



هيئة تشجيع الاستثمار الفلسطينية
Palestinian Investment Promotion Agency



مؤتمر فلسطين للاستثمار
Palestine Investment Conference

INSPIRING BUSINESS





Tourism Sector

Bethlehem City Tour

1

Project Number:	PIC-2010-IO-064
Project Name:	Bethlehem City Tour
Sponsor Company:	Laila Tours & Travel
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Total Cost of the Project:	US\$ 1,500,000 (additional US\$ 750,000 after two years of operation)
Investment by Current Owners:	US\$ 375,000
Required Investment:	US\$ 1,125,000 equity investment

Project Description:

Bethlehem City Tour is a new idea that aims to give tourists a closer and more realistic view of the Holy City and its surroundings. Private buses with tour guides on board will make tours across Bethlehem district, stops are to be made at the most attractive and important sites where tourists will have the opportunity to interact with local people, see the factories of handcrafts and have a closer look at the historical and religious sites.

Route Network: A licensed tour guide from the Ministry of Tourism & Antiquities will guide the tourists through the religious sites of Bethlehem. After Bethlehem, the tour continues to Beit Sahour to visit the Shepherds Fields then drives up to Beit Jala to visit the Cremisan Monastery and enjoy a panoramic view of the area. Afterwards the tour proceeds to Al Khader village to visit Saint George's monastery and Solmon's pools.

Bethlehem City Tour is seeking a partnership with a strategic/financing partner that can help in the establishment of this route network, starting with the building of the premises, purchasing of the equipment, furniture and buses. Bethlehem City Tour already started negotiating the purchase of the land needed for the investment, and secured the licenses and permits needed. Financing is needed to implement the project.

Project Development Time Table:

Land Development & Improvement	June 2010
Building and Construction start Date	September 2010
Building and Construction Completion Date	August 2011
Furniture & Equipment Procurement	September 2011
Operations Start Date	October 2011
Inauguration Date	24 December 2011

Current Owners' Profile:

Bethlehem City Tours is a Palestinian registered private partnership company, which started its operations within the Palestinian tourism sector in 2007. The company is an integral part of the community and provides essential services for tourists visiting Bethlehem.

Bethlehem City Tours leads visitors to a greater understanding of the true values and authenticity of Bethlehem. Tourists enjoy visiting Palestine and the Holy Sites; moreover they get to know more about Palestinian culture, lifestyle, social settings and history.

Industry Highlights:

The Palestinian tourism sector is mainly based around the 'pilgrimage' sub-sector; as it has been for more than 2000 years. It also benefits from Palestinian expatriates returning to visit their families and to a lesser extent from 'friends' of Palestine, the latter often young backpackers. Palestine clearly suffers hugely from an image problem and this will take time to change. However nearby markets with security issues such as Jordan, Egypt and of course Israel itself have successfully rebranded themselves in recent years and created successful tourist industries, albeit with much bigger budgets than Palestine is likely to have. Palestine itself started changing the image and promoting the Palestinian tourism sites away from security problems.

As of December 2009, there were 97 hotels in Palestine distributed as following:

- northern West Bank: 7 hotels with 166 rooms and 346 beds
- middle of the West Bank: 26 hotels with 1,083 rooms and 2,465 beds
- the Jerusalem area: 33 hotels with 1,639 rooms and 3,688 beds
- South of the West Bank: 23 hotels with 1,777 rooms and 3,989 beds
- The Gaza Strip: 8 hotels with 321 rooms and 536 beds

The average room occupancy in hotels operating in Palestine was 1,458 hotel rooms per day at 29% of all available rooms available. The number of guests in Palestinian hotels in the year 2009 totaled to 447,025 guests, 13% of them are Palestinians and 35% from the European Union. About 49% of these stayed in Jerusalem hotels, 30% in the south of the West Bank (Bethlehem and Hebron) and 19% in the middle of the West Bank (Jericho and Ramallah). Only a tiny proportion stayed in the northern West Bank or in Gaza. Hotel figures compare favorably with the year 2000 (355,711) and the subsequent decline to the low point of 51,357 in 2002. The 2008 figure represents an occupancy rate of 36%, and there is evidence that this figure will be surpassed by the years of 2010 and 2011.

The average number of employees working in hotels reached 1,648 workers, including 1,398 male and 250 female. Those working in managerial positions have reached 299 workers including 236 male and 63 female, while those in the operating positions have reached 1,349 workers, including 1,162 male and 187 female.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> • The prime location of Bethlehem • The first of its kind in the Palestinian Territory • Existence of similar desired experience 	<ul style="list-style-type: none"> • Lack of additional financial resources from the current owner
External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> • The great potential for Bethlehem tourism • The number of Christian tourists from all over the world is on the rise • The dramatic increase in the real estate value in Bethlehem 	<ul style="list-style-type: none"> • Political instability and ongoing conflict between Israel and Palestine

Financial Projections in US\$ for the whole project

Indicators	2010	2011	2012	2013	2014	2015
Income statement Accounts						
Revenues	-	607,725	689,850	1,629,771	1,787,315	1,996,469
Expenses	-	374,132	387,621	489,233	505,287	524,144
Gross Profit	-	233,593	302,229	1,140,538	1,282,028	1,472,325
Interest Expense and Taxes	-	47,722	56,567	180,530	199,869	226,423
Net Income	-	185,871	245,662	960,008	1,082,159	1,245,902
Cash Flow Accounts						
Operating Cash Flow	-	331,862	349,734	1,136,982	1,256,916	1,418,317
Financing Cash Flow	1,540,212	(32,770)	(50,416)	(50,416)	(50,416)	(50,416)
Investing Cash Flow	(1,500,000)	0	0	(750,000)	0	0
Balance Sheet Accounts						
Total Assets	1,540,212	1,741,035	1,960,048	3,006,818	4,069,018	5,299,957
Total Liabilities	275,000	289,952	263,303	350,064	330,104	315,142
Total Equity	1,265,212	1,451,083	1,696,746	2,656,754	3,738,913	4,984,815
Profitability Indicators						
Return on Assets	-	10.68%	12.53%	31.93%	26.60%	23.51%
Return on Equity	-	12.81%	14.48%	36.13%	28.94%	24.99%

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