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Value Chain Analysis for Tourism in Egypt

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Value Chain Analysis for Tourism in Egypt

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Market Intelligence

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List of Acronyms

BEC	Business export coaching
BSO	Business support organisation
CBT	Community-based tourism
CDWS	Chamber of Diving and Water Sports
CSR	Corporate social responsibility
CTE	Chamber of Tourist Establishments
DMC	Destination marketing company
ECA	Egyptian Chefs Association
ECC	Egyptian Chamber of Commodities
EDA	Export development authority
EEAA	Egyptian Environmental Affairs Agency
EECH	Egyptian Export Council for Handicrafts
EGTGS	Egyptian General Tourist Guide Syndicate
EHA	Egyptian Hotel Association
ENCC	Egyptian National Competitiveness Council
ETAA	Egyptian Travel Agents Association
ETF	Egyptian Tourism Federation
FTTC	Foreign Trade Training Centre
GDPR	General Data Protection Regulation
GEM	Grand Egyptian Museum
GIZ	Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
GoE	Government of Egypt
GSH	Green Star Hotel Initiative
GSTC	Global Sustainable Tourism Council
HRD	Human resources development
ILO	International Labour Organization
ITC	Industrial Training Council
KPI	Key performance indicator
MENA	Middle East and North Africa countries
MOT	Ministry of Tourism
MSME	Micro, small and medium-sized Enterprises
NGO	Non-governmental organisation
PPP	Public-private partnership
SCHRD	Supreme Council for Human Resources Development
SME	Small and medium-sized enterprises
TNA	Training needs analysis
TTCR	Travel & Tourism Competitiveness Report
UNDP	United Nations Development Programme
UNWTO	United Nations World Tourism Organisation
VCA	Value chain analysis
VCS	Value chain selection
WEF	World Economic Forum
WTTC	World Travel & Tourism Council

1. Introduction

The purpose of this value chain analysis (VCA) is to identify opportunities to develop sustainable tourism products in Egypt beyond the existing beach and cultural tourism by supporting local micro, small and medium-sized enterprises (MSMEs), sustainable tour operators, lodging and accommodation businesses operating in niche tourism segments, and business support organisations (BSs).

Defining Sustainable Tourism

Sustainable tourism is defined by the World Tourism Organization and the United Nations Environment Programme as 'Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities' (World Tourism Organization / United Nations Environment Programme, 2005).

Thus, sustainable tourism should:

1) Make optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity.

2) Respect the socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance.

3) Ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

For these reasons, we have mapped the existing assortment, identified the actors in the value chain and estimated the demand from European tourists and tour operators. The situation in Egypt was also discussed during an expert meeting held at CBI in June 2019. The essence of the meeting illustrates the initial situation and challenge: 'Although there is a desire amongst destination marketing companies (DMCs) to diversify their products and an opportunity to develop cultural and adventure niche products, the sector is dominated by large DMCs set up for mass tourism. The challenge for CBI would be to show the effectiveness of the programme and meet its key performance indicators (KPIs).'

Based on the findings from the value chain selection (VCS) and the report and the initial business case idea (iBCI) for sustainable tourism in Egypt, the VCA continues the research of possible CBI interventions in Egypt's tourism sector.

The analysis has been conducted by desk research, a field trip to Cairo including several meetings with experts and MSMEs in September 2019 and interviews with European tour operators.

Management summary

The tourism market in Egypt is dominated by international tour operators and hotel chains, mainly offering stays in Red Sea resorts and cultural tours to Gizeh, Luxor, Aswan, and Cairo. Nile cruises are another relevant element of the current tourism assortment. More than 50% of the overnight stays are generated by European tourists, mainly coming from the three main source markets: Germany, UK, and Italy.

Sustainability does not play a relevant role in the Egyptian tourism sector currently. International chains, of course, run their own corporate social responsibility (CSR) programmes and a growing number of the larger hotels and resorts have been improving their sustainability standards. But it is still rare to find specific products offering sustainable tourism, community-based tourism (CBT) initiatives, niche packages and innovative tours.

On the other hand, a relevant part of the Egyptian Tourism Reform Programme relates to diversification of the sector, aiming at supporting efforts for the development of sustainable tourism. There is also growing demand from European tourists for new and innovative products, and sustainable tourism providers, such as ecolodges, desert camps and community-based tourism in Egypt.

This gap between little supply and rising demand has not been closed until now. The packages European tour operators offer which are dedicated to sustainability are very similar and offer more or less the same itineraries, such as Nile cruises, cultural tours to Gizeh, Luxor, Aswan, and diving packages. Sustainable MSME accommodations are mainly concentrated in the Western Desert and the Aswan and Luxor regions, but can also be found in the Red Sea area. The local and national initiatives to develop more sustainable and innovative tourism products, which had been established earlier in this decade, could not keep up their work after the tourism crisis in 2016.

The Egyptian Tourism Reform Programme aims to support sustainable tourism development and diversify tourism, but the enabling environment for MSMEs lacks a private business-oriented tourism policy. Several regulations, as well as issues with new licences for tour operators and intensified security regulations for touring remote areas hinder the sector and make it difficult for start-ups and small enterprises to create new tourism products.

Nevertheless, there are opportunities for CBI to intervene and foster MSMEs in their efforts to set up new products, become more sustainable and increase their exports to the EU. With the end of the tourism crisis and rising demand from European and other countries, there is a basis for MSMEs to develop new products. In addition, some other players are very motivated to continue their initiatives and efforts, which they were forced to stop in 2016. First, initiatives driven by the private sector to establish BSOs with a sustainable and innovative approach exist and deserve to be supported. The existing BSOs could also be part of a CBI intervention, as knowledge of digitalisation, quality of service, sustainability and education could be improved.

One of the core results of the VCA is a recommendation about possible CBI interventions. The most promising projects are the following.

Business Export Coaching:

A. Awareness raising — demonstrate opportunities for MSMEs offering sustainable tourism
B. Plan for sustainable tourism products and experiences
C. Support the establishment of MSME networks, clusters and alliances

D. MSME entrepreneurship and existing companies' development programme

Business Support Organisations interventions:

E. Support the institutionalisation of an ecotourism council or NGO
F. Enhance capacities to advocate for and facilitate tourism MSME support
G. Support capacity building of tourism associations to better serve sustainable tourism MSMEs
H. Strengthening tour guides in applying modern and innovative entrepreneurial skills
I. Workforce development driven by market demand

Integrated interventions:

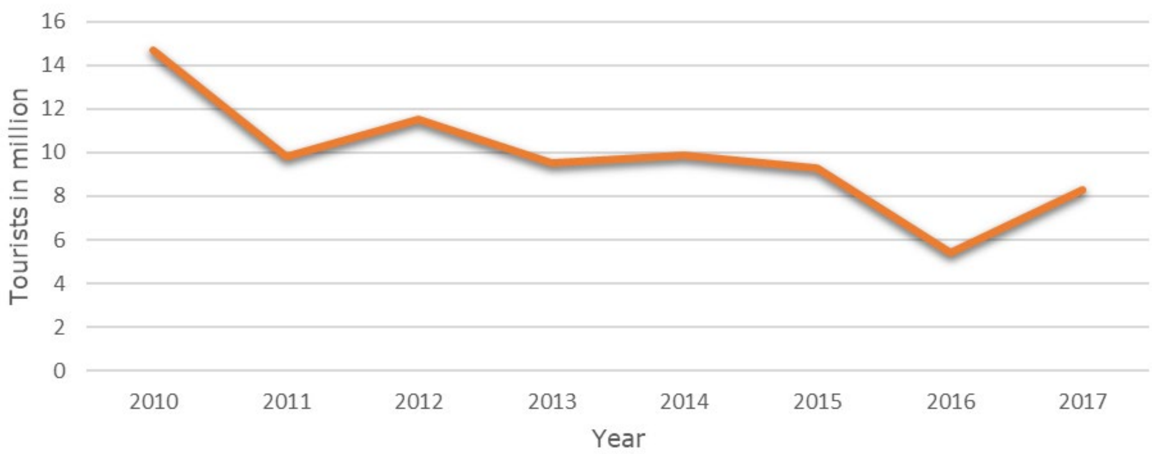
J. Support the Ministry of Tourism (MoT) in the implementation of the sustainable tourism development strategy addressing the needs of MSMEs
K. Facilitate public-private dialogue by establishing working groups on different levels to address barriers and obstacles for MSMEs
L. Product development and eco-friendly certification scheme; Green Star Certification Programme
M. Strengthen MSMEs and government authorities to adopt digitisation and digitalisation to enhance their competitive position

2. EU tourism market and Egypt's competitive position

2.1 Current market demand

An upward trend is becoming apparent from 2017 on, after huge drops in tourist arrivals in 2011 and 2016. The Egyptian tourism industry suffered from two main events in the recent past. First, in the 2011 Arab Spring, protests and uprisings directed against the political regime resulted in political uncertainty, which appears to be the trigger that led to a sudden and huge drop in tourist arrivals. Second, the bombing of a Russian plane in 2015 that killed 200 tourists on their flight back home. The timing of these events can be clearly seen in the drops in the arrivals graph on Figure 1, which also shows un uptick in 2017, indicating a recovery of arrivals to Egypt after the airplane bombing in 2015. In addition, the devaluation of the Egyptian currency in the end of 2016, leading to an inflation rate of 30%, possibly also led to a renewed upswing in the tourism industry (Fair & Sustainable Consulting, 2018).

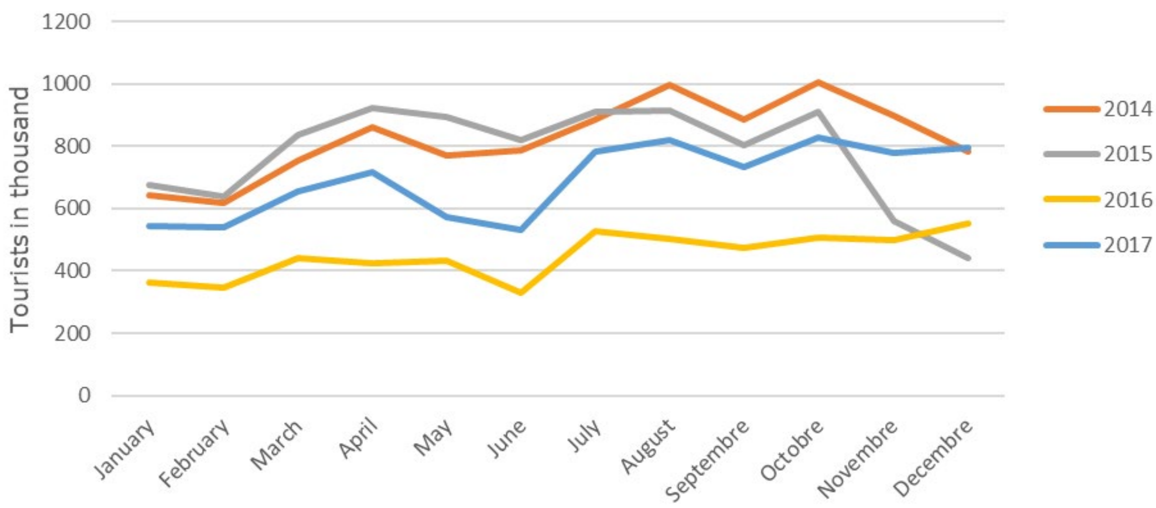
Figure 1: Tourist arrivals 2010–2017



Source: (Ministry of Tourism, 2018)

Egypt is a year-round destination, so seasonality is quite low. The drop in tourist arrivals in the end of 2015 reflects the aftermath of the airplane bombing. Consequently, the number of tourist arrivals in 2016 started low, recovering a bit throughout the year, while 2017 suggests a positive trend.

Figure 2: Seasonality of tourist arrivals 2014-2017



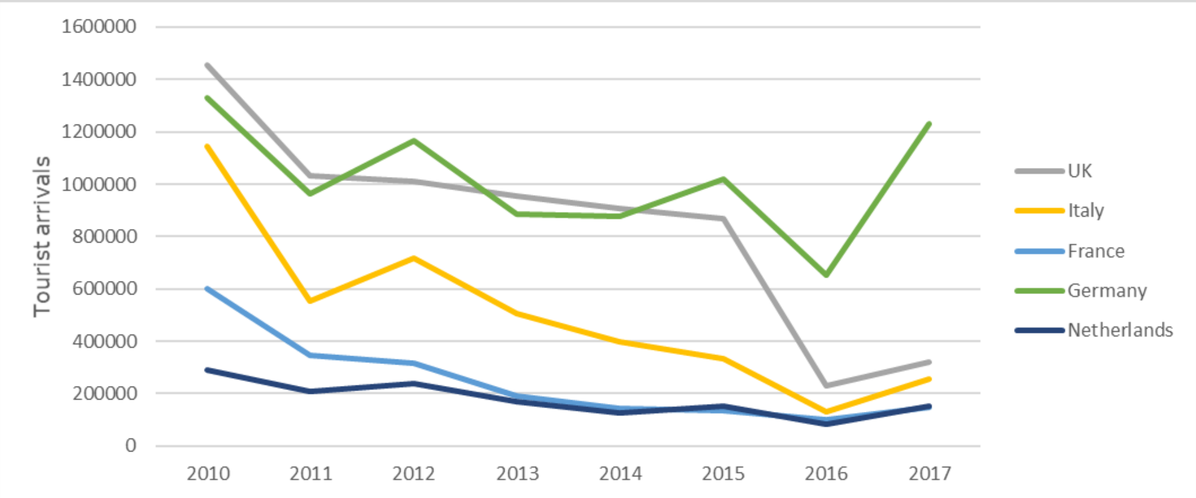
Source: (Ministry of Tourism, 2018)

2.1.1 International visitor arrivals and overnight stays (EU and non-EU)

Egypt recorded a total of 8.3 million tourist arrivals in 2017. A closer look at where these tourists came from makes it clear that **Europe is the most important source market**, accounting for 51% of that total, followed by Asia and the Pacific (24%), Americas (16%), Africa (5%) and the Middle East (4%). In the following session, we discuss the EU and non-EU countries with the biggest market shares in arrivals and overnight stays.

In tourist arrivals, Germany is the main market for tourism to Egypt from EU countries with 1,232,343 arrivals in 2017, followed by the UK with 320,000 arrivals. The rumours and uncertainty related to the Brexit process make it unclear where British arrivals will be heading. Other EU countries with high market shares in 2017 were Italy, France, and the Netherlands. The numbers of almost all European countries were affected after the terrorist bombing attack on a Russian plane, with a decrease in arrivals in 2016 clearly recognisable, as well as a clear upswing a year later.

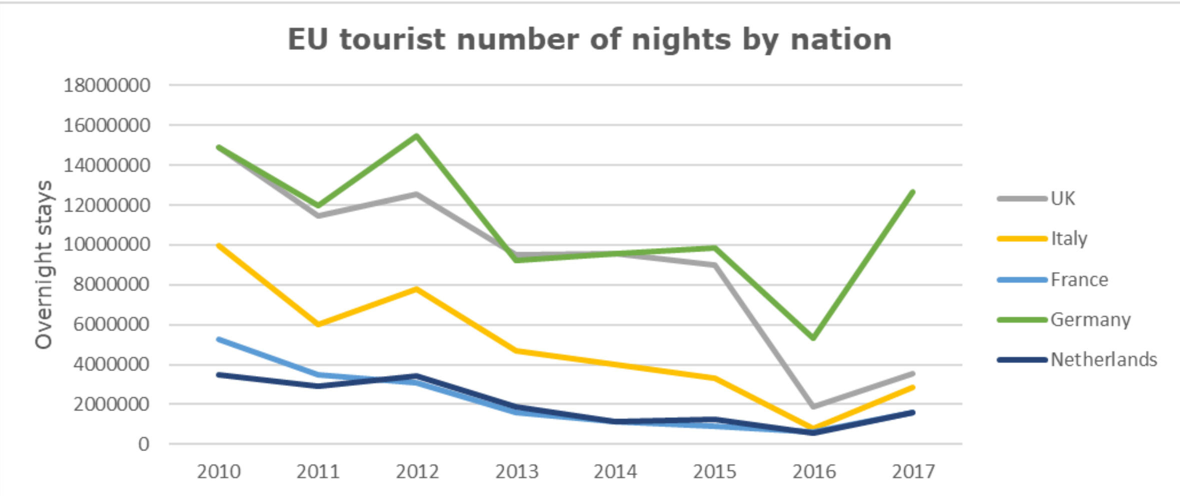
Figure 3: EU tourist arrivals by nationality, 2010–2017



Source: (Ministry of Tourism, 2018)

Overnight stays reflect a very similar picture to the arrivals' numbers.

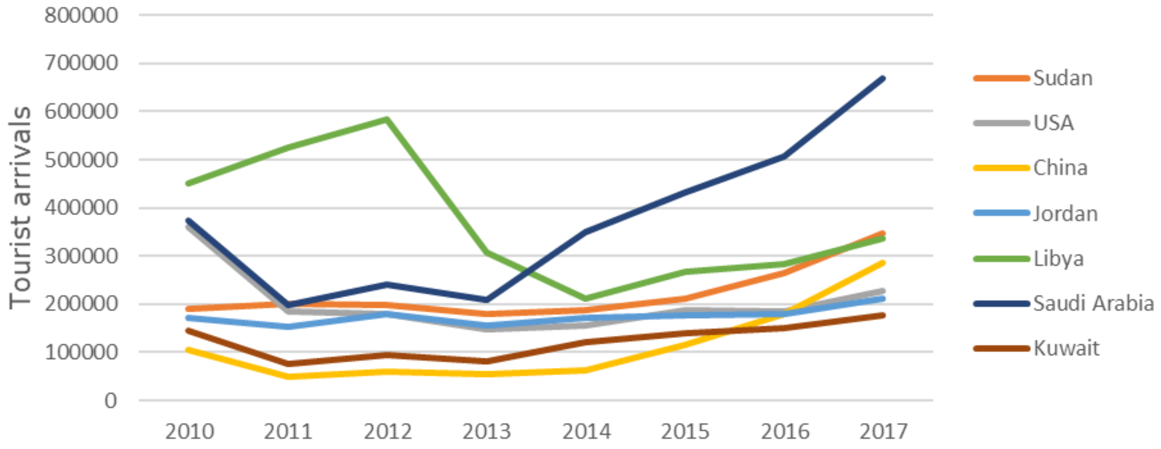
Figure 4: EU tourist overnight stays by nationality, 2010-2017



Source: (Ministry of Tourism, 2018)

Among non-EU countries, Saudi Arabia was the country with the highest number of arrivals to Egypt in 2017 with 669,574 tourists. Saudi numbers stand out clearly for continuous growth in arrivals, despite the terrorist attack on the plane at the end of 2015. The same is true for most non-EU tourists — quite the opposite of EU tourists. The other countries with high market shares in 2017 are Sudan, USA, China, Jordan, Libya and Kuwait.

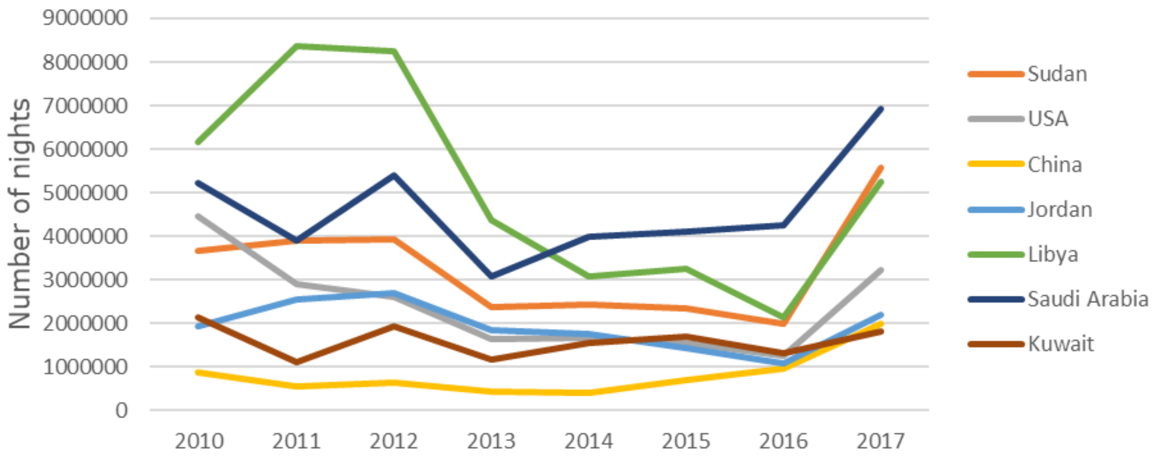
Figure 5: Non-EU tourist arrivals by nationality, 2010–2017



Source: (Ministry of Tourism, 2018)

In overnight stays, Saudi Arabia is also the leading country with 6,933,416, replicating a similar picture to the arrivals numbers.

Figure 6: Non-EU tourist overnight stays by nationality, 2010–2017



Source: (Ministry of Tourism, 2018)

2.1.2 Current European market demand, trends and requirements

The Egyptian tourism market demand from Europe is dominated by a few countries and packaged mass tourism. The European market has been a growing source market for Egypt since the rapid decline of tourists in 2016. Most tourists from EU countries travel for leisure.

However, a growing number of **European travellers are looking for uniqueness, authenticity and exclusive experiences** in non-traditional destinations. Nature tourists and cultural tourists in particular are looking for new destinations. Egypt does not belong in the group of popular adventure tourism destinations, so this target group could be very interesting (CBI, n.d.). Moreover, Europe is the leading source market for adventure tourism. European adventure tourists often care about their travel impact by focusing more on sustainable ways of traveling, including accommodation and activities on site. Other important tourism niches are ecotourism, as well as community-based tourism predominantly aimed at nature conservation and improvement to locals' well-being (CBI, n.d.).

European travellers have become more sensitive regarding sustainability. More and more companies are currently focusing on sustainability, so in order to stand out in the market, certifications might help. Safety is another important topic for Europeans (OECD, 2018).

Collecting information about companies and destinations is popular among European tourists. Therefore, it is indispensable to have a professional online presence to target this rather well-informed consumer (CBI, n.d.).

The most important legal requirements include the **compliance with the European Commission's Package Travel Directive and European General Data Protection Regulation**, which are described in more detail in chapter 2.4.3.

2.2 Egypt's comparative advantage in travel and tourism

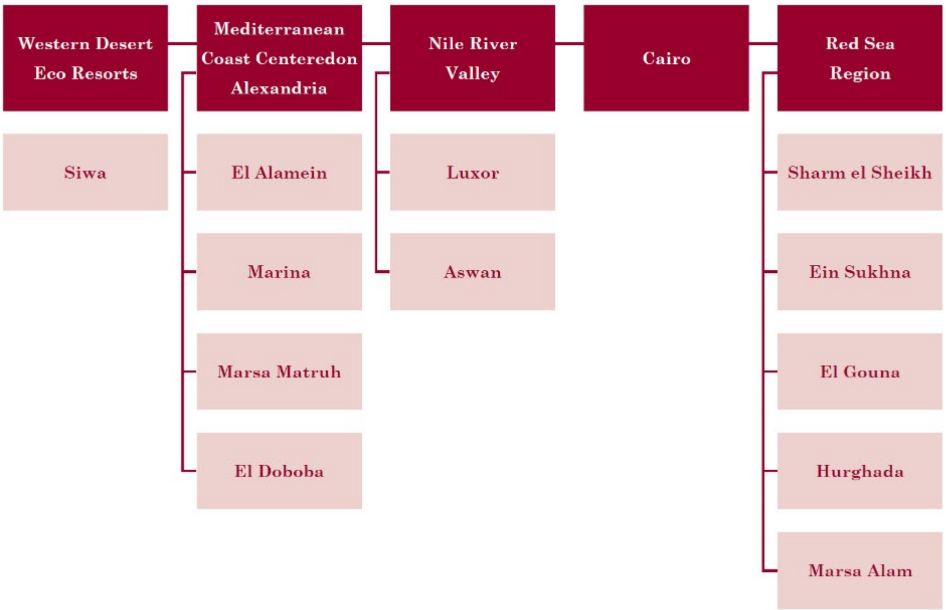
2.2.1 Image of Egypt as a tourism destination

Egypt's latest brand achievements are shown in the TTCI 2019 report. The country's enhanced tourism brand strategy helped move it up in the country branding ranking from 60th to 5th place, earning also the lead position in Africa. The image of Egypt is strongly connected to its cultural resources and price competitiveness. Egypt is a global leader in terms of cultural resources.

Egypt launched a new tourism logo in 2011, seeking to represent the country's tourism attractiveness beyond ancient buildings and culture, focusing on its natural assets as well, like pristine white beaches. The catchline changed from 'Egypt — Nothing Compares!' to **'Egypt — where it all begins', showing a more forward-looking positioning**.

The refreshed tourism strategy divided the country in five different tourism regions: Western Desert, Mediterranean Coast, Nile River Valley, Cairo, Red Sea Region. As shown below, all of the proposed destinations currently have distinctive characteristics as well as opportunities and potentials that will allow Egypt to offer a greatly expanded and diversified portfolio of products and visitor experiences to international markets (Egyptian National Competitiveness Council, 2013).

Figure 7: Egypt national and regional destination brand model



Source: (Egyptian National Competitiveness Council, 2013)

The recent **People to People (P2P) campaign** of 2019 aims at portraying Egypt not only as a contemporary and prime touristic destination but also sheds light on the diversity and authenticity of the Egyptian people and branding by destination, creating an identity for each of Egypt's unique destinations (Egypt Today, 2019). With the P2P campaign and video, Egypt showcases its generous hospitality and simultaneously presents its connectedness to the up-to-date, social media world (www.youtube.com/watch?v=jCdoHRR4JB8). The video shows a modern and open-minded Egypt, which at the same time emphasises the importance for its ancient culture. A wide range of different tourism products is presented, offering more in store than sun, sea, sand tourism, old buildings and Nile cruises:

- Egypt's culinary side;
- Activity-based tourism like snorkelling and diving, kite surfing, climbing;
- Adventure tourism including desert hikes, desert 4x4 tours;
- Experiences with locals that include handicraft, playing music together, organising a tea ceremony, having a typical local meal, etc.;
- Diverse landscape: sand desert, oases, rocky desert, sea, the Nile and its fertile banks.

However, sustainability is not mentioned anywhere, neither in general nor specifically, which does not add to positioning Egypt as a sustainable destination.

2.2.2 Tourism competitiveness and impacts on MSMEs

The 2019 World Economic Forum's Travel & Tourism Competitiveness Report (TTCR) places Egypt as a global leader in terms of cultural resources (22nd) out of 140 economies. The country is home to some of the world's most famous landmarks, such as the Giza Pyramids Complex, helping it rank 38th in terms of World Heritage cultural sites and fourth regarding cultural tourism online searches. Nevertheless, it was Egypt's improvements on natural resources (97th place in 2017, 69th in 2019) that truly led to its overall improved TTCR score, with the attractiveness of its natural resources moving the country up 87 spots to 44th place. In environmental sustainability, Egypt is a top scorer amongst the Middle East and North Africa (MENA) countries. The country ranks 31^{st} globally thanks to low levels of deforestation (13^{th}) and below regional average air pollution (62^{nd}), T&T industry sustainability (53^{rd}) and water stress (61^{st}).

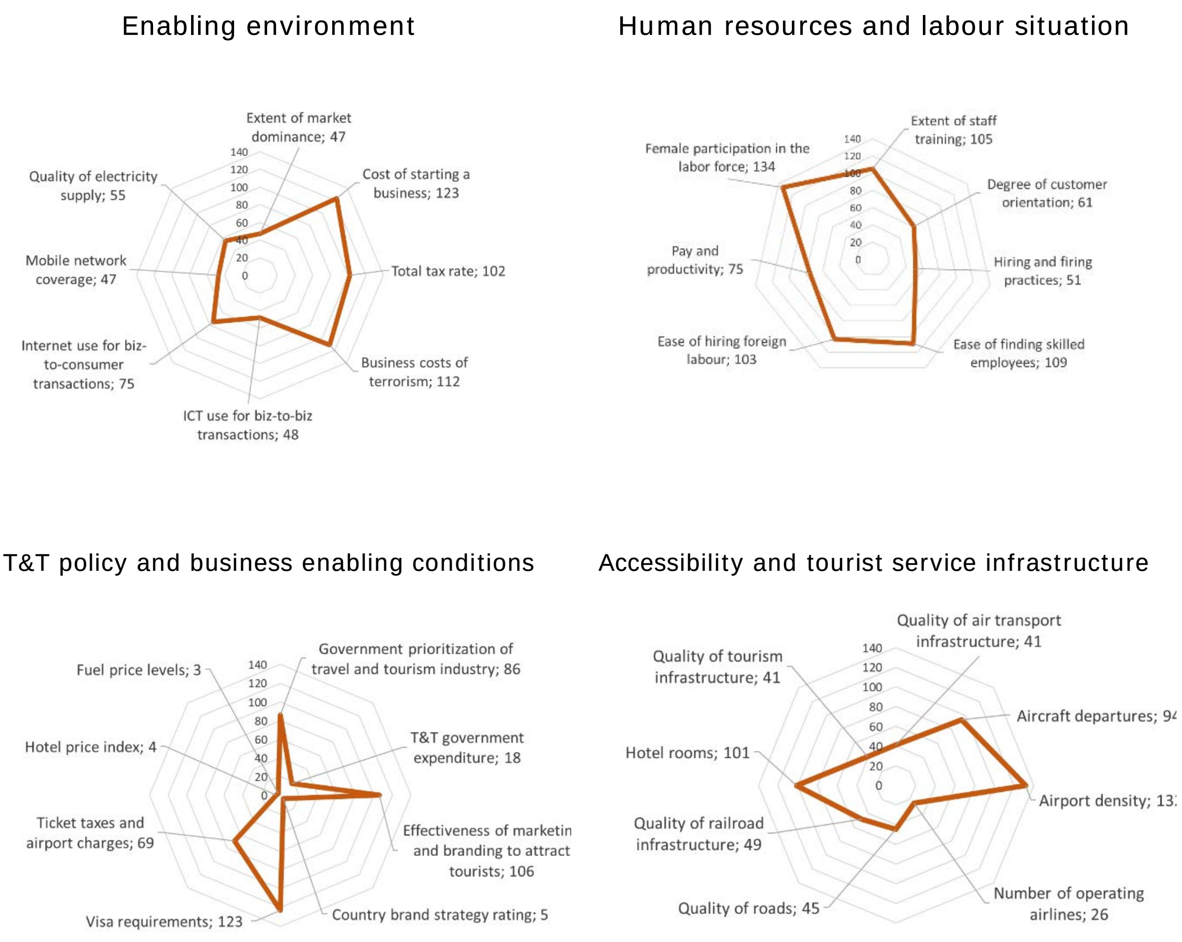
Egypt has long been regarded as a prime destination for nature-based activities, such as beach resorts, with Egypt's price competitiveness (3^{rd}) attracting tourists seeking inexpensive vacations. There have also been efforts to build upon these strengths with greater prioritisation of travel and tourism (37^{th} to 31^{st}) via increased government expenditure (22^{nd} to 18^{th}), enhanced tourism brand strategy (60^{th} to 5^{th}) and improved aviation infrastructure (55^{th}), as well as ground and port (64^{th}) infrastructure. Natural resources might have also been made more appealing due to improvements to environmental regulatory enforcement and stringency (98^{th}) and the sustainability of travel and tourism development (53^{rd}), though it's widely acknowledged that more needs to be done.

Fundamental to most of these improvements and their ability to increase tourist arrivals is Egypt's stability, which has been under pressure in recent years. Since 2017, Egypt has had the second-highest safety and security improvement in the world, helping it move up 18 places in the rankings for this particular topic. Such an improvement is likely to make travellers more confident about going to Egypt. Yet, the country still ranks 112^{th} in this category and has one of the index's highest incidences of terrorism (135^{th}). Consequently, this is likely to remain one of Egypt's most acute deterrents to more tourism. Increased visa requirements (51^{st} to 123^{rd}) have not helped induce the flow of tourists, with the country remaining one of the least internationally open (124^{th}) in the world. Additionally, even with recent gains, Egypt needs to improve on other components of the business environment sub-index (70^{th}) to encourage greater T&T investment (World Economic Forum, 2019).

Competitiveness of tourism exporters in an international market

Some selected indicators affecting the performance and operation of MSMEs in Egypt which are benchmarked to other economies are related to the enabling environment, human resources and labour situation, T&T policy, enabling conditions, accessibility and tourist service infrastructure.

Figure 8: Indicators affecting tourism MSMEs' performance and operation



Source: adapted from (World Economic Forum, 2019)

Enabling environment

The selected indicators of the TCCI that affect the business environment are very much related to the business environment and ICT readiness of the sector. The market dominance and corporate activity is dominated by a few business groups rather than spread among many firms, which can be observed in the coastal tourism segment. Corporates are very much affected by getting business permits. High costs for business registrations, the tax burden that includes a profit tax, labour tax and contribution, and other taxes also have negative effects. Terrorism also imposes business costs. On the other hand, ICT use for business-to-business transactions is rated above average, whereas internet use for business-to-consumer transactions selling goods and services to consumers is just below average and requires improvement. Benchmarked to other countries, mobile network coverage and quality of electricity supply are reliable and in the second quarter of the ranking.

Human resources and labour situation

In the category human resources and labour market, the TTCR ranks Egypt 89th with just above-average performance in the indicators hiring and firing practices of workers and treatment of customers. The pay related to worker productivity was just below average, whereas ease of finding skilled employees, restrictive regulations to hiring foreign labour, the low female workforce participation and the little investment in employee training and development were all evaluated as rather poor.

T&T policy and business enabling conditions

Government agencies' expenditure on providing travel and tourism services, such as cultural (e.g. art museums), recreational (e.g. national parks), clearance (e.g. immigration and customs) and so on to visitors as a percentage of total government budget is high, but a weak score was given to the visa requirements for entry in Egypt for a tourism visit of a limited duration for visitors from source markets. However, citizens of European countries can obtain a visa from Egyptian consulates abroad and can be granted an entry visa from the ports of arrival. The country's brand strategy has been rated comparatively strong, whereas the effectiveness of marketing and branding campaigns at attracting tourists seems rather ineffective. Egypt is a price-competitive destination thanks to: a) the hotel price index, which evaluates the average price of first-class hotel accommodation in US dollars, by using the average room rate among first-class hotels in each country over a 12-month period; b) fuel prices; and c) the above-average ticket taxes and airport charges, which explains the relative low cost of access to international air transport services based on airport charges, passenger ticket taxes and value-added taxation.

Accessibility and tourism service infrastructure

Egypt's quality of air transport infrastructure has been assessed positive with many airlines operating scheduled flights originating in Egypt. Compared to the large population size of Egypt, the country's score is poor for the number of departures per capita, the number of airports with at least one scheduled flight per million urban residents and the number of hotel rooms per 100 inhabitants. Assessments on quality of roads, railroad infrastructure and quality of tourism infrastructure (e.g. hotels, resorts, entertainment facilities) were rated positively.

The Egyptian tourism industry's return to shape has been supported in part by the depreciation of the Egyptian pound, which has made the country a cheaper and more price-competitive destination for a large number of travellers (International Promotion Desk, 2018).

2.2.3 Competitor analysis

Egypt has a competitive position of great relevance in the tourism market segments **coastal tourism, cultural tourism, religious tourism and adventure tourism**.

Coastal tourism: Sunny weather year-round with unique undersea life and the closest coral reef to the European continent in the Red Sea; Europe-like coastline on the Mediterranean Sea, meaning similar coast and environment to Southern Italy and Spain. Underdeveloped segment offering an opportunity for a fresh start with a new value proposition, including a 10-month 'usable' vacation period with limited days of rain.

Cultural tourism: Many unique historical sites along the Nile River and in Cairo (Pharos, Roman, Greek, Coptic, and Muslim); Important cultural and historical elements present in Sinai, such as St. Katherine's Monastery.

Religious tourism: Saint Virgin monastery close to a cave where it is believed the Holy Family stopped; Daily religious celebrations and visits organised by monks.

Adventure tourism: Mixed desert types, rocky, sandy landscapes; adventure propositions; striking natural sites, including canyons and falls; unparalleled and uncontaminated oasis west of the Nile River with a unique and relaxing mirage place in a sea of sand, with luxurious nature growing in an intricate system of rivers and gardens, olives, fruit plantations, thermal baths where old local customs have survived; sleeping out in a true Bedouin setting within an unspoilt culture.

In terms of the mass market, Egypt's main competitors are those countries bordering the northern Mediterranean, particularly Spain, as well as the emerging destinations of North Africa, the Middle East, and Turkey. The competitor analysis focuses on key destinations of similar appeal to Egypt in the MENA region, such as Morocco, Tunisia, Jordan, Israel, Turkey, and Oman.

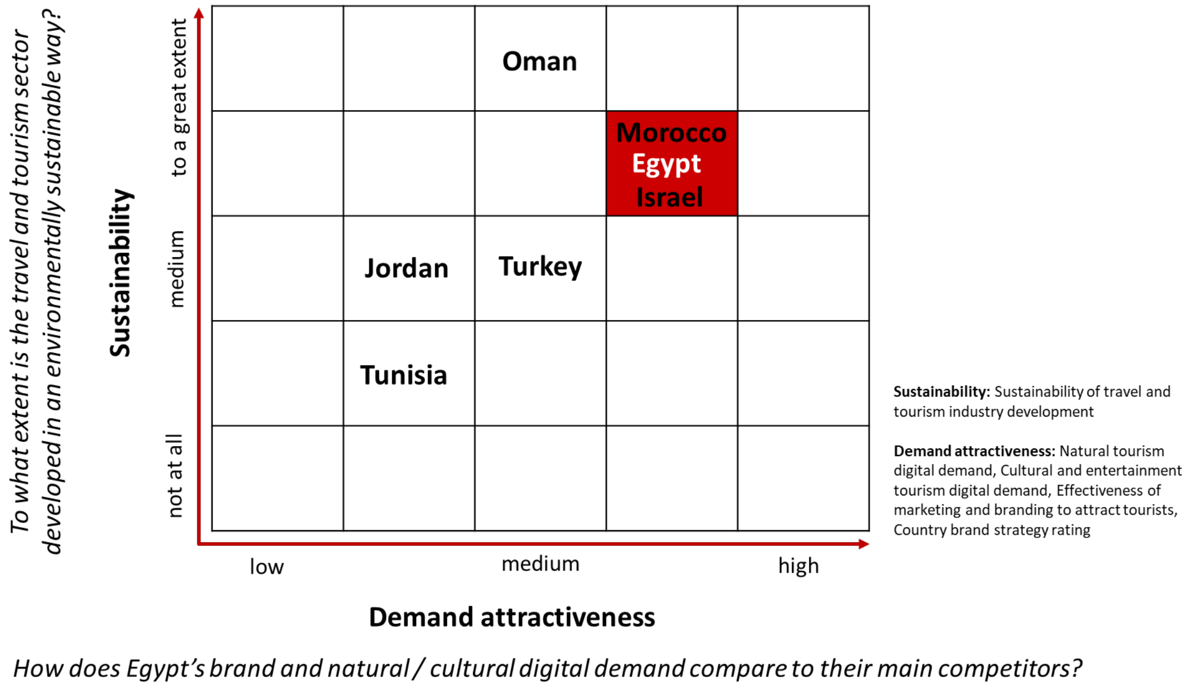
Key characteristics of Egypt's comparative advantages to these competitors reveal the following:

- Year-round sun and beaches with wonderful and **unique undersea life** and a Europe-like coastline;
- **Pyramids, tombs** and other archaeological sites, dating back to the **dynastic periods**, such as Giza, Luxor, Memphis, Karnak, among others.
- Other historical sites (Roman, Greek, Coptic, and Muslim) spread all over the country;
- Religious sites that connect with the major sites of the Holy Family's route'
- Striking natural sites to attract ecotourists along with a unique Bedouin culture;
- Therapeutic sand for skin treatment and mineral-rich water for body care catering to wellness tourists.

Sustainability and demand attractiveness

The portfolio analysis helps determine Egypt's competitive position in terms of perceived sustainability by the industry and the destination attractiveness for natural and cultural digital demand combined with brand strength. The key elements of the sustainability and demand attractiveness analysis in relation to competitors ranks of the Travel & Tourism Competitiveness Index are: a) the competitive position of sustainability of travel and tourism industry development as a main indicator; and b) the demand attractiveness based on the indicators of natural tourism digital demand, cultural and entertainment tourism digital demand, effectiveness of marketing and branding to attract tourists, and country brand strategy rating.

Figure 9: Analysis of sustainability and demand attractiveness



Source: based on (World Economic Forum, 2019)

Business executives and business leaders interviewed during the WEF executive opinion survey see Egypt's travel and tourism sector developed in an environmentally sustainable way, which could refer to the strong case of the Green Star Hotel certification programme — only Oman received a higher score. The brand and the natural, cultural, and digital demand were also assessed as quite strong compared to Egypt's main competitors, which underlines the attractiveness and familiarity of Egypt for nature and culture-based tourism offerings.

An analysis of the main tourism marketing themes of competing national tourism boards revealed that they are very similar to the ones of Egypt. In order to gain a competitive advantage, it is therefore important to not only promote these tourism products, but rather invest in differentiation through enhanced sustainable product development to upgrade the existing resources, products, and services.

2.3 Egypt's sustainable tourism product range

2.3.1 Existing sustainable niche tourism travel forms

The tourism travel forms in Figure 10 are considered key travel types for Egypt, linking resources and products with the main motives and expectations of tourists visiting the country.

Figure 10: Egypt's key identified travel forms

Source: adapted from (World Tourism Organization, 2019b)

Coastal tourism refers to land-based tourism activities, such as swimming, diving, surfing, sunbathing, felucca sailing and other coastal leisure, recreation and sports activities which take place at the Red Sea and Mediterranean coasts, the Nile and the oases.

Cultural tourism is a type of tourism in which the visitor's essential motivation is to learn, discover, experience and consume culture. In the case of Egypt more specifically refers to ancient history, temples and tombs, tangible and intangible cultural attractions and products.

Adventure tourism usually takes place in destinations with specific geographic features, such as the desert, wadis, and national parks, which tends to be associated with physical activity, cultural exchange, interaction, and engaging with nature.

Religious tourism is motivated by religious reasons. It can also be referred to as faith tourism or spiritual tourism. People go on religious holidays to Egypt to confirm, deepen or reflect upon their faith, such as by travelling to St. Katherine's Monastery at Mount Sinai, the Coptic heritage in the northern Nile Valley or the many mosques in Cairo, such as Al-Azhar Mosque.

Rural tourism is a type of tourism in which the visitor's experience is related to a wide range of products generally linked to nature-based activities. IN Egypt, this includes agriculture in the Delta, rural lifestyle or culture, and Bedouin-managed tourism experiences.

Wellness tourism has the primary motivation of engaging the tourist in preventive, proactive, lifestyle-enhancing activities. Egypt has rich therapeutic environments that attract people from around the world thanks to its sunny and dry climate, its sand, natural mineral water and sulphuric springs that cure numerous diseases.

Urban or city tourism in Egypt takes place in the urban spaces in Greater Cairo, Alexandria, Port Said, Luxor, and Aswan, offering a broad and heterogeneous range of cultural, architectural, technological, entertainment and shopping experiences and products for leisure and business.

Sports tourism refers to travel experiences where tourists either watch as a spectator or actively participates in a sporting event, generally involving commercial and non-commercial activities, such as golfing, diving, and surfing of a competitive nature.

The analysis of packages and tours of different general tour operators shows that the main forms currently offered are coastal, cultural, adventure and rural tourism. However, MSME operators also offer some of these in a sustainable way, including:

- diving in the Red Sea;
- sailing on the Nile;
- trekking or hiking in the White Desert;
- walking tours in the Nubian Desert;
- horse riding in the desert and to different temples;
- community-based activities, like joining locals in cooking and eating.

Only a small number of inbound tour operation MSMEs (20–30) would qualify for a CBI project on sustainable tourism related to the above-mentioned key travel forms. These operators often specialised in some particular EU geographic markets or focus on one or two key travel forms, such as religious or adventure tourism, although they are also open to organising alternative forms of travel depending on market demand. The scope of their work is limited to freely accessible destinations, due to government restrictions on tours to the Western Desert.

The accommodation operators that are convinced they could win from achieving sustainability in their services are mainly located in Upper Egypt, but also include some in the Western Desert and some small boutique hotels in the urban areas of Greater Cairo.

2.3.2 Government and private sector plans for the Egyptian tourism sector

The former **National Sustainable Tourism Strategy for Egypt 2013–2020** already underlined the importance of prioritising tourism as a platform for sustainable development. The sustainable tourism strategy is currently being revised with new targets for 2030. The priorities are to increase value, to achieve high and sustainable economic growth, alleviate poverty, address income disparities, create productive jobs and increase gender equality.

The 2030 strategy aims at facilitating the tourism sector and the development of tourism by launching a reform programme. The Ministry of Tourism has established a 2030 Agenda for Sustainable Local and International Economic Development and Job Creation in accordance with the 2030 Agenda for Sustainable Development.

Egypt is committed to progress towards achieving the UN Sustainable Development Goals (SDGs). The most recent **Egypt — Tourism Reform Programme (E-TRP)** stresses the commitment to the Sustainable Developments Goals by achieving a sustainable tourism sector through implementing structural reforms. Egypt's E-TRP includes SDG reform elements, such as:

a) Branding Egypt as a responsible destination with recognised environmental and social sensitivities to meet future demand on green tourism products and services by increasing the hotel sector's green competitiveness through global recognition — the Green Star Hotel certification — and encouraging investments in energy efficiency and renewable energy technologies;

b) Promote economic empowerment of women by increasing female workforce in the tourism sector. The reform programme is based on five pillars, two of which broadly cover the SDGs. The five-pillar strategy is designed to reform and regulate the industry, as well as to ensure its sustainability.

The E-TRP presented by the Minister of Tourism in November 2018 builds on implementing structural reforms that strengthen the sector's competitiveness and are in line with international standards:

1. Institutional Reforms: administrative restructuring, capacity building, incentive programmes, international relations, hajj and umrah, tourism satellite accounts;
2. Legislative Reforms: Ensure transparent and adequate representation of the tourism private sector (federation and chambers) by means of elections to guarantee inclusive legislative reform process; drafting and adopting a comprehensive and contemporary legal framework governing tourism;
3. Promotion and Marketing: International promotion campaign, modern marketing tools, international travel exhibitions;
4. Infrastructure and Tourism Development: Sustainable tourism development, new norms for hotel classification, hotel development fund;
5. Global Tourism Trends: green tourism, economic empowerment of women, innovation and digitalisation.

The Minister of Tourism launched the **first Egypt Tourism Reform Programme Progress Report** in celebration of World Tourism Day on 27 September 2019, to spotlight the tourism sector achievements after 10 months of launching the E-TRP. The report shows the Egyptian tourism successes globally and how it restored its strength, according to international institutions and reports (Ministry of Tourism, 2019).

The administrative and legislative reform pillar addressed the issues of professionals, empowering young cadres and raising human resources productivity through capacity building and modernised curricula. Upgrading the legislative framework that governs the industry and elections of the federation of tourism and their chambers were also undertaken.

Marketing and promotion campaigns were used to help rebrand the tourism industry in Egypt, including through social media platforms, like Snapchat, YouTube, Facebook and Instagram, using social media influencers, bloggers, and virtual reality. These campaigns also included publications in international platforms like Beaches in Dahab in National Geographic Magazine, Nile Cruises in the Financial Times and the Red Sea Mountain trail in Time Magazine. Travel expos, awards and honours for the Egyptian tourism sector were also used, like the 2019 WTTC Summit. Egypt's People-to-People campaign video was awarded best Middle East Promotional Film by UNWTO. ETA launched regional promotion campaigns in the Gulf States and Saudi Arabia, since the Arab market accounts for 30% of tourist arrivals to Egypt.

Identifying new markets and diversifying the base of tourists who come to visit Egypt is also in the plans. One such effort is targeting the Chinese market with Ctrip company, which is in addition to fostering cooperation with countries that are considered well-established markets with support of online travel agencies, like Expedia.

Egypt is pursuing an ambitious plan to upgrade tourism infrastructure across all accommodation levels and all regions. The infrastructure and tourism development pillar concerned with upgrading hospitality infrastructure addressed the issues of real estate taxes on hotel establishments, updating the criteria of classification of Egyptian hotels, hotel development fund, and floating hotel fees to upgrade hotels and resorts that have gone out of style or need to be revamped.

Finally, advances in clean energy, innovation and digital transformation, as well as in women empowerment in the tourism sector were also reported.

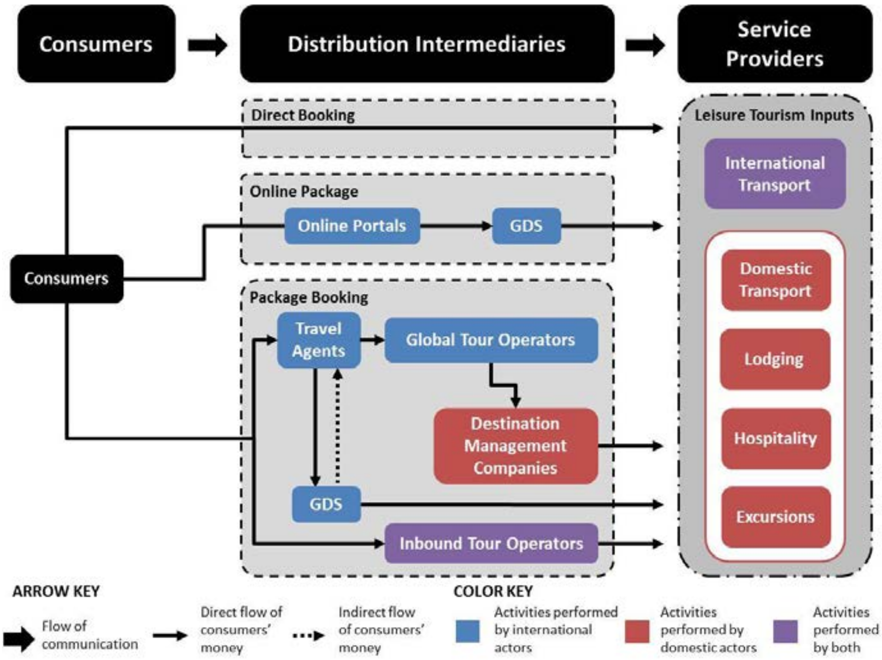
Egypt's Vision 2030 and the 2030 Agenda are being implemented by engaging all stakeholders in the tourism sector. The role of the private sector, the ETF and the chambers is key in the realisation of these goals.

2.4 Current distribution structure

2.4.1 Organisation of the travel trade in EU markets

Digital transformation is the main driver in tourism distribution. In 2018, digital travel sales worldwide increased 10.4% to US$694.41 billion. More than 70% of travel bookings in 2018 were completed via a website or mobile app without human interaction (Skift/TrekkSoft, 2019).

Figure 11: Tourism distribution options



Source: (Daly & Gereffi, 2017)

Nevertheless, traditional sales channels remain important, especially in more specialised travel and in developing destinations. Also, target groups and tourism demand have become more and more segmented and specialised. That leads to a diversified structure and a mix of traditional and relatively new distribution channels of travel trade in the European Union markets. Although online intermediaries, like travel portals and online travel agents, are becoming increasingly popular, distribution through tour operators still dominates the trade structure for long-haul travel, particularly in less developed markets. When it comes to holidays in tourism destinations, which are perceived to be unsafe or less developed, European travellers often prefer tour operators as well. Even adventurous clients want some sort of security and safety.

These are the main reasons why in 2016 nearly 4 million trips in Egypt were organised as package tours, out of a 5.4 million total trips in the country. This makes tour operators a consistently important distribution channel (World Tourism Organization, 2019a). Here, it must be clearly differentiated between **sun-and-sand** packages comprising one hotel, and **round-trip** flights and transport, visiting several attractions and special interest travel, such as diving tours or cultural tourism. While the former are distributed by major tour operators and online portals, such as Expedia, the latter are offered by SME tour operators in the EU in cooperation with local DMCs. These three distribution channels dominate the market for EU tourists.

And it seems that they do not interfere with one another. An online analysis of the main portals for packages and tours[1] to Egypt shows that the beach and sun destinations only play a minor role in round trips (s. ANNEX III), while major tour operators mainly offer excursions as an additional service for their hotel-based guests. Obviously, Red Sea resorts are distributed by TOs and TAs, only combining flight and accommodation; further services or excursions are booked on the ground.

For the future, individual online packaging and direct booking in advance are expected to grow, if Egypt remains stable and safe.

2.4.2 Packages to Egypt marketed by EU tour operators

An analysis of 40 tour operators from Germany, UK, the Netherlands and France has shown that the packages offered are very similar. About 95% of the packages offer Red Sea resorts or combine **cultural and ancient sights along the Nile**, including **Luxor**, **Aswan**, as well as **Cairo** and all of their surrounding sights. Quite often the classical trip is combined with a **Nile cruise**, either on a cruiser or on a felucca. Nile cruises mainly travel between Luxor and Aswan and sometimes go down to Abu Simbel on Lake Nasser. Many trips also include or offer an extension to the Red Sea to enjoy the beach and the sea.

Even those tour operators with a strong focus on adventure and sustainable travel include the 'classic' product and **add some special experiences**, such as trekking, hiking, desert experiences, horseback riding or diving. Fewer tour operators offer tours to less-visited regions, like the White Desert and the Sinai Peninsula.

Some tour operators offer **elements of community-based tourism**, mostly the opportunity to have dinner with a local family. Tour operators often combine this CBT with the classic trip in Egypt, either as a fixed element of the trip or as an optional.

Annex II provides a list of the tour operators reviewed. Those operators that have an explicit sustainable portfolio are marked there as such. The analysis was based on member companies of the respective national associations of tour operators with an eco-conscious, sustainable background:

- Germany: forum anders reisen
- Netherlands: Duurzam Toerisme
- France: Agir pour un Tourisme Responsible (ATR)

2.4.3 Main requirements to be competitive in EU markets

The **European Package Travel Directive (2015/2302/EU)** aims to make competition in the travel market fairer, while keeping compliance costs reasonable for all. The goal of the directive is to protect European travellers' rights when booking package holidays. It includes aspects as cancellations, liability, repatriation, and refunds. Cross-border trade is facilitated by establishing common EU-wide rules for packages on pre-contractual

[1] Data based on Stride Travel and Tourradar in September 2019

information, compulsory content of package travel contracts, price changes, termination rights, and travellers' rights when something goes wrong (Jourová, 2018). The new Directive also introduced a system of mutual recognition of insolvency protection, accompanied by a structured cooperation mechanism among Member States.

The Directive applies to both European and foreign traders selling travel packages to European travellers, be it directly or via a retailer.

EU outbound tour operators are the first affected, as they have to set up their packages according to the Directive. Nevertheless, European tour operators may turn these obligations into requirements for local DMCs, especially as the Directive makes them responsible for all services in the packages they sell.

Thus, European tour operators need reliable partners in destination countries, which most importantly can select suitable service providers and coordinate the entire operation on the ground as per the itineraries sold.

Egyptian DMCs have to take two main requirements into account when selling packages to EU tour operators:

> 1 – Regarding **liability**, organisers are responsible for the travel packages they sell. This means they are financially and legally liable in case of malperformance and need to be insured. With the extended definition of package travel, organisers have become responsible for more types of travel arrangements than before. This affects you both in the role of organiser and of supplier, as European partners you supply to may require you to have liability insurance in place to protect their interests.
>
> 2 – Similarly, European travellers must also be protected against **insolvency**. This means that travellers must be refunded in case of bankruptcy. To ensure this, organisers may have to insure for insolvency protection. Again, this also affects DMCs in the role of supplier, as European partners may require having liability insurance.

Currently, most Egyptian DMCs cannot fulfil these requirements. While larger companies that operate globally have insurances against insolvency and behave according to international standards, MSMEs cannot show proof of insurance.

The **General Data Protection Regulation** (GDPR) is a complex regulation which influences every business that collects, stores and uses personal data from natural persons (https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32016R0679).

The GDPR is based on six principles that clarify the requirements for companies doing business with EU clients:

1. **Lawfulness, fairness and transparency**: Personal data shall be processed lawfully, fairly and in a transparent manner in relation to the data subject.
2. **Purpose limitation**: Personal data shall only be collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes.
3. **Data minimisation**: Personal data must be adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed.
4. **Accuracy**: Personal data must be accurate and, where necessary, kept up to date.
5. **Storage limitation**: Data should only be stored if necessary. It shall be kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed.

6. **Integrity and confidentiality**: This aspect includes organisational and technical safety of personal data. Data must be processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures.

For tourism enterprises outside the EU, the GDPR applies as soon as they handle booking data and use online channels to communicate with European clients, sell trips or collect data from EU citizens for any other purpose.

European companies and any company involved in processing data of individuals from the EU, regardless of the location of their organisation, will be responsible for updating their data privacy to comply with the GDPR.

Most Egyptian small to medium-sized DMCs cannot fulfil the requirements related to GDPR standards.

During the field research, representatives from European tour operators have mentioned that some fundamental requirements regarding sustainable tourism development, innovative and niche packages are still a challenge.

The following seven aspects are necessary for development of sustainable tourism in Egypt.

Stability for business and investments. Due to the political situation in Egypt, the business climate is perceived as uncertain and unsteady. EU companies need clear legal framework conditions for mergers, investments, and collaborations.

Reliable business partners (preferably with experience dealing with EU clients). Egyptian business culture is different from the European. The pace of business, the negotiating techniques and the importance of the social side when doing business are different in Egypt and the EU. Most interviewees mentioned difficulties in finding reliable business partners (DMCs, lodges) to establish long-term relationships for mutual success.

On the MSME level, more **skilled staff and skilled managers** are required. EU tour operators emphasised the need for well-educated and skilled people with knowledge and experience about the needs of international guests. Collaborations require Egyptian companies with employees who have international experience in the fields of service quality, management, guest communication, reliability, marketing, sustainability, etc.

Fair labour conditions are a must-have in all kinds of tourism companies. EU tour operators aim to cooperate only with Egyptian MSMEs which comply with international labour conditions. Fair labour is a core aspect of delivering excellent service quality and ensuring safety for guests.

Knowledge of sustainability in the private and public sectors. European tour operators increasingly demand sustainability from their suppliers, but in Egypt there is little awareness of sustainability issues. While the new Egypt tourism reform programme already emphasises the need of developing more sustainable travel, tourism planners and representatives of destinations must have a profound knowledge of sustainability. MSMEs also have to understand the principles of sustainability and offer appropriate packages and accommodations.

Health and safety are among the main concerns of European tourists. There is a need in Egypt to improve food preparation facilities and techniques. Safety during traveling within the country is also a main requirement.

High-quality accommodations, boutique hotels and ecolodges are the basis for sustainable and niche travel.

2.5 Egypt's market potential for sustainable tourism from EU countries

2.5.1 Potential traveller profiles and segments

Official statistics from Egypt do not offer detailed information about single target markets, so we provide below a more general view on the European tourism market.

In general**, most EU tourists prefer packaged holidays to Egypt**. Approximately 74% of arrivals to Egypt travelled on an organised package tour in 2016, compared to in 2015. However, in both years, the total number of other forms of travel remained relatively constant (World Tourism Organization, 2019a). Since there was a major drop in total arrivals in 2016, it is quite possible that the number of package travellers might have increased again by 2017.

The average length of stay of European travellers to Egypt was 9.2 days in 2017. In comparison to 2016, an increase of 3.5 days on average indicates a positive tendency towards longer stays (Ministry of Tourism, 2018).

Europe is also the region with the highest tourism receipts and recorded an increase of 235% in tourism expenditures in Egypt between 2016 and 2017. Among European tourists, tourists from Germany and the UK had the highest travel expenditures in Egypt in 2017, followed by Italy, Czech Republic and the Netherlands, as the coloured fields in figure 12 show. (Ministry of Tourism, 2018)

Figure 12: Top-10 countries according to tourism receipts 2017 (in US dollars)

Month	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1	Germany 55.4	Germany 59.7	Germany 89.3	Germany 100.2	Germany 73.1	Germany 68.9	Germany 101.4	Saudi Arabia 128.9	Saudi Arabia 125.0	Germany 125.7	Germany 140.7	Germany 110.1
2	Ukraine 36.4	Saudi Arabia 46.4	Ukraine 51.3	Saudi Arabia 53.7	Sudan 49.2	Sudan 52.6	Saudi Arabia 72.6	Germany 126.1	Germany 120.2	Libyan AJ 72.6	Ukraine 76.4	Ukraine 72.3
3	Saudi Arabia 25.6	Ukraine 43.2	Libyan AJ 34.4	Ukraine 46.8	Ukraine 39.3	Libyan AJ 22.3	Sudan 62.0	Sudan 73.3	Libyan AJ 56.5	Ukraine 51.7	Libyan AJ 55.3	Sudan 54.4
4	Kuweit 24.0	U.K 22.1	Saudi Arabia 32.5	Sudan 29.2	Saudi Arabia 34.6	Ukraine 22.2	Libyan AJ 50,3	Lybian AJ 69,8	Italy 42,2	Sudan 45,3	Sudan 50,9	Lybian AJ 43,6
5	Libyan AK 21.2	P.R.China 19,6	U.K. 28,4	U.K. 28,7	Libyan 30,3	U.K 17,6	U.S.A 32,7	U.S.A 45,0	Sudan 40,3	Saudi Arabia 41,8	Saudi Arabia 39,9	Saudi Arabia 34,9
6	Sudan 20.8	Sudan 16,6	Sudan 22,1	Libyan AJ 25,3	U.K. 21,1	U.S.A 17,0	Czech Rep. 26,3	Italy 43,7	U.S.A 38,3	U.K 32,5	U.K 31,8	U.K 30,9
7	U.S.A 17.2	U.S.A 13,5	U.S.A 19,9	Italy 22,3	U.S.A 19,9	Jordan 14,0	U.K 25,8	U.K 35,9	U.K. 36,3	Yemen 27,9	Yemen 24,0	U.S.A 25,7
8	P.R.China 16.6	Jordan 11,8	Italy 15,1	U.S.A 22,1	Italy 17	Czech Rep. 14	Italy 24,5	Jordan 33,5	Ukraine 33,4	U.S.A 25,5	U.S.A 23,6	Yemen 24,6
9	U.K 16.5	Kuwait 10,5	Netherland 10,8	Jordan 18,8	Czech Rep. 15,7	Italy 14	Ukraine 23,2	Czech Rep. 27,3	Jordan 31	Italy 23,9	Italy 18,9	P.R.China 21,3
10	Italy 13.2	Netherland 8,7	Jordan 9,1	P.R.China 16,9	Kuwait 15,3	Kuwait 10,2	Jordan 22,8	Kuweit 27,2	Czech Rep. 24,8	Czech Rep. 23	P.R.China 17,2	Italy 20,5

Source: (Ministry of Tourism, 2018)

More than half of all travellers seem to be determined to change something and act more sustainably during their holidays, highlighting the growing demand in sustainable travel. Especially in the choice of stays, eco-friendly accommodations are gaining more popularity, growing 62% in 2016 and 73% in 2019. However, there remains a huge lack of knowledge concerning the existence of eco-labels that help tourists to easily find out about the sustainability aspects of an accommodation (Booking.com, 2019).

A study by the TUI group identified **German and French tourists with the biggest interest in sustainable tourism, followed by Belgian, British, Swedish and Dutch tourists**. In total, approximately 11% of European holidaymakers tend to book eco-friendly accommodations (TUI Group, 2017).

Europe is the leading source market for adventure tourism and shows growing demand. This kind of tourism is mostly connected to outdoor activities. Therefore, an intact natural and cultural surrounding is relevant for this segment. The same applies for eco-tourism as well as community-based tourism. The two pillars, namely conservation of the environment and well-being of locals, are very important in these tourism niches (CBI, n.d.).

Intrepid Travel, an adventure tourism supplier, claims that less popular tourist destinations have high potential for future demand, especially within this segment, as their guests are always looking for unexplored regions to visit. There is a tendency towards the idea to spend holiday money in regions where it will have a positive effect. Furthermore, they count Egypt as one of the trending travel destinations, as adventure tourists prefer a rather low tourism density ratio. Egypt is mentioned as having a low tourism density ratio of 8.5% of tourists compared to the number of locals (Intrepid Travel, 2019).

The main itineraries, tourism routes and regional tours in Egypt include, but are not limited to the following:

- Diving, water sports, and sunbathing on the Red Sea in Sharm el-Sheikh and Na'ama Bay, Dahab, Taba and Nuweiba, Hurghada and El Gouna, Safaga, Al Quseir and Marsa Alam.
- Cruising the Nile from Cairo or Luxor to Aswan or experiencing the treasures of the Nile in two weeks directly from Luxor with its temples and museums, sailing to Aswan on a felucca or dahabeeyah and continuing from Aswan through Lake Nasser to Abu Simbel.
- A one-month tour starting in Cairo with the pyramids of Giza, then by train to Aswan to experience Nubian culture, including Abu Simbel. Sailing back via Edfu to Luxor and from there to Al Quseir on the Red Sea for snorkelling and sunbathing. On the way back to Cairo, stopping at monasteries of St Paul and St Anthony, continuing north by train to Alexandria and to Siwa Oasis.
- Exploring the Western Desert's landscapes and ancient monuments in a two-week tour by bus from Cairo to Al Kharga Oasis with temples and tombs, Dakhla Oasis, Farafra Oasis, White Desert National Park and Bahariya Oasis, then via Cairo to Siwa Oasis (due to security reasons partly prohibited).
- A one-week tour of urban life in Cairo and Alexandria.

2.5.2 Potential for new products and regions

According to buyers and CEOs from EU tour operators, the market demand reflects the above-mentioned trends and high growth rates can be expected, once the products exist. All interviewed experts have stated that niche tourism packages and sustainable tourism in Egypt have a very high potential, based on requests from their clients. But this kind of tourism is in a very early stage of development and many basic aspects and new products do not exist or cannot be experienced in a combined offering, such as:

- ecolodges, with the exception of a few (World Tourism Organization, 2019-03-29);
- glamping;
- visitor centres;
- new trails and activities at Nile rural communities;
- less-frequented destinations, such as the northern circuit with Alexandria and the Delta or south of Cairo in the Faiyum area;
- Expansion developments, such as the Red Sea desert trail, Sinai trail and Bedouin camping.

2.5.3 Potential buyers and distribution channels

Sustainable tourism products are increasingly in demand in all European markets. Tourists are becoming more conscious of the effects of their travels, so they are searching for tourism products with reduced negative impacts on the environment and host communities. However, the market share of tourists specifically looking for sustainable products varies in different EU countries. According to the Travel and Tourism Competitive Report, tourists from western and northern European countries are the most concerned with sustainability in tourism. This refers to the development of tourism destinations in these countries but also includes the general awareness of the tourism industry. Switzerland, Norway and Austria are ranked highest, followed by Germany, France and the Netherlands (World Economic Forum, 2019). **Germany**, **France** and the **Netherlands** are also main tourism source markets for Egypt, so it is recommended to target these countries also with a sustainable tourism portfolio and niche products. Additionally, as a secondary important source market, the **UK** should be included in the group of the most promising source markets. However, the unclear situation of Brexit, the associated weakness of the currency and some administrative challenges reduce the attractiveness of the UK market.

Those European players that are organised in specific eco-conscious or sustainable organisations or associations and already have products in the North African region appear to have an easier access to the sustainable tourism market in Egypt due to similar interests. Moreover, it is easier for Egyptian sustainable suppliers to enter the European market by concentrating on European tour operators that specialise in Egypt, in sustainable tourism or special niche tourism.

Egypt's image as perceived by European tourists is a challenge. According to EU tour operators, the image of Egypt is driven by two aspects: the Red Sea resorts and cultural attractions, such as Giza, Luxor and others.

In order to brand Egypt as a sustainable destination in Europe, **corresponding sustainable tourism products** must be developed — away from mass-tourism destinations. To gain credibility as a sustainable destination, it is of the utmost importance that suppliers act sustainably, and preferably obtain **certifications**. Proof of sustainability efforts is essential for Egyptian suppliers to work with EU companies.

Furthermore, **flagship products** that serve as pioneers are needed, such as special eco-lodges, boutique hotels, luxury sustainable desert camps, sustainable cruise ships, etc. Special marketing campaigns presenting Egypt as a sustainable destination and attract a lot of attention are important to reach potential buyers. **Communicating Egypt as a green and sustainable destination** at conferences and international events and fairs would help to increase attention towards this topic.

Another sensitive topic that needs clarification to brand Egypt accordingly are **security issues**. There is an urgent need to communicate transparency concerning the current security situation in the country in order to let buyers and tourists know where they can travel and which regions should be avoided.

2.5.4 Certifications for sustainable tourism products

The hotel sector has five different certification services. While Travelife, Green Key, Green Globe and Earth Check operate worldwide, Green Star is a national solution that only exists in Egypt.

The **Green Star Hotel (GSH) programme** – Egypt's green certification programme in support of sustainable tourism is a national green certification and capacity building programme managed by the Egyptian Hotel Association (EHA) under the patronage of the Egyptian Ministry of Tourism.

The GSH programme offers an opportunity for hotels operating in Egypt to be internationally recognised for raising their environmental performance and social standards while reducing operational costs. A team of certified local and international experts guide interested hotels through a sequence of training and information support sessions leading to field audits to ensure compliance with the programme standards prior to granting the GSH certification (Green Star Hotel Initiative, 2019).

The GSH certification programme came about as a result of a collaborative effort between public and private stakeholders to recognise the efforts of Egyptian hotels' environmental and social sensitivity. GIZ, Orascom, Travco, TUI and the Ministry of Tourism initiated the development of a pilot programme in 2007 to establish the basis of a customised certification programme compatible with the tourism activities in Egypt. A total of 52 hotels were part of the pilot phase, during which they were certified against a set of standards.

The current standards are acknowledged by the Global Sustainable Tourism Council (GSTC) but the programme itself and its management procedures are not accredited yet by GSTC. An attempt to pursue GSTC accreditation revealed that the requirements may not be easily attained because the EHA needs to go through some additional procedures in order to meet some ISO requirements as a certifying body.

In October 2013, the GSH programme was launched at the EHA with its operations being managed and authorised by a steering group representing the founding organisations that funded its pilot stage. Since the end of 2015, the programme has been financially independent, funded from membership proceeds.

Currently, more than 80 hotels (see Annex) are certified according to the GSH standards in 15 tourism locations in Egypt, with a total of approximately 22,000 rooms, or approximately 10% of Egypt's accommodation capacity. This increase happened during the toughest time the country's hotel sector has ever experienced.

Figure 13: Hotel operators certification schemes and application to the Egyptian context

Hotels	No. of certified enterprises	Types of criteria covered by the certification	No. of levels	Costs per Year
Travelife	29	Environment, social, local community, cultural and heritage 140 criteria in 10 fields of activity	2	**Type I:** € 410 **Type II:** €720
Green Key	2	Environment, social and local community. There are two types of criteria: • (I) criteria: 'Imperative' mandatory • (G) criteria: 'Guideline' optional	1	Levy: €1,000 (annual payment) + audit cost: €500 + travel costs (payment in years 1, 2, and 5, then every three years)
Green Globe	12	Environment, social, local community, cultural and heritage 41 criteria broken down into 337 compliance indicators	**3**	**Annual membership:** from US$750 (maximum 19 rooms) to US$5,000 (250 rooms and above). **Audit fees:** between €850 and €2,975 depending on

				the structure and audit type).
Earth Check	0	Environment, social, local community, cultural and heritage	4	Minimum €3,000 per year (excluding cost of purchasing the reference system, bench-marking and certification au-dits)
Green Star	76	100 criteria in 9 fields of activity	1	Depending on number of beds. Training and Audit €100–€1,000 Additional license fee €100–€1,000 for 2 years

Source: Anahide Bondolfi and Luc Jaquet, 2017 (modified)

Pros and cons of different labels

The most important criteria to assess sustainability certifications are:

- integrity of criteria
- cost
- usability (procedure, support, information, etc.)
- recognition by customers and marketing

The **integrity of criteria** is comparable for all labels except for Green Star. While Travelife, Green Key, Green Globe and Earth Check are recognised or accredited by GSTC, Green Star misses an international accreditation.

Regarding **costs**, Travelife and Green Star are low-cost labels, starting from €400 for a small accommodation. Green Key prices are in the middle, while Green Globe and Earth Check are most expensive.

Travelife, Green Key, Green Globe and Earth Check offer comparable services when it comes to **usability**. They offer comprehensive support during the certification process and provide online systems for training, self-assessments (Travelife), documentation and feed-backs as well as a knowledge base for best practices. Green Star only offers some examples on the website and does not provide management tools. Green Globe and Earth Check have the advantage of offering companies to choose between three or four different levels. So, it is easier for an enterprise to start with the certification process and the motivation for permanent improvement is high.

The procedure within the certification process is similar for all labels. Starting with an online registration and a self-assessment, the main weaknesses and strengths are analysed. On this basis, an action plan is worked out and improvements have to be implemented in a defined timeframe. Finally, an online or on-site assessment, depending on the level, veri-fies the results. The average time to obtain a certification is between six months and two years.

Green Key, Green Globe and Travelife have a similar number of members worldwide and comparable **recognition** among travellers. Green Star, however, is best known in Egypt with the largest number of hotels there.

Future activities should focus on these labels which are already established in the market (Green Star, Travelife and Green Globe), while Green Star needs some improvements re-garding the usability and GSTC recognition. As Green Globe is costly, Travelife seems to be a good option for hotels and other accommodation providers.

Tour operators in Egypt can choose between three different certification options. But MSME tour operators do not currently make use of this opportunity, due to limited awareness and little knowledge about the benefits of such certification schemes. Only one tour operator (Excel Travel) has reached the Travelife partner status. The other labels — Green Key and TourCert (a label developed by a German association) — are not used by the industry.

Figure 14: Tour operators certification schemes and application to the Egyptian context

Tour Operators	No. of certified enterprises	Types of criteria covered by the certification	Costs per Year
Travelife	1	Environment, social, local community, cultural and heritage; 140 criteria in 10 fields of activity	**Annual fee (steps 1 and 2):** - Small businesses (<25 full-time employees): €200 - Medium-sized businesses (>25 full-time employees): €300 - Large businesses (>100 full-time employees): €400 **Cost of certification (step 3):** - €400 to €2,000, depending on country and business size
Green Key	0	Environment, social, local community, cultural and heritage 41 criteria broken down into 337 compliance indicators	**Annual membership:** from US$750 (maximum 19 rooms) to US$5,000 (250 rooms and above) **Audit fees** (between €850 and 2,975 depending on the structure and audit type)
TourCert	0	Environment, social and local community	**Year 1:** €1,000 (1-5 employees) €1,965 (21-50 employees) **Year 2:** €740 (1–5 employees) €1,465 (21–50 employees)

The difference between the huge numbers of tour operators and accommodation compared to the number of certified enterprises shows that there is a market for the most appropriate types of certifications such as Travelife, Green Globe and Green Star.

Except for the Green Star initiative, certifications for sustainable travel and CSR components of tours and packages are still in an infant stage of development. Certainly, major hotel chains and tour operators have CSR activities in their programmes, but these are mainly donations to charity organisations. There is a certain demand in the market for further CSR activities, but it is not a reason for travellers' decisions to book a tour or to choose a specific tour operator.

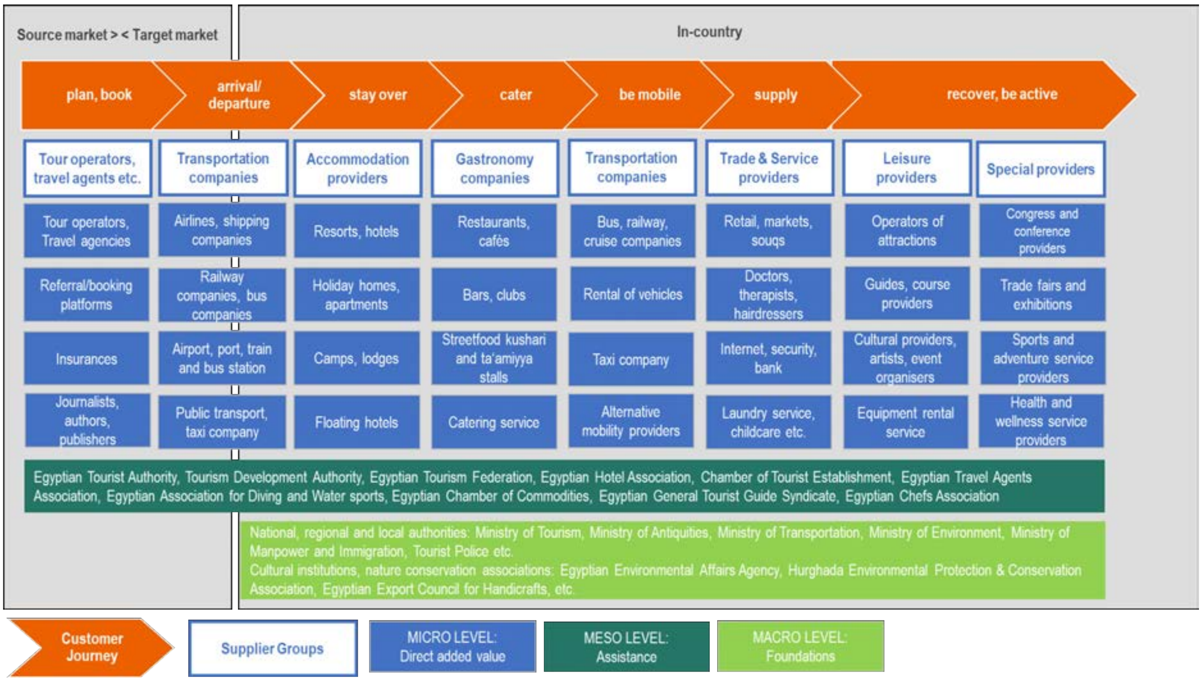
3. Egypt's tourism value chain

3.1 Mapping the VC

Egyptian tourism MSMEs contribute to Egypt's economy by engaging in international tourism source markets and export. The value chain is characterised by its core processes and participating actors, which have multiple linkages into the sector and the rest of the economy. The tourism value chain examines the role of stakeholders in providing tourism products and services that must meet the needs and expectations of visitors at their different stages, from travel planning to concluding the experiences at the end of travel.

Figure 15 illustrates the complexity of a typical tourism value chain. On the left side, the figure illustrates activities that take place in the outbound country (i.e. the tourists' country of residence) that affect the visitors' decision-making processes. To the right, those activities taking place in Egypt as the inbound country, including products and services in destinations and touristic sites. The development potential of tourism is maximised in destinations that manage to exploit the indirect linkages in an optimal way. A broad range of activities can be considered relevant in order to achieve this.

Figure 15: Value chain mapping of Egypt's tourism sector



The visitors' experience includes all the relevant touchpoints along the customer journey which communicate with tourists and are engaged in facilitating their experience rather than being merely focused on the five Egyptian tourism sub-sectors (hotels, restaurants, diving and water sports, commodities (bazars), and travel agents). In this regard, the transportation sector, tourist guides, tourist police officers and others that are in direct contact with tourists have been also integrated into the value chain mapping.

Activities related to the travel organisation and booking segment take place in the outbound country and are often in the hand of tour operators or travel agents registered in those countries. However, ground handlers mainly located in Cairo and other cities play an important role in the domestic market, making booking arrangements with service providers at the destination. At the level of tour operations (almost every inbound operator has at least a representation in Cairo), a considerable share of the market is held by a small number of operators, such as the companies listed by the Egyptian Travel Agents

Association. Developments in information technology are changing the role of different players in the organisation and booking segment, as they make it easier for services providers in destinations to reach out directly to potential customers.

Transport activities create the link between the outbound and the inbound destination or provide transport options within Egypt. Air transport holds a particularly important position when it comes to inbound tourism, via the main airports: Cairo International Airport, Burg Al Arab Airport in Alexandria, Hurghada Airport, Luxor Airport, Marsa Alam Airport, Sharm el-Sheikh International Airport, and Marsa Matruh Airport. Another important share of travellers enters the country via the road network mainly from Israel and the Palestinian Territories by car or bus. The availability and quality of airports, ports and road networks is highly relevant for the success of a strategy targeting tourism growth.

Within Egypt, tourism-related activities include activities related to transportation, accommodation, food and beverages, and handicrafts. The organisation of leisure activities, excursions and tours forms a further sub-component of the tourism value chain. Upgrading of tourism activities and experiences within the tourism market segments, such as coastal tourism, cultural tourism, adventure, religious tourism, etc. can help diversify the products, increase the direct and indirect benefits for local economic development and enhance the tourist’s holiday experience.

Employment in the Egyptian tourism value chain

The following calculated employment rates are based on direct, indirect and induced travel and tourism contribution.

Direct contribution includes employment by hotels, travel agents, airlines and other passenger transportation services — employers that deal directly with tourists. **Indirect contribution** includes the jobs that are supported by tourism investments and by government collective spending, such as tourism marketing, and by domestic purchases of goods and services by the sectors dealing directly with tourists, such as cleaning service in hotels. **Induced contribution** includes those jobs supported by spending from those directly or indirectly employed by the tourism industry, such as food and beverage suppliers.

The tourism sector is a very important economic branch in Egypt, accounting for 11% of Egypt’s GDP and 8,5% of the total economy employment in 2017. The WTTC forecasts an increase of employment in travel and tourism of 2,3% per year until 2028, which would constitute 8,9% of total economy employment in 2028. Thus, constant growth prospects for Egypt are predicted.

In general, the growth of tourism exports will lead to an increase in the employment rate, as the tourism industry is a job-intensive sector (World Travel & Tourism Council, 2018a).

Figure 16: Total contribution of travel and tourism to employment in 2017, forecast 2029

Source: (World Travel & Tourism Council, 2018a)

Tourism has a great capacity to create both employment and business opportunities. In tourism, many of the barriers to entry are comparatively low and do not require major capital, which makes it a significant area for MSME development.

MSMEs do not develop naturally; they require assistance, incentives, and supports with specifically designed programmes for developing MSMEs, such as the tour operation and accommodation sub-sector. Understanding the MSME value chains helps identify the processes and offer a starting point for later support.

3.2 Structure and governance of the value chain

3.2.1 Tourism service suppliers – the key actors

In Egypt, companies are categorised by the number of employees. They are considered micro when they employ fewer than 10 employees, small and medium-sized when they employ between 10 and 200 employees, and large above that according to the definition of the Central Bank of Egypt. In 2017, micro enterprises constituted approximately 91% of all firms in the broader economy, small and medium-sized companies made up approximately 8% of the total, while large firms were less than 1% (El Said & Hosni, 2017). This figure points to the predominance of micro enterprises in the country's private sector, also reflecting the situation in the entire tourism industry (not only tour operators and accommodations), according to tourism stakeholders interviewed for this report.

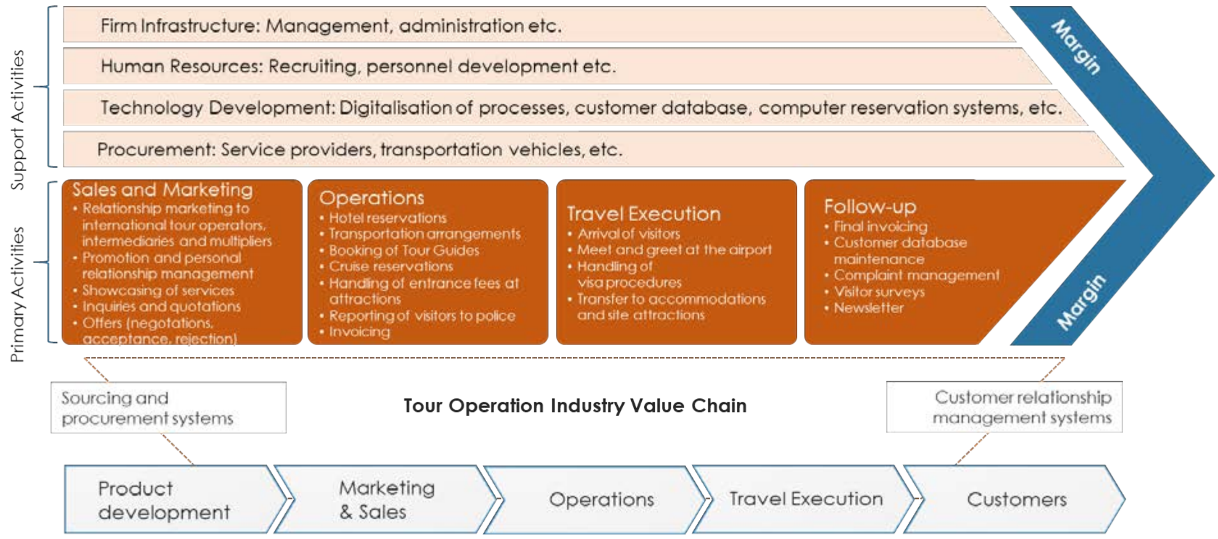
Tour operators, travel agents, etc.

The Egyptian Travel Agents Association had 2,298 members in 2017, 77 of them in transportation only, whereas 2,218 are grade-A travel agencies, meaning that they work in all areas, including transport. The workforce in Egypt's travel agencies employs approximately 20,000 people.

Out of the nearly 2,300 registered companies, approximately 250 operators work with incoming business from international source markets, the remainder focus on ticket sales, organising travel to outbound markets, as well as hajj and umrah.

The market share of MSME tour operators is fairly low: 10%–15%, according to interviews (Figure 17 shows a typical value chain). The market is predominately in the hands of large tourism companies, characterised by high levels of exporting activity with international partners abroad.

Figure 17: Simplified value chain of MSME tour operators



Tour operators are mainly located in Cairo and other cities. Almost every inbound operator has at least one representation in Cairo.

There is no specific association that caters for the interests of ecotour operators and supports sustainable tourism in Egypt. A group of a few tourism entrepreneurs and governmental and chamber representatives were planning to set up an ecotourism council without success.

Larger tour operators are mainly locally owned, but have their international affiliations and distribution networks, meaning they might belong to an internal group. They are vertically integrated through ownership or alliances with hotels and resorts and also provide other services, such as transportation. So, the level of FDI is rather limited in this sub-sector.

MSMEs have certain strategic and functional weaknesses that hinder their operation and standard of services, but also their ability to negotiate with European companies. These weaknesses include lack of talented and trained employees, absence of coherent network of entrepreneurs, limited market access to international partners, financial reserves for marketing and promotion, among others. Coupled with the lack of basic business information about the European market (trends, markets, segmentation, profiles, etc.), these weaknesses force most MSMEs to focus on product rather than taking a market-oriented approach.

Transportation companies

Air transportation and accessibility are the basis of a flourishing tourism industry. EgyptAir, the country's national carrier, continues to hold a strong lead in terms of domestic air travel, having a presence in both scheduled and low-cost carriers. State-backed financial support also enables the airline to continue despite economic challenges. EgyptAir aims to increase its share of international travel for medium and long-haul destinations through revamping its existing fleet, adding new destinations and increasing its capacity (Euromonitor International, 2018).

Charter tourism accounts for a significant percentage of Egypt's inbound visitors. The Ministry of Tourism subsidises charter flights. Subsidies have been a major part of the country's tourism strategy for some time. According to the state-owned Egyptian newspaper Al-Ahram, the MoT announced that it had increased the subsidies to international charter flights carrying tourists to several Egyptian destinations. The incentives are part of the ministry's efforts to revive tourism in Egypt, along with local and international tourism campaigns and the tightening of security procedures at Egyptian airports (Ahram Online, 2017).

Transportation by land to most cities, towns and villages in Egypt is mainly done by bus. Air-conditioned 'deluxe' buses connect the main destinations throughout the country. Egypt's newest bus company Go Bus operates an expanding network of routes in northern Egypt down to the Red Sea coast, to Sharm el-Sheikh and Dahab, and also between Luxor and Hurghada. Super Jet serves major routes around the country and internationally. The three major regional companies are all under the same management, but cover different areas and offer different degrees of service: East Delta Travel Co. operates between Cairo, the Suez Canal region and the Sinai Peninsula; West & Mid Delta Bus Co. covers Alexandria, the Delta, the Mediterranean Coast and Siwa, and Upper Egypt Bus Co. covers most of the Western Desert oases and the Nile Valley (Lonely Planet, 2019).

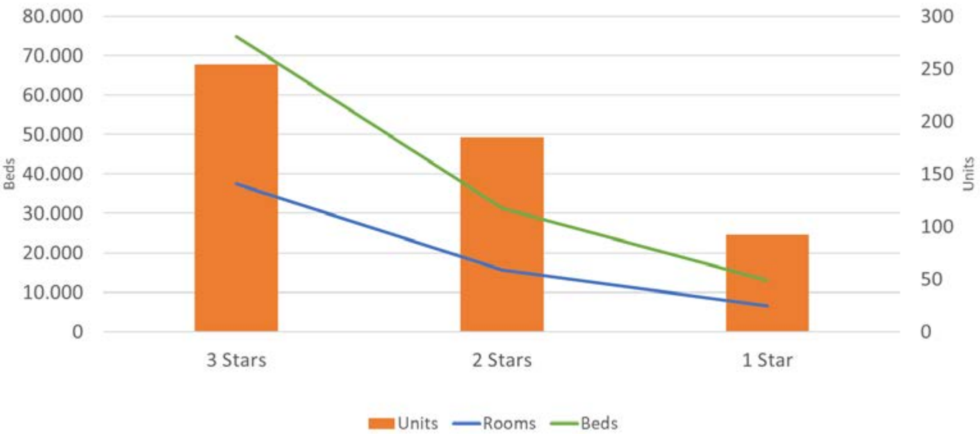
Accommodation providers

The number of tourist facilities and services has now expanded to meet the growing number of foreign and local tourists. The sector is led by local players which have a wider presence across the country, such as Travco Group Holding SAE. However, luxury lodging is likely to change over the coming years with increased interest from international hoteliers looking to increase their footprint in the African region, led by sizeable investments in Egypt (Euromonitor International, 2018).

Classifications of the accommodation sector are defined in 1–5 star categories, unclassified hotels and floating hotels. The following figure shows the distribution of hotel capacities by unit rooms and beds for 1–3 star MSMEs which have less than 200 employees according to the MSME definition by the Central bank of Egypt.

In 2017, the total capacity of registered 1–5 star hotels and tourist villages reached 531 units and 59,579 rooms, of which 119,158 beds can be credited to MSMEs (Figure 18).

Figure 18: MSME hotels' and tourist villages' capacity by 1–3 star category 2017

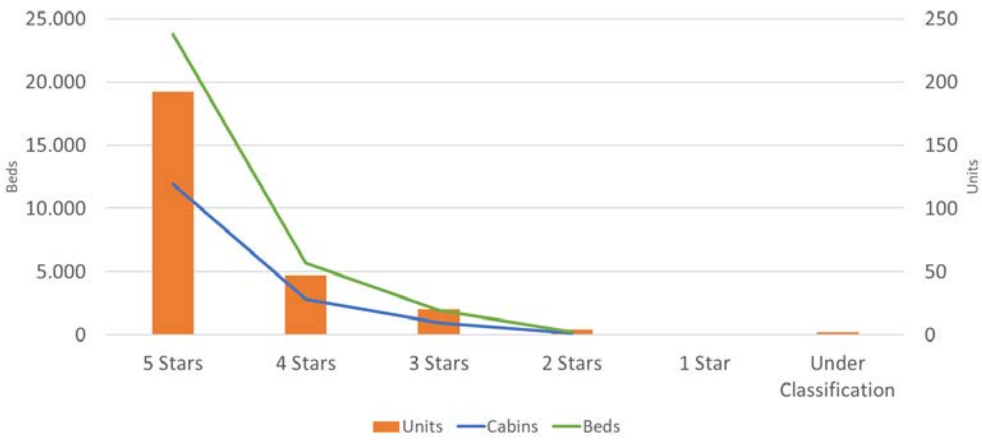


Source: (Ministry of Tourism, 2018)

Not all hotels are suitable for international tourism. Generally, some unclassified accommodation establishments and 1 and 2-star hotels cater mainly to the domestic market or low-budget foreigners.

The total capacity of registered 1–5 star MSME floating hotels (lower number of employees compared to hotels and resorts) reached 265 units, 15,937 cabins, and 31,874 beds, as shown in Figure 19.

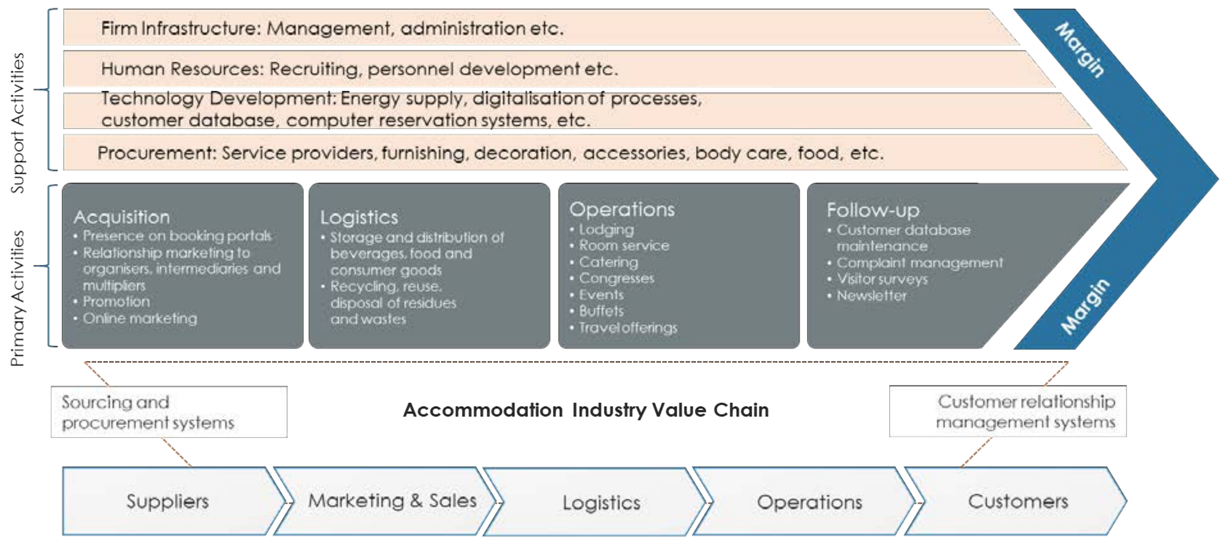
Figure 19: MSME floating hotels' capacity by 1–5 star category 2017



Source: (Ministry of Tourism, 2018)

The simplified value chain of MSME accommodation operators in Figure 20 shows that every element adds value to the final product. It facilitates the understanding of the distribution of return from the different activities by breaking it into parts, like supply, production, and distribution, in order to better understand how the accommodation working structure functions.

Figure 20: Simplified value chain of MSME accommodation operators



Food service companies

The Chamber of Tourist Establishments (CTE) distinguishes restaurants and similar establishments in mainly two categories: restaurants and cafeterias.

Approximately 1,300 restaurants are under supervision of the Chamber of Tourist Establishments and the Ministry of Tourism, representing approximately one-third of all establishments in the sector. There are 2,500 companies in the sector licensed by governorates and are not members of the Chamber.

Along with the increase in the supply of accommodation, there has been a parallel increase in the number of tourist establishments.

Trade and service providers

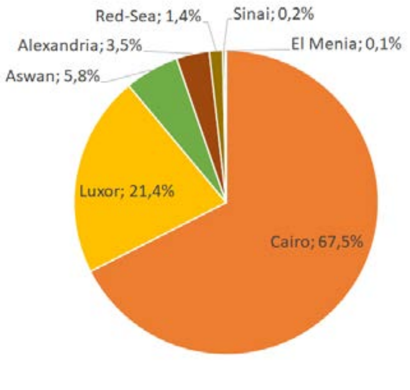
The segment of tourist sales outlets (bazaars) is highly fragmented. Its membership with the Chamber at 1,500 is relatively small when compared with the total number of tourist sales outlets (bazaars) of almost 17,000. The estimated number of workers in the touristic commodities industry is approximately 30,000.

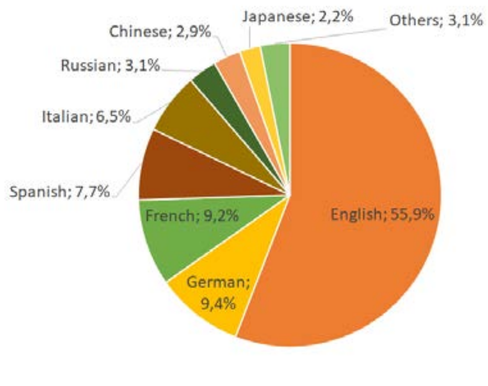
Leisure providers

There are 304 licensed diving centres in Egypt, most of them concentrated in Hurghada (65), Sharm el-Sheikh (98), Dahab (42) and Marsa Alam (37). Their sizes range from operators employing 95 to as few as 5 people. Estimates account for 170 MoT licensed safari boats, and another 2,000 unlicensed day boats. There is a notable shortage of qualified Egyptian instructors and dive masters, as training is a relatively lengthy process, incorporating a wide range of skills.

Tour guides are important representatives of Egypt’s tourism industry. They contribute to the promotion of the destinations and attractions and as interpreters, making sense of Egypt’s culture and heritage to tourists, where they apply specialised knowledge in various languages. At its peak, the Egyptian General Tourist Guide Syndicate had 18,110 members registered as tourist guides in 2001, dropping to 15,253 members in 2017. Guides are mainly self-employed and work on a contractual basis on behalf of tour operators.

Figure 21: Classification of tourist guides by tourist areas and languages 2017





Source: (Ministry of Tourism, 2018)

Tour guides in Egypt face many difficulties, such as the lack of recognition by employers, low social status, low and unstable income, lack of commitment, high turnover rates and inadequate employment protection. The seasonal nature of tour guiding offers guides little security and protection over their income, benefits, and employment status, consequently leading to their lack of commitment. This has undoubtedly resulted in a high turnover rate in the guiding profession, and the lack of skilled and trained tour guides. This scenario has created difficulties in retaining skilled and experienced tour guides and thus, a decline in service quality and professionalism for tour guides, who tend to go looking to joining other businesses where they may have more favourable pay and working conditions. (El-Din, 2016).

3.2.2 Service providers supporting the key actors

Safety and security challenges to MSMEs. Without improvements in the confidence of tourists and tour operators in terms of safety and security, Egypt is unlikely to attract more tourists for sustainable travel. The GoE increased the security restrictions for various tourism services and in many parts of Egypt, such as the Sinai Peninsula, except Sharm el-Sheikh, Western Desert and the Libyan border area, including the oases of Bahariya, Bawati, Dakhla and Farafra, and the White and Black Deserts. This has an impact on the operation of tourism MSMEs and challenge the various initiatives related to sustainable tourism products and services, including adventure and nature tourism, community-based tourism, etc.. However, there is currently no foreign government advice against travel to Cairo, Alexandria, the tourist areas along the Nile, and the Red Sea resorts of Sharm el-Sheikh and Hurghada. The section of the country between the Nile and the Red Sea is also considered mostly safe, according to foreign governments' travel advices (Oct. 2019).

The internet presents a range of growth opportunities for tourism MSMEs. Moving online can provide the Egyptian travel and tourism industry with efficiency improvements in the booking, payment, and customer communication processes. Advances in online technology makes it possible for Egyptian travel agents and hotels to capture some of the spending on travel in Egypt that is currently in the hands of foreign tour operators and to directly acquire their own customers. So, there is a direct B2C interaction and value creation for Egyptian companies. The internet has benefited some small Egyptian travel and tourism players, such as online travel agents that employ it to offer custom-made packages or services to sophisticated individual tourists. By enabling these travel agents to take a targeted approach, the internet allows them to compete with large foreign tour operators — in effect, compensating for their lack of scale.

The Egyptian industry has yet to fully embrace the online opportunity, as most of its players seem to have taken only a few of the necessary steps toward a real online transformation. Digitalisation provides an opportunity for raising awareness about lesser-known destinations and travel options within Egypt, attracting tourists who would not have otherwise considered the country as a destination. Further, the internet improves the industry's ability to serve sustainable niche markets (Boston Consulting Group, 2012).

The Ministry of Tourism encouraged continued cooperation after meetings between international influencers and bloggers with young Egyptian bloggers and influencers, inviting the foreigners to continue visiting Egypt. These global influencers have hundreds of thousands of social media followers who value their opinions when making travel decisions. The MoT also works with Egyptian bloggers at international tourism fairs, including the London World Travel Mart and the Berlin Tourism Trade Fair (Egypt Independent, 2019).

Education and training in tourism and hospitality as a foundation for quality service delivery of MSMEs. The diversity of tourism occupations and skills requirements makes it necessary to look at education at all levels, including higher education, vocational education and training, and secondary technical education. Public and private vocational education and training institutions that offer specialised courses in hotel and tourism occupations follow a three- and five-year educational system and are mainly located in the Greater Cairo area, Upper Egypt and the Delta region, the Red Sea Hurghada area and South Sinai. There are 51 public tourism vocational schools and four institutes of higher education that deliver tourism courses. The Greater Cairo area (Helwan University) and the Delta region (Alexandria University) concentrate the faculties of tourism and hotel management at university level.

The emerging sustainable and niche tourism forms, which include spa and wellness tourism, adventure tourism, culinary tourism, desert tourism, and activities, such as event catering and animation, demand new skills and relevant training programmes. Employees specially trained for specific and innovative products will be very important for Egypt to become competitive vis-à-vis other destinations in the region and to meet the strategic objective of developing niche tourism, as clarified in the national tourism strategy. University courses in these areas are not always available or suited to meet the existing demand and standards, although some have been proposed to be revisited, such as MICE occupations.

Training in computer technology is also crucial to better orient Egypt's tourism portfolio toward tourism inflows from mature markets that are overwhelmingly dependent on information technology. The wider range of services on offer will also call for greater marketing skills than were previously necessary. From the perspective of tour operators, e-tourism is a crucial element of the travel agencies' business-to-business (B2B) and business-to-customer (B2C) operations. It is also important for these players to be aligned with new trends in tourism and to improve the overall level of maturity of the market. Therefore, operators need to develop a skill set that enables them to make the most of the opportunities offered by e-marketing and social media.

As emphasis on environmental protection grows, there is also an increasing need for experts on the environmental impact and planning of hotels and tourism businesses. Germany's Technical University of Berlin through its satellite campus in El Gouna, Egypt, already offers three master's degree programmes in energy engineering, urban development, and water engineering. Developing green and sustainable tourism will be one of the important factors of destination selection, particularly when the choice is between similar products.

Similarly, greater concern over food safety is creating a growing need for food safety and health experts (TVET Phase II Programme, 2019). There is currently food safety training taking place at international hotel chain premises in Egypt, which leads to formal assessment and accredited qualifications by internationally approved centres.

3.2.3 Host communities

Tourism can exert considerable pressure on host communities and lead to disruptions to traditional societies. Among the many threats to the local community environment are the growing changes in local culture as a result of interaction with traditional tourism, the increase in migration of the local population to tourist cities, the issue of young Egyptians marrying foreigners to escape poverty, among others (see section 3.3.3).

The key element of sustainable development, the local community is still not actively participating in the tourism development in the Red Sea region and other parts of the country.

The real problem facing sustainable development on the Red Sea coast is the lack of integration of the entire area in the development and the reliance on the coastal front only.

The Refreshed Tourism Strategy encouraged hotels and resorts to outsource as many of its services as possible from within the local community, including local transport, equipment hires, sports and adventure participation, learning products, guiding, and special interest.

For sustainability purposes, it is necessary to limit consumption of natural resources, limit destination space, and limit pollution. In short, it is important to limit and control mass-tourism development and expand high-quality tourism for achieving the sustainability requirements, including for the benefit of local communities.

The GoE has realised that and aims to apply the principles of social inclusion in its approach to tourism. It will target the citizens and communities of Egypt as primary beneficiaries by providing opportunities for employment and income generation, by positively contributing to government programmes, by supporting quality of life and environmental excellence and by developing communities and society. Investments should cover skill development and training to enhance human resource development and capacity building across the sector.

3.2.4 Value chain influencer in the public sector

The following section helps to identify and analyse governmental and other organisations active in the tourism sector, both on national and sub-national (governorate) levels. The functioning and performance of the value chain can be derived from the analysis of their position and role in the value chain and how they affect it.

The public sector is represented by the Ministry of Tourism (MoT) and its two arms, namely the Egyptian Tourist Authority and the Tourism Development Authority. The MoT is responsible for creating an enabling environment for the sector, as well as removing obstacles facing the industry. The ministry is also responsible for upgrading the sector and providing oversight and monitoring according to the standards set.

The Egyptian Tourist Authority (ETA) is responsible for marketing and promotion, as well as providing tourism services to foreign visitors coming to Egypt. Its main objectives are increasing international tourist traffic to Egypt, showcasing Egypt's history and its modern progress, and helping to overcome obstacles in developing tourism traffic (www.egypt.travel).

The Tourism Development Authority (TDA) is responsible for formulating and supervising the execution of development plans in touristic regions. To achieve TDA objectives, the authority adopts a specific strategy based on the following factors: a) limiting the role of the public sector and increasing the role of the private sector; b) developing the legal and the institutional framework; c) supplying infrastructure in the development areas; d) safeguarding the environment, and e) defining the priorities of comprehensive development (www.tda.gov.eg).

Both organisations have private sector representation in their boards of directors, and both have an important influence on the tourism environment and consequently the tourist experience.

The key tourism sub-sectors at the MoT that are responsible for regulating touristic activities are the Tourism Companies Sector and the Tourism Activities Sector. The former is responsible for regulating travel agencies, tourism transportation companies and tourism guide services. The latter focuses on activities, such as diving and water sports.

Coordination with other ministries and institutions for effective tourism policy, and working to improve cooperation among all relevant stakeholders remains a challenge. Reform initiatives propose establishing the Tourism Development Authority and the Ministry of Tourism as a one-stop shop for licences and permits, developing an intranet system linking hotels, chambers and the Ministry, and establishing an advisory committee of experts headed by the minister.

Public sector value chain supporters are concerned and engaged in safety and security issues, such as hygiene and food safety, traffic safety, emergency systems, hotel classification standards, public security and tourism awareness.

Other related authorities and institutions:

The Export Development Authority (EDA) is an integrated entity that includes all export stakeholders implementing the strategy of the Ministry of Trade and Industry to increase and promote Egyptian exports through electronic marketing, international exhibitions, promotional missions, and B2B meetings. www.expoegypt.gov.eg

The Foreign Trade Training Centre (FTTC) is a non-profit autonomous training institute under the auspices of the Ministry of Trade and Industry. FTTC aims to develop Egyptian export competitiveness through providing training services to enhance and empower exporters' skills, knowledge, and capabilities. www.fttceg.org

The Egyptian Export Council for Handicrafts (EECH) was established by a ministerial decree in 2013 to promote, support, protect, maintain, and increase the exports of modern, well-finished and high-quality Egyptian handicrafts. www.eech.org.eg

The Egyptian Environmental Affairs Agency (EEAA) works towards environmental protection and represents the executive arm of the Ministry of Environment. The agency prepares draft laws and decrees related to the fulfilment of its objectives and offers incentives to institutions and individuals engaged in activities and projects directed to environmental protection purposes. www.eeaa.gov.eg

The Hurghada Environmental Protection & Conservation Association (HEPCA) is an NGO and a non-profit association specialised in marine and land conservation operating in the Egyptian Red Sea since 1992. HEPCA's mandate is the protection and conservation of the terrestrial and marine ecology of the Red Sea. This includes the underwater bio-network of coral reefs and the sensitive land ecosystems of the Red Sea coastline. They advocate for tourism and development conducted in a responsible and sustainable manner, with a long-term vision that will ensure the long-term sustainability of the Red Sea's precious resources. www.hepca.org

Additionally, several local Egyptian NGOs work on raising awareness of environmental issues and train tourism workers in ways that they can preserve the natural capital on which their jobs depend.

3.2.5 Private sector organisations that support the tourism value chain

The private sector is represented by investors' associations, syndicates and committees of tourism, relevant associations, such as the Egyptian Tourism Federation (ETF). The ETF was established as a legal body by the MoT to formulate and propose solutions for all the concerns of the integrated sector to the MoT and the GoE. The ETF works closely with its five affiliate business associations and the MoT, being responsible for shepherding the common interests of all enterprises within the tourism industry. It should be prepared to participate in the many expressions of partnerships and policy advocacy necessary to drive Egypt's modern tourism service industry (www.etf.org.eg).

Founded in 1968, the Egyptian Hotel Association (EHA) represents all hotels that are officially registered with the Ministry of Tourism. The EHA examines all matters related to the hospitality industry with specialised departments planning specific tasks for the benefit of Egypt's hotels. The EHA has its own general assembly with some 1,300 representatives from Egypt's hotel and Nile cruise industry (www.egyptianhotels.org).

Restaurants, food chains, bars and nightclubs are under The Chamber of Tourist Establishment (CTE). Nearly one-third of all establishments in the sector are under its supervision. The remaining restaurants and fast-food establishments are licensed by governorates (www.cte-egypt.org).

Most of the Egyptian Travel Agents Association (ETAA) members are grade-A travel agencies. Grade-A travel agencies provide all the relevant services including the organisation of individual and group trips inside and outside of Egypt, ticketing of airline tickets, hotel room reservations, facilitating the transfer of luggage, and transportation services (www.etaa-egypt.org).

The Egyptian Association for Diving and Watersports was established in 2007 representing diving centres in Hurghada, Sharm el-Sheikh, Dahab, Marsa Alam, Quseir, Safaga, Alexandria, El-Guna, Ras-Sader, Makady and Nuweiba & Taba with a goal to improve quality, safety and standard of services in the diving and water sports industry (www.cdws.travel).

The Egyptian Chamber of Commodities (ECC) established in 1992 represents the tourist sales outlets (bazaars). The Egyptian Chamber of Tourist Commodities and Bazaars, which has 15 members, is entrusted with the welfare of its members and their field of activity in tourist commodities trade. The Chamber works to develop products, raise the level of workers, resolve their problems and represent them before the competent authorities (www.egyptianctc.com).

The Egyptian General Tourist Guide Syndicate (EGTGS) was created in 1983. It established a sophisticated database about tour guides and their working conditions in Egypt. The EGTGS is a member of the World Federation of Tourist Guide Associations (WFTGA). Egypt has the largest tourist guide association in Africa. The EGTGS was established by law, which implies that Egyptian tour guides must be licensed by the Ministry of Tourism and be a member of the Egyptian Guides Syndicate (http://egtgs.org.eg).

As a non-profit organisation, the Egyptian Chefs Association (ECA) represents professional chefs in Egypt. Established in 1997, it is a non-political professional organisation dedicated to maintaining and improving culinary standards in Egypt through education, training and professional development of its membership (www.egyptchefs.com).

There are opportunities for creating synergies among the above-mentioned stakeholders in the value chain, such as information sharing and data management, capacity building programmes, standardisation and quality programmes which cover the entire tourism service chain, as well as marketing and promotion activities. Those synergies could be initiated and coordinated by the ETF and its five chambers.

For the effective support to the tourism value chain, schools and universities deliver their education and training programmes, as mentioned in Chapter 3.2.2. Yet, improvements are still necessary in relation to the current learning environment, equipment and teaching resources, assessment procedures and technical qualifications of teaching staff.

3.2.6 Donor-financed initiatives supporting the tourism value chain

Large projects to stimulate Egypt's tourism value chain have been financed by multilateral development organisations and NGOs in the last few years, some still ongoing while others have yet to start. Some of these include the following:

- EU-TVET Phase II Reform Programme Support to the Technical and Vocational Education and Training Reform Programme in Egypt - Phase II (TVET II), including the tourism sector, co-financed by the GoE and the EU.
- USAID – Cultural Tourism Development in Egypt (planned): USAID Egypt is designing a programme (Cultural Tourism Development in Egypt) that would assist the Government of Egypt to sustainably and inclusively develop and expand culture-based tourism in Egypt. The purpose of this four-year, approximately US$15–18 million programme would be to enhance Egypt's cultural heritage assets and competitiveness as a tourism destination and generate more tourism revenue and local economic benefits.
- USAID – Workforce Egypt (planned): USAID supports the Government of Egypt's (GOE) effort to accelerate inclusive economic growth in Egypt by investing in initiatives that build the current and future skills of the workforce, improve the business enabling environment and strengthen private sector capacity. Workforce Egypt is a five-year programme that supports the transformation of technical education and vocational training (TVET), development of a skilled workforce, and improvements in labour market efficiency.
- USAID - Workforce Improvement and Skills Enhancement (WISE) (2015–2019): USAID will improve technical secondary education to meet the needs of the job market, benefiting vocational school students and teachers, as well as the private sector. The project will establish partnerships between businesses and technical schools in order to understand skills needed for employment — reducing the current skills mismatch, creating a pool of qualified candidates, and linking students with jobs. WISE will also improve the performance of the private sector through in-house training and improved human resource strategies that reduce staff turnover. It will seek to build the capacity of business associations to advocate for policy and regulatory reforms related to labour market efficiency. Total USAID funding: US$22.1 million.
- USAID – Sustainable Investment Tourism in Egypt (SITE), Cultural Heritage and Tourism in Egypt (2015–2018): USAID-funded conservation and preservation initiatives providing training and employment opportunities for local semi-skilled workers, generating economic benefits for those living in and around the project sites. Activities focused on significant monuments and tourist destinations representing key elements of Egypt's cultural heritage, including pharaonic civilization in Luxor and Memphis, the Ottoman period in Esna, and Christianity in the Nile Valley in Sohag. Total estimated cost: US$12.6 million.
- USAID – Livelihoods and Income from the Environment (LIFE), LIFE Red Sea (2016–2017): USAID worked with local partners to promote sustainable tourism development and improved management of natural resources on Egypt's Red Sea coast. The project improves the livelihoods of low-income Egyptians through income-generating activities that showcase the region's cultural and natural heritage. Total Estimated cost: US$1.4 million.

- Japan International Cooperation Agency: Technical Cooperation to the Grand Egyptian Museum Conservation Centre (GEM-CC); Capacity Development Project for Management and Exhibition of GEM (GEM-CD) (April 2016 – Present); Excavation and Conservation of the Second Khufu Boat (December 2013 – Present).
- International Labour Organization (ILO) Decent Jobs for Egypt's Young People Phase II (2016–2019): Tackling the Challenge Together. The purpose of the project is to put the Government of Egypt, actors on the governorate and community level, civil society partners, the private sector, and young people in a better position to create and access decent work opportunities (tourism is not the main sector, but is part of the programme).
- European Union (EU) Business Development Services for Growth (BDS4GROWTH): The overall objective of the EU-funded project is to enable high-quality business development services provision to micro, small, and medium-sized enterprises in the agri-food and tourism sectors in Egypt to boost their contribution towards economic growth and employment.
- United Nations Development Programme (UNDP) Green Sharm Initiative (planned for 2020–2024): The project objective is to turn Sharm el-Sheikh into a model integrated and ecologically sustainable tourism city of national and international importance through the adoption of further low-carbon technologies, sustainable water supply, good waste management practices and a further-enhanced protection of its natural capital basis in particular coral reefs.
- SwitchMed is an initiative that supports and connects stakeholders to scale-up social and eco-innovations in the Mediterranean. SwitchMed provides all Mediterranean stakeholders with tools and connections to supporting partners for social and eco-innovations, to achieve productive, circular and sharing economies in the Mediterranean. The national focal point in Egypt for these activities is the Ministry of Environment of Egypt, represented by its executive arm, the Egyptian Environmental Affairs Agency (EEAA). www.switchmed.eu

Smaller-scale interventions supporting government institutions and the private sector include: the UNWTO support for the MoT hotel classification; the TUI Care Foundation support for start-ups in tourism, and the Futouris e.V. initiative on sustainable food and waste reduction in resorts etc.

3.2.7 European buyers

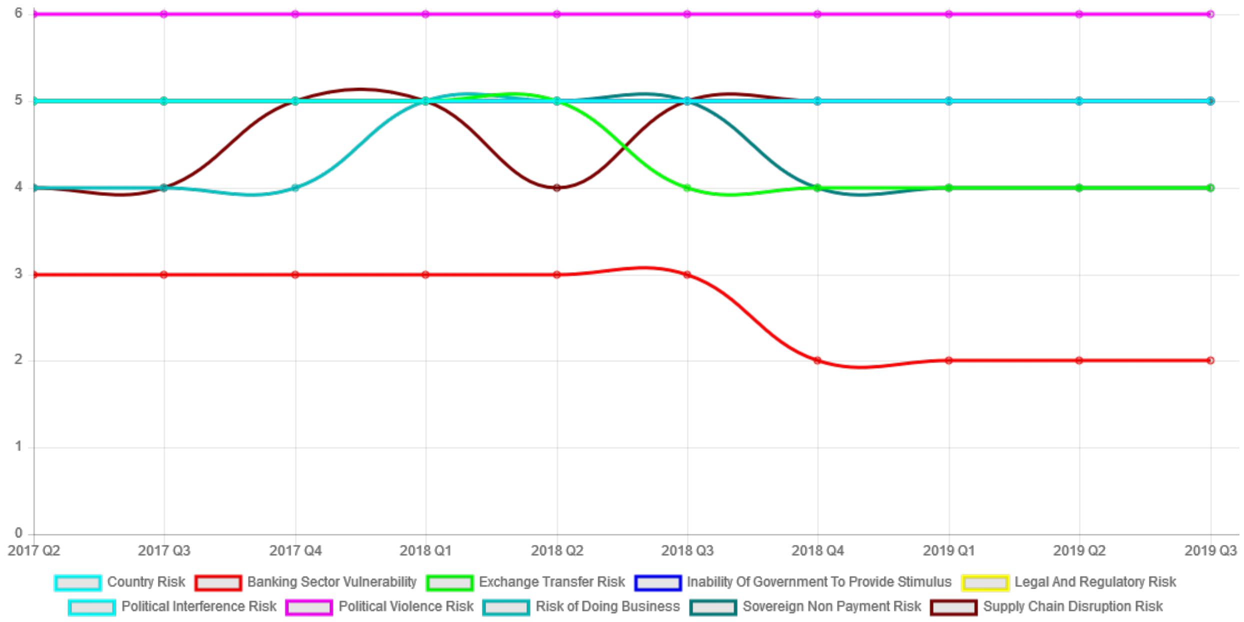
The more specialised and smaller tour operators in the EU may become important players in the development and long-term viability of sustainable tourism in Egypt. They have direct influence on their local counterparts, including in the are of accommodations and DMCs and can support them in becoming more sustainable.

The major hotel chains and tour operators will also improve their level of sustainability, driven by market demand. Improving sustainability within these organisations will not offer any opportunities for CBI interventions, but the development and support of excursion providers might be a field of work for CBI, as sustainable products in the value chain are missing.

3.3 Sustainability of the value chain

'The very high risk of political violence in Egypt is the primary driver of the country's high overall risk rating, with a number of ongoing conflicts and bouts of violence present across the country. The continued implementation of policies focusing on both economic and security concerns is highly dependent on the political leadership. Small insurgent groups in the Sinai Peninsula remain a source of security concerns, disrupting supply chains and destabilising the region. Legal and regulatory risk remains high and continues to impact business operation in the country. Growth has improved in recent quarters, as foreign investment and strong export growth continue to support broad-based economic growth prospects. Public deficits are forecasted to shrink thanks to the implementation of an IMF-backed programme.' (AON, 2019)

Figure 22: Historical country analysis Egypt



Source: (AON, 2019)

3.3.1 Social risks

Labour conditions

Egypt scores a 5 on the ITUC Global Rights Index (scale 1–5) for freedom of association and workers' rights, which stands for no guarantee of rights. Countries with the rating of 5 are the worst countries in the world to work in.

While the legislation may spell out certain rights, workers have effectively no access to these rights and are therefore exposed to autocratic regimes and unfair labour practices. According to the ITUC Global Rights Index, this country is one of the world's 10 most difficult countries for workers concerning trade union rights (MVO Nederland, 2019).

According to the ILO country baseline for Egypt 2016–2018, most efforts and progress made in implementing measures targeted by the protocol of 'The elimination of all forms of forced or compulsory labour' are indicated by the government as executed. However, for none of them it is specified which measures are planned (ILO, 2018).

Discrimination and gender

According to UNEP, discrimination against workers from other cultures occurs in the tourism, transport and facility management sector. Migrant workers may be subject to degrading treatment and lack of equal opportunity for promotion. This can also include discrimination regarding to working hours, proper training, housing conditions and access to healthcare or education.

Egypt is one of the 15 lowest scoring countries (135 out of in total 144) in the field of economic participation and opportunity for women in the Global Gender Gap Index 2018. Apart from indicators in the field of economic participation and opportunity for women, the Global Gender Gap Index also includes indicators comparing women's health to men's health, access to education and political empowerment (World Economic Forum, 2018).

According to the ILO position paper on women entrepreneurs in Egypt there were '613,100 women business owners in Egypt, accounting for approximately 9% of the total number. Meanwhile men business owners numbered six million. In addition, women-owned businesses are more likely to be concentrated in rural areas, often home-based, with less scope to access markets, credit and business networks.' (ILO, 2018)

For foreign women marrying Egyptian men, there are also fears of exploitation and being used as a 'temporary wife'. According to a study on human trafficking in the Ministry of Family and Population, a number of young Egyptian men marry foreign women in order to escape poverty by emigration or due to a lack of marital demands. In the event of divorce, some of these women are often neglected and not granted their full rights, which stresses the need for these marriages to be better regulated (Egyptian Streets, 2019).

Land use and property rights

Uninhabited areas close to coastal areas or rivers are often expropriated for touristic purposes. In many cases, no permission is asked, or compensation is inadequate. According to a report from Minority Rights Group, local communities lose their property and use rights and natural resources are damaged (Minority Rights Group, 2019).

Community impact

The presentation of living conditions as a tourist attraction can be seen as an invasion of their privacy. It also prioritises the business of tourism over the needs of the community (MVO Nederland, 2019).

There is a significant lack in the relationship between tourists coming to the Red Sea and the local community. This lack is the result of the ignorance of the local community in the development process, whether as investors or workers. There are two types of communities in the region: residents from urban centres who often come from outside the region mostly to work in the commercial and service sectors (restaurants, bazaars, cafés); the second group resides in the hinterland and comprise the local community.

Visitors contact mostly the tourism sector community, but there is no contact with the local community. Most people don't speak a foreign language, except for the workers in the hotels and touristic resorts. The people who do not speak a foreign language cannot interact on a social level. As tourists in the Red Sea region stay in isolated resorts, they do not learn important things concerning the characteristics of the environment and the local community, and do not receive from the local community adequate information and interaction about the natural environment and social life (Gouda, 2012).

3.3.2 Environmental risks

Tourism, transport hubs and light pollution from large projects can cause environmental impacts such as pollution and noise. Communities may need to be relocated to make way for proposed projects. Disagreement with a relocated community may result in future conflict, potentially leading to delays and additional costs.

Research conducted by the University of Oxford and World Animal Protection found that three out of four wildlife tourist attractions involve some form of animal abuse. Up to 550,000 wild animals are suffering in these venues.

These welfare abuses include very young animals being taken from their mothers, beaten and abused during training to ensure they are passive enough to give rides, perform tricks or pose for pictures with tourists (MVO Nederland, 2019).

In Egypt, abuse of horses, camels and donkeys carrying tourists is one of the main issues regarding animal welfare in the tourism sector (Khamis, 2019).

Water use and water availability

Already scarce water resources are often used in the tourism industry, such as for showers, bathes, swimming pools, lawn maintenance and golf courses. Tourists also consume much more water than the local community or at home. Fresh water is therefore sometimes taken away from the local community (MVO Nederland, 2019).

3.3.3 Root causes of CSR risks

According to the International Monetary Fund, Egypt's main challenges are the rapidly growing population, the need to modernise the economy and the provision of a modern social safety net. Approximately 3.5 million young Egyptians are projected to join the labour force within the next five years. These young Egyptians need education, employment and development opportunities. But the economic development has been constrained by the legacy of inward-oriented economic policies. As Egypt begins to modernise its economy and make it more competitive, it will also need to continue to bring down public debt to a level consistent with long-term sustainability. 'The challenge is to ensure that the most vulnerable segments of society are protected during this process, and that fiscal resources are safeguarded for spending on health and education' (International Monetary Fund, 2018).

Corruption

According to the Corruption Perceptions Index, the corruption score of Egypt is 35, on a scale of 0 (highly corrupt) to 100 (very clean). This means that the risk of corruption in Egypt is high. The scores awarded for anti-corruption mechanisms and civil service integrity in Egypt are 50 and 25, respectively, on a scale from 0 (very weak) to 100 (very strong). These scores are considered 'somewhat weak' and 'weak' by Global Integrity (MVO Nederland, 2019).

Government influence

Egypt is considered to be 'not free' according to the Freedom House Country List. This means that there is an oppressive regime, with regard to political rights and civil liberties.

The political situation in Egypt remains unstable. The army, military police and central security forces use force, including excessive force, to disperse renewed protests by demonstrators angry and frustrated at the slow pace of political and human rights reform.

According to 'The Africa Competitiveness Report', the most problematic risk factors for entrepreneurs in Egypt are policy instability, government instability and coups, and access to financing. This analysis has been validated by the expert interviews with EU tour operators.

Egypt is ranked 161 out of 180 countries in the World Press Freedom Index with a score of 56,72 on a scale from 0 (best possible score) and 100 (worst possible score). This means that press freedom is limited (MVO Nederland, 2019).

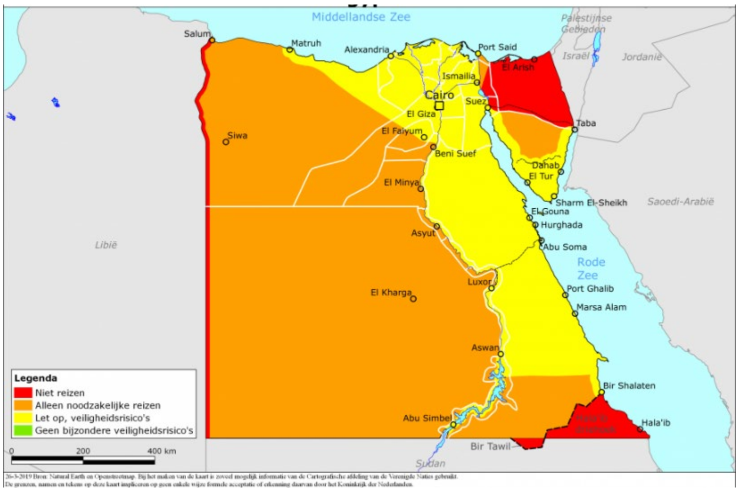
Conflicts and Security

Egypt is marked as a 'high risk' country for terrorist attacks on the Aon Terrorism Risk Map. It is considered as level 4 on a 1–5 scale.

Travel advice Egypt

Programmes to the Western Desert are prohibited for security reasons by the government, which affects the adventure travel segment, in particular the Farafa, Dachla, and Bahariyya oases, as well as Northern Sinai. Consulted tour operators are in agreement with such measures, as single negative incidents might affect the entire travel industry.

Figure 23: Travel advice Egypt



Source: (Ministry of Foreign Affairs, Netherlands, 2019)

3.3.4 Opportunities for youth and women

Women continue to make up the majority of the tourism workforce worldwide. In Egypt, there are sizeable differences between the share of women's employment in the broader economy and the share of women's employment in tourism. According to the most recent available data for Egypt, **women account for only 2.1% of tourism employees,** although they make up 16.9% of workers in the broader economy. This indicates that factors beyond women's broader participation in employment accounts for this imbalance in tourism.

Tourism employment is comparatively lower paid for both men and women than mean wages across the broader economy. A woman working in tourism in Egypt, for example, will receive 70.5% of the average wage in the country, while a man will receive 85.1% over the period 2014–2017.

In Egypt, **women's self-employment is sharply lower in tourism** than in the broader economy, which indicates that tourism does not provide greater opportunities for women entrepreneurship (World Tourism Organization, 2019c).

Needed interventions to raise the number of female entrepreneurs include (Federation of Egyptian Industries, 2018):

1. Gender-sensitive legal and regulatory system that advances women's economic empowerment;
2. Effective leadership and coordination in promoting women's entrepreneurship development;
3. Access to finance;
4. Access to gender-sensitive business development support services;
5. Access to markets and technology;
6. Representation of women entrepreneurs and women's participation in policy dialogue.

CBI interventions with the goal of supporting women entrepreneurship in tourism businesses could include training for women in business development, support of MSMEs led by women in the frame of the Business Export Coaching (BEC) and support in marketing for women-owned tourism enterprises.

Egyptian youth and graduates represent a large share of the tourism workforce and have certain expectations of the workplace in tourism and hospitality. Career awareness and guidance for a position in the sector should be enhanced in tourism and hospitality schools. Further, their readiness for the market could be supported by providing integrated training with internships to gain international experience in real need and by qualifying them with the knowledge and skills required in the tourism market.

3.3.5 Actors, goals and interventions in sustainability

The goals and interventions of international organisations according to CSR risks and opportunities are described in chapter 3.2.6. The following table gives an overview of identified risks and actors dealing with them.

Figure 24: Identified CSR risks and actors

Social Risks	
Labour conditions	USAID – Workforce Egypt (planned)
Discrimination and Gender	International Labour Organization (ILO) Decent Jobs for Egypt's Young People SwitchMed
Land use and property rights	-
Community impact	United Nations Development Programme (UNDP): Green Sharm Initiative SwitchMed
Environmental Risks	
Pollution and animal welfare	United Nations Development Programme (UNDP): Green Sharm Initiative SwitchMed
Water use and water availability	SwitchMed
Root causes of CSR Risks	
Corruption	-

Governmental influence	-
Conflicts and security	-

4. Obstacles and opportunities for sustainable tourism from EU markets to Egypt

4.1 Key obstacles for Egyptian MSMEs

The following section assesses the challenges and the constraints that hinder access to the European export markets for CBI's target groups interested in these markets (local tour operators in Figure 25 and accommodation operators in Figure 26).

Figure 25: Mapping key challenges in the MSME tour operation value chain

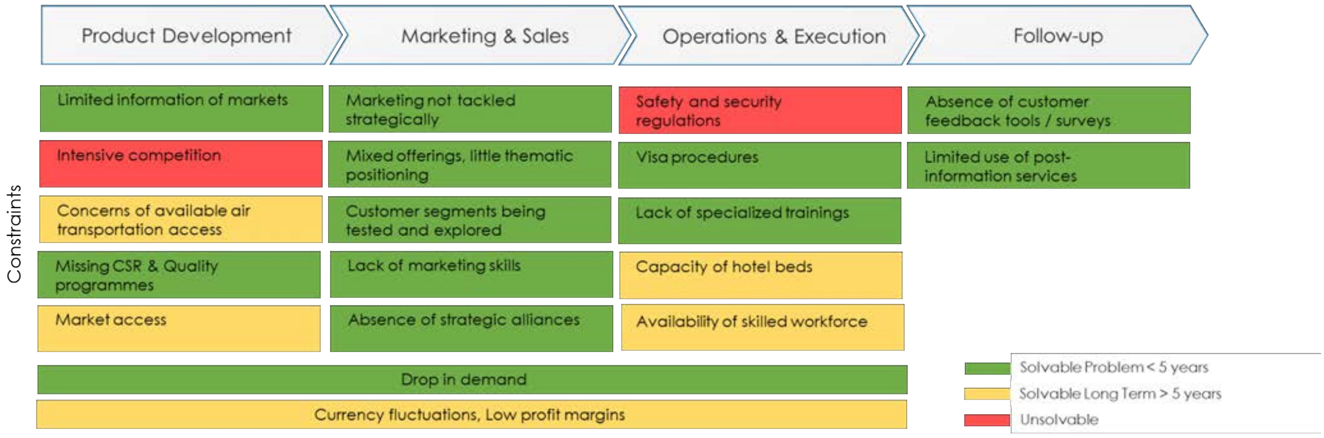
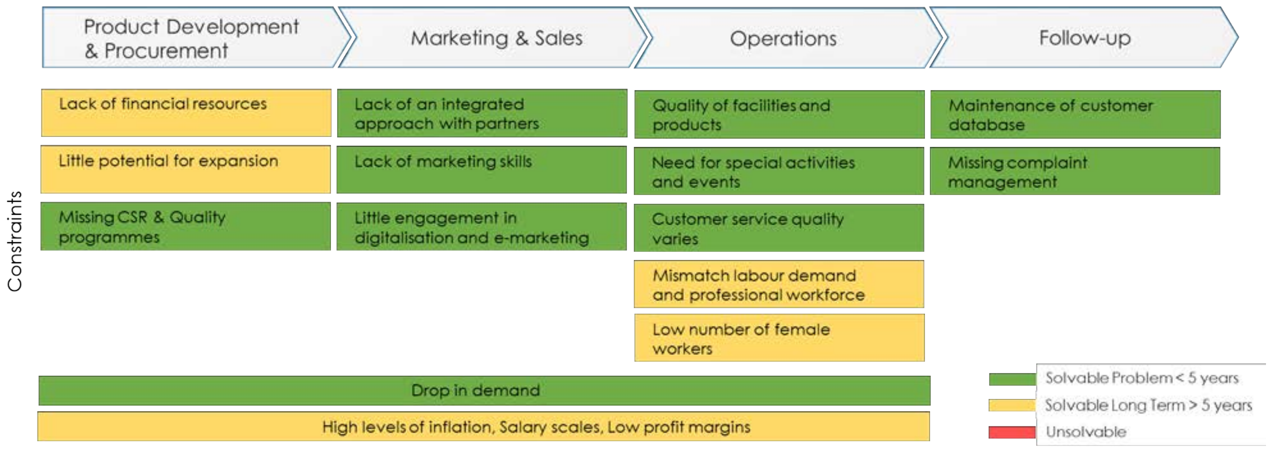


Figure 26: Mapping key challenges in the MSME accommodations value chain



The political instability, safety and security concerns affecting tourism threaten the feasibility of many MSMEs that depend on international tourists. Foreign exchange fluctuations, high levels of inflation and the drop in tourist arrivals also affect the development of both MSME groups.

Business environment needs to be improved for MSMEs. The quality of the business environment for MSMEs is generally not perceived as supportive of product development innovation and service excellence. MSME accommodation and tour operators often lack the knowledge and management expertise needed to work efficiently and market their products and services profitably. MSMEs, and tour operators in particular, require more access to market information and support in the formulation and evaluation of their business and marketing plans, as well as crisis and risk management. Smaller tour operators have to also face a lack of managerial skills, intensive competition and low profit margins. Accommodation MSMEs are facing more difficulties than tour operators in terms of access to finance, also compared to larger hotels and resorts counterparts. Both MSME groups face challenges to establish effective linkages with larger companies to benefit from their marketing and distribution networks, although some tour operators initiated some strategic alliances in the past to charter an airline for a Southern Mediterranean market and reserved the seats and shared the costs among themselves.

MSMEs have to go through a number of procedures and approvals, such as the permit of establishment and registration. Businesses sometimes face difficulties in their interaction with public administrations over registration and licensing, in particular when it comes to security clearances for tourist groups. Some weaknesses of the coordination among the governmental departments were also reported, leading to time consuming processes.

Green entrepreneurs require further technical support and incentive funding. While the principle of sustainability in tourism has long been known and Egypt scored fairly well in the TTCR 2019 compared to other economies, some sustainable issues remain to be addressed for the MSME segment to achieve the right balance of growth and sustainability in tourism. In general, tourism demand for greener travel is growing and, as such, consumer demand for environmental and social responsibility compliance by travel companies is also increasing, which could be incentivised by a CBI project. Various examples include setting targets and accompanying incentives, such as subsidies, tax reductions, reward systems, awareness raising and training programmes for renewable energy applications in accommodations, protecting green entrepreneurs from the competing informal sector, enforcing constraints on unsustainable mass-tourism businesses, enforcing environmental laws and regulations that are already in place (El-Dorghamy, 2018).

Lack of promotional and informational aspects hinders better information services to customers. One of the main problems facing sustainable development marketing in Egypt is the lack of online and offline content, brochures and maps related to ecotourism destinations and attractions. There is a lack of suitable programmes and information for the unique environment of Egyptian destinations, which goes in line with lack of research about the tourism development in Egypt.

Education and vocational training in tourism needs to become a strong backbone in support of MSME development. The persistent mismatch between the number and qualifications of labourers on the supply side of the labour market, and the requirements of employers on the demand side, is an important challenge for the latter in the management of their businesses. Education and vocational training in Egypt does not reflect market requirements in terms of quality and quantity. Furthermore, Egypt suffers from a significant knowledge gap, hindering the competitiveness of MSMEs and hampering their development. Government policies should be directed towards serious intervention in education and training based on sector demand.

Competitive Environment

The analysis of MSME tour operators and accommodations for sustainable tourism and niche tourism products for the EU market is based on Porter's Five Forces model. It addresses the issues of: whether MSME exporters are able to sustainably produce quality products that meet European market demand and requirements; if they are able to develop and maintain a competitive edge in quality, marketing, pricing, etc. over their market rivals, and if there are considered to be any threats by rivals, new entrants or substitutes. Taking the framework for both MSME sub-sectors, our analysis is the following:

Figure 27: Five forces framework for MSMEs targeting EU market

	Accommodations	**Tour Operators**
Competitive Rivalry	Low – Not too many sustainable or niche accommodations with the right qualities. Competition, especially coming from neighbouring countries.	High – Small market of specialised tour operators competing with the larger well-established operators and their distribution networks.
Supplier Power	High – Supplies of high-quality food and beverage products, food safety and professional human resources services can be critical.	Medium – Suppliers charge high prices for unique resources (although demand is willing to pay more).
Buyer Power	Medium – Available demand for sustainable forms of accommodations and interest from European TO for such products. Price policy can be a challenge.	High – Degree of dependency upon existing international tour operators' channels of distribution.
Threat of Substitution	Low – Sustainable and niche accommodations are slightly more difficult to substitute as there is a certain uniqueness to the product.	High – Number of substitute operators available in the market. Strong price competition of substitutes.
Threat of new entry	Medium – Sustainable and niche accommodations are suitable for EU market but need a high level of eco- and quality standards measures in place. Therefore, it is a relatively high investment.	Medium – Barriers are relatively high for start-up operations in Egypt. However, entering the EU market in search of B2B customers is less challenging, if services and products are well designed.

Observed constraints and bottlenecks in value chain and how they limit CBI interventions (incl. CSR)	Critical constraint? (Y/N)	Solvable in short term (Y/N)	Which (donor) organisation is providing this solution? (CBI, or others)
Political instability, safety and security concerns; Restricted freedom of expression	Y	N	-
Attractive potential tourism destinations not safe to travel or not open for tourists	Y	N	-
Business environment for SMEs non-supportive	Y	N	EU-TVET USAID CBI
Administrative barriers: MSMEs have to go through a number of procedures and approvals	Y	N	-
Green entrepreneurs require further technical support and incentive funding	N	Y	EU-TVET USAID CBI UNDP
Lack of promotional and informational aspects hinders better information services to customers	N	Y	EU-TVET USAID CBI UNDP SwitchMed
Education and vocational training in tourism needs to become a strong backbone in support of MSME development	N	Y	EU-TVET USAID CBI SwitchMed

4.2 Key opportunities for Egyptian MSMEs

The Egyptian Ministry of Tourism announced in their Reform Programme in 2018 a structural reform to modernise the ministry's organisational structure, ensuring institutional and legislative reforms, improvements in promotion and marketing, and progress in infrastructure and tourism development. Enhancing the tourism organisational structure stability, updating touristic administration departments and providing them with competencies and specialised skills support effective governance and management of the sector. Available funds for tourism will be directed towards launching branding campaigns over the next three years for global marketing, setting up interactive advertising in touristic sites, enhancing public relations and optimising search engines. These are steps to help gain the confidence of MSME owners and to encourage their business development.

European tour operators have said there is a growing demand in the market for sustainable and innovative travel packages to Egypt. At the same time, the Egypt Tourism Reform Programme emphasises sustainable travel as an important opportunity for the future. On the other hand, the products are missing on the supply side. Neither tour operators nor accommodation providers can deliver the requirements regarding CSR and sustainability. The difference between supply and demand demonstrates a large opportunity for first movers in the market. Tourism is a diverse sector with multiple needs in a rapidly changing market; it requires targeted support at all levels for a country to remain competitive in the face of increased competition from destinations for sustainable development. Supporting MSMEs, exploiting the opportunities of sustainable niche tourism products and equipping tourism professionals with the right skills are only some of the opportunities. Understanding that the world is changing and that tourism may also change in the coming years is required for developing forward-looking support mechanisms for Egyptian MSMEs in this continuously changing environment.

Product development is necessary to improve the customer experience in Egypt. Developing tourism products and the preparation of new promised touristic areas help to keep up with the requirements for different types of tourism activities. Another opportunity is to upgrade the quality of the tourism services to be compatible with international standards and present the necessary services for tourists in the touristic locations and surroundings.

Develop an enabling and supporting environment to drive sustainable eco-friendly tourism. Recent opportunities in nature and wildlife in Egypt have triggered entrepreneurs active in nature tourism and education, including start-ups providing services for birdwatching, ecotours and retreats and innovative nature tourism in general. Services associated with tourism by those entrepreneurs are challenged by the limitations placed on establishing tourism companies in Egypt (e.g. prohibitively high starting capital required), whereas no alternative legal process for start-ups is available for those offering birdwatching related services and other nature tourism and education services (El-Dorghamy, 2018).

The positive impact of tourism can be increased by enhancing employment opportunities for people in communities near historical sites or by activating and promoting the crafts and the handmade industries. Local economies can benefit from tourism demand for local goods and services and the development of more opportunities for local businesses.

The development of sustainable tourism products and services can help to mitigate negative effects and promote s the involvement of the local communities, respecting their rights and needs, which are principles of sustainable tourism.

Upgrading tourism services provides a useful foundation for the development of the tourism industry. The following suggestions could offer great opportunities for sustainable development when guided by a CBI initiative:

Product upgrade: Improvements to leisure tourism products that appeal to local and regional customers can help empower the position of domestic travel agents and tour operators by providing access to customers without having to rely on contractual relationships with international tour operators. This includes products in coastal tourism, adventure tourism, wellness tourism and sports tourism.

Process upgrade: Domestic travel agents and tour operators must be able to forge relationships with international tour operators to access customers. An important process upgrade for leisure tourism business is either to outsource marketing efforts to an external firm or to improve its internal communications skills. To present their products, inbound tour operators can work with representatives and agents abroad to help sell their products and improve their business-to-business communication.

Functional upgrade: Functional upgrading in the leisure tourism value chains can happen when tour guides and travel agents start offering services that can be extended in multi-service packages, when they become a local tour operator, and finally through international business activities that help them develop into an inbound tour operator. While adding these responsibilities, they may also vertically integrate by adding accommodations, transportation services, restaurants, and offering excursions and tours.

End-market upgrade: Accessing attractive and high-spending markets, such as attracting cultural tourism or wellness tourism from Europe, would upgrade the end market, allowing for higher margins per guest in comparison with resorts and mass tourism. Other geographic and socio-demographic markets can also be tapped in niche, sustainable, and high-quality tourism products, which are in demand in higher-spending markets (Daly & Gereffi, 2017).

Observed opportunities in value chain (incl. CSR) and how they could support CBI interventions	Critical opportunity? (Y/N)	Short term benefit (Y/N)	Which (donor) organisation is providing or should be providing a solution for this opportunity? (CBI, or others)
New Tourism Reform Programme. Political basis for sustainable tourism development	Y	Y	National institutions, UNDP, USAID, CBI
Rising demand from EU tourists for sustainable travel to Egypt	N	Y	CBI, USAID, EU
Enabling and supportive environment to drive sustainable eco-friendly tourism	N	Y	CBI
Enhancing employment opportunities for people in communities increases the positive impact of tourism: product, process and functional upgrades	N	N	CBI, EU, USAID,

4.3 The enabling environment: public sector opportunities and constraints

Below are the main challenges identified in the value chain as a whole and the cross-cutting challenges that touch upon the enabling environment for MSME tour operators and the accommodation industry. Green indicates what can be resolved in the short term and orange indicates what would require a long-term approach.

Figure 28: Mapping cross-cutting challenges for tourism MSMEs

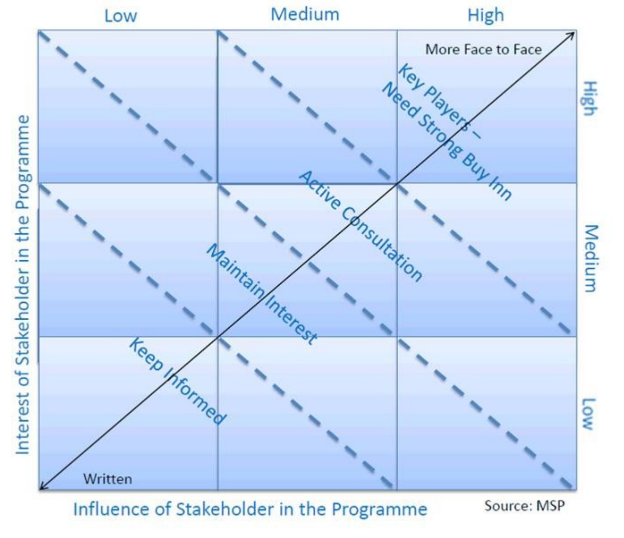
Finance		Lack of access to affordable finance, in particular for accommodations		Lack of information on financing products for MSMEs		Lack of knowledge by financial institutions of the eco-accommodation sector financing needs
Quality		Limited knowledge of international CSR and ecotourism standards		Consistency of quality across the tourism service chain		Lack of knowledge of high-quality customer service techniques
Human capital		Labour market in demand of professional staff		Labour conditions for female workers need improvements		Risk of high fluctuations due to low salary scale, temporary work and image of the industry
Market intelligence		Limited data and information on tourism industry		Market data on source markets not easily available for MSMEs		
Infrastructure		Poor standards of lower star-rated MSME accommodations		Quality improvements needed at touristic sites and attractions		
Transport		High competition for air transportation to Egypt among tour operation sub-sector		Low quality of train transport creating losses in sustainable transportation		
Packaging		High dependency on international and foreign tour operators		Lack of product and services development and design		
Government support		Lack of policy implementation incentivising sustainable and eco-tourism operators		Long administrative procedures to set up or expand tourism business		Risk of lengthy security clearances for tourist groups and tour operators
R&D		Limited product innovation and diversification in niche tourism travel forms				

Green: solvable <5 years; yellow: solvable >5 years; red: not solvable

Stakeholder assessment

Stakeholder management is key for the successful implementation of projects. To effectively do that, a stakeholder assessment is required. For this purpose, the interest and influence of stakeholders in the programme has been assessed and stakeholders have been grouped in four categories:

Figure 29: Stakeholder interest and influence in the programme



Key Players Need Strong Buy Inn	• MSME Tour Operators • MSME Accommodations • Egyptian Tourism Federation • Egyptian Travel Agents Association • MSME ecotourism network • Egyptian General Tourist Guide Syndicate • Business Support Organisation
Active Consultation	• Egyptian Hotel Association • Chamber of Diving and Water Sports • Egyptian Chamber of Commodities
Maintain Interest	• Chamber of Tourist Establishments • Egyptian Export Council for Handicrafts • Tourism schools and colleges • Non-Governmental Organisations
Keep Informed	• Ministry of Tourism • Egyptian Environmental Affairs Agency

5. Possible interventions and support activities in Egypt

5.1 Strategic interventions and support activities

CBI's mission is to 'connect MSMEs in developing countries to the European market and thereby contribute to a sustainable and inclusive economic growth'. The main fields of interventions include supporting MSMEs with business export coaching (BEC) and supporting the business enabling environment with consulting business support organisations (BSOs). These interventions refer only to the private sector (BEC) or as part of an integrated programme which may combine BEC activities with BSO development. CBI also provides market information and training on specific topics.

The following principles should apply to all proposed measures of possible CBI interventions:

1. Establish partnerships with existing development programmes in the tourism sector, if applicable.
2. Search collaboration with existing projects and define common goals and activities.
3. Work together with other donor organisations with similar goals.
4. Integrate BSOs and public institutions as early as possible.

Following the analysis of opportunities and obstacles, the following interventions and support activities are recommended.

Business Export Coaching:

A. Awareness raising – demonstrate opportunities for MSMEs offering sustainable tourism.
B. Plan for sustainable tourism-driven products and experiences.
C. Support the establishment of MSME networks, clusters and alliances.
D. MSME entrepreneurship and existing companies' development programme.

Business Support Organisations interventions:

E. Support the institutionalisation of an ecotourism council or NGO.
F. Enhance capacities to advocate for and facilitate tourism MSMEs support.
G. Support capacity building of tourism associations to better serve sustainable tourism MSMEs.
H. Strengthening tour guides in applying modern and innovative entrepreneurial skills.
I. Workforce development driven by market demand.

Integrated interventions:

J. Support the MoT in the implementation of the sustainable tourism development strategy addressing the needs of MSMEs.
K. Facilitate public-private dialogue by establishing working groups on different levels to address barriers and obstacles for MSMEs.
L. Product development and eco-friendly certification scheme and Green Star Certification Programme.
M. Strengthen MSMEs and government authorities to adopt digitisation and digitalisation to enhance their competitive position.

5.2 Proposed projects for CBI to support MSME business improvement in the VC

A) Awareness raising – demonstrate opportunities for MSMEs offering sustainable tourism	
How	Identification of potential MSMEs in the sustainable tourism supply chain. Conduct trainings and workshops to demonstrate the potential sustainable tourism has and showcase best practices from other countries. Work out specific ideas on how to set up sustainable and innovative tourism products for DMCs, accommodation, transport companies, tour guides, diving centres and other tourism MSMEs in workshops.
Why	The number of DMCs and accommodation businesses offering sustainable products and packages is very small. On the other hand, the national tourism reform programme focusses on sustainable development of tourism in Egypt. Obviously, there is a gap between current supply and future demand. To raise the number of companies with an emphasis on sustainable travel, actions are required to raise awareness and educate owners and managers about the opportunities and fundamental regulations regarding sustainable tourism. The development of sustainable supply chains will only be realistic if a minimum amount of sustainable companies exists. In a first step, awareness rising and demonstrating the benefit of sustainable tourism offers is needed.
Expected Results	Growing number of local MSMEs interested in creating sustainable travel products (50+ participants in trainings and workshops, 40 MSMEs and BSODs, academics and other stakeholders). The goal is to identify companies which collaborate in the sustainable tourism supply chain. 30 MSMEs are willing to cooperate to form associations focusing on sustainable travel.

B) Plan for sustainable tourism-driven products and experiences	
How	Training on product development to demonstrate key success factors. Set up working groups on product diversification and facilitate them during the process. Members of the working groups should cover the whole value chain. Use the business canvas to elaborate proper business models. The tourism reform programme should be the basis for product development. A collaboration with the UNDP Green Sharm Initiative should be pursued. Facilitate communication between MSMEs, the ETF and the MoT by demonstrating new developed products.
Why	Improving the quality and diversity of Egypt's tourism products and experiences is an ongoing challenge for the sector. While Egypt's tourism sector is making impressive contributions to the country's socio-economic development, current tourism products lack diversity and do not fully reflect the best that the local tourism resources have to offer. The service component of tourism products is also similarly underdeveloped. For the government to play a more effective role in enabling, the MoT should embark on the development of a tourism product and service development strategy for priority tourism products other than sun and sand. The option seeks to facilitate operators' engagement, such as

	building and expanding on existing community-based tourism initiatives by developing the products and services offered by different tourism themes and helping them to promote these to business operators, or by enabling the handicraft sector to better promote authentic Egyptian handicrafts. For enhanced sustainable tourism products and experiences, the key opportunities to address include: the development and diversification of tourism products and services; the introduction of tourism service quality and standard development programmes; the facilitation of demand-driven business linkages and partnerships among and with tourism MSMEs.
Expected Results	Three trainings with 10–20 MSMEs each. Within the training, most interested MSMEs should be identified to develop new products. 20 new and innovative products developed by cooperation of MSMEs within Egypt.

C)	**Support the establishment of MSME networks, clusters and alliances**
How	Networks, clusters and alliances could support MSMEs to cooperate with strategic partners on specific tourism issues, such as transportation, marketing and promotion and human resources or under a specific tourism travel form. MSMEs together with their domestic or international partners could overcome critical issues and increase their market power over competitors. Ideally, the workshops and trainings (activity A) lead to the formation of networks and alliances that can be supported in the further process of the CBI project.
Why	Tourism MSMEs require access to international markets and partners, in particular the micro- and smaller-sized enterprises lack contact with potential international partners and the knowledge to adapt to rapidly changing consumer preferences, technological developments and competitive conditions in international markets. MSMEs could use a local partner to access crucial resources such as local transportation or accessing international tour operators. MSMEs can better control the risks related to their business through cooperation with other MSMEs.
Expected Results	2-4 networks among tour operators initiated to facilitate and gain better market access.

D)	**MSME entrepreneurship and existing companies' development programme**
How	Train and coach entrepreneurial skills to develop sustainable tourism enterprises. - Business plan development - Marketing expertise - Finance and business administration - Product development - Crisis and risk management Basis for the training can be the EXPRO training, already provided by CBI. This should be intensified and enlarged in order to support business development over 4–5 years. Topics for in-depth trainings should be

	sustainable tourism management, legal and financial requirements in the EU, digitalisation and quality management.
Why	Business plans are required. Grants are often made available to produce professional plans; mentoring services or training courses may also be available. Businesses need marketing expertise. Marketing mentoring could help. Many good business ideas fail due to inadequate marketing, targeting or failure to understand market requirements. Systems for finance, administration, procurement, HR, health and safety need to be established. Grants may be made available to cover the initiation of these as part of the business plan. Businesses need accommodation, equipment. Government might offer subsidies for rent, grants toward purchase, as well as additional measures. Businesses need trained staff, so there are schemes for training staff in both general and customised ways. Testing the business or product through a business plan checking any legal issues, market size and requirements, competitors, costs, profit margins, and financial projections.
Expected Results	10 existing companies or start-ups participate, develop business plans for sustainable tourism and roll out their new businesses.

E)	**Support the institutionalisation of an ecotourism council or NGO**
How	Analyse the existing ideas and plans of active stakeholders to initiate an ecotourism council, preferably under the umbrella of an existing association. Conduct workshops to work out the goals and objectives of an ecotourism council. Facilitate and support the institutionalisation by consulting and facilitating.
Why	No institution that supports sustainable tourism in Egypt currently exists. MSMEs and BSOs do not have a central organisation where they can address their ideas or needs. Such an organisation is crucial for the durable development of sustainable tourism in Egypt. A group of tourism entrepreneurs, ex-deputy ministers and the chairman of Egyptian Export Council for Handicrafts have been planning to set up an ecotourism council in the last three years. Some members of this group decided to leave it because of the tourism crisis in recent years. This initiative could be supported in the institutionalisation of an ecotourism council.
Expected Results	Institutionalisation of an ecotourism council with a relevant number of members Formulated articles of association (or similar) Financial planning Implementation plan

F) Enhance capacities to advocate for and facilitate tourism MSMEs support	
How	The key opportunities to address here range from strengthening and streamlining to tourism planning, policy development and resolving the implementation gaps. These goals could be achieved through the facilitation of public–public and public–private dialogue to facilitate tourism operators, and through the coordination of and advocacy for improved MSME-friendly legislative and policy frameworks.
Why	Strengthening the capacity of authorities and institutions to effectively advocate for and facilitate tourism MSME support is of high importance. Capacity and institutional development support will largely be provided in the context of assisting in the development and implementation of government tourism policies and programmes which are of relevance to niche and sustainable tourism operators in Egypt. The tourism sector comprises a number of important stakeholder groups (government, businesses, communities) and the effectiveness of the overall sector is dependent on how efficiently these components work together in achieving both shared objectives and their specific requirements. Smaller-scale business operators and locally owned businesses are more appropriate for activities related to ecotourism, and government policies need to support this level of tourism services. Integrated, cooperative approaches and plans involving all stakeholders and related economic activities in the area guarantee a shared vision of the regional development.
Expected Results	Review of policies and implementation plans of the main BSOs, such as ETA, TDA, HEPCA.

G) Support capacity building of tourism associations to better serve sustainable tourism MSMEs	
How	Professional tourism associations represent the tourism industry, including many MSMEs. The proposed interventions aim at developing the business services that associations provide to their members. These services include advocacy, promotion and outreach, supporting product packaging, market studies, branding, training and study tours, among others.
Why	The key opportunities of tourism associations to better serve MSMEs include strengthening the existing private sector associations by enhancing their governance model, optimising their operation and strengthening their mandates to advocate for prospective members. Another opportunity to exploit is the use of tourism data and market intelligence to support MSME planning and decision-making. Collaborative activities and practical partnerships could be created through conferences, trade fairs and networking to address shared concerns and opportunities in a collaborative manner.
Expected Results	Association development plans in support of MSME members 5–10 collaborative activities to address members issues and concerns Development and implementation of selected membership services

H) Strengthening tour guides in applying modern and innovative entrepreneurial skills	
How	A key to success for tour guides is to create good cooperation with tourism suppliers and to build alliances with the relevant tourism promoters. Marketing their services requires building contacts with travel agencies, hotels, companies and individuals on all levels in order to provide their clients with the best offers. Tourism administrators and organisations will be enabled to help guides in carrying out their roles through creating a good work environment and procedures that support them in carrying out their jobs professionally. In close collaboration with the Egyptian General Tourist Guide Syndicate (EGTGS) a workshop and training programme with a focus on sustainability is recommended.
Why	Tour guides need to apply innovative entrepreneurial skills to make their business succeed. Entrepreneurship would help tour guides know how to market their services.
Expected Results	Facilitation of workshops between chambers and the tour guide syndicate. Coaching of up to 200 guides in improving guiding skills. Offering courses in self-promotion and marketing.

I) Workforce development driven by market demand	
How	Facilitate working groups to conduct a gap analysis for MSMEs in sustainable tourism. Cooperate with the T-VET programme and work together with Egyptian universities to analyse existing gaps that could be filled by CBI interventions. Development of a training programme on sustainable tourism and train-the-trainer seminars on the following contents, but not limited to: assessing the sustainability of tourism products, marketing and communicating sustainable practices, applying responsible employment conditions, instigating policies on gender equality and equal opportunity, providing appropriate skills training programmes, developing organisational policies on sustainable tourism practices, sustainable supply chain policy development and action planning, monitor and evaluate sustainability performance, promoting sustainable development in destinations, implementing waste, water and energy minimisation actions, managing resources more efficiently, safeguarding the local community and environment.
Why	The key opportunity lies in ensuring the availability and capacities of the tourism workforce. While tourism is considered an important sector for economic growth, the industry has a shortage of trained professional personnel. Improving the integration of women into the labour market and improving professional employee career development paths are challenges to overcome. For MSMEs to develop and grow, it is important to address critical issues in generic capacity building programmes for established and start-up MSMEs, and to introduce specialised training programmes to serve emerging MSME needs.
Expected Results	Gap analysis of existing education and training programmes regarding sustainable tourism.

	Training local experts and institutions and enabling them to produce respective seminars

J) Support MoT in the implementation of the sustainable tourism development strategy addressing the needs of MSMEs	
How	Providing state of the art analysis on the impact of sustainable tourism and identifying policy options to strengthen regulatory and institutional frameworks for sustainable tourism as well as MSME supply side capacities, seeking to enable the MoT and other stakeholders in sustainable tourism related services. Providing policy advice to the MoT regarding sustainable tourism related issues and in the implementation of proposed initiatives of the sustainable tourism development strategy.
Why	To assist the MoT and other relevant stakeholders in strengthening sustainable tourism related services by addressing the needs of MSMEs and establishing adequate regulatory and institutional frameworks.
Expected Results	Policy briefs provide policy analysis regarding the sustainable tourism context, positions and potential opportunities and risks for MSMEs in Egypt. Reviews are demand driven and tend to cover tourism services and other key related services. They seek to address several key factors for the development of tourism services including the existence of an adequate enabling environment, the availability of an adequate policy and the identification of potential bottlenecks within the supply chain. Developed methodology in order to assess and improve the levels of sustainability of tourism MSME services across Egypt.

K) Facilitate public-private dialogue by establishing working groups on different levels to address barriers and obstacles for MSMEs	
How	Consultation with stakeholders in relevant project areas to identify appropriate working group initiatives, such as on marketing, human resources, quality and regulations to be supported for implementation. Gathering consensus on specific working group initiatives for inclusion in implementation action plans. Development of action plans for selected public-private partnership initiatives. Support for implementation of action plans.
Why	Promote dialogue among government, industry and MSMEs leading to the formation of public-private working groups in pilot destinations or selected thematic areas to address barriers and obstacles for MSMEs. The working groups will serve as models and can be extended to other parts of the country. This will contribute to expanding the sustainable tourism product mix in those governorates and promote the development of tourism initiatives across administrative boundaries.
Expected Results	Establishment of 5–7 working groups in different destinations. Public-private dialogues leading to a sustainable system for strengthening and expanding the tourism product mix, resulting from coordination, planning, marketing and promotion across administrative boundaries

	with the formation of working groups on central level or in pilot governorates. Based on initial research and stakeholder consultations in relevant pilot project areas, specific public-private partnership initiatives will be identified and agreed amongst stakeholders for implementation through the incorporation into the action plans and for implementation support.

L)	**Product development and eco-friendly certification scheme and Green Star Certification Programme**
How	In collaboration with the Egyptian Hotel Association, a strategy on how to sustain and market the GSH certification scheme should be worked out and support implementation provided where possible. Conduct an analysis to identify next steps to achieve a GSTC accreditation. Develop mutual recognition agreements with other international certification programmes, such as Travelife.
Why	The GSH programme offers an opportunity for hotels operating in Egypt to be internationally recognised for raising their environmental performance and social standards while reducing their operational costs. The programme criteria and standards need to be updated and other issues that seem to be of interest to the industry to be included in order to keep up with the development of energy and environmental technologies. Although the key required updates are known, there is a need to have a study to assess the real impact on the industry. There is a need to increase the marketing activities of the programme given the increased interest in sustainability in general and in obtaining green certification specifically.
Expected Results	Strategy and implementation plan to further develop the GSH programme New set of standards for MSME accommodations GSTC accreditation Marketing activities in support of new MSME GSH certified members

M) Strengthen MSMEs and government authorities to adopt digitisation and digitalisation to enhance their competitive position	
How	Training and coaching MSMEs and BSOs about up-to-date digital marketing demand and solutions.
Why	MSMEs need tailored advice on e-commerce implementation. Support MSMEs to adopt e-commerce and enhance their competitive position in the global market with regards to adopting e-commerce, in terms of training their employees, updating their technological infrastructure, integration in product development and packaging, on-site experiences, building web presences and grow their readiness to adopting digitization business processes and e-commerce across all possible touchpoints. Governmental authorities to support e-commerce adoption in MSMEs. Support governmental bodies to put in place initiatives to support MSMEs through technological developments, providing support to MSMEs in terms of business plans, training concerns, equipment and internet services.
Expected Results	40–50 participants in trainings Strategies for digitisation in 20 MSMEs and BSOs

5.3 Identification of main risks for proposed CBI projects

Regarding tourism development, the threat of terrorism and closed sub-destinations make developing new tourism destinations extremely difficult.

This risk might be limiting factors for a CBI intervention and must be discussed internally.

Other risk, such as missing knowledge of sustainability and management skills in MSMEs can be handled by a CBI intervention.

Risk	Possible impact	Likelihood (1–5)	Impact (1–5)	Mitigation strategy
Threat of terroristic attacks	Decrease of tourism arrivals, negative impact on destination image	3	5	None
Sub-destinations closed for tourism	Limited opportunities to elaborate new tourism products	5	3	Work in sub-destinations which are not affected.
Administrative barriers for MSMEs	Business development might be limited; start-ups might be hindered to develop new businesses	4	3	Support MSMEs to handle administrative barriers. Work with established companies and support their growth.
Low level of education and missing management skills of MSMEs	Might be difficult to establish new products and packages	4	2	Conduct trainings and workshops. Collaborate with other international organisations with the goal to improve education and management.

Annexes

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Annex II: Value Chain Baseline Measurement

Stakeholder	**Indicator**	**Value (2019)**
With MSMEs	Number of MSMEs operating in this sector	6,800–7,200 (general) Related to sustainability not assessable
	Number of MSMEs with international business contacts (EU-EFTA and non-EU-EFTA)	Not assessable
	Number of MSMEs with international sales in this specific value chain	30–40
	~~If company audits are conducted: level of tourism knowledge and capacities, incl. reference to current growth (in turnover and/or export)~~	
With BSOs and sector associations	Number of BSOs and sector associations active in this value chain	15–30
	Type of destination-enabling services provided by BSOs and sector associations	Training, lobbying
	Level of cooperation between the private sector, government, NGOs and knowledge institutions	Further to be explored
	~~If BSO-assessments and / or 5C-model is implemented: Management capacities of BSOs~~	
With local government	Number of relevant tourism development strategies and international trade-related policies formulated and implemented	5 (mostly not implemented)
	Level of access to finance for MSMEs	Challenging
Contextual factors	Statistics on main products in this value chain (esp. those products that CBI would want to focus on) incl. product pricing	Not assessable
	Tourism sales to neighbouring and other non-EU or EFTA countries in volumes and value incl. growth in %	Non-EU 2016: €1.277 million 2017: €3.432 million Growth: 215%
	Tourism sales to the EU/EFTA in volumes and EUR, incl. growth in %	Europe: 2016: €1.095 million 2017: €3.544 million Growth: 223%
	Main source markets by number of overnight arrivals	2017: Germany: 1,232,000 Ukraine: 797,000 Saudi Arabia: 669,000 Sudan: 347,000 Libya: 336,000 UK: 319,000
	Average receipts per arrival	Receipts: €7 billion Arrivals: 8,200,000 Average receipts: €850

	Employment figures (if available)	8.5% of the total economy employment in 2017, overall 2.5 million jobs
	Level of foreign investments	High
In this value chain	Main bottlenecks in this value chain for exporting MSMEs	Attractive potential tourism destinations not safe to travel or not open for tourists. Business environment for SMEs not supportive. Administrative barriers: MSME have to go through a number of procedures and approvals.
	Main certification standards in this value chain in this country	Green Star Hotel certification

Annex III: Table of Tour operators

TO	Country	Kind of tourism offers (mass tourism)	No. of packages offered	Regions visited	Sustainability mentioned / offered?	Association member
TUI	GER/ UK/ NL	Cultural mass tourism: sun and sand	many	Red Sea and Sinai		
TO in Germany						
Eurolatino	GER	Cultural incl. Nile Cruise	1	Nile, Luxor, Aswan, Red Sea, Mount Sinai		forum anders reisen
Hauser Exkursionen	GER	Active, trekking	1	Nile, Red Sea region		forum anders reisen
SKR Reisen	GER	Cultural incl. Nile Cruise	2	Nile, Cairo, Lake Nasser		forum anders reisen
		CBT, Trekking	1	Sinai		
Erlebe Fernreisen	GER	Cultural and beach: Nile cruise		Nile, Red Sea		forum anders reisen
DER Tour	GER	Nile Cruise	20	Nile		
		Beach	many	Red Sea		
Tamira Travel	GER	Cruise + Sun and Beach	many	Nile & Red Sea		
		Cultural incl. Nile Cruise/Felucca	12	Cairo, Luxor, Giza, Aswan, Alexandria, Abu Simbel, Hurghada, Red Sea,		
Berge & Meer	GER	Cultural incl. Nile Cruise	3	Cairo, Hurghada, Nile		
		Cultural	3	Cairo, Alexandria, Giza, Fayoum Oasis, Luxor, Nile		
		Cruise	3	Nile, Hurghada		
		Cruise + further countries	2	Safaga, Cairo, Alexandria, Port Said		
ITS	GER	Beach	many	Red Sea		
Diamir	GER	Cruise	1	Luxor, Nile		
		Sun and Beach	3	Red Sea		
		Cultural	3	Cairo, Nile		
		Cultural (+ further countries)	1	Nile (into Sudan)		
Windrose	GER	Cultural incl. Nile Cruise	6	Cairo, Luxor, Giza, Aswan, Alexandria, Abu Simbel,		
Studiosus	GER	Cultural incl. Nile Cruise	5	Cairo, Alexandria, Giza, Fayoum Oasis, Luxor, Nile, Abu Simbel, Saqqara	general focus on sustainability	
		Cultural	6	Cairo, Alexandria, Luxor, Aswan, Nile (Esna, Edfu, Kom Ombo, Dendera),		

TO in France	Country	Kind of tourism offers (mass tourism)	No. of packages offered	Regions visited	Sustainability mentioned / offered?	Association member
Allibert Trekking	FR	Trekking	4	Cairo, White Desert (Western Desert), Nile, Luxor, Aswan		ATR
Club Med	FR	Cultural	2	Cairo, along Nile, Luxor, Aswan, Abu Simbel		ATR
Comptoir de voyages	FR	Cultural	3	Luxor, Aswan, Cairo, Abu Simbel, Nile		ATR
		Cultural + Lake Cruise	1	Lake Nasser		
		Cultural incl. Nile Cruise	1	Cairo, Luxor Aswan		
		Nile Cruise	2	Luxor, Aswan		
La Balaguère	FR	Active/trekking/walking tours, cruise (sailing boat)	3	Nile, Aswan, Luxor		ATR
La Française Des Circuits	FR	Nile Cruise	3	Nile, Lake Nasser,		ATR
		Nile Cruise + Beach	4	Nile, Red Sea		
		Cultural incl. Nile Cruise	3	Cairo, Alexandria, Nile		
Les maisons du voyages	FR	Nile Cruise	5	Cairo, Nile, Lake Nasser		ATR
		Nile Cruise + Beach	1	Cairo, Nile, Red Sea		
		Cultural incl. Nile Cruise	1	Cairo, Alexandria, Nile, Lake Nasser, Luxor, Aswan, Abu Simbel		
		Cultural	2	Luxor		
Nomade aventure	FR	Active (hiking, diving, sailing, horse riding)	3	Red Sea, Nile, Luxor		ATR
		Cultural incl. Nile Cruise/Felucca	5	Nile		
Salaun holidays	FR	Nile Cruise	3	Nile		ATR
		Nile Cruise + Beach	1	Cairo, Nile, Red Sea		
Terra Mundi	FR	Nile Cruise/Felucca	1	Nile		ATR
Terre d'Aventure	FR	Nile Cruise	4	Nile		ATR
		Active	1	Lake Nasser, Nubian desert		
		Cultural	1	along the Nile		
		Boat Trip	1	Red Sea		

TO in the Netherlands	Country	Kind of tourism offers (mass tourism)	No. of packages offered	Regions visited	Sustainability mentioned / offered?	Association member
Baobab Reizen	NL	CBT+ Culture +Nile Cruise + Beach	1	Cairo, Nile, Red Sea		Duurzam Toerisme
		Cultural incl. Nile Cruise + Beach	1	Cairo, Nile, Red Sea		
Sawadee	NL	CBT+ Culture +Nile Cruise + Beach	1	Cairo, Nile, Red Sea		Duurzam Toerisme
		Cultural incl. Nile Cruise + Beach	2	Cairo, Nile, Lake Nasser, Red Sea		
SNP	NL	Active (trekking) + Nile Cruise + Beach	1	White Desert, Western Desert, Nile		Duurzam Toerisme
Kras	NL	Cultural incl. Nile Cruise	1	Nile, Lake Nasser		Duurzam Toerisme
		Cultural incl. Nile Cruise + Beach	1	Cairo, Nile, Red Sea		
Shoestring	NL	Cultural + Beach	1	Cairo, Nile, Red Sea		Duurzam Toerisme
		Cultural incl. Nile Cruise + Beach	1	Alexandria, Cairo, Nile, Lake Nasser, Red Sea, Aswan		
Topdeck	NL	Cultural incl. Nile Cruise/Felucca	2	Cairo, Aswan, Luxor, Dahab (Red Sea)		
		Cultural	2	Cairo, Aswan, Luxor		

TO in the UK	Country	Kind of tourism offers (mass tourism)	No. of packages offered	Regions visited	Sustainability mentioned / offered?	Association member
Explore!	UK	Cultural incl. Nile Cruise/Felucca	2	Cairo, Nile, Lake Nasser		
		Cultural incl. Nile Cruise/Felucca + CBT + Boat Trip	1	Cairo, Nile, Red Sea		
		Cultural incl. Nile Cruise/Felucca + Beach	1	Cairo, Nile, Red Sea, Lake Nasser		
Steppes Travel	UK	Cultural incl. Nile Cruise/Felucca	3	Cairo, Nile, Lake Nasser		
Intrepid Travel	UK	Cultural incl. Nile Cruise/ Nile Felucca	6	Cairo, Alexandria, Luxor, Aswan, Abu Simbel, Nile, Red Sea,	1	
		Cultural incl. Nile Cruise/ Nile Felucca; (+ further countries)	11	Nile, Cairo, Aswan, Luxor, Jorden, Israel, Palestinian Territories, Red Sea, Abu Simbel, Sinai	2	
Abercrombie & Kent Ltd.	UK	Cultural incl. Nile Cruise	8	Cairo, Luxor, Aswan, Abu Simbel, Nile, Red Sea, Giza,		
		Cultural incl. Nile Cruise (+ further countries)	3	Cairo, Luxor, Aswan, Giza, Abu Simbel, Nile, Red Sea, Israel, Jorden		
GAT Tours	UK	Cultural	3	Cairo, Luxor, Giza		
		Cultural incl. Nile Cruise	3	Cairo, Luxor, Giza, Aswan, Alexandria, Abu Simbel, Hurghada, Bahrai Oasis		
Trafalgar	UK	Cultural incl. Nile Cruise	10	Cairo, Luxor, Giza, Aswan, Sakkara, Memphis, Alexandria, Hurghada, Abu Simbel		
		Cultural incl. Nile Cruise (+ further countries)	7	Cairo, Alexandria, Port Said		

Timeless Tours	UK	Cultural incl. Nile Cruise/Felucca	7	Cairo, Aswan, Luxor, Hurghada, Red Sea, Giza		
		Cultural	1	Cairo, Luxor		
		Cultural incl. Nile Cruise (+ further countries)	2	Cairo, Aswan, Luxor, Hurghada, Red Sea, Giza		
On The Go Tours	UK	Cultural incl. Nile Cruise/Felucca	25	Cairo, Luxor, Giza, Aswan, Alexandria, Abu Simbel, Hurghada, Red Sea, Saqqara, El Alamein		
		Cultural	13	Cairo, Giza, Luxor, Saqqara, Red Sea		
		Cultural (+ further countries)	3	Cairo, Luxor, Giza, Aswan, Hurghada, Saqqara, Jordan, Israel		
		Cultural incl. Nile Cruise/Felucca (+ further countries)	8	Cairo, Luxor, Giza, Aswan, Alexandria, Abu Simbel, Hurghada, Red Sea, Saqqara, El Alamein		
Encounters Travel	UK	Cultural	1	Cairo, Luxor		
		Cultural incl. Nile Cruise/Felucca	9	Cairo, Aswan, Luxor, Red Sea, Abu Simbel		
		Cultural (+ further countries)	2	Cairo, Aswan, Luxor, Red Sea, Jordan		
		Cruise	1	Cairo to Aswan -Nile		

Annex IV: Analysis of Tourradar for Egypt

Tourradar analysis	October	2019					
Travel styles	Discovery	In-depth Cultural	Christmas and New Year	Coach or Bus	Historical	Family	Train and Rail
	174	203	648	31	176	147	2
Activities	Sightseeing	Local Guide	Temples	Romantic	Museum	Snorkelling	Religious Sites
	195	3	3	1	1	3	4
Nature & Adventure	Adventure	Safari	Hiking and Trekking	Beach			
	203	1	2	5			
Marine	Sailing	River Cruise	Boat				
	12	16	22				
Region	Nile Valley	Valley of the Kings	Red Sea Coast	Western Desert Egypt	Northern Egypt	Sinai Peninsula	Eastern Desert Egypt
	583	305	22	16	15	8	2

Annex V: List of Tour Operators

Travel Agents as listed in the Egyptian Hotel Guide, most 2015/2016 (most recent) (excluding international brands)

Aton Travel, www.atontrvl.com, info@atontrvl.com

Blue Sky Travel, www.blueskygroup.net, cairo@blueskytrvl.com

Captain Tours, www.captaintours.com, captain@captaintours.com

Chateau de Mahrabel Travel, www.mahrabeltravel.com, chateua@mahrabeltravel.com

Continental Tours, www.continentaltours.com, info@continentaltours.com

Eastmar Travel, www.eastmar-travel.com, eastmar@mail.eastmar-travel.com

Egypttrav, www.egytrav.com, info@egytrav.com

El tarek Travel, www.eltarektravel.com, eltarek@gega.net

Eli Travel, www.eli-travel.com, info@eli-travel.com

Etapes Nouvelles Egypte Voyages, www.etapes-eg.com, etapes@ie-eg.com

Falcon Travel, www.falcontravel.net, falcon@falcontravel.net

Fayed Travel, www.fayedtravel.com, info@fayedtravel.com

Flash Tours, www.flashtour.com, flash@flashtour.net

Galaxia Tours, www.galaxiatours.com, management@galaxiatours.com

Gezira Travel, www.geziratravel, info@geziratravel.com

Ginger Tours, www.ginger-tours.com, info@ginger-tours.com

Infinity Travel, www.infinitytravel-eg.com, info@infinitytravel-eg.com

Jolley's Travel & Tours, www.jolleystravel.com, info@jolleystravel.com

Kyrello Tours Co., www.kyrellotours-eg.com

Lucky Tours, www.lucky-tours.com, main@lucky-tours.com

Luxor Tours Company, www.luxor-tours.com, info@luxor-tours.com

Magi Tours, www.magitours.com, info@magitours.com

Mahrabel Travel, www.mahrabeltravel.com, ensaf@mahrabeltravel.com

Neptune Tours, www.neptune-eg.com, neptunetours@neptune-eg.com

Pima Tours, www.pimatours.com, info@pimatours.com

Red Sea Tours, www.redseatoursegypt.com, info@redseatours-eg.com

Resta Tours, www.restatours.com, info@restatours.com

Seegypt Travel, www.seegypt.com.eg, torg@intouch.com

South Sinai Travel, www.southsinai.com, ss_hq@southsinai.com

Standard Tours, www.standardtoursonline.com, info@standard-tours.com

Travel Express, www.travelexpressegypt.com, management@travelexpressegypt.com

Travel Plus, www.travelplus.eg, tvlplus@travelplus.com.eg

Travel Ways Egypt, www.travelways-egypt.com, info@twaysegy.com

Travellers Egypt, www.travellers-group.com, sgroup@tedata.net.eg

Waleed Tours, waleedtours.com.eg, waleed@waleedtours.com.eg

Zekri Tours, www.zekritours.com.eg

Annex VI: List of Accommodations

MSME accommodation operators as recommended by Lonely Planet, edition 2018 (excluding larger chain hotels and resorts)

Cairo: Pension Roma, www.pensionroma.com.eg/english/pensionroma.htm; Golden Hotel, www.goldenhotelegypt.com; Hotel Longchamps, www.hotellongchamps.com

Minya: Horus Resort Menia, www.facebook.com/HorusResortminia

Luxor: Bob Marley Peace Hotel, www.peacehotelluxor.com; Nefertiti Hotel, www.nefertitihotel.com; BeitSabée, www.nourelnil.com/guesthouse; Al Moudira, www.nourelnil.com/guesthouse

Edfu: El Massa Hotel, www.facebook.com/elmassaedfu

Aswan: Philae Hotel, http://philaehotel.omyhotels.club; Happi Hotel, www.facebook.com/HapiHotelAswan; Anakato, www.anakato.com

Abu Simbel: Eskaleh, www.facebook.com/Eskaleh/

Siwa: Al Babinshal Heritage Hotel, www.siwa.com/Accommodations.html; Shali Lodge, https://www.facebook.com/pg/Shali-lodge-Hotel-196476967062553/photos/?ref=page_internal; Siwa Shali Resort, www.siwashaliresort.com; Siwa Relax Retreat, https://www.lonelyplanet.com/egypt/hotels/siwa-relax-retreat-adults-only/a/lod/b18f2b1b-385c-4739-9fc9-dc1898cbc706/355224; Adrère Amellal, www.adrereamellal.net

Sidi Abdel Rahman: El Alamein Hotel, www.alalameinhotel.com

El Gouna: Captain's Inn, www.hotels.elgouna.com/captains-inn; La Maison Bleue, www.lamaison-bleue.com

Marsa Alam: Deep South Lodge, www.deepsouthredsea.com; Marsa Shagra Village, https://www.redsea-divingsafari.com/villages/marsa-shagra/accommodation; Wadi Lahami Village, https://www.redsea-divingsafari.com/villages/wadi-lahami/accommodation

Na'ama Bay Sharm el-Sheikh: Camel Hotel, www.cameldive.com

Dahab: El Salam Hotel, https://elsalamhotel.wordpress.com; Eldorado, https://www.facebook.com/eldoradolodge/

Nuweiba: Nakhil Inn, www.nakhil-inn.com

Annex VII: List of Green Star Certified Hotels

www.greenstarhotel.org, accessed 01.10.19

Madinat Makadi: Iberotel Makadi Beach, Jaz Makadi Oasis Resort & Club, Jaz Oasis Club –Family, Jaz Saraya Palms, Jaz Makadi Saraya, Steigenberger Makadi, Jaz Makadi Star & Spa, TUI Sensimar Makadi Hotel, Jaz Makadina, TUI Sensimar Makadi Gardens, Jaz Aqua Viva

Madinat Coraya: Steigenberger Coraya Beach, Jaz Lamaya Resort, Jaz Samaya Resort, Jaz Dar El Madina, Jaz Solaya

El Gouna: Ali Pasha Hotel, Cook's Club El Gouna, Captain's Inn, Labranda Club Paradisio El Gouna, Dawar El Omda Hotel, Fanadir Hotel, Sheraton Miramar Resort El Gouna, Steigenberger Golf Resort, Sultan Bey Hotel, The Three Corners Rihana Resort & Inn, The Three Corners Ocean View Hotel, Turtle's Inn, Mövenpick Resort & Spa, Mosaique Hotel, Bellevue Beach Hotel, Ancient Sands Golf Resort

Hurghada: Sol y Mar Ivory Suites, Iberotel Aquamarine Resort, Marriott Beach Resort, Sindbad Beach Resort (Hold), Sindbad Club Hotel, Sindbad club Aqua Park Resort (Hold), AlBatros Palace Resort, Dana Beach Resort

Alexandria – Downtown: Steigenberger Cecil Alexandria

Alexandria – North Coast: Iberotel Borg El Arab

Dahab: Jaz Dahabeya

Luxor: Iberotel Luxor

Marsa Alam: El Malikia Abu Dabbab, Gorgonia Beach Resort, Hilton Marsa Alam Nubian Resort

Mersa Matruh: Jaz Almaza Beach Resort (In Process), Jaz Oriental Resort (In Process), Jaz Oriental Club (In Process), Jaz Crystal Resort (In Process), Jaz Almazino (In Process)

Safaga: Sol y Mar Paradise Beach, Shams Prestige Abu Soma

Ain El Sokhna – Suez: Jaz Little Venice

Sharm el-Sheikh: Jaz Mirabel Beach, Jaz Mirabel Club (Hold), Jaz Mirabel Park (Hold), Jaz Belvedere, Iberotel Palace, Jaz Fanara Resort, Jaz Fanara Residence, Sol y Mar Sharks Bay (Hold), Soly Mar Naama Bay, Dreams Beach, Dreams Vacation (Hold), Hotel Gafy Resort, Steigenberger AlCazar, Tamra Beach Resort

Taba: Taba Hotel & Nelson Village, Sol Y Mar Sea Star Taba

Taba Heights: Strand Beach & Golf Resort Taba Heights (Hold), Mosaique Beach Resort Taba Heights (Hold), The Bayview Taba Heights Resort (Hold), El Wekala Aqua Park Resort (Hold)

Cairo: Safir Hotel Cairo, Hilton Heliopolis Towers Hotel, Steigenberger El Tahrir, Steigenberger Cairo Pyramids Hotel