in print (and web) format and in Arabic and English, the brochure should include the information described in relation to the map above together with a description of the national historic and cultural attributes of the Kingdom and regions written by an internationally recognized professionally qualified writer (selected jointly with the SCT) and a set of coloured photographs taken by an internationally recognized professional travel photographer (selected jointly with the SCT).

- Broadcast quality videos (in Arabic and English) about the Kingdom and its tourism areas designed for the selected target markets showing the information described in relation to the brochure above scripted, filmed and edited by an internationally recognized professional travel video production firm (selected jointly with the SCT).

- Review of the NTDP recommendations on the types and location of tourist attractions and tourism development areas and the tour routes, and of touring relationships with the GCC and other selected countries to identify the key tour product development needs and opportunities to be addressed in Activity 6.

- Formulation (for development and implementation by the private sector) of tour programs of various types and lengths, including both internal and regional (regional to focus on featuring KSA in existing or potential tour programs involving GCC and other selected countries) and their staging, taking into account the target market and primary purpose of visit. The program shall include specific tour programs designed to encourage Saudis to holiday at home.

Preparation of five-year budget and related costs for this Output’s Action Plan.
Output 2.05 Tourism And Society Action Plan

Produce policies, strategies and programs to raise citizens awareness and improve tourism customer service in the tourism sector. Work on enhancing tourists’ understanding of local socio-cultural values and enhance the impacts of tourism in society.

Activities:

- **Tourism Awareness** - Design tourism awareness programs for government sector, private sector and citizens, this will include:
  - *programs* to raise understanding of tourism and to promote family recreational tourism in the Kingdom;
  - programs to encourage citizens to seek employment in tourism at all levels;
  - customer service programs for front line officials such as immigration, customs and others.

- **Tourism Code of Conduct** to enhance tourist experience and minimize any adverse socio-cultural impacts on the local community.

- **Tourism Education Programs** - In consultation with the Educational Authorities, design the following for inclusion in the school curriculum To include tourism related materials, as follows:
  - “Tourism and Society” subject;
  - tourism awareness programs (including field trips, information on history, culture and heritage and the negative impacts of litter and graffiti); and
  - train and qualify the trainers.

- accreditation program for tourism subject teachers.

- **Enhancing Positive Tourism Impacts** - Formulate policies and strategies to extend the tourist season and enhance the beneficial impacts of tourism on the local community and economy including:
  - shorter staggered school holidays;
  - opportunities for SME’s in the tourism sector.
  - social tourism programs to expand opportunities for national recreational and entertainment activities.

**Monitoring** - Design a monitoring, evaluation and analyzing system for the socio-cultural impacts of tourism.

**Costs** - Preparation of five year costs and budget for this Output’s Action Plan.

Output 2.06: Cultural Heritage Sector Action Plans

To produce management plans for two TDAs that each contain a number of important cultural heritage sites and contain the four key components of cultural heritage (archaeological and historical sites, architectural heritage, soft culture and handicrafts), that can be used as templates and examples of good practice in all future development studies for cultural heritage sites across the Kingdom and to review the SCT’s proposed strategies for dealing with key cultural heritage issues raised during Output 1.09, and to prepare a report that provides clear recommendations for future SCT action on cultural heritage.
Output 1.16: General Strategy

Appendix

Terms of Reference for Phase 1 General Strategy of the National Tourism Development Project – Kingdom of Saudi Arabia

Activities

- Action Plans – Prepare action plans for cultural heritage sites to each of the two TDAs:
  - Al-Ula (including madain Salih, Al-Hijaz railway and Al-wajh coast)
  - Najran (Including Hama and Al-Faw) or Al-Baha (including Thi Al-Ain) or Al-Joof (including Domat Al-Jandal)
  - The plans are prepared by the SCT and parties of interest. The plans will cover the following subjects:
    - Systems and legislations
    - Protection
    - Site management
    - Investment opportunities
    - Awareness
    - Tourism marketing
    - Documentation, records and researches.
    - Interest to the local communities
    - Training and raising skill level
  - Preparation of five year costs and budget for this Output’s Action Plan.

Output 2.07 Investment Facilitation action plan

Develop guidelines, systems and procedures to facilitate tourism investment including project appraisal, incentives, finance, technical assistance and Tourism Development Area (TDA) lease, development conditions and procedures.

Activities

Project Appraisal. Preparation of guidelines, systems and procedures for the SCT to use in the economic and financial evaluation of tourism projects and to ensure development in accordance with the guidelines and standards required in the NTDP project, provincial plans and TDA plans.

Project Facilitation. Preparation of systems and procedures for the SCT to use to facilitate investment, development and operation of tourism projects including systems and procedures for providing technical assistance on a cost recovery or for profit basis.

Incentives. Preparation of guidelines, systems and procedures for the SCT to use to provide incentives for tourism investment including cooperative arrangements with SAGIA.

Project Finance. Preparation of an action plan for the Tourism Development Fund.

Tourism Development Area (TDA) Lease, Development Conditions and Procedures. Preparation of model lease terms and conditions for the SCT lands including conditions to ensure suitable development together with model RFQ, RFP, evaluation and contract documentation for procuring private sector investment and development in TDAs including SMEs.
Other activities required to action the recommendations made in Output 1.13.

Preparation of five year costs and budget for this Output’s Action Plan.

**Output 2.08 Consolidated action plan**

Preparation of a consolidated action plan including projects, actions, responsibilities and costs for integration into the overall National Development Plan.

**Activities**

Preparation of the consolidated tourism action program (with projects, actions and responsibilities indicated by year) for the five year period.

Preparation of five year consolidated costs and budgets for the Action Plan.

Evaluation of the economic impact of the activities set out in the consolidated action plan.

**Output 2.09 Action plan reports**

Draft the final development action program and related reports.

**Activities**

Preparation of the draft action plan report for review and comments by the Steering Committee and other concerned parties.

Preparation of the final action plan report (in Arabic and English) with suitable explanatory text and graphics, photographs, maps and charts.

Preparation of a PowerPoint presentation on the action program (in Arabic and English) for stakeholders.

**THIRD; TERMS OF REFERENCE FOR PHASE 3: PROVINCIAL TOURISM PLANNING AND PROJECT DEVELOPMENT.**

**Background**

Phase 3 is designed to complete the planning process and assist the implementation of the policies, strategies and actions developed in Phases 1 and 2.

The main planning Outputs from Phase 3 will be:

1. Provincial Tourism Plans
2. TDA Plans, projects

This continues the logical progression from the macro to the micro level i.e.

Phase 1: 20 year General Strategy (sector policy)

Phase 2: 5-year action plan to implement the General Strategy

Phase 3: provincial tourism plan, TDA plans, projects.
It is considered that difficulties would have arisen if the SCT had tried to proceed with bankable projects as envisaged in the original TOR before establishing the institutional capacity and planning required at the provincial and TDA level.

The scope and organization of work required in Phase 3 is driven by a number of considerations:

Phase 3 planning must be undertaken after the organizational framework and structures designed in Phase 1 have been sufficiently established using the tools to be developed in Phase 2 Output 2.01.

Although provincial tourism plans will draw in large part from the research and other work undertaken in Phase 1, it is also important to ensure that the information required at the provincial level is available when planning commences. So it will be necessary to first; update the inventory of tourism resources and complete the Provincial Visitor Survey (PVS) to augment the information gained from the national surveys.

It will also be necessary to have identified, surveyed and claimed the SCT lands in the TDAs in the province because these will be the hubs of tourism.

As at the provincial level, planning for TDAs will be undertaken after the establishment of the relevant TDCs using the tools to be developed in Phase 2 Output 2.01. Planning will include a tourism General Strategy for the TDA and plans for the development of the SCT lands by the private sector.

During Phase 3 the SCT will be called upon more and more to perform its project facilitation functions using the guidelines, systems and procedures developed for this in Phase 2 Output 2.07 to ensure that projects supported by the SCT meet the standards required and comply with the guidelines developed in Phase 1.

The SCT has developed considerable in-house experience and capacity in Phase 1 and this will develop further through Phase 2 and 3 so that it will take on more and more of the work without external consultants’ assistance. This has always been one of the main objectives of the partnership approach.

**Staging**

With 13 provinces and (50) identified TDAs Phase 3 planning work will have to be staged and spread over a number of years. It is important to establish the organizational framework, structures and provincial tourism plans as possible in more developed provinces to maximize the benefit and ensure the successful implementation of the planning work undertaken in Phase 1 and 2.
<table>
<thead>
<tr>
<th>SCT Board of Directors</th>
<th>Position / Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRH Prince Sultan bin Abdulaziz Al Saud</td>
<td>Second Deputy Premier, Minister of Defense and Aviation, and Inspector General - Chairman</td>
</tr>
<tr>
<td>HRH Prince Naif bin Abdulaziz Al Saud</td>
<td>Minister of Interior - Member</td>
</tr>
<tr>
<td>HRH Prince Saud Al Faizal bin Abdulaziz Al Saud</td>
<td>Minister of Foreign Affairs and Managing Director of the National Commission for Wildlife Conservation and Development - Member</td>
</tr>
<tr>
<td>HRH Prince Sultan bin Fahad bin Abdulaziz Al Saud</td>
<td>General Presidency of Youth Welfare - Member</td>
</tr>
<tr>
<td>HRH Prince Sultan bin Salman bin Abdulaziz Al Saud</td>
<td>SCT Secretary General - Member</td>
</tr>
<tr>
<td>HE Ibrahim bin Abdulaziz bin Abdullah Al-Assaf</td>
<td>Minister of Finance and National Economy - Member</td>
</tr>
<tr>
<td>HE Khalid bin Muhammad Al-Qusaibi</td>
<td>Minister of Planning - Member</td>
</tr>
<tr>
<td>HE Osama bin Jafar bin Ibrahim Faqih</td>
<td>Minister of Commerce - Member</td>
</tr>
<tr>
<td>HE Abdulllah bin Abdul Aziz bin Mu'ammar</td>
<td>Minister of Agriculture - Member</td>
</tr>
<tr>
<td>HE Muhammad bin Ahmed Al-Rasheed</td>
<td>Minister of Education - Member</td>
</tr>
<tr>
<td>HE Muhammad bin Ibrahim Al-Jarallah</td>
<td>Minister of Municipal and Rural Affairs - Member</td>
</tr>
<tr>
<td>HE Iyad bin Ameen Madani</td>
<td>Minister of Hajj (Pilgrimage) - Member</td>
</tr>
<tr>
<td>HE Dr. Fuad Abdul Salam Al Farizi</td>
<td>Minister of Information - Member</td>
</tr>
<tr>
<td>Fahad bin Abdulrahman Al Obai’kan</td>
<td>Member</td>
</tr>
<tr>
<td>Dr. Abdulrahman bin Mohammed Al Tayyib-Al Ansari</td>
<td>Member</td>
</tr>
<tr>
<td>Engr. Rashed bin Abdulaziz Al Rashid</td>
<td>Member</td>
</tr>
<tr>
<td>Engr. Mazen bin Khalifa Al Nuaimi</td>
<td>Member</td>
</tr>
<tr>
<td>Dr. Saud bin Said bin Abdulaziz Al Mathami</td>
<td>Member</td>
</tr>
<tr>
<td>Engr. Tarek bin Ali Rehda</td>
<td>Member</td>
</tr>
<tr>
<td>Engr. Ali bin Othman Al Zaid</td>
<td>Member</td>
</tr>
</tbody>
</table>
### Members of the SCT Advisory Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Position / Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>HRH Prince Sultan bin Salman bin Abdulaziz</td>
<td>Chairman</td>
</tr>
<tr>
<td>HRH Bandar bin Khalid bin Faisal</td>
<td>Member, Vice-President Asir Tourism Board</td>
</tr>
<tr>
<td>HRH Abdulaziz bin Fahad bin Abdullah</td>
<td>Member, Chairman of the Exec. Committee in the Tourism Commission, Eastern Province</td>
</tr>
<tr>
<td>Mr. Musaad bin Mohammad Al Sunani</td>
<td>Member, Chairman of the Board, Saudi Hotels &amp; Tourism Sites Company</td>
</tr>
<tr>
<td>Dr. Abdullah bin Saleh Al Obaid</td>
<td>Member, Consultative Council Member</td>
</tr>
<tr>
<td>Dr. Khalid bin Abdullah bin Bakar</td>
<td>Member, General Manager of SAUDIA</td>
</tr>
<tr>
<td>Dr. Abdulrahman bin Al'Aziz Al Tuwaijri</td>
<td>Member, Secretary General of the Supreme Economic Council</td>
</tr>
<tr>
<td>Dr. Abdulaziz bin Hamed AbuZiNada</td>
<td>Member, Secretary General of the National Commission for Wildlife Conservation and Development</td>
</tr>
<tr>
<td>Dr. Ibrahim bin Abdullah Al Mutraif</td>
<td>Member, General Investment Authority</td>
</tr>
<tr>
<td>Dr. Abdulwahed bin Khalid Al Humaid</td>
<td>Member, Secretary General of the Manpower Council</td>
</tr>
<tr>
<td>Mr. Abdullah bin Abdulrahman Al Mogbel</td>
<td>Member, Chairman of the Board of SAPTCO</td>
</tr>
<tr>
<td>Mr. Abdulaziz bin Qassemi</td>
<td>Member, KANOO – Businessman</td>
</tr>
<tr>
<td>Mr. Mowafaq bin Mash’hor</td>
<td>Member, Al Harthy, Businessman</td>
</tr>
<tr>
<td>Mr. Bandar bin Fahad Al Fuhaid</td>
<td>Member, Chairman of the National Tourism Committee – Council of Saudi Chambers of Commerce</td>
</tr>
<tr>
<td>Mr. Abdullah Al Sulaiman Al Rajhi</td>
<td>Member, Al Rajhi Investment &amp; Banking Company</td>
</tr>
<tr>
<td>Mr. Abdullah bin Salah Kamel</td>
<td>Member, Businessman</td>
</tr>
<tr>
<td>Mr. Muhaideb bin Ali Al Muhaideb</td>
<td>Member, National Council of Air Transportation – Council of Saudi Chambers of Commerce</td>
</tr>
<tr>
<td>Mr. Abdulmajeed bin Abdulrahman Al Jeraisy</td>
<td>Member, Chairman of National Committee for Hajj &amp; Umrah – Council of Saudi Chambers of Commerce</td>
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</table>

### Members of Steering Committee of the Sustainable Tourism Development Plan

<table>
<thead>
<tr>
<th>Name</th>
<th>Position / Title</th>
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</thead>
<tbody>
<tr>
<td>HRH Prince Sultan bin Salman bin Abdulaziz</td>
<td>Chairman</td>
</tr>
</tbody>
</table>
NATIONAL TOURISM DEVELOPMENT PROJECT INPUTS

Dr. Salman A. Al-Sudairy  
Engr. Mazen K. Allahiq Al Nuaimi  
Engr. Rashed Abdulaziz Al Rashed  
Mr. Trevor Atherton  
Mr. Sven Gade  
Mr. John Yacoumis  

Vice-Chairman  
Member  
Member  
Member  
Member

Members of Advisory Groups  

Output 1.01  
Prof. John Fletcher  
Matt McNulty  
Prof. Salah Wahab  
Prof. Jafar Jafari  
Outputs 1.02, 1.04, 1.06, 1.08 and 1.10  
HRH Dr. Abdul Aziz Al Ayya Al Moqrin  
HRH Turki Bin Abdullah Bin Abdulrahman  
Dr. Abdul Aziz Al Khudairi  
Engr. Saleh Qadah  
Engr. Rashed Saad Al Rashed  
Dr. Abdul Aziz Abu Zenada  
Engr. Ali Al Alzaid  
Dr. Abdul Aziz Kameel  

Output 1.03  
Mohammed Ibrahim Al Mojil  
Abdulaziz Mohammed Al Traiki  
Mohammed Saeed Al Odadi  
Yahya Merti Al Zahrani  

Company/Affiliation  

International Centre for Tourism  
Tourism Management Services  
University of Alexandria  
University of Wisconsin

Mayor of the City of Riyadh  
Dar Al Riyadh Engineering Consulting  
Deputy Minister, MOMRA for City Planning  
General Manager, National Co. for Tourism  
Private Sector  
Secretary General, NCWCD  
Member, SCT Board of Directors  
President, Architecture Studies  
Al Mojil Co./CoCe National Committee for Tourism  
Abdulaziz M Al Traiki and Partners LTD  
Member of Tourism Committee in Asir Province  
Chamber of Commerce in Al Baha
NATIONAL TOURISM DEVELOPMENT PROJECT INPUTS

Salih Mohammed BinLaden
Naser Ageel AlTayyar
Fawaz Fahad AlGosaibi
Abdulaziz Mohammed AlSubeaei
Haytham Abdulqader Naseer

Outputs 1.05 and 1.13
Dr. Majeed Al-Moneef
Dr. Ihsaan Abu-Holaiga
Dr. Majeed Al-Qusabi
Mr. Eisa Al-Eisa
Mr. Ismail Sajini
Mr. Fahad Al-Zaid
Eid Al-Shamri

Output 1.07
Dr. Khalid Ibraheem Al-Awwad
Dr. Abdulaah Mohammed Al-Shuothry

Dr. Mohammed Mansour Al-Omran

Prof. Abdullah Husaen Al-Kaliefah
Prof. Abo Bakir Ahmaed BaGadir
Prof. Mohammed Shahat Al-Katib
Nora Abdullah Al-Fa iz
Dr. Latiefah Abdullah Al-Lohieb
Dr. Sameha Mohamed Daoud

Prof. Mohammed Sinari
Foziah Rashid Al-Rashid

CEO of Inma Co
CEO of AlTayyar Travel
AlGosaibi Office
Manager Mohammed and Abdulllah AlSubeaei Co
Mersal Village Manager

Member of Advisory Group for the Supreme Economic Council
Member of Majlis - Alshura
Jeddah Chamber of Commerce & Industry
Saudi American Bank
Economic Advisor / Private Sector
Travel Agent / Private Sector
Real Estate and Tourism Development / Private Sector

Dupity Min.of Edudcation for Education Development
General Director of the Committee for Promotion of Virtue and Prevention of Vice In Riyadh Provincial
Deputy Gen. President for Girls Education for Education Development

Imam Mohammed Bin Saud University
King Abdulaziz University
Gen. Supervisor of King Faisal Schools
Gen. Director of Administration Institute - Females Section
Social Work College
King Saud University
MD-Private Clinic
Dir. Of Families Program at Asir Tourist Board, and school Director

Al-Nahadah Philanthropic Society for Women
<table>
<thead>
<tr>
<th>Output 1.09</th>
<th>NATIONAL TOURISM DEVELOPMENT PROJECT INPUTS</th>
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</thead>
<tbody>
<tr>
<td>Dr. Saleh Bin Saud Al-Ali</td>
<td>Member of Shoura Council</td>
</tr>
<tr>
<td>Dr. Abdul Al-Rahman Al-Ansari</td>
<td>Member of SCT Board of Directors</td>
</tr>
<tr>
<td>Mr. Faisal Al Mu'amer</td>
<td>Undersecretary of Cultural Affairs National Guard</td>
</tr>
<tr>
<td>Dr. Fahad Al-Sammari</td>
<td>Director of King Abdulaziz Historical Center</td>
</tr>
<tr>
<td>Dr. Saad Al-Rashid</td>
<td>Deputy Minister of Antiquities and Museums</td>
</tr>
<tr>
<td>Eng. Tareq Ali Redha</td>
<td>Member of SCT Board of Directors</td>
</tr>
<tr>
<td>Dr. Zaher Bin Abdul Rahman Osman</td>
<td>Manager of Turath Establishment</td>
</tr>
<tr>
<td>Mr. Hejab Bin Yahia Al-Hazmi</td>
<td>Chief of Jazan Arts Club</td>
</tr>
<tr>
<td>HRH Princess Al Bandri Bint Khalid Bin Abdul Aziz</td>
<td>Al Nahda Charity Society</td>
</tr>
<tr>
<td>Latifah Bint Abdul Rahman Al-Sidairy</td>
<td>Abdul Rahman Al Sidairy Charity Est.</td>
</tr>
<tr>
<td>Output 1.11</td>
<td>Chairman of the Board of Trustees - Prince Sultan College</td>
</tr>
<tr>
<td>Prince Bandar Bin Saud Bin Khalid</td>
<td>Governor of the General Organization for Technical Education and Vocational Training</td>
</tr>
<tr>
<td>Dr. Ali Al-Ghafis</td>
<td></td>
</tr>
<tr>
<td>Othman Al-Ahmad</td>
<td>Member of the Shoura Council</td>
</tr>
<tr>
<td>Dr. Abdulwahid Alhumaid</td>
<td>Secretary General of Manpower Council</td>
</tr>
<tr>
<td>Dr. Mohammed Al-Sahlawi</td>
<td>General Manager of Human Resources Development Fund</td>
</tr>
<tr>
<td>Khalid Al-Zamil</td>
<td>HR Consultant</td>
</tr>
<tr>
<td>Ghasan Sulaiman</td>
<td>Business man</td>
</tr>
<tr>
<td>Tariq Faqih</td>
<td>Business man</td>
</tr>
<tr>
<td>Outputs 1.12 and 1.14</td>
<td>Legal Advisor, Vice President Deputy of Al Mawarid Group</td>
</tr>
<tr>
<td>Prince Ahmad bin Khaled bin Abdullah</td>
<td>State Minister, Council of Ministers</td>
</tr>
<tr>
<td>Dr. Mutlab bin Abdullah Al-Nafiza</td>
<td>Deputy Minister for Legal Affairs, Ministry of Commerce</td>
</tr>
<tr>
<td>Dr. Amr bin Ibrahim Rajab</td>
<td>Judge, Board of Grievances</td>
</tr>
<tr>
<td>Sheikh Abdulrahman Al-Jofan</td>
<td>Legal Advisor, A. Fahad Law Firm</td>
</tr>
<tr>
<td>Dr. Abdulaziz bin Hamad Al-Fahad</td>
<td></td>
</tr>
</tbody>
</table>
Dr. Hassan bin Issa Al-Mulla
Abdulmohsen bin Abdulaziz Al-Hokair
Fahad bin Mohammad Al-Adel
Amr bin Abdullah Al-Dabbagh
Dr. Faisal bin Abdulkhader Taher

Output 1.15
Abdullah Al-Tuwajri
Abdulrahman Al-Hamidy
Ali Al Hedaiithy
Fahad Al Fawaz
Ghassan Kutbi
Ibraheem Al-Furaih
Khalid Al Tawil
Mohammed Benten
Saud Al Mathami

Dr. Salman Al-Sudairy
Mr. Trevor Atherton
Dr. Waleed Al Hemaidi
Dr. Ali Ghabban
Dr. Marwan Samman
Dr. Abdul Mohsen Al Hijji
Dr. Khalid Al Dakhil
Mr. Mohammed Al Ghamidi
Mr. Eyad O. Abdulrahman
Mr. Abdulkarim Alzuhair

Legal Advisor, H. Al Mulla Law Firm, Head of Legal Advisors Committee Riyadh Chamber of Commerce
Chairman of Al Hokair Group
Chairman of Fal Group
Board Member of Jeddah Chamber of Commerce
Assistant Professor, King Saud University

Ministry of Planning
Saudi Arabian Monetary Agency
Minister of Finance & National Economy
Saudi Telecommunication Company
Ministry of Foreign Affairs
King Abdul Aziz City of Technology
Ministry of Interior
Ministry of Hajj
Majlis Ash Shoura

Dr. Waleed Al Hemaidi
Output Leader 1.02, 1.04, 1.06, 1.08 and 1.10
Dr. Ali Ghabban
Ex-Output Leader 1.03
Dr. Marwan Samman
Acting Output Leader 1.03 and Output Leader 1.07
Dr. Abdul Mohsen Al Hijji
Output Leader 1.02 and 1.09
Dr. Khalid Al Dakhil
Ex-Output Leader 1.03
Mr. Mohammed Al Ghamidi
Output Leader 1.05 and 1.13
Mr. Eyad O. Abdulrahman
Output Leader 1.11 and 1.12
Mr. Abdulkarim Alzuhair
Output Leader 1.12 and 1.14
Mr. Trevor Atherton
Project Director
Mr. Abdulkarim Alzuhair
Output Leader 1.15
NATIONAL TOURISM DEVELOPMENT PROJECT INPUTS

Capt. Ahmed Shaker  
Dr. Abdul Rahman Al-Thenyan  
Dr. Abdulaziz Al Dosari  
Dr. Abdullah Abdaziz Al-Yousef  
Dr. Abdulrahman Abdulmahmoud  
Dr. Ahmed Al-Obodi  
Dr. Ali Al-Anber  
Dr. Ali Salem Al-Nasif  
Dr. Hamad Al-Ghannam  
Dr. Hamad Al-Mazrou  
Dr. Hussien Ali Abu Al-Hassan  
Dr. Khalid Al-Gudair  
Dr. Khalid Al-Meshal  
Dr. Mandouh Alkhatab  
Dr. Mazyad Al Terkawi  
Dr. Meshlih Kemaikh Al-Mereekhi  
Dr. Mohamed Taher Al-Yousef  
Dr. Mohammad Al-Suhaibani  
Dr. Mohammad Al Fares  
Dr. Nasir Al-Harthi  
Dr. Noman Seyam  
Dr. Omar Bahamman  
Dr. Saad Al Hussain  
Dr. Saad said Al -Zahrani  
Dr. Saeed Fayez Al-Saeed  
Dr. Saleh Al Fouzan  
Dr. Saleh Romaih Al-Romaih  

Counterpart  
Part time consultant  
Part Time Consultant  
Part Time Consultant  
Part-time Economic Advisor  
Part-time Economic Advisor  
Supervisor of Soft Culture Program  
Part time consultant  
Part-time Economic Advisor  
Part time consultant  
Part-time Economic Advisor  
Part-time Economic Advisor  
Part Time Consultant  
Part time consultant  
Part Time Consultant  
Part Time Consultant  
Full-time Economic Advisor  
Consultant  
Cooperative  
EUD Consultant  
Part Time Consultant  
Supervisor of Transportation Program  
Part Time Consultant  
Part time consultant  
Part Time Consultant  
Part Time Consultant
NATIONAL TOURISM DEVELOPMENT PROJECT INPUTS

Dr. Saleh Swedani
Dr. Salih M. Al-Sewadani
Dr. Sulieman Abdullah Al-Akeel
Dr. Talal M. Al-Sha’aban
Eng. Abdulla Al-Rashid
Eng. Abdulla Al-Shayeb
Eng. Adnan Jaber
Eng. Ahmad Al Ayadah
Eng. AlBader Al Arabi
Eng. Ayed Abu Darman
Eng. Fahad Al Humaidi
Eng. Khalid Shahrani
Eng. Mamdouh Tashkandi
Eng. Mane Al Yami
Eng. Mishari Al Mishari
Eng. Mohammad Al-Aydroos
Eng. Mohammed Al-Handan
Eng. Mohammed Al Amra
Eng. Mohammed Asiri
Eng. Mohsen Al-Garni
Eng. Nabeel Al Sayegh
Eng. Osama Al Khani
Eng. Saeed Al-Gahtani
Eng. Sami Nowar
Eng. Sultan Al Ghorri
Mr. Abbas Mohammed Al-Eisa
Mr. Abdulaziz Al-Fantokhi
Mr. Abdulelah Khashogi

Part Time Consultant
Part Time Consultant
Part Time Consultant
Part time consultant
Architect
Cooperative
Geographical Site System Engineer
Part Time Consultant
Coordinator
Sites Planning Engineer
Planning Engineer
Planning Engineer
Counterpart
Environmental Researcher
Counterpart
Supervisor of Archaeological & Historical Sites
Cooperative
Planning Engineer
Planning Engineer
Supervisor of Architectural Heritage Program
Specialist of Tourist Facilities
EUD Administrator
Supervisor of Handicrafts and Traditional Industries
Cooperative
Planning Engineer
Counterpart
Counterpart
### NATIONAL TOURISM DEVELOPMENT PROJECT INPUTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Abdulla Al-Jibali</td>
<td>Coordinator</td>
</tr>
<tr>
<td>Mr. Abdulla Al-Rashid</td>
<td>Cooperative</td>
</tr>
<tr>
<td>Mr. Abdullah Al-Zaidan</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Abdullah H. Alzouri</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Abdullah Qahtani</td>
<td>Executive Secretary</td>
</tr>
<tr>
<td>Mr. Agayom A. Mussalam</td>
<td>Legal Advisor</td>
</tr>
<tr>
<td>Mr. Ali Al Abdali</td>
<td>Assistant Administrator</td>
</tr>
<tr>
<td>Mr. Ali Al Khalaf</td>
<td>P&amp;S Office Manager</td>
</tr>
<tr>
<td>Mr. Bader Al-Obaid</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Bader Binshaieeg</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Badr Al-Humaid</td>
<td>Tourism Education &amp; Training Track Supervisor</td>
</tr>
<tr>
<td>Mr. Bayani R. Villones</td>
<td>Secretary/Admin</td>
</tr>
<tr>
<td>Mr. Eyad R. Reda</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Fahad Al-Rajeh</td>
<td>Coordinator</td>
</tr>
<tr>
<td>Mr. Fahad Al Ajmi</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Fahad Ali Al-Hussien</td>
<td>Cooperative</td>
</tr>
<tr>
<td>Mr. Faisal F. Al-Kabra</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Faqhad Al-Sebaie</td>
<td>Researcher</td>
</tr>
<tr>
<td>Mr. Hussain Al-Shanqity</td>
<td>Economic Analyst</td>
</tr>
<tr>
<td>Mr. Ibrahim Al-Garnas</td>
<td>Coordinator</td>
</tr>
<tr>
<td>Mr. Ibrahim AlDawas</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Khaled Atmi</td>
<td>Autocad Drawer</td>
</tr>
<tr>
<td>Mr. Khalil Alammar</td>
<td>Programmer &amp; Analyst</td>
</tr>
<tr>
<td>Mr. Khidir Mohammed Hussien</td>
<td>Translator</td>
</tr>
<tr>
<td>Mr. Majdi Al-Salih</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Mandouh Alkhatib</td>
<td>Part-time Economic Advisor</td>
</tr>
<tr>
<td>Mr. Mohamed Al-Ahmery</td>
<td>Researcher</td>
</tr>
<tr>
<td>Mr. Mohamed Monahy Al-Dossary</td>
<td>Secretary</td>
</tr>
<tr>
<td>Name</td>
<td>Position/Title</td>
</tr>
<tr>
<td>-----------------------------</td>
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</tr>
<tr>
<td>Mr. Mohammad Al-Mayman</td>
<td>Cooperative</td>
</tr>
<tr>
<td>Mr. Mohammad Al-Fassi</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Mohammad Al-Obaid</td>
<td>Coordinator</td>
</tr>
<tr>
<td>Mr. Mohammed Al Ayesh</td>
<td>Supervisor of Tourist Facilities Program</td>
</tr>
<tr>
<td>Mr. Mohammed Murad</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Mohammed Shubaiki</td>
<td>Geographical Researcher</td>
</tr>
<tr>
<td>Mr. Murdi Al-Khamaali</td>
<td>Secretary</td>
</tr>
<tr>
<td>Mr. Musa Al-Garni</td>
<td>Researcher</td>
</tr>
<tr>
<td>Mr. Nasir Al-Shakrah</td>
<td>Data Inputter</td>
</tr>
<tr>
<td>Mr. Nasir Al-Mudawi</td>
<td>Secretary</td>
</tr>
<tr>
<td>Mr. Ronaldo Sulit</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Saleh Abdulhadi</td>
<td>Coordinator</td>
</tr>
<tr>
<td>Mr. Salih Al-Rashid</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Sultan AL-Asfour</td>
<td>Economic Analyst</td>
</tr>
<tr>
<td>Mr. Turki AlShaikh</td>
<td>Investment Researcher</td>
</tr>
<tr>
<td>Mr. Venay Komar</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Yasir Majed Yamani</td>
<td>Counterpart</td>
</tr>
<tr>
<td>Mr. Zaid M Al Zaid</td>
<td>Counterpart</td>
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<table>
<thead>
<tr>
<th>EY Consultants</th>
<th>Position/Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms. Renata Drinkwater</td>
<td>Ernst &amp; Young Partner in Charge</td>
</tr>
<tr>
<td>Mr. Sven Gade</td>
<td>Ernst &amp; Young Project Director</td>
</tr>
<tr>
<td>Mr. John Yacounis</td>
<td>Ernst &amp; Young Project Manager &amp; Output Leader 1.01, 1.02 and 1.16</td>
</tr>
<tr>
<td>Mr. Adnan Habboo</td>
<td>Ernst &amp; Young Deputy Project Manager and Output Leader 1.11</td>
</tr>
<tr>
<td>Mr. Peter Nizette</td>
<td>Ernst &amp; Young Output Leader 1.03</td>
</tr>
</tbody>
</table>
NATIONAL TOURISM DEVELOPMENT PROJECT INPUTS

Dr. Jonathan Wager
Mr. John Cook
Mr. Laurie Gardiner
Dr. Simon Woodward
Mr. John Bawden
Mr. Krish Nair
Prof. Peter Burns
Mr. Matt McNulty
Mr. Phil Gandier
Mr. John Downes
Mr. Kevin Millington
Mr. Abdulrahman Aba AlKhail
Mr. Ahmad Reda
Mr. Alexis Dijksterhuis
Mr. Atanu Sengupta
Mr. Ayyub Malik
Mr. Cain Blythe
Mr. Christopher Young
Mr. Clarke Rees
Mr. Darren Stone
Mr. David Jarvis
Mr. David McEwen
Mr. David Tagg
Mr. Emad Damrah
Mr. Guillaume Gruchet
Mr. Harold Goodwin
Mr. James Spurgeon

Ernst & Young Output Leader 1.04
Ernst & Young Output Leader 1.05 and 1.13
Ernst & Young Output Leader 1.06
Ernst & Young Output Leader 1.07 and 1.09
Ernst & Young Output Leader 1.08
Ernst & Young Output Leader 1.10
Ernst & Young Ex-Output Leader 1.11
Ernst & Young Output Leader 1.12
Ernst & Young Output Leader 1.13
Ernst & Young Output Leader 1.14
Ernst & Young Output Leader 1.15
Ernst & Young Consultant
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<table>
<thead>
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<tbody>
<tr>
<td>Mr. Jerome Woodford</td>
<td>Ernst &amp; Young Consultant</td>
</tr>
<tr>
<td>Mr. Jim Meadcroft</td>
<td>Ernst &amp; Young Consultant</td>
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<td>Mr. John Robinson</td>
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<td>Mr. Kevin Leather</td>
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<td>Mr. Mike Allport</td>
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<td>Mr. Mohammed Hassan</td>
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<td>Mr. Mohammed Shaaban</td>
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<td>Mr. Oliver Bennett</td>
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<td>Mr. Patrick Angwin</td>
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<td>Mr. Phil Seddon</td>
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<td>Mr. Rajiv Sehgal</td>
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<td>Mr. Richard Denman</td>
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<td>Mr. Shoib Diddiqi</td>
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<td>Mr. Toby Roxburgh</td>
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<td>Mr. Venay Komar</td>
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<td>Mr. Waleed Jan</td>
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<tr>
<td>Mr. William Connal</td>
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<tr>
<td>Ms. Aylin Orbasli</td>
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<tr>
<td>Ms. Carolyn Lloyd-Brown</td>
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<tr>
<td>Ms. Joanne Scott</td>
<td>Ernst &amp; Young Consultant</td>
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C.1 Introduction

This Appendix supplements Section 10 of the report and should be read in conjunction with it. It deals with tourism demand projections by discussing the influencing factors which will have a bearing on the future growth and development of tourism in the Kingdom. In addition to the issues relating to the future development of the Hajj and Umrah demand, which were briefly discussed in Section 10, a number of other key factors will influence future market demand. These were considered by the special taskforce and are discussed below.

In the interests of a more complete overview, the Appendix repeats part of the discussion contained in Section 10.

C.2 Influencing Factors

In establishing the three growth scenarios, the taskforce was mindful that there are a substantial number of influencing factors that will impact on tourism activity. Through the planning process the SCT has the ability to initiate and manage many of the key influencing factors to achieve positive and sustainable growth outcomes. There are other influencing factors over which the SCT has limited or no control, though it is in a position to mitigate potential negative effects of such factors.

The Kingdom’s Sustainable Tourism Development Plan is designed to establish an environment favourable to commerce and private sector initiatives.

Aspects of the social environment, such as education and cultural revival, are already being influenced by the national planning process through the national five-year Development Plans and will have a beneficial impact on the propensity and economic ability to increase travel within the Kingdom.

The factors that the SCT is seeking to influence through the Tourism Master Planning process include the development of tourism capacity and regulatory and institutional change:

**Transport and Technology**
- aviation policy towards competition and international air access
- highway development, particularly in the provincial regions
- adoption of technological change; and
- development of rail links.

**Planning & Development**
- tourism infrastructure
- product and capacity development
- investment in the sector; and
- bankable projects.

**Marketing**
- product design and packaging
- awareness
- promotion and pricing strategies; and
- positioning.

Factors that are likely to impact on tourism volumes both within the Kingdom and from foreign sources over which the planning process cannot exert an influence include:

- population growth
- GDP and growth in disposable income
In light of the above it is assumed that a constant rate of growth in pilgrim numbers of 3.4% cannot continue to hold in the coming 20-year period as such exponential growth in the number of pilgrims would place an impossible burden on the physical location. Accordingly, adjustments on long-run projections have been made at regular intervals to allow for declining growth rates in pilgrim numbers.

The growth rate of 3.4% in foreign Hajj allocations is anticipated to hold in the first 5-year period until 2005 while any changes in the allocation system are implemented. Thereafter, growth in the period 2005–2010 is anticipated at 2%, between 2010 and 2015 at 1% and in the final period 2015 to 2020 to grow at 0.5% per annum.

The volume of domestic Hajj performers has decreased over the past 10-year period, recorded in Ministry of Hajj estimates to have declined from 800,000 in 1995 to 440,000 in year 2000. The growth scenario forecast anticipates that this trend will be reversed and growth will resume as the current rapidly increasing population ages, achieving an expected 1.2% annual growth over the forecast period.

C.2.2 Umrah

It is anticipated that the growth in Umrah performer volumes will be maintained from domestic and GCC residents, with expected long-term increases of around 1.6% per annum achieved.

The introduction of the Umrah extension visa, once bedded in, is anticipated to generate increased growth from Arab and other Muslim markets. The combined influences of the 11 September attacks affecting people’s attitudes towards air travel and conflicts between Saudi Umrah companies and their foreign agents can be anticipated to have a downward impact on Year 2001 Umrah visitor volumes. As these issues are resolved (within a two-year time frame), it is anticipated that Umrah international volumes will resume their long-run trend of around 3.7% growth per annum.
There are a number of features of Umrah travel that suggest it could grow significantly over the coming years. These main issues are listed below:

- Umrah is spread over lengthier periods of time and hence is not limited by capacity constraints, as is the Hajj, which has to be performed over a very limited and specified period of time.

- The easing of restrictions on travel following the new Umrah Law will have wide repercussions in increasing the number of people coming to perform Umrah from outside the Kingdom. This institutional factor is an important determinant of the numbers performing Umrah, in addition to population growth.

- While assumption of a long term constant proportionate rate of growth of around 2.3% means exponential growth that could lead to extremely high forecast volumes of Umrah performers over extended time periods, the forecast targets prepared for these scenarios are considered achievable. As in Hajj scenarios, adjustments allowing for declining growth rates on long-run projections may need to be instituted at some point in the future.

C.2.3 Population Growth Estimates

C.2.3.1 KSA Population

Population forecasts prepared by the Central Department of Statistics (CDS) are not always consistent and on occasion present a problem for analysis.

Population trends as detailed in the 7th Development Plan prepared by the Ministry of Planning are based on the Census of Population undertaken in 1413 H (1992 G) and adjusted for forecast population growth to a base year 1420 H (1999 G). This forecast estimate puts the total population of KSA at 21.4 million in the base year.

The CDS (now part of the Ministry of Planning) undertook a Demographic Survey in 1420 H (1999 G) to update its estimates of the population at that date. The population estimate derived from the Survey update puts the total population at 19.9 million in that year, made up of Saudi and non-Saudi residents as detailed in the following table. Analysis by independent demographers has indicated that the 1999 population estimate update may itself be overestimated by as much as 500,000. The next full Census of Population is not due until the year 1425 H (2004 G).

The population growth forecasts for Saudi Arabia, as prepared by the Ministry of Planning and the CDS, are presented in Table C.1.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>MOP 7th Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total resident</td>
<td>21.4</td>
<td>33.3</td>
</tr>
<tr>
<td>Saudi</td>
<td>15.7</td>
<td>29.7</td>
</tr>
<tr>
<td>Non-Saudi</td>
<td>5.7</td>
<td>3.6</td>
</tr>
<tr>
<td>CDS Survey</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total resident</td>
<td>19.9</td>
<td>30.6</td>
</tr>
<tr>
<td>Saudi</td>
<td>14.9</td>
<td>27.4</td>
</tr>
<tr>
<td>Non-Saudi</td>
<td>5.0</td>
<td>3.2</td>
</tr>
</tbody>
</table>

Source: 7th Development Plan, MOP and 1420H (1999G) Demographic Survey, CDS.
What is certain is that the growth rate in the Saudi population is declining as the crude birth rate is falling faster than the decline in the crude death rate. Adjustments to population projections are made at regular intervals.

The official Ministry of Planning (MOP) population forecasts based on the 1992 Census forecast the longer-term growth for the Saudi population at 3.1% per annum for the period 1421 to 1441, 2000 to 2020. The forecast growth in the composite resident population (non-Saudi population is forecast to decline by 2.2% per annum) as detailed in the 7th Plan is 2.1% over the 20-year period.

For the purposes of this growth scenario exercise the composite rate of 2.1% per annum growth in the Kingdom’s population has been adopted.

This is a downward revision from that thought to be the case at the time the initial 7th Development Plan document was in preparation when population growth in KSA was perceived to be running at 4.7%. There has been a considerable change in the underlying trend.

Unofficially the MOP is using a Saudi population growth rate of 2.8% for the next planning period and beyond. The official 2.1% rate of population growth rate datum gives a slight premium to the composite growth rates now forecast for the future. Note, however, that the MOP is forecasting the labour force to grow at 4.7% p.a. over the 1421 to 1441, 2000 to 2020 period.

### C.2.3.2 GCC Population

The average of projected GCC population growth rates for the period 2000 – 2015 (UNDP Human Development Report 2001) is 1.5% per annum. Table C.2 shows the current and forecast populations of the GCC nations.

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Bahrain</td>
<td>600</td>
<td>800</td>
</tr>
<tr>
<td>Kuwait</td>
<td>1,800</td>
<td>2,800</td>
</tr>
<tr>
<td>Oman</td>
<td>2,400</td>
<td>4,100</td>
</tr>
<tr>
<td>Qatar</td>
<td>600</td>
<td>700</td>
</tr>
<tr>
<td>UAE</td>
<td>2,600</td>
<td>3,200</td>
</tr>
<tr>
<td>Total</td>
<td>6,200</td>
<td>11,600</td>
</tr>
</tbody>
</table>


### C.2.3.3 Arab Neighbour Population

The population growth rates of Saudi Arabia’s Arab neighbours vary, as shown in Table C.3.
Table C.3: Arab Neighbour Population and Forecasts

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td>66.7</td>
<td>84.4</td>
</tr>
<tr>
<td>Iraq</td>
<td>22.3</td>
<td>n.a</td>
</tr>
<tr>
<td>Jordan</td>
<td>4.8</td>
<td>7.2</td>
</tr>
<tr>
<td>Lebanon</td>
<td>3.2</td>
<td>n.a</td>
</tr>
<tr>
<td>Palestine</td>
<td>3.0</td>
<td>n.a</td>
</tr>
<tr>
<td>Syria</td>
<td>15.8</td>
<td>23.2</td>
</tr>
<tr>
<td>Yemen</td>
<td>17.6</td>
<td>33.1</td>
</tr>
<tr>
<td>Total</td>
<td>133.4</td>
<td>n.a</td>
</tr>
<tr>
<td>Iran</td>
<td>69.2</td>
<td>87.1</td>
</tr>
</tbody>
</table>


However, using Egypt as the dominant origin market, growth in Arab Neighbour populations has been forecast at 1.5% per annum for these scenarios.

C.2.3.4 Other International Growth Rates

The principal international target markets for KSA are those containing large Muslim populations. The markets shown in TableX..4 are considered to be principal international origin markets in the coming 20-year timeframe.

Table C.4: Population Growth Rates of Selected International Markets

<table>
<thead>
<tr>
<th>Country</th>
<th>Average Annual Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indonesia</td>
<td>1.1%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1.5%</td>
</tr>
<tr>
<td>Turkey</td>
<td>1.2%</td>
</tr>
<tr>
<td>Iran</td>
<td>1.4%</td>
</tr>
</tbody>
</table>


The average rate of population growth in these Muslim markets has been taken as 1.3% per annum for the entire 20-year period.

C.2.4 GDP/Disposable Income Growth Estimates

C.2.4.1 KSA Economy

The 7th Development Plan forecasts growth in GDP to be at a high rate over the coming 20 years driven by the development of the private sector. The overall growth rate in GDP during the 7th Plan is forecast at 3.2% with long-term growth over the period 1421 to 1441, 2000 – 2020 pitched at 4.2% per annum, as outlined in Table C.5.

The Ministry of Planning is optimistic about the future and is forecasting a positive per capita rate of growth. Per capita GDP growth is indicated by subtracting population growth from the total growth in GDP.
Table C.5: Forecast GDP Growth Rates (7th Plan)

<table>
<thead>
<tr>
<th>GDP Sector</th>
<th>7th Plan 2000 – 2005 % pa</th>
<th>Long Term 2000 – 2020 % pa</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total GDP growth</td>
<td>3.16</td>
<td>4.15</td>
</tr>
<tr>
<td>Private Sector</td>
<td>4.93</td>
<td>5.73</td>
</tr>
<tr>
<td>Oil Sector</td>
<td>1.21</td>
<td>2.19</td>
</tr>
<tr>
<td>Government Sector</td>
<td>1.21</td>
<td>1.28</td>
</tr>
</tbody>
</table>

Source: 7th Development Plan, MOP.

In recent years the growth in total GDP has fluctuated in line with the oil price. In 1419 H (1998 G) GDP growth (at constant prices removing inflation factors) was recorded at 1.8%, in 1420 H (1999 G) at 0.5% and Year 1421 H (2000 G) a provisional 4.5%. Estimates of GDP for 1422 H (2001 G) made by the US Department of Commerce anticipate KSA’s GDP (at constant prices) to decline by 2.0% in Year 1422 H (2001 G) as a result of falling oil prices.

Note that the GDP per capita achievement for the KSA economy for the period 1411 to 1421, 1990 to 2000 (UN Human Development Report 2001) was an annual decline of 1.1% over the period of the decade. In the decade prior, per capita GDP declined by 2% per annum.

The ability of the Saudi economy to achieve long-term GDP growth of the order of 4.15% will require a significant departure from the past where the annual increase has typically been less than 2% and close to zero or below when oil prices drop. The Saudi economy will need to achieve GDP growth rates in excess of 3%, if it is to achieve positive per capita growth and in the 4% range to absorb the labour force due to enter the market in the coming 20 years.

C.2.4.2 GCC, Arab Neighbours and Other International Markets

These forecast estimates of GDP growth were derived from the same UN source (UNDP Human Development Report 2001) as for population but cover the period 1411 to 1421, 1990 to 2000. The estimates shown in the composite sheet are a guesstimate based on economic performance over the past 10 years with some allowance for recessionary influences currently being experienced.

These guesstimates need to be reviewed in the light of the recent global downturn in economic growth, as the base year figures 1421 to 1426, (2000 to 2005) will be affected. This applies particularly to the guesstimates made for the Arab Neighbour regional market.

C.2.5 Social and Cultural Environment

This category includes factors related to the social and cultural environment, including education, social change and cultural revival. The introduction of tourism awareness campaigns through the school system and front-line tourism staff is also a factor.

The social and cultural changes taking place are expected to generate a for the domestic travel market. Social changes occurring in the domestic society are expected to have a knock-on effect into neighbouring and regional markets. This change is expected to become progressively evident by the end of the forecast period 1441 H (2020 G). An expected additional growth in travel of between 0.05% and 0.07% per annum is anticipated for international markets over the 20-year period.
C.2.6 Regulatory and Institutional Change

This category includes the factors of changes to entry regulations such as tourist visa, Umrah extension, issuing of multiple entry visas, permits allowing mixed parties for cultural tour packages, etc.

The drafting and introduction of enabling legislation to effect regulatory change is anticipated to gather momentum and be fully operational by the end of the forecast period 1441 H (2020 G) generating an expected additional growth element of 0.31% per annum in the domestic market. The knock-on effects of regulatory change are anticipated to have a lesser impact on regional markets (expected average annual growth rate of 0.16% to 0.21% over the 20 year period), but be a more important factor in international markets (expected average annual growth of 0.24% over the period) where the full effect of such changes would be felt.

C.2.7 Transport and Technology

The category includes the factors of aviation policy, privatisation and domestic airline competition, increased capacity and additional airfield development at provincial centres and key tourism areas, an improved and expanded road network, development of rail links from Riyadh to Jeddah and the expanded introduction of IT technology to the workplace and communications.

The changes to aviation policy are anticipated to be introduced during the coming decade 1421-1431 (2000 – 2010) period. However, the additional growth generated by this deregulation is expected to be more long-term becoming fully integrated by the end of the forecast period.

The development of dual carriageway road networks to expand access into the provincial areas, the upgrading of access roads into key tourism development areas and the completion of the first phase of an expanded rail network is anticipated to be in place by Year 1431 H (2010 G).

C.2.8 Planning and Development

The category includes the factors of infrastructure development, investment in tourism plant and capacity, and product development.

Infrastructure and major project developments initiated in the 1421 to 1426 (2000 to 2005) period are anticipated to come on stream during the following 5-year period. This additional capacity is anticipated to fully generate increased demand by Year 1441 H (2020 G).

These increases in accommodation capacity and the provision of a wider and more competitive choice in the range of properties available will, in itself, provide greater appeal to a more demanding and diversified domestic and international traveller base.

As increased capacity comes on stream and is taken up by the travelling resident population, it is anticipated to generate an expected 0.24% additional demand per annum over the 20-year period. Regional and international markets are expected to be affected less – by between 0.12% and 0.18% per annum.

C.2.9 Marketing

The introduction of marketing initiatives in the domestic, regional and key international origin markets and the introduction of appropriate marketing budgets are assumed.
The introduction of marketing campaigns is anticipated to have a cumulative effect during the 1421 to 1431 (2000 to 2010) period and reach its full potential by the year 1441 H (2020 G). The impact of marketing and promotional activity is expected to add 0.47% in domestic demand incidence per annum over the 20-year period. Regional and international markets are expected to be affected less – by between 0.24% and 0.35% per annum over the 20-year period.

C.3 Growth Scenario Tables and Rates

Table C.6 shows the growth scenarios for the main market segments for the period 1426 to 1441 (2005 to 2020). It incorporates low, expected and high scenarios and shows the respective growth rates for each five year period.

Tables C.7, C.8, X.9 and C.10 provide a more detailed breakdown of the components of the annual growth rates used for the domestic, GCC, Arab and international markets. It shows how the total growth rates applied are built up by the various influencing factors (population and demographic changes, social and cultural change etc).
### Table C.6: Domestic and International Growth Scenarios

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<tbody>
<tr>
<td><strong>Domestic</strong></td>
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<td></td>
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<tr>
<td>Growth Rates (5 year period) %</td>
<td>2.2</td>
<td>2.9</td>
<td>3.6</td>
<td>3.1</td>
<td>4.1</td>
<td>5.5</td>
<td>3.4</td>
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<td>6.7</td>
<td>3.5</td>
<td>5.5</td>
<td>7.7</td>
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<td>16.8</td>
<td>17.4</td>
<td>18.9</td>
<td>20.6</td>
<td>22.7</td>
<td>22.3</td>
<td>26.2</td>
<td>31.3</td>
<td>26.5</td>
<td>34.4</td>
<td>45.3</td>
</tr>
<tr>
<td><strong>GCC</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Growth Rates (5 year period) %</td>
<td>1.5</td>
<td>1.9</td>
<td>2.6</td>
<td>1.4</td>
<td>2.1</td>
<td>3.1</td>
<td>1.3</td>
<td>2.2</td>
<td>3.7</td>
<td>1.3</td>
<td>2.4</td>
<td>4.3</td>
</tr>
<tr>
<td>Forecast (Million)</td>
<td>3.3</td>
<td>3.4</td>
<td>3.5</td>
<td>3.5</td>
<td>3.7</td>
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<td><strong>Neighbouring Arab Countries</strong></td>
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<tr>
<td>Growth Rates (5 year period) %</td>
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<td>3.4</td>
<td>4.3</td>
<td>2.0</td>
<td>3.1</td>
<td>4.3</td>
<td>1.6</td>
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</tr>
<tr>
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<td>2.1</td>
<td>2.2</td>
<td>2.4</td>
<td>2.6</td>
<td>2.4</td>
<td>2.8</td>
<td>3.3</td>
<td>2.5</td>
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<td><strong>Other International</strong></td>
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<td>2.3</td>
<td>3.6</td>
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<td>3.6</td>
<td>6.3</td>
<td>1.7</td>
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<td>6.8</td>
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<td>Forecast (Million)</td>
<td>1.6</td>
<td>1.7</td>
<td>1.8</td>
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<td>2.4</td>
<td>2.4</td>
<td>1.9</td>
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<td>7.1</td>
<td>7.4</td>
<td>7.5</td>
<td>8.1</td>
<td>9.1</td>
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<tr>
<td><strong>Target Domestic + Foreign</strong></td>
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<td>23.9</td>
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*Note: Figures may not add up due to rounding.*
### Table C.7: Annual Growth Rates for Domestic Travel

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<tr>
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<td>2.00</td>
</tr>
<tr>
<td>Social / Cultural Change</td>
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<td>Regulatory + Institutional Change</td>
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<td><strong>Total Annual Growth Rate % During Period</strong></td>
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*Note: Expected figures are the median values.*
### Table C.8: Annual Growth Rates for GCC Travel

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<td>0.08</td>
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<td>0.34</td>
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<td>0</td>
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<td>0.34</td>
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<td>Total Annual Growth Rate % During Period</td>
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### Table C.9: Annual Growth Rates for Arab Neighbour Travel

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<td>Transport + Technology</td>
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<td>Expected</td>
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<tr>
<td>Total Annual Growth Rate % During Period</td>
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<td>Expected</td>
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<td>Low</td>
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<td>2015-2020</td>
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### Table C.10: Annual Growth Rates for other International Travel

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<tr>
<td></td>
<td>Low</td>
<td>Expected</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Population + Demographics</td>
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<td>1.30</td>
<td>1.30</td>
<td>1.30</td>
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<tr>
<td>Increasing Disposable Income Per Capita</td>
<td>-0.20</td>
<td>0</td>
<td>0.50</td>
<td>0.50</td>
</tr>
<tr>
<td>Social / Cultural Change</td>
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<td>0.08</td>
<td>0</td>
</tr>
<tr>
<td>Regulatory + Institutional Change</td>
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<td>0.10</td>
<td>0.25</td>
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</tr>
<tr>
<td>Transport + Technology</td>
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<td>0.25</td>
<td>0</td>
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<tr>
<td>Development &amp; Planning</td>
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<td>0.08</td>
<td>0.19</td>
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<tr>
<td>Marketing</td>
<td>0</td>
<td>0.14</td>
<td>0.38</td>
<td>0</td>
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</tbody>
</table>
| Total Annual Growth Rate % During Period| 1.10 | 1.75      | 2.95      | 1.80      | 3.66      | 6.08      | 1.80      | 4.08      | 7.22      | 1.80      | 4.52      | 8.35
ECONOMIC COSTS AND BENEFITS OF INDIVIDUAL PROJECTS – PROJECT DOSSIER CHECKLIST

D.1 Project Requirements

These include:

- details of the project
- socio-economic environment:
  - demographic
  - social
  - economic
  - institutional and regulatory
- demand and supply for the project’s outputs (local, regional and national)
- infrastructure requirements
- cost evaluation (Quantity Survey)
- human resources
- location and planning issues
- implementation costs and requirements
- financial or economic analysis, depending on whether the project is in the private or public sectors
- environmental impact, with Environmental Impact Assessments (EIAs) for projects with a substantive anticipated environmental impact
- risk analysis
- final analysis.

D.2 Financial Internal Rate of Return

The financial internal rate of return relates solely to the direct financial costs of a project and the revenues to be derived from it. To apply the methodology the following indicators are an essential ingredient in establishing an overall rate of return.

- risk-free rate
- market risk premium (Beta coefficient).

A range of criteria are typically applied for commercial project analysis which include:

- threshold investment requirement
- term of investment; 3 -5 year and rollover provisions
- debt/equity ratio
- loan conditions
- premium interest rate
risk profile: sovereign risk, industry risk, location risk.

To provide a common platform of comparison, future revenue streams are converted to present value by using the Discounted Cash Flow (DCF) approach. A discount rate that is appropriate to the economy and commercial ventures is required. Investigations to date have not indicated a consensus on what commercial discount rate should be applied in KSA. A discount rate of 12% has been indicated for evaluation of commercial projects.

D.3 Economic Internal Rate of Return

The EIRR is concerned with the allocation of resources within the economy; it differs from the FIRR in that it takes account of all benefits irrespective of to whom they accrue to. In those countries with a fully functioning capital market, the long-term bond rate is typically taken as the risk free rate to be applied for investment evaluation. Essentially it is the opportunity cost of capital development.

In a number of economies, the discount rate applied to economic development analysis is the Social Discount Rate. This rate is composed of the long-term growth rate with an inflation factor added. In the KSA context, the long-term rate to be applied would be the rate assumed by the 7th Plan, set at 4.15% for the coming 20-year period. This rate is substantially ahead of that achieved in the past decade when GDP growth declined at 1.1% per annum.

In calculating the EIRR there is no allowance made for interest charges, profit requirement or capital repayment as these are all conferred to other groups within the economy.

The Treasury or Ministry of Finance imposes a rate of return criteria or hurdle rate which project feasibility must achieve to receive consideration.

The World Bank and Asian Development Bank have official manuals for the application of project EIRR.

As already noted in Section 14 in connection with the planning approval procedure for tourism projects, evaluations of the social, cultural and environmental costs, both positive and negative, to be built into specific projects, would be carried out using a multi-disciplinary taskforce approach.

D.4 Cost Benefit Analysis

A more comprehensive approach for the analysis of public sector projects than the EIRR is the broad-based Cost Benefit Analysis. In Cost Benefit Analysis (CBA) attention is given not only to the direct benefits and costs identified in the development project but also to the indirect costs and benefits, and to externalities that apply. The analytical approach is applied on a systematic basis to:

- economic costs and benefits
- social costs and benefits
- environmental costs and benefits.

CBA has been developed to evaluate not only the immediate financial and economic impacts but also the broad impacts of major projects. However, CBA methodology has proven to have several inherent problems. One of the principal difficulties is with the valuation of indirect economic and particularly environmental and social costs, the value attributed often being regarded as subjective.

The resources required in terms of skilled practitioners, a comprehensive economic database and the time it takes to work through the CBA process are other problems associated with the methodology.

While CBA is potentially a useful methodology in that it takes into account social, cultural and environmental issues, applying it in the KSA situation would be particularly challenging at this stage because of the complexity and
depth of the data resources required. Therefore, it is not recommended that the CBA methodology should be applied. EIRR analysis, which itself requires in-depth economic data resources, should be the preferred methodology applied to major future projects.