



**Pre-Feasibility Study**  
**Classified Tourist Camp Project**  
**Madaba**

April, 2017



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## Madaba Governorate



## 1. Executive Summary

This study aims at identifying the pre-feasibility for a establishing a classified tourist camp at Mukawir area within Al Aridh District (Bani Humaida Mount), overlooking the Dead Sea along the royal road that is rich in fascinating views, in addition to being located in close proximity to Ma'in springs. The proposed project area is about 60 km away from Amman with less than an hour drive from Madaba, and at a short distance from Mukawir Castle (Castle of Herod the Great), which also has considerable religious importance.

The following table shows the initial project indicators:

**Table 1: Initial Indicators of the Project**

<b>Project Name</b>	Classified tourist camp
<b>Sector</b>	Tourism
<b>Governorate</b>	Madaba
<b>Region</b>	Mukawir/ (or Nebo Mountain)
<b>Products/Services</b>	<ul style="list-style-type: none"> <li>• Accommodation of both local and foreign tourists within the camp (individual tourist or a tourist groups)</li> <li>• Traditional foods catering services (Mansaf, Zarb,...etc)</li> <li>• Overnight party with storytelling of the region and/or on rebeck melodies</li> <li>• Roundtrip trips to tourist destinations (with or without a tour guide)</li> <li>• Good chance for relaxation and contemplation away from city's noise.</li> </ul>
<b>Project Description</b>	<p>The project is based on providing accommodation services at a tourist camp that is characterized by rural and bedwins traditional atmosphere of the region, while serving catering services for traditional meals in an exemplary atmosphere that helps relaxation away from the city's noise.</p> <p>The project will be established in Madaba in the Mukawir area on an area of 10,000 m2. The project will contain 40 tents and 10 mountain cars. The total number of employees in the project will be 23 employees.</p> <p>The average sale price for overnight stays in a room is about JD 45, and the average price for a meal with a party will be about JD15 per person.</p>
<b>Target Market</b>	<ul style="list-style-type: none"> <li>• In bound tourism, particularly religious and heritage tourism, whether through tourist groups or individual tourists</li> <li>• The Arab tourists and the Jordanian expatriate particularly in Summer months</li> <li>• Local (domestic) tourism including individuals, families and student groups from schools, colleges and universities</li> </ul>
<b>Investment Cost</b>	The investment cost of the project is JD 840,000.

<b>The Average Return On Investment</b>	The average return on investment during the five years is about 7.2%
<b>Internal Rate Of Return</b>	The internal rate of return for the project is about 23%
<b>Average Added Value Of The Project</b>	The average added value on the project during five years is about JD 240,000
<b>Risk Assessment</b>	The Sensitivity Analysis indicates a low risk in case of 10% increase in investment cost, or 10% increase in operating costs, or 10% decrease in revenues.
<b>The Project Justifications</b>	<ul style="list-style-type: none"> <li>• The project is close to Amman</li> <li>• The area is geographically characterized by beautiful scenery and views the Dead Sea</li> <li>• The site is close to other tourist sites such as Mount Nebo, Ma'in Hot Springs and the Dead Sea</li> <li>• Creating 23 employment opportunities most of which for local community.</li> </ul>
<b>Partners/Stakeholders</b>	<ul style="list-style-type: none"> <li>• The Ministry of Tourism and Antiquities</li> <li>• Municipality</li> <li>• Jordan Hotels Association</li> </ul>

## 2. The Macroeconomic Environment

### 2.1 An Overview of the Hashemite Kingdom of Jordan

The Hashemite Kingdom of Jordan is a landlocked country surrounded by land except at its southern extremity at the port of Aqaba, where that area is the only sea exit area in Jordan. The Kingdom is bordered at its west side by Palestine and the Mediterranean Sea, at its south and east by the Kingdom of Saudi Arabia, at north east by Iraq and at north by Syria.

**Figure 1: Map of the Hashemite Kingdom of Jordan**



Jordan is marked by three climatic zones from west to east including the Jordan Valley, most of which lies below sea level and is considered subtropical, and upland areas to the east of the Jordan Valley, ranging in height from 100 to 1500 meters above sea level and this is one of the areas dominated by Mediterranean climate, and the desert areas stretching to the east of the highlands.

The total area of the Kingdom is approximately 89.3 thousand square kilometers, and the semi-desert conditions prevail in over 80% of this area where there are some wet lands settings like Azraq Basin.

The kingdom is divided administratively into twelve governorates distributed into three regions: the Northern Region (includes the governorates of Irbid, Mafrq, Jerash and Ajloun) while the Central Region (includes the governorates of the capital, Zarqa, Balqa, Madaba) and the Southern Region (includes the governorates of Karak, Tafila, Ma'an, Aqaba), and the major cities are Amman (the capital), Zarqa and Irbid.

## 2.2 Population

Based on the General Census of Population and Housing in 2015, the population in the kingdom amounted to about 9.5 million people with a population density of 107.3 inhabitants per km<sup>2</sup>, where the Capital City knocked off other governorates by population amounting to about 4 million people and a population density of 538.8 inhabitants per km<sup>2</sup>, mainly because Amman is the most attractive governorate for Jordanians and for those coming to Jordan from other countries, followed by Irbid Governorate with a population of 1.8 million people, and then Zarqa Governorate with a population of 1.4 million. Tafila Governorate which is considered to be the least populous governorate whose population is about 96 thousand people.

**Table 2: Number of population and population density in the Kingdom for 2015**

Governorate	Population (people)	Area (Km <sup>2</sup> )	Population density (people/ km <sup>2</sup> )
<b>Central Region</b>			
Capital	4007526	7,579	528.8
Zarqa	1364878	4761	286.7
Balqa	491709	1120	439.0
Madaba	189192	940	201.3
<b>North Region</b>			
Irbid	1770158	1572	1126.1
Mafraq	549948	26551	20.7
Jerash	237059	410	578.2
Ajloun	176080	420	419.2
<b>Southern Region</b>			
Karak	316629	3495	90.6
Tafeileh	96291	2209	43.6
Maan	144082	32832	4.4
Aqaba	188160	6905	27.2
<b>Total of Kingdom</b>	<b>9531712</b>	<b>88793.5</b>	<b>107.3</b>

Source: Department of Statistics, Jordan General Population and Housing Census, 2015

On the other hand, the population growth rate has reached about 3% in 2010 and increased to 9% during the years 2013 and 2014 and then dropped a little during 2015 to reach about 8%, according to demographic surveys for the Department of Statistics. The reason for the high growth rates is attributed to the influx of large numbers of refugees from Syria to the Kingdom which resulted in a marked decline in per capita real GDP index by 5.4% to JD 1,197.4, based on the Statements of the Central Bank of Jordan.

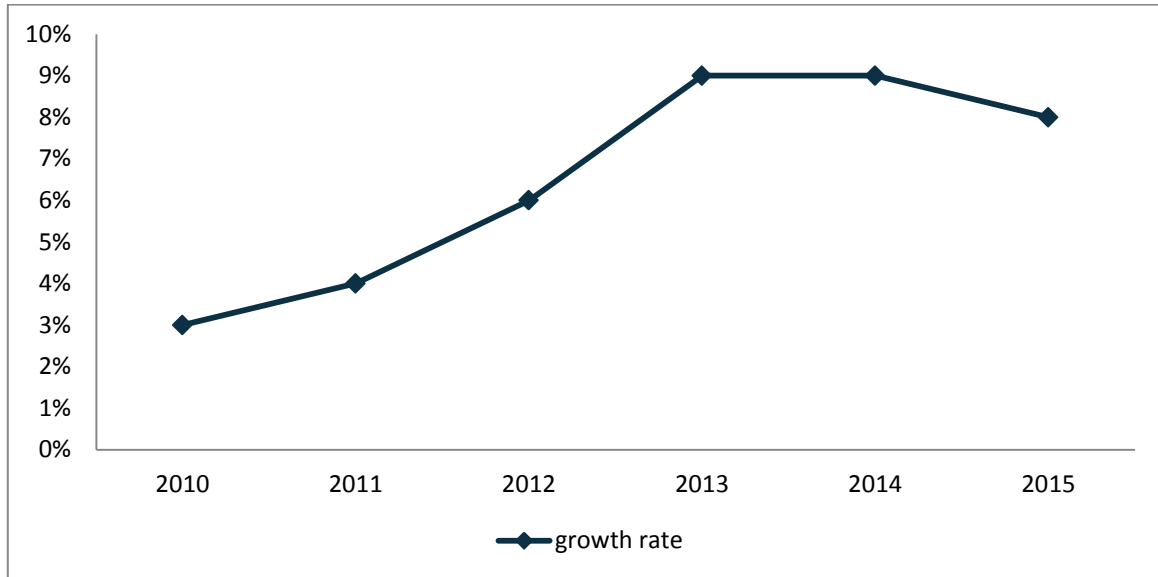
The unemployment rate among Jordanians also witnessed a rise by 1.1 percentage to reach to 13%, due to the structural imbalances that the labor market is suffering from and the acquisition of the low-paid foreign workers on a large number of new jobs in the economy, according to the Central Bank of Jordan.

**Table 3: Number of population and population growth in the Kingdom, thousand**

	2010	2011	2012	2013	2014	2015
population	6698.0	6993.0	7427.0	8114.0	8804.0	9531.7
growth rate	%3	%4	%6	%9	%9	%8

Source: Department of Statistics

**Figure 2: population growth rate in the Kingdom**





### **2.3 Economic Indicators in the Kingdom 1**

Countries across the Middle East are still suffering from instability and closure or partial closure of borders; including the borders of important markets for the Kingdom's products. These factors led to a decline in the performance of many of the economic sectors, including the external sector, national exports, touristic income, and Foreign Direct Investment (FDI), and they contributed to a slowdown in the economic growth to about 2.4% in 2015, compared to 3.1% in 2014. The growth achieved in 2015 came from growth across several economic sectors, especially in the finance, insurance, and real estate services; the transport, storage, and communications services; the mining industry; the manufacturing industry; and the agriculture sector. These sectors contributed a combined 1.8 percentage points (or 75%) of the growth rate achieved during 2015, reflecting the diversity of the economic growth sources in the Kingdom.

Additionally, the general price level registered a decline in the prices of oil, commodities, and other related services in the global markets. Therefore, the general price level, measured by the relative change in the average consumer price index deflated by 0.9% in 2015, compared to the inflation of 2.9% in 2014.

The budget deficit, after aid, increased by 1.2% to a record 3.5% of GDP, compared with 2.3% in the previous year. In addition, the Balance of Payments' Current Account recorded a deficit of 8.9% of GDP, compared with 7.3% in 2014. At the end of 2015, the net public debt amounted to 22,847.5 million Jordanian Dinars (85.8% of the GDP), with an increase of 5.0% of the GDP. However, the total public debt reached 24,876.5 million Jordanian Dinars (93.4% of GDP). This increase resulted from financing both the general budget deficit and the guarantees for loans for the National Electricity Company and the Water Authority, as well as the slowdown of economic growth during 2015. The indebtedness of the National Electricity Company and the Water Authority recorded 6.7 billion Jordanian Dinars at the end of 2015.

On the monetary and banking front, most monetary indicators experienced positive development in performance in 2015, primarily in the Central Bank's foreign reserves, which maintained comfortable levels that amounted to about \$14.2 billion. The dollarisation rate decreased, which reflected positive demand for Jordanian Dinars in comparison to other major foreign currencies. With regards to the activities of licensed banks, the outstanding balance of credit increased by 9.5%, to reach 21,103.5 million Jordanian Dinars at the end of 2015. The total deposits registered with licensed banks increased by 7.7%, to reach 32,598.5 million Jordanian Dinars at the end of 2015. The increase in deposits came as a result of the high dinar deposits, which increased by 2,001.4 million Jordanian Dinars (8.3%), and higher foreign currency deposits, which increased by 336.1 million Jordanian Dinars (5.4%).

Furthermore, many of the external sector indicators registered a drop in performance in 2015 due to the deepening instability in the region and almost full closure of the borders with Iraq and Syria. However, the drop in oil prices in the global markets contributed to the decline in the Kingdom's imports bill for energy, as it dropped by 40.6%, which in turn contributed to a decline in total

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<sup>1</sup> The Central Bank of Jordan

imports and the trade deficit by 11.4% and 14.0%, respectively. Thus, the Current Account, excluding aid, declined to 11.9% of GDP, compared to 12.4% in 2014.

The Current Account deficit increased after aid, to reach 2,365.6 million Jordanian Dinars (8.9% of GDP) in 2015, compared with a deficit of 1,851.7 million Jordanian Dinars (7.3% of GDP) in 2014. This decline is due mainly to the decline in total exports by 6.6% and the decline in surplus in the services account by 27.7%, as touristic income decreased by 7.1%, and the decline in the surplus in the current transfers account decreased as a result of reduced foreign aid.

Capital and financial accounts resulted in a net inflow of 1,593.7 million Jordanian Dinars in 2015, compared to 909.0 million Jordanian Dinars in 2014; this was due to the Kingdom's higher net obligations towards the outside world. Foreign Direct Investment registered a net inflow of 909.4 million Jordanian Dinars, and the reserved investment registered an inflow of 918.4 million Jordanian Dinars due to the Kingdom issuing Eurobonds that are worth \$2.0 billion in the global markets. The withdrawal of bank loans on behalf of the Central Bank increased the use of funds from the International and Arab Monetary Funds by 543.3 million Jordanian Dinars. This led to the registration of a surplus in the overall Balance of Payments of 328.7 million Jordanian Dinars during 2015, compared to a surplus of 1,550.7 million Jordanian Dinars during 2014.

According to the Central Bank of Jordan, the increased international investment at the end of 2015 showed an increase in the external net liabilities of the Kingdom, which reached 24,357.5 million Jordanian Dinars, compared with 22,578.8 million Jordanian Dinars at the end of 2014. This was due to an increase in the external balance of assets and financial liabilities for all of the economic sectors in the Kingdom, which reached to 18,657.9 million Jordanian Dinars and 43,015.5 million Jordanian Dinars, respectively, during 2015.

**Table 4: main economic indicators 2011 to 2015 in millions of dinars**

	2011	2012	2013	2014	2015
<b>Population (millions)</b>	6.993	7.427	8.114	8.804	9.532
<b>Unemployment rate</b>	12.9	12.2	12.6	11.9	13.0
<b>Production and Prices</b>					
GNP at current market prices	20,288.8	21,690.0	23,611.2	25,141.2	26,289.6
GDP at current market prices	20,476.6	21,965.5	23,851.6	25,437.1	26,637.4
The rate of growth in GDP at constant market prices (%)	2.6	2.7	2.8	3.1	2.4
The total national disposable income at current prices	23,743.5	24,774.9	28,424.5	30,302.1	30,234.7
The rate of growth in gross national disposable income at current prices (%)	4.7	-0.2	8.6	3.1	-2.4
Change in the index of consumer prices (%)	4.2	4.5	4.8	2.9	-0.9
The change in the GDP deflator (%)	6.4	4.5	5.6	3.4	2.3
<b>Money and Banking</b>					
Exchange rate of the Jordanian dinar to the US dollar	1.410	1.410	1.410	1.410	1.410
Money supply (P2)	24,118.9	24,945.2	27,363.4	29,240.4	31,605.5
Net foreign assets of the banking system	9,370.1	6,665.5	6,923.4	7,932.3	8,137.3
Net domestic assets of the banking system	14,748.8	18,279.7	20,440.0	21,308.1	23,468.2

	2011	2012	2013	2014	2015
Net debt of the government	6,701.4	9,461.3	10,494.8	10,473.9	11,386.4
Private sector debts (Residents)	14,925.0	15,953.6	17,222.5	17,852.8	18,704.5
Other factors <sup>(1)</sup>	-6,877.6	-7,135.2	-7,277.3	-7,018.5	-6,622.7
Deposits in dinars at licensed banks	19,119.1	17,711.1	21,003.0	24,013.1	26,014.5
Foreign currency deposits at licensed banks	5,258.8	7,258.6	6,590.2	6,247.9	6,584.0
Rediscount rate (%)	4.50	5.00	4.50	4.25	3.75
Treasury bills interest rate for 6 months (%)	3.232	3.788	-	-	-
<b>Public Finance</b>					
Total revenue and foreign aid	5,413.9	5,054.2	5,758.9	7,267.6	6,796.4
Ratio to GDP (%)	26.4	23.0	24.1	28.6	25.5
Total spending	6,796	6,878.2	7,077.1	7,851.1	7,722.9
Ratio to GDP (%)	33.2	31.3	29.7	30.9	29.0
Overall deficit/savings (on an accrual basis)	-1,382.7	-1,824.0	-1,318.2	-583.5	-926.5
Ratio to GDP (%)	-6.8	-8.3	-5.5	-2.3	-3.5
Net outstanding balance of the domestic public debt	8,915.0	11,648.0	11,863.0	12,525.0	13,457.0
Ratio to GDP (%)	43.5	53.0	49.7	49.2	50.5
Outstanding external public debt <sup>(2)</sup>	4,486.8	4,932.4	7,234.5	8,030.1	9,390.5
Ratio to GDP (%)	21.9	22.5	30.3	31.6	35.3
<b>Foreign Trade and Balance of Payments</b>					
Current account	-2,098.8	-3,344.9	-2,487.7	-1,851.7	-2,365.6
Ratio to GDP (%)	-10.2	-15.2	-10.4	-7.3	-8.9
Trade balance (Deficit)	-6,261.7	-7,486.6	-8,270.1	-8,495.6	-7,249.3
Ratio to GDP (%)	-30.6	-34.1	-34.7	-33.4	-27.2
Commodity exports	5,684.5	5,599.5	5,617.9	5,953.6	5,558.3
Imports of goods (FOB) <sup>(3)</sup>	11,946.2	13,086.1	13,888.0	14,449.2	12,807.6
Balance of services (net)	896.0	1,332.3	1,209.5	1,778.9	1,286.4
Income account (net)	-187.8	-275.5	-240.4	-295.9	-347.8
Current transfers (net)	3,454.7	3,084.9	4,813.3	5,160.9	3,945.1
Capital and financial account (net)	2,298.9	3,808.9	1,811.1	908.9	1,593.7
Direct foreign investment in Jordan (net)	1,055.0	1,074.3	1,281.2	1,426.7	905.1

Source: Monthly Statistical Bulletin, Central Bank of Jordan

1. Includes the debts of public and financial institutions and other factors, as shown in the Monetary Survey Agenda.
2. This represents the total balance of drawn loans, minus total repayments.
3. Does not include imports of non-resident entities.

## 2.4 The Jordanian Investment Environment

### Investment Law No. 30 for 2014

Investment Law no. 30 for 2014 is considered an appropriate legislative framework to attract foreign investments and stimulate local investments. It is considered a competitor to other investment laws in the region because it contains many advantages, incentives, and guarantees, and it offers a range of incentives and benefits in and outside the Development and Free Zones. The law includes a series of public provisions, such as foreign investment guarantees (depositing and withdrawal of capital, investment management, and transfers) and the inadmissibility of the disbarment of investment property. The law offers provisions to settle investment disputes, protection, and encouragement of mutual investment agreements between the Kingdom and other countries.

The following shows the major incentives granted by the law:

#### ❖ Incentives and Benefits outside the Development and Free Zones

- The production inputs for the industrial and crafts sectors are exempted from customs duties.
- The return of the general sales tax on the production inputs for the industrial and crafts sectors within 30 days.
- Production inputs and fixed assets of the industrial and crafts sectors are exempted from customs duties and are granted a reduction in general sales tax to 0%.
- Returning to the sales tax on the services needed to practice economic activity within 30 days.
- The goods that are necessary for the economic activities of the following sectors are exempted from customs duties and are subject to 0% general sales tax:
  - Agriculture and livestock, hospitals and specialised medical centres, hotels and touristic facilities, touristic entertainment and recreation centres, call centres, scientific research centres and laboratories, art and media production, convention centres and exhibitions, transfers and/or distributions and/or extraction of water, gas and oil derivatives, air transport, maritime transport, and railways.

#### ❖ Incentives and Benefits inside the Development and Free Zones

- 5% income tax on the income generated from economic activity within the Development Zone.
- 5% income tax on income generated from economic activity in the industrial sector.
- Tax exemptions that are granted in the Kingdom on goods and services exports.
- Reduction of sales tax to 0% on goods and services that are used by the establishment in order to exercise its activity inside the Development Zone.
- 7% sales tax on specific services provided by a registered company in the zone when these services are consumed in the zone.
- Exemptions from customs duties except for a specified number of goods.

#### ❖ The Reduction of Income Tax in the Least Developed Areas for Regulation No. 44 for 2016

- The reduction of income tax in the least developed areas for Regulation No. 44 for 2016 was approved. It aims to create an attractive environment for investments that promote economic

development through the reduction of income tax outside the Development Zones and in the least developed areas in the Kingdom. The regulation specified the areas that are considered least developed and identified the activities that are excluded from this reduction.

- Under the provisions of Articles 4 and 5 of this regulation, the areas that were categorised as least developed and enjoy the reduction in income tax are divided into four categories; each category enjoys a reduction in income tax on their activities for a period of 20 years.
- Category A includes the Northern Valley District, Deir Alla District, Shouneh Al-Janoubieh District, the Southern Valley District, Rweished District, the Northern Desert District, the North Western Desert District, Al-Azraq Province, Al-Jiza District except for the borders of the new Al-Jiza municipality, Al-Moakar District except for the borders of Al-Moakar municipality, and the Governorate of Aqaba except for the Aqaba Special Economic Zone. The reduction rate for this category is 100%.
- Category B includes the Governorates of Maan, Tafileh, Karak, and Ajloun. The reduction rate for this category is 80%.
- Category C includes the Governorates of Jarash, Mafraq, and Irbid except the borders of the Greater Irbid Municipality. The reduction rate for this category is 60%.
- Category D includes the Governorates of Madaba, Balqa, Amman except for the Greater Amman Municipality, and Zarqa except for the borders of Zarqa Municipality and Russaifeh Municipality. The reduction rate for this category is 40%.

#### ❖ **Trade and Free Trade Agreements**

The most important agreements are:

- Jordan joining the World Trade Organisation in 2000, which led to the opening of the markets of 150 countries for Jordanian exports in goods and services, and provided new opportunities of access to other countries within a clear and transparent environment of laws, regulations, and procedures.
- A series of regional trade agreements, such as the Jordan Partnership Agreement with the European Union, Agadir Agreement, Free Trade Arab Agreement, the free trade agreement between Jordan and the European Free Trade Association, and the adoption of the Euro-Mediterranean simplification of the rules of the Origin System, which includes the decision to simplify the rules of the origins of Jordanian products between Jordan and the European Union came into effect on July 19, 2016, and will remain in effect until December 31, 2026.
- A series of bilateral trade agreements with many countries, such as the free trade agreement between Jordan and the United States of America, the Qualified Industrial Zones Agreement, the free trade agreement between Jordan and Singapore, the free trade agreement with Turkey, the free trade agreement with Canada, and many other agreements.
- Jordan has signed more than 35 agreements with Arab and foreign countries in order to prevent double taxation between Jordan and these countries, thus protecting investors' rights.
- The Agreement of Promotion and Protection of Investments and the Movement of Capital between the Arab Countries was signed in 2000 with 11 Arab countries who are members of the Arab Economic Unity Council, in order to establish an appropriate environment for investments and economic cooperation between investors in the Arab countries, thus pushing and stimulating investment activities by providing encouragement and mutual protection for Arab investments.

### **Human Development Report for 2015**

The Human Development Report that was issued by the United Nations Development Program in 2015 showed that Jordan fell 3 points to number 80. Please note that Jordan's place on the Human Development Report index value has improved slightly.

### **Global Competitiveness Report**

The Kingdom's rank has improved by one point in the Global Competitiveness Report for the year 2016/2017, at 63 out of 138 countries compared to 64 out of 140 countries in the 2015/2016 report. It is considered an insignificant improvement, especially because of the reduction in the number of countries participating in this year's report. Amongst the Arab countries, Jordan was ranked after the United Arab Emirates, Qatar, the Kingdom of Saudi Arabia, Kuwait, and Bahrain, who were ranked 16, 18, 29, 34, and 39, respectively.

### **Doing Business Report**

In the Doing Business Report that was issued by the World Bank Group, Jordan is still ranked 118, up one rank from the 2016 report, because of the variation in the performance of the different sub-indicators. Jordan ranked ninth among the Arab countries; the United Arab Emirates was ranked first among the Arab countries at 26, followed by Bahrain at 63 and Oman at 66.

## 2.5 The Economic Environment in the Short and Medium Term

Risks analysis implemented by BMI indicates that the Jordan's political and economic risks in the short and medium term are less than the overall average of the world and the Middle East. The state's risks and the operational risk are estimated to be within the acceptable levels. The international institutions' forecasts point out that the economic and foreign trade indicators are expected to achieve acceptable rates of growth with the exception of the continued increase in internal and external indebtedness.

**Table 5: Assessment of short and long-term risks**

	Long term		Short term		Operational risks	State risks
	political	Economic	political	economic		
Jordan	63.1	39.2	66.6	46.2	58.7	55.4
Turkey	60.2	49.4	58.4	56.9	55.9	56.1
Egypt	53.3	45	52.4	48.7	42.9	47.5
Lebanon	45.8	54	55.4	53.5	44.2	49.5
West Bank and Gaza	33.1	38.1	32.2	36.5	32.5	34.3
Syria	22.9	24.4	22.4	23.6	29.3	26.1
Regional average	49.4	46.9	51.2	48.7	46.6	48.3
global average	64.1	50.7	61.3	51.9	49.8	54.6

Source: the economy and state risks, IHS, 15/09/2016

**Table 6: The most important key economic indicators 2016-2020**

Indicator	2016	2017	2018	2019	2020
The growth rate of GDP	2.6	2.7	2.8	3.2	3.1
GDP (in USD billions)	39.6	42.1	44.8	47.8	50.9
Population (In millions)	9.8	10.1	10.4	10.7	11.0
Consumer Price Index (% change)	-0.7	1.8	3.3	4	3.2
Exports (in USD billions)	7.3	7.6	8.2	8.8	9.6
Imports (in USD billions)	18.3	19.2	20.1	21.3	22.8
Foreign direct investment, the net value (in USD billions)	1.5	1.5	1.6	1.6	1.7
Foreign direct investment, the net value (% of GDP)	3.7	3.7	3.6	3.4	3.3
Foreign exchange reserves (in USD billions)	13.9	14.9	15.7	16.8	17.7
Total external debt (in USD billions)	24.4	27.8	30.7	33.7	36
Total external debt (% of GDP)	61.6	66	68.6	70.4	70.6
Total external debt (% of foreign currency earnings)	127.3	138.3	143.6	147.5	147.8

Source: the economy and state risks, IHS, 15/09/2016

### **3. Market study**

#### **3.1 Project Description**

The project is a classified tourist camp located in the tourist area of Mukawir, in Al 'Arid district (Jabal Bani Hamida), where at the top of the hill is the Mukawir fortress, also known as the Great Fortress of Herod. The area has a high religious significance. Mukawir is less than an hour drive away from Madaba along the King's Highway which is abounding in charming landscapes, as well as its closeness to Ma'in Hot Springs area.

#### **3.2 Expected Services Description**

The project provides a unique experience for visitors in Madaba within the traditional Bedouin tent with the landscape of the area. Project services include:

- ❖ Accommodation services which consist of:
  - Accommodation in a single room (tent)
  - Accommodation in a double room(tent)
  - Accommodation in Deluxe Room (with Bathroom)
  - Possibility to add an extra bed
  - Housekeeping service
  - Rooms equipped with a transparent dome top
  - Public facilities (bathrooms and showers)
  
- ❖ Food and beverage Services:
  - Free Breakfast (included in accommodation)
  - Daily dish service (lunch or dinner)
  - Special meals (for tourist groups) such as Jordanian Mansaf and Zarb
  - Cold and hot drinks, appetizers, snacks and seasonal fruits around the clock
  - Open Lounge (tent) with Arabic seating
  - Overnight party with Arabic Art.
  
- ❖ Other services:
  - Free car parking
  - Free internet connection (WiFi)
  - Sightseeing tours to tourist sites (with or without a tour guide) on foot or using mountain cars.



### **3.3 The Current Market of Tourism Sector**

Modern tourism is a major booster of economic and social development in any country. The World Tourism highlights Report of 2016 shows that the number of world tourists in 2015 increased by 4.6% over 2014, the highest ratio was in East Asia at 6%, while this ratio amounts to only 2% in the Middle East. On the other hand, recreation tourism accounted for 53% of the total volume of incoming tourism worldwide, followed by religious and therapeutic tourism which accounted for 27% and business tourism by 14%. The Kingdom has witnessed a regression in the number of visitors (according to the report of 2014) by 5.7% in 2015, as the number of visitors decreased from 3.990 million visitors in 2014 to 3.763 million in 2015, while compared to Lebanon and Qatar that have witnessed a rise of 12.11% and 3.7% respectively in the Arab Region.

Madaba Governorate has a number of important archaeological sites in the Kingdom and is famous for mosaics and ancient churches. The most prominent archaeological and tourist sites in the governorate are Mount Nebo, which is located near Madaba at a distance of 10 km and at whose top a building constructed by the monks of the Verdisan in order to protect the magnificent mosaic paintings dating back to the 4<sup>th</sup> and 6<sup>th</sup> centuries. A small church was built in this location by the early Christians in 393 AD which is separated from the 4<sup>th</sup> century building by only a few blocks of limestone with some of the mosaic floor.

Another important tourist site in Madaba Governorate is the St. George Orthodox Church (Church of the Map) which is located in the northwest of the city center. The church was built in 1896 on the ruins of a very old Byzantine church of the 6<sup>th</sup> century. The mosaic map is about 15.6 meters long and 6.94 meters wide. The map is rich in brightly colored local stones and drawings of hills, valleys, villages and towns which lead to the Nile Delta, but only about a quarter of these drawings are preserved over time.

The Governorate also includes Mukawir, which is only one hour away from Madaba along the King's Highway which is abounding in charming landscapes. At the top of the hill is Mukawir Castle, also known as Herod's Great Castle. After Herod's death, his son Herod Antipas inherited the castle, and in this place he ordered to behead John the Baptist after Salome's dance.

In addition, the Ma'in Hot Springs are, about 30 km to the south near the town of Madaba where the mineral springs gush; its hot water is effective for the treatment of some neurological and skin diseases.

### **3.4 Demand Analysis**

The demand for camp services depends on the following factors:

- Number of visitors to Mukawir.
- Number of visitors to other tourist location in Madaba
- Number of visitors to the Kingdom.
- School and university trips.
- Group tourism activity (internal and external tourism).
- Easy access to the site and its nearness to the target groups.
- Security and political stability.
- The degree of economic growth and increased incomes.
- The annual seasonality, as Arab and local tourism increases in the summer months, while international tourism (inbound tourism) increases in the Spring and Autumn months.
- Holidays, as the demand, increases during weekends, holidays, and religious and social occasions, particularly for domestic tourism.

The volume and growth of demand for camp services is affected by the following factors:

- Level of service provided.
- The degree of excellence in providing services, types of food provided, and maintaining the level of service.
- Location and views.
- The internal and external design and the tidiness of the site.
- Nature of local competition (similar projects or competing hotels)
- Prices.
- Standing, reputation, and visitors' comments on the international websites

The demand for tourist camp services is measured as follows:

- The demand for accommodation in the camp is measured by the of occupancy rate of rooms (tents) and beds.
- The demand for food and beverage services is measured by the number of daily meals ordered by residents of the camp including individuals and tourist groups, or by visitors coming to Mukawir.
- Demand for other services of the camp is measured by a percentage of the demand resulting of the camp residents and visitors.

Analysis of demand for camp services indicates the following indicators:

**Accommodation Services**

**Table 7: Room Occupancy Rates in Accommodation Establishments and Camps in Amman, Madaba and across the Kingdom from 2010-2015**

Ratio	2010	2011	2012	2013	2014	2015	Average Rate
Occupancy rate of Madaba hotels	39%	27%	49%	29%	37%	31%	35%
Occupancy rate of Kingdom camps	20%	10%	11%	11%	10%	7%	12%
Occupancy rate of Amman hotels(3 and 4) Star	49%	43%	59%	43%	44%	40%	46%
Occupancy rate of Kingdom hotels	46%	41%	50%	44%	44%	38%	44%

Source: Ministry of Tourism and Antiquities, 2010-2015

Occupancy rates indicate a fluctuation in occupancy rates in accommodation establishments after 2010 due to the political situation in the region. The previous table indicates that there is a clear contrast between the occupancy rates in the tourist camps and hotels. Local tourism experts confirmed that the main reasons for this contrast are due to:

- The sharp regression of ecotourism witnessed by the Kingdom during the previous years of the inbound tourism, particularly as a result of the political instability in neighboring countries.
- The poor domestic ecotourism, which is due to the far distance between the current camps and Amman, especially camps in wadi Rum.
- The existence of some inefficient tourist camps, which depend on self-operating.
- The inaccuracy of the camp owners in reporting their actual occupancy rates.

The following tables show the number of overnight tourists and average length of stay in accommodation establishments according to the data of tourist establishments in Madaba and the Kingdom during the years 2010-2015:

**Table 8: Number of overnight tourists (Arrivals occupied nightstand and Average length of stay) and accommodation rates according to the data of the accommodation establishments all over the Kingdom and in the main areas 2010-2015**

	2010	2011	2012	2013	2014	2015
<b>Total Hotels</b>						
Number of Arrivals	2,650,684	2,241,171	2,405,116	2,434,847	2,419,871	1,894,094
Number of occupied beds (nights)	5,301,639	4,638,399	5,806,317	4,970,581	5,057,012	4,008,928
Number of occupied rooms	3,222,350	2,766,431	3,268,950	3,056,228	3,012,356	2,528,560
Average length of stay	2	2.07	2.41	2.04	2.09	2.12
Number of occupied nights/ Jordanian	823,987	953,051	1,037,019	1,204,462	1,286,733	1,189,454
Number of occupied nights/non-Jordanian	4,477,652	3,685,348	4,769,298	3,766,119	3,770,279	2,819,474
<b>Number of occupied beds in the main areas</b>						
Amman	3,222,409	2,859,615	4,010,442	3,029,093	2,979,709	2,559,555
Aqaba	934,147	943,356	959,338	1,093,575	1,114,920	852,768
Petra	504,282	297,562	268,589	263,133	286,384	115,263
Madaba	36,751	29,466	34,799	23,148	20,858	9,246
Dead Sea	490,549	422,807	460,955	486,042	581,269	417,926
<b>Number of occupied beds by category</b>						
Five Stars	2,150,354	1,949,528	2,163,490	2,222,113	2,327,275	1,660,959
Four Stars	996,764	919,380	1,122,480	878,095	1,063,012	866,997
three stars	709,115	582,309	919,617	655,934	592,810	424,699
Two stars	531,988	377,858	517,376	346,813	314,159	307,755
one stars	136,299	108,142	92,079	81,066	97,307	73,153
<b>Number of occupied beds in the camps</b>						
Number of Arrivals	41,058	19,203	19,365	21,434	15,858	11,824
Number of occupied beds (nights)	48,957	25,696	28,899	28,850	22,162	14,678
Number of occupied rooms	26,959	13,739	14,151	15,061	12,976	9,132
Number of occupied nights / Jordanian	3,761	1,399	1,906	1,866	784	1,248
Number of occupied nights / non-Jordanian	45,196	24,297	26,993	26,984	21,378	13,430

Source: Ministry of Tourism and Antiquities, 2010-2015

**Table 9: Distribution of Tourist Groups by Place of Residence in the Kingdom according to the Tourist Companies 2010-2015**

		2010	2011	2012	2013	2014	2015
<b>Number of groups' tourists and the beds in the kingdom and the key areas</b>							
Amman	Number of tourists	522,619	289,012	298,117	290,524	301,820	199,600
	Number of tourist nights	1,382,818	697,239	769,436	747,383	810,732	485,136
	Average length of stay	2.65	2.41	2.58	2.57	2.69	2.43
Aqaba	Number of tourists	385,396	188,633	202,771	198,527	213,137	125,328
	Number of tourist nights	730,600	343,749	364,077	364,044	409,551	219,569
	Average length of stay	1.9	1.82	1.8	1.83	1.92	1.75
Petra	Number of tourists	210,954	131,777	122,573	115,784	119,521	63,511
	Number of tourist nights	560,290	441,173	400,619	411,585	421,968	214,072
	Average length of stay	2.66	3.35	3.27	3.55	3.53	3.37
Dead Sea	Number of tourists	130,669	72,632	84,805	86,574	96,710	60,977
	Number of tourist nights	357,094	218,915	246,790	241,395	251,153	149,959
	Average length of stay	2.73	3.01	2.91	2.79	2.6	2.46
Wadi Rum	Number of tourists	84,430	40,507	48,966	41,983	49,045	25,077
	Number of tourist nights	100,766	50,914	61,404	56,776	69,051	31,759
	Average length of stay	1.19	1.26	1.25	1.35	1.41	1.27
Madaba	Number of tourists	12,455	7,939	11,368	10,015	11,293	5,596
	Number of tourist nights	23,373	15,857	26,655	19,165	21,500	10,240
	Average length of stay	1.88	2	2.34	1.91	1.9	1.83
Ma'in	Number of tourists	3,439	2,598	2,128	2,882	8,000	1,849
	Number of tourist nights	8,563	6,507	6,203	7,466	20,882	4,084
	Average length of stay	2.49	2.5	2.91	2.59	2.61	2.21
Kingdom	Number of tourists	1,364,200	741,818	779,746	756,333	809,691	487,797
	Number of tourist nights	3,189,618	1,787,694	1,890,357	1,864,449	2,019,901	1,125,159
	Average length of stay	2.34	2.41	2.42	2.47	2.49	2.31

Source: Ministry of Tourism and Antiquities, 2010-2015

It is noted from the previous tables that:

- The volume of tourism in 2015 decreases from 2010 by approximately 64% all over the Kingdom and 54% at the level of Madaba, due mainly to the political instability in neighboring countries, as mentioned earlier.
- The number of tourist nights recorded through tourist groups in Wadi Rum (which is only tourist camps) is more than twice the number of nights reported by the tourist camps in the Kingdom, which confirms the inaccuracy of the camp owners in reporting their actual occupancy rates. This matter indicates that the occupancy rates in the camps are higher than those officially published and can be estimated to be equivalent to the abovementioned general occupancy rates in the Kingdom.

However, this regression in tourism performance began to decrease gradually as of the beginning of 2016. The preliminary data on the number of tourists arrivals and occupied nights rates in the accommodation establishments in Madaba and the Kingdom by the end of the third quarter (the month of September) of 2016 indicates that the tourism situation began to improve and the accommodation rates began to increase compared to the same period in 2015. The number of nights occupied has increased by 21% all over the Kingdom, 15% in Madaba, 32% in the Dead Sea and 50% at the camp level, as mentioned in the following table.

**Table 10: Number of overnight tourists (arrivals occupied nights and length of stay) according to the data of the accommodation establishments in the Kingdom and in the main areas by the end of the third quarter (September) 2015-2016**

	2015*	2016**	Ratio of change
<b>Total Hotels</b>			
Number of Arrivals	1,440,581	1,674,768	16.30%
Number of occupied beds (nights)	2,993,502	3,628,999	21.20%
Number of occupied rooms	1,627,985	1,875,493	15.20%
Accommodation rate for the tourist	2.08	2.17	4.30%
Number of occupied nights /Jordanian	946,282	1,435,164	51.70%
Number of occupied nights /non-Jordanian	2,047,220	2,193,835	7.20%
<b>Number of occupied beds in the main areas</b>			
Amman	1,792,487	1,848,691	3.10%
Aqaba	736,085	1,152,687	56.60%
Petra	85,733	122,996	43.50%
Madaba	4,322	4,976	15.10%
Dead Sea	343,324	453,281	32.00%
<b>Number of occupied beds as Category</b>			
Five Star	1,486,757	1,628,126	9.50%
Four Star	662,164	812,571	22.70%
Three Star	280,713	307,501	9.50%
Two Star	205,359	512,648	149.60%
One Star	38,731	49,012	26.50%
<b>Number of occupied beds in the camps</b>			
Number of guests	9,891	16,202	63.80%
Number of occupied beds (nights)	12,339	18,529	50.20%
Number of occupied rooms	6,333	10,932	72.60%

Source: Ministry of Tourism and Antiquities, 2016

\* Data as of 30/9/2015

\*\* The data is preliminary until 30/9/2016

This is also confirmed by a group of experts and workers in the field of tourism. During field visits and interviews with a group of stakeholders, both owners of tourism companies and tourist guides operating during the years 2010-2015, they explained that the tourism sector began to improve in 2016, which means that the camp will be launched during the period of recovery and development of the tourism situation in Jordan in general and Madaba in particular, the matter which helps the camp to withstand any fluctuations in the market.

**Number of visitors to tourist and archaeological sites**

**Table 11: Number of visitors to various tourist and archaeological sites in Madaba and nearby areas during 2010-2016**

Number Visitors	Years						Third quarter	Third quarter	Relative change
	2010	2011	2012	2013	2014	2015	2015	2016	2015/16
Madaba Map	399,057	217,518	212,550	207,021	208,959	129,485	89,492	95,327	6.50%
Mount Nebo	394,993	207,821	189,188	173,210	167,904	106,316	72,483	74,310	2.50%
Madaba Visitors Center	228,636	110,991	92,272	93,066	101,141	72,149	46,904	44,575	-5.00%
Madaba Museum	23,500	13,300	15,650	18,575	19,050	13,987	10,100	6,750	-33.20%
Mukawir	18,638	13,884	13,143	10,871	12,181	9,770	7,438	6,608	-11.20%
Al-Maghtas	160,673	97,530	88,662	86,339	91,555	65,990	47,108	54,628	16.00%
Dead Sea Panorama	16,873	15,611	16,500	13,562	35,150	28,400	21,900	33,701	53.90%
Umm al-Rasas	14,834	12,165	10,817	13,102	15,945	8,352	5,844	4,936	-15.50%

Source: Ministry of Tourism and Antiquities, 2010-2016

The previous table shows the increase in the number of visitors to the region during 2016, particularly the tourists pertaining to religious tourism, which is concentrated in the Church of the Map (6.5%), Mount Nebo (2.5%) and Al-Maghtas (16%). Those visitors are the categories targeted to stay in the camp or at least to benefit from food and beverage services and have a rest during their visit to the area. In addition, there is a clear increase in the number of visitors to the Dead Sea Panorama area, which is close to the proposed location of the camp.

### Internal (domestic) tourism

In addition to targeting the inbound tourists, particularly the heritage and religious tourism, the project will also target domestic tourism from the local visitors who wish to spend quiet evenings in an atmosphere far from the noise of the city. The number of nights occupied in camp tourism for Jordanians increased by approximately 60% in 2015. Furthermore, in the third quarter of 2016, the number of nights occupied by Jordanians in accommodation establishments increased by 52%, confirming the Jordanian citizen's tendency towards domestic tourism, particularly after the closure of many of the surrounding Arab tourism markets, especially Syria and Lebanon.

On the other hand, the project will target students of private schools, colleges and universities through tourist groups in cooperation with tourist companies or through school and university trips. The number of private schools with students from grade seventh to 12<sup>th</sup> grade in the governorates and areas, which are near Madaba facilitating the arrival of school trips to the camp site, reached up to 483 schools, with 200 schools in the secondary stage, according to the Ministry of Education, for the school year 2013/2014.

**Table 12: Private schools with grades from grade 7 to grade12 in the project target areas**

Governorate	Primary stage		Academic and vocational stage		Total	
	Number of schools	Number of students	Number of schools	Number of students	Number of schools	Number of students
Capital/Amman	192	60607	156	110061	348	170668
Zarqa	53	16431	21	10577	74	27008
Balqa	24	7844	12	5941	36	13785
Kark	8	1871	3	1350	11	3221
Madaba	6	1783	8	4000	14	5783
<b>Total</b>	<b>283</b>	<b>88536</b>	<b>200</b>	<b>131929</b>	<b>483</b>	<b>220465</b>

Source: Ministry of Education, 2013/2014

About 220,000 students are enrolled in these schools, but this number includes all students in these schools, including those in grades which are below grade 7. The number of students expected to be targeted (enrolled in grades 7 and above) in the private schools was estimated through the statistical report for the school year 2014/2015 issued by the Ministry of Education. The actual number of students expected in the 483 schools in the regions and governorates near the project site amounts to 82,000 students studying in 4 thousand class rooms, with the capital having the largest percentage accounting for about 71% followed by Zarqa with 14%, as follows:



**Table 13: Number of students and classrooms from grade 7 to grade 12 in private schools in the Kingdom**

School stage	Number of students	Number of classrooms
7 <sup>th</sup> grade until the tenth	80,323	3,858
Secondary stage	26,385	1,416
Total targeted grades (in the Kingdom)	106,708	5,274
Total for the private schools in the Kingdom	473,895	23,365
Ratio of the targeted grades for the private schools (in the Kingdom)	22.50%	22.60%

Source: Ministry of Education, 2014-2015

**Table 14: Number of students and classrooms in the targeted schools from grade 7 to grade 12 in private schools in the Kingdom**

Area	Number of students	Number of classrooms
Total number of students and classrooms in the targeted areas (all grades)		
Capital	260,650	12,689
Zarqa	49,186	2,547
Balqa	31,648	1,592
Karak	10,323	561
madaba	11,841	516
<b>Total</b>	<b>363,648</b>	<b>17,905</b>
Ratio of number of students and classrooms for targeted grades	22.50%	22.60%
Total number of estimated students and classrooms in the targeted areas (from the seventh grade to the higher)		
Capital	58,691	2,864
Zarqa	11,075	575
Balqa	7,126	359
Karak	2,324	127
madaba	2,666	116
<b>Total</b>	<b>81,883</b>	<b>4,042</b>

Source: Ministry of Education, 2014/2015, calculation of the study team.

The following table shows the numbers of educational institutions and students in the private community colleges within the targeted areas as well as the public and private universities during the academic year 2014-2015. The table shows the large number of the students targeted to visit the camp, whether for overnight or visiting and spending quiet Bedouin evenings in an atmosphere which is far from city noise.

**Table 15: Number of educational institutions and students in targeted Jordanian community colleges and universities**

Type of Educational institution	Number of institutions	Number of students		
		Males	females	Total
Targeted community colleges	12	4781	3398	8179
governmental universities	10	92384	121809	214193
private universities	20	48078	28062	76140
Total universities	30	140462	149871	290333
<b>Total Educational Institutions</b>	<b>42</b>	<b>145243</b>	<b>153269</b>	<b>298512</b>

Source: Ministry of Higher Education and Scientific Research, Statistical Report 2014/2015

### 3.5 Supply Analysis

The supply of services provided by the project shall be subject to the following factors:

- Number of accommodation entites in Madaba Governorate
- Number of similar camps in the governorate
- Number of accommodation facilities in tourist areas
- Number of accommodation establishments located in the nearby tourist areas, the most important of which are the Ma'in Hot Springs and Dead Sea areas
- Number of similar tourist restaurants

The following table shows the numbers and types (classification) of competing accommodation entities (hotels) in the region and in the neighboring areas, their capacity and the number of employees therein in 2016. It is noticed that there is no competitive tourist camps. On the other hand, 70% of the hotel capacity is in the 5 star hotles category, which is visited for therapeutic tourism, and not the religious and heritage tourism. This type visitors monthly looks for luxury stay, which means it is a targeted by the project.

**Table 16: Number of Competitive Accommodation Institutions and the number of beds, and employees by nationality and classification of 2016:**

Region	Category	Number of accommodation establishments (hotels)	Number of suites	Number of rooms	Number of beds	Number of Jordanian employees		Number of non-Jordanian employees		Total employees
						Males	Females	Males	Females	
Dead Sea	Five star	6	88	1,697	3,100	2,090	169	38	167	2,464
	Four star	2	14	434	682	366	17	5	9	397
	Two star	1	4	14	25	9	0	3	0	12
	<b>Total dead sea</b>	<b>9</b>	<b>106</b>	<b>2,145</b>	<b>3,807</b>	<b>2,465</b>	<b>186</b>	<b>46</b>	<b>176</b>	<b>2,873</b>
Ma'in	Four star	1	19	109	145	178	14	17	17	226
	<b>Total Ma'in</b>	<b>1</b>	<b>19</b>	<b>109</b>	<b>145</b>	<b>178</b>	<b>14</b>	<b>17</b>	<b>17</b>	<b>226</b>
Madaba	Three Star	1		33	66	14	8	2	0	24
	Two star	1		57	120	8	2	0	0	10
	One star	4	0	86	172	14	1	3	0	18
	apartments	1	8	12	22	3	0	0	0	3
	Hotels unclassified	3	0	28	58	4	1	0	0	5
	<b>Total Madaba</b>	<b>10</b>	<b>8</b>	<b>216</b>	<b>438</b>	<b>43</b>	<b>12</b>	<b>5</b>	<b>0</b>	<b>60</b>
Total competitors	Five star	6	88	1697	3100	2090	169	38	167	2464
	Four star	3	33	543	827	544	31	22	26	623
	Three star	1	0	33	66	14	8	2	0	24
	Two star	2	4	71	145	17	2	3	0	22
	One star	4	0	86	172	14	1	3	0	18
	apartments	1	8	12	22	3	0	0	0	3
	Hotels unclassified	3	0	28	58	4	1	0	0	5
	<b>Total competitors</b>	<b>20</b>	<b>133</b>	<b>2,470</b>	<b>4,390</b>	<b>2,686</b>	<b>212</b>	<b>68</b>	<b>193</b>	<b>3,159</b>

Source: Ministry of Tourism and Antiquities, 2016 / \* Preliminary data until 30/9/2016

The following table shows the number of tourist activity by location near the project for 2016. Some of these institutions are considered as competing institutions for the project, further directly or indirectly.

**Table 17: Number of tourist activities by location of the project 2016**

Region	Hotels	Travel agents	Tourist restaurants	Vehicle Rent Offices	Tourist shops	Total all activities
Dead sea	9	-	12	-	15	36
Ma'in Hot Springs	1	-	-	-	-	1
madaba	10	13	20	1	65	109
<b>Total</b>	<b>20</b>	<b>13</b>	<b>32</b>	<b>1</b>	<b>80</b>	<b>146</b>

Source: Ministry of Tourism and Antiquities, 2016 / \* Preliminary data until 30/9/2016

When analyzing demand and supply trends of the project services, the following is noted:

- The project does not face significant competition in accommodation services where there is no similar tourist camp in the area, while Madaba hotels do not provide the camp services.
- Although there are many tourist restaurants in and around Madaba (about 32 restaurants), the camp will offer Bedouin-style meals such as mansaf, zebra, etc., which characterize the tourist camps and are not usually served in local restaurants, where the latter focus on Lebanese meals.
- On the other hand, occupancy rates in classified restaurants are still very high in summer days and are acceptable on winter days, which confirm the project's ability to generate revenues from this activity. However, an acceptable rate will be adopted as the camp restaurant revenues taking into consideration potential competition.
- Accordingly, the competition that can be faced by the project is relatively limited because of the excellence of the project in terms of providing integrated services of accommodation, food and beverage, and tourism service in a distinct atmosphere not available in other institutions.

### 3.6 Price Analysis

A field market study was conducted on the prices of hotels and tourist restaurants in Madaba in order to provide a clear vision of the state and prices of competing hotels, and restaurants, and sales prices that may be adopted for the project. The study showed the following:

**Table 18: Average sales price for the project services in similar projects**

Item	Average Selling Price (JD)
A room average daily rate - 3 star hotel	JD50 (\$ 70)
A room average daily rate - 2 star hotel	JD32 (\$ 45)
A room average daily rate - a 1 star hotel	JD25 (\$ 35)
Price average the meal in tourist restaurants per person	JD20
Vehicle rent rate (4 x 4)	JD70
Other revenues in accommodation establishments	%25 of room revenues

### **3.7 Marketing Strategy**

#### **Target Market**

The project targets the following customers:

- Foreign tourism, especially religious and heritage tourism, whether through tourist groups or individual tourists
- The Arab tourists and the Jordanian expatriate, especially in the summer months
- Domestic tourism that includes individuals, families, and groups of schools, colleges and universities students

#### **Expected Services and Products**

The expected project services include the following:

- Accommodation within the camp (individuals or groups)
- Traditional food and beverage services (Mansaf, Zarb, etc.)
- Nighttime with storey tells, folk songs and / or the tunes of Rababa
- Round trips (with or without a tour guide) using mountain bikes.
- The opportunity to relax and meditate away from the noise of the city

The project will provide a unique set of services which puts the visitor in an atmosphere that simulates the Bedouin environment and the wonderful nature through:

- Focus on quality of services, products and materials
- Permanent and continuous cleanliness
- implement the rules of hygiene, health and public safety
- Continuous maintenance of equipment
- Paying attention to the proper appearance of employees
- Paying attention to good and decent treatment for customers
- Immediate provision of customer service
- Providing services in accordance with the presented standards
- Familiarity with culinary arts and the way food, specially heritage food, is served
- Maintaining the cleanliness of used tools, furniture and various facilities and equipment
- Applying the rules of room service
- Applying rules for the preparation and serving of dishes
- Credibility in dealing with customers

### Expected Prices

The pricing policy of the project is based on the provision of its services at competitive prices close to market prices and similar camps in similar remote areas such as Rum, Petra and Dana camps. The price strategy of the project will include the provision of services at the following prices:

**Table 19: Average selling price per project**

Item	Average selling price (JD)
Average Daily Rate for the room	JD 45
Price average of the meal for the person in tourist groups for the daily visit (lunch/dinner with an evening) at a rate of 30 people	JD 15
Delivery service to tourist sites return trip (4x4)	JD 10
Delivery service to tourist sites (4x4) with driver	JD 75
Earnings of food and drink for residents (Ratio of accommodation earnings)	%35
Other earnings (Ratio of accommodation earnings)	%15

### Promotion

The promotion policy of the project depends on the following aspects:

- Creating a website and a social media page
- Printing paper and electronic brochures about the project and the history of the region
- Advertising through Jordanian and international tourist web sites (such as the Tourism Promotion Authority and Trip Advisor)
- Directing promotion to schools, colleges and universities through communication with their management
- Attracting tourist groups either from inbound tourism or from local tourism through tour agents
- Advertisements in local newspapers to attract Jordanian citizens
- Placing billboards at Queen Alia International Airport and on the main roads (Amman - Madaba) and within the city of Madaba

### Selling

The sales policies of the project are based on the following aspects:

- Direct reception at the project site
- Bookings by telephone or through social media pages including schools, colleges and universities
- Selling and booking through the project website
- Selling and booking through specialized sites such as Booking.com and hotels.com
- Contracts for (inbound and local) tourist groups with the tour operators and travel agents signing.

### 3.8 Expected market share

#### Expected Sales

Based on the supply and demand data, it is expected that the project will be able to achieve higher occupancy rates than the existing levels in the Kingdom because of its proximity to the targeted areas, which are eager for such services, as follows:

**Table 20: Market share of the project**

	The first year	Progress
Room (tents) occupancy rate from tourism	40%	Increasing %5 the second year and %10 the third year, reaches on wards %55
Number of tourist groups at a rate of 30 people in the group (lunch or dinner with an evening party)	100	Up to 120 in the third year on wards
Food and beverage earnings from residents (Ratio of accommodation revenues)	35%	of accommodation, revenues
Other earnings (Ratio of accommodation revenues)	15%	of accommodation, revenues

The following table shows the expected sales revenues of the project during the first five years of operation.

**Table 21: The Project's expected sales**

Statement	First year	Second year	Third year	Fourth year	Fifth year
Number of tents	40	40	40	40	40
Tent rent rate(JD)	45	46	48	49	51
Occupancy rate	40%	45%	55%	55%	55%
<b>Tents earnings(JD)</b>	<b>262,800</b>	<b>304,520</b>	<b>383,356</b>	<b>394,857</b>	<b>406,703</b>
Number of groups for a year	100	110	120	120	120
Number of peoples for a group	30	30	30	30	30
Price of the meal (JD)	15	15	16	16	17
<b>Groups earnings(JD)</b>	<b>45,000</b>	<b>50,985</b>	<b>57,289</b>	<b>59,007</b>	<b>60,777</b>
Food and beverage ratio	35%	35%	35%	35%	35%
<b>revenues of food and beverage(JD)</b>	<b>91,980</b>	<b>106,582</b>	<b>134,175</b>	<b>138,200</b>	<b>142,346</b>
Ratio of other revenues	15%	15%	15%	15%	15%
<b>Other revenues(JD)</b>	<b>39,420</b>	<b>45,678</b>	<b>57,503</b>	<b>59,229</b>	<b>61,005</b>
<b>Total revenues – (thousand JD)</b>	<b>439</b>	<b>508</b>	<b>632</b>	<b>651</b>	<b>671</b>

## 4. Technical Study

### 4.1 The Designed Project Capacity

The following table shows the design capacity of the project. The design capacity of the project is 40 tents, including 15 royal (Deluxe) tents and 25 luxury tents, as well as the tents of the reception hall, the royal restaurant and the Arabic Jalsa.

**Table 22: Design capacity of the project**

Item	Number
Luxury tents	25
Royal (Deluxe) average tents (with private bath)	15
Tent area (Luxury or royal tents)	40 m <sup>2</sup>
Reception tent area	125 m <sup>2</sup>
the royal restaurant tent area	225 m <sup>2</sup>
Coffee shop area ( open beduin tent)	50 m <sup>2</sup>

The following table shows the areas required for the project. In order to reach the design capacity, it is necessary to lease a 10,000 m<sup>2</sup> plot of land from the competent relevant municipality, establish civil works for the management, kitchen and public facilities, and establish accommodation tents, Arab seetings, and restaurant and reception tents with Bedonin theme.

**Table 23: Areas required for the project**

Item	Unit (m <sup>2</sup> )
Land	10,000
Construction buildings	250
Tents of accommodation, reception, restaurant and the coffee shop	2,000
External works (paving and parking)	1,000



## 4.2 The Required Fixed Assets

The following table shows the financial resources required fixed for the project assets:

**Table 24: The Required financial resources for fixed assets**

Article	Unit	Unit Price	Value By JD
Land m2 (leased)	10,000	-	-
Tents and furniture (with restaurant, reception hall and lounge)	40	10,000	400,000
Landscape development	1,000	20	20,000
Construction works	250	300	75,000
Miscellaneous equipment and fixtures	40	2,500	100,000
Transport vehicles	3	20,000	60,000
Mountain cars	10	7,000	70,000
Information Technology	1	10,000	10,000
Other	1	10,000	10,000
<b>Total</b>			<b>745,000</b>

\* The figures were estimated based on market study findings.

## 4.3 The Required Human Resources

The following table shows the human resources required for the project. The number of required employees is about 23 employees, with total salaries of JD 133.2 thousand.

**Table 25: The Human Resources Required for the Project:**

	Number of Employees	Monthly Salary (JD)	Total Annual Salary (JD)	Operational Salary Annual (JD)	Administrative Salary Annual (JD)
Director general	1	1,500	18,000	-	18,000
Accountant / treasurer	2	500	12,000	-	12,000
Main Chef	2	1,000	24,000	-	24,000
Purchases and warehouses workers	3	400	14,400	-	14,400
Receptionist	1	300	3,600	-	3,600
chef assistant	2	500	12,000	12,000	-
Waiter / Admin	5	400	24,000	24,000	-
Room service, security	7	300	25,200	25,200	-
<b>Total</b>	<b>23</b>	<b>-</b>	<b>133,200</b>	<b>61,200</b>	<b>72,000</b>

The following table shows the job description for the jobs required in the project.

**Table 26: The general description of the jobs required for the project:**

Job	Job Description
Director General	<ul style="list-style-type: none"> <li>▪ Plan, organize, coordinate and control everything related to the internal management of the company</li> <li>▪ participate in determining the company policy and managing everything related to work</li> <li>▪ Develop and implement marketing plans and achieve targeted sales</li> <li>▪ Review the reports received by the Management, oversee the process of analysis, study the problems that arise and develop solutions to them</li> <li>▪ Supervise the technical and administrative employees and raise their efficiency</li> <li>▪ Consider the application of occupational safety and health regulations</li> </ul>
The main chef	<ul style="list-style-type: none"> <li>▪ Manage work schedules for kitchen workers and distribute kitchen tasks</li> <li>▪ Participate in the design of menus and write the order of supply of fresh food (vegetables, fruits) in quantity and quality in line with the applicable menu</li> <li>▪ Propose the necessary training programs to raise the efficiency of the staff and to address the deficiencies and problems that arise</li> <li>▪ Conduct periodic maintenance programs for kitchen equipment and follow up the repairs in cooperation with the concerned technicians</li> <li>▪ Ensure that the cooks implement the cooking methods</li> <li>▪ Identify pest and rodent control, programs in the kitchen</li> <li>▪ Ensure that all employees in the kitchen apply the approved safety, health and quality rules</li> </ul>
Receptionist	<ul style="list-style-type: none"> <li>▪ Receive customers and register their data in the residence records</li> <li>▪ Ensure that the section in which he/she works is clean</li> <li>▪ Direct customers to different divisions of the camp according to their needs</li> <li>▪ Do the billing and receive payments from customers upon checkout</li> <li>▪ Provide (submit) the amounts received to the treasurer</li> </ul>
treasurer	<ul style="list-style-type: none"> <li>▪ Receive cash from customers or reception according to invoices</li> <li>▪ Preserve the money and deposit it in the approved bank</li> </ul>
Accountant	<ul style="list-style-type: none"> <li>▪ Establish the accounting records, and prepare the monthly account statements to be sent to clients (travel agents) and suppliers</li> <li>▪ Review and reconcile balances of bank accounts in the financial records with the accounts statements of these banks</li> </ul>
Waiter	<ul style="list-style-type: none"> <li>▪ Oversee the operations of the division under his responsibility</li> <li>▪ Receive customers in the restaurant or lounge and direct them to sit in the convenient place</li> <li>▪ Maintain the order and cleanliness of the division where he/she</li> </ul>

Job	Job Description
	<p>works, and prepare tables and seatings</p> <ul style="list-style-type: none"> <li>▪ Have full knowledge of the menu to respond to any inquiries by guests</li> <li>▪ Receive customers' requests and deliver them to the kitchen</li> <li>▪ Check items before serving them to customers</li> <li>▪ Immediately report any breakdowns or break of equipment</li> </ul>
chef assistant	<ul style="list-style-type: none"> <li>▪ Help the main chef process and prepare meals</li> <li>▪ Implement the work ensuring the application of optimal cooking practices</li> <li>▪ Apply the approved safety, health and quality standards</li> </ul>
Procurement Coordinator/Warehouse Supervisor	<ul style="list-style-type: none"> <li>▪ Organize and maintain records and forms of the Procurement Department and input relevant data</li> <li>▪ Participate in the planning process and preparation of executive programs for the Procurement Department</li> <li>▪ Ensure that suppliers are able to meet the purchase requirements and requests for quotation</li> <li>▪ Prepare supplier`s ledger and procurement department budget</li> <li>▪ Oversee the issuance of purchase orders for materials upon reaching the reorder point in stock.</li> <li>▪ Follow-up the preparation of inventory cards with registration of the necessary information on them, and constantly update same.</li> <li>▪ Register and re-receive the items and material in custody with employees taken from the warehouse according to procedures</li> <li>▪ Hold responsibility for warehouse assets</li> <li>▪ Apply the principles of public safety and occupational health in the warehouse</li> <li>▪</li> </ul>
Administrative Employee	<ul style="list-style-type: none"> <li>▪ Assist in all aspects of administrative organization and coordination between departments and divisions for solving administrative and operational issues on a daily basis</li> <li>▪ Schedule and coordinate meetings, interviews, events and other similar activities</li> <li>▪ Send and receive mail, and parcels and prepare correspondences</li> <li>▪ Keep and update personnel files</li> </ul>
Room Service worker	<ul style="list-style-type: none"> <li>▪ Maintain the cleanliness of the rooms and their readiness according to the approved standards</li> <li>▪ Report any malfunctions in the rooms (tents)</li> <li>▪ Request materials from the warehouse to ensure that customers' needs and convenience are met</li> <li>▪ Accompany customers to and from the rooms and carry their luggage</li> <li>▪ Maintain the cleanliness of public facilities and landscapes in the camp</li> </ul>
Security Officer	<ul style="list-style-type: none"> <li>▪ Guard the camp site</li> <li>▪ Ensure the security and safety of visitors and guests</li> </ul>

#### 4.4 Special Requirements

The following table shows the general requirements of accommodation institutions (including camps) that must be taken into consideration for the development and implementation of the project.

**Table 27: General and special requirements for classified tourist camps**

Statement	Conditions
Instructions And Applicable Laws	Satisfaction of the conditions stipulated in the applicable Laws and instructions on the Ministry's website (mota. gov. jo): <ul style="list-style-type: none"> <li>▪ Tourism Law No. 20 of 1988 and its amendments</li> <li>▪ Hotel and Tourism Facilities Law No. 7 of 1997</li> <li>▪ Instructions for hotel and tourist establishments, restaurants, tourist resorts, nightclubs and professional duties for the year 1999</li> </ul>
The Required Documents	<b>Initial approval</b> <ul style="list-style-type: none"> <li>▪ Application to approve the establishment of a hotel project</li> <li>▪ Ownership document or lease contract for the property</li> <li>▪ Site planner</li> <li>▪ Land scheme</li> <li>▪ Initial certified architectural drawings</li> <li>▪ A commercial register, trade name or trademark</li> </ul> <b>Final Classification</b> <ul style="list-style-type: none"> <li>▪ A copy of the final architectural drawings (as built) on paper or electronic disk format</li> <li>▪ Municipality approval</li> <li>▪ Civil Defense approval</li> </ul>
Building	<ul style="list-style-type: none"> <li>▪ The exterior design should be inspired by the area where the camp is located</li> </ul>
Parking	<ul style="list-style-type: none"> <li>▪ Adequate number of parkings within or outside the camp campus</li> </ul>
Types Of Entries	<ul style="list-style-type: none"> <li>▪ Customer Entrance</li> <li>▪ Services entrance</li> <li>▪ A separate entrance for people with special needs</li> </ul>
Services	<ul style="list-style-type: none"> <li>▪ Reception area: means availability of special place to receive customers where they can rest and wait until receiving the room</li> <li>▪ Accommodation service: means receiving all passengers and customers who can pay fees in return for accommodation and services, and providing them with accommodation available in the hotel and tourist establishment without favoritism.</li> <li>▪ Food and beverage service: This means providing at least breakfast service, with the possibility of providing food and beverage services for rooms, or lunches and dinners; and not employing anyone in the processing and serving of food and beverage prior to obtaining a Disease-free certificate.</li> <li>▪ The camp shall announce in all the dining halls, reception halls and rooms the prices charged for each service or meal in both Arabic and English, and abide by same</li> </ul>

Statement	Conditions
Public Utilities	<ul style="list-style-type: none"> <li>▪ Kitchen: The availability of a place for food preparation, taking into consideration public health and safety rules</li> <li>▪ Toiletries: The availability of at least one toilet for every 10 rooms (or part of it) when the rooms do not have their own toilet in the guest room area of the hotel. This toilet contains hooks for hanging clothes, running water, ventilation and lighting, with a washbasin and clearly detached from public bathroom facilities</li> <li>▪ Public bathrooms: At least one public bathroom per 10 rooms (or part of them). The rooms must have private bathroom facilities in the hotel's guest room area. This bathroom has cold and hot running water all the time, a seating area, ventilation and lighting, and is clearly detached from public toilets</li> <li>▪ Providing a safety deposit box for guests, which shall be announced in the reception hall in both Arabic and English</li> <li>▪ Providing public safety and protection requirements and maintaining same</li> </ul>
Management And Employees	<ul style="list-style-type: none"> <li>▪ The establishment's entire facilities and accessories shall be subject to a unified management</li> <li>▪ The management shall take into account the public health of guests and not to employ anyone in the processing and serving of food and beverage prior to obtaining a Disease-free certificate</li> <li>▪ The uniform of the workers shall be made according to the nature of their work, and the general theme of the establishment shall be maintained.</li> <li>▪ The management shall ensure employing qualified cadres through the preparation and implementation of management, hotel and tourism training programs, as well as hotel and the tourist marketing and promotion programs.</li> </ul>
Records	<ul style="list-style-type: none"> <li>▪ Keeping a record of the following minimum required information: <ul style="list-style-type: none"> <li>– Guests, Full name</li> <li>– Address of residence</li> <li>– Gender and place and date of birth</li> <li>– Nationality: The number and date of issuance of the guests passport (or identity card in case of Jordanian), the number and date of issuance of the visa to enter Jordan, and from where he/she came and where to he/she travels in the case of foreign travelers</li> </ul> </li> <li>▪ This record shall be subject to the review of the ministry's authorized department representative or any licensed security officer</li> </ul>

### 4.5 The Required Licenses

The following table shows the licenses required to be issued from the different entities to implement the project.

**Table 28: The licenses required for the project**

Statement	Analysis
company registration	<ul style="list-style-type: none"> <li>▪ Ministry of Industry and Trade</li> </ul>
Initial approval	<ul style="list-style-type: none"> <li>▪ Jordan Engineers Association</li> <li>▪ Ministry of Tourism and Antiquities</li> </ul>
Establishment of the hotel	<ul style="list-style-type: none"> <li>▪ Municipality</li> </ul>
Approval to practicing the profession (6 months)	<ul style="list-style-type: none"> <li>▪ Ministry of Tourism and Antiquities</li> <li>▪ Municipality Civil Defense</li> </ul>
Classification	<ul style="list-style-type: none"> <li>▪ Ministry of Tourism and Antiquities</li> <li>▪ Jordan Hotels Association</li> </ul>
Actual operation	<ul style="list-style-type: none"> <li>▪ Municipality, Ministry of Health, Social Security Corporation,</li> <li>▪ Department of Income and Sales Tax</li> </ul>

### 4.6 Project Timetable

The following schedule shows the period required for the execution of the project at a total of 24 months, as follows:

**Table 29: Project Execution Period:**

Phase	First Year (months)												Second Year (months)											
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Rental of land																								
Studies and registration of the company																								
Initial approval																								
Construction and finishing																								
Equipping and furnishing																								
Approval to practicing of the profession (for six months)																								
Trial experimental operation and classification																								
<b>Total Period</b>	<b>24 Months</b>																							

## 5. Financial Study

### 5.1 Financial Assumptions

The following table illustrates the financial assumptions of the project.

**Table 30: The Financial Assumptions of the Project**

Item	Assumption
Inflation Rate	3%
Financing Structure	Equity constitutes 75% of the investment and loans constitute 25%
Interest Rate	9%
Working Capital	3 months of annual cost
Pre-Operating Expenses	2% of total investment
Tax Rate	20%
Exemptions	Fixed assets are exempted from customs and tax exemptions by 40% of the income tax
Basic operation expenses	5% of tents revenues, 25% of groups revenues, 25% of food and beverage revenues, and 10% of other revenues
Staff Benefits	25% of salaries
Annual Salaries Increase	5%
Staff Incentives	4% of revenues
Assets Depreciation Rate	4%-20% of the asset value
Maintenance Cost	1% of fixed assets
Growth Rate Of Expenses	3%
Electricity and Diesel Cost	5% of total revenues
Other Operation Expenses	JD 8 thousand, with 5% annually increase
Marketing Expenses	3% of total revenues
Accounts Receivable	1% of revenues
Inventory	20% of raw materials cost
Accrued expenses	5% of operation costs
Insurance Expense	JD 5 thousand, with 5% annually increase

## 5.2 Investment Cost

The project's Investment cost is estimated at JD 840 thousand distributed among fixed assets of JD 745 thousand, working capital of JD 79 thousand, and pre-operating expenses JD 17 thousand.

The following table shows the project's Investment cost.

**Table 31: the project's investment cost**

Item	Value (in thousand JD)
Fixed assets	745
Pre-operating expenses	17
Working capital	79
<b>Total</b>	<b>840</b>

## 5.3 Financing

The project will be financed with the shareholders by 75% which is estimated at about JD 629.7 thousand, while the other 25% of the project investment cost will be financed through bank loans of about JD 209.9 thousand.

The following table shows the financing structure for financing the project, where:

- The interest rate is 9%.
- The loan will be paid during 5 years.

**Table 32: Project financing schedule**

Item	Value (in thousand JD)	%
Equity	629.7	75%
Loan	209.9	25%
<b>Total</b>	<b>840</b>	<b>100%</b>



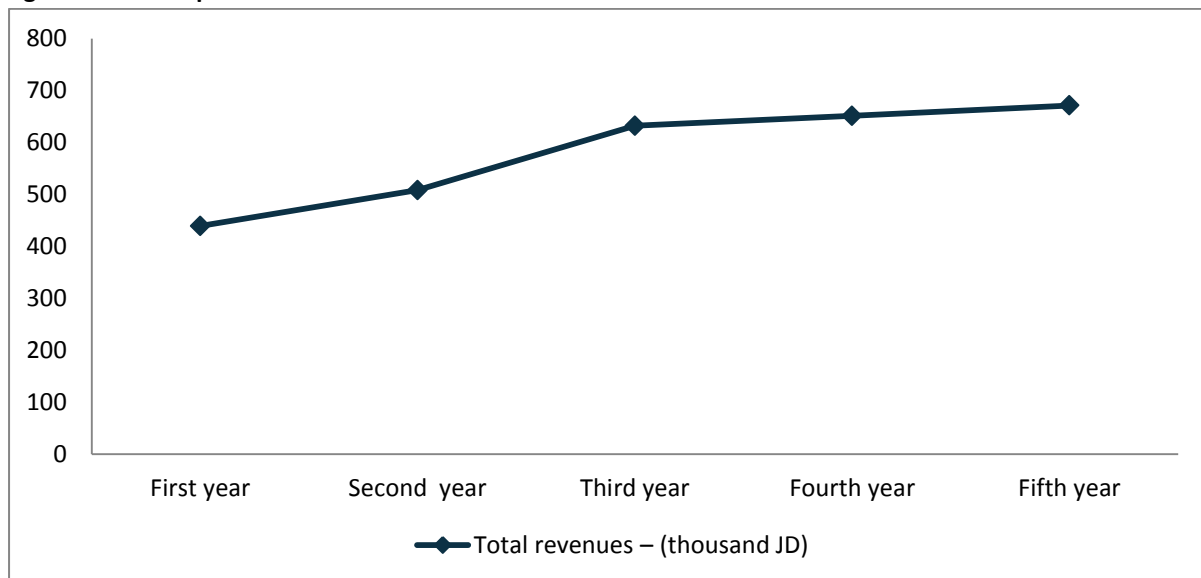
## 5.4 Revenues

The following table shows the total revenues of the project, where it is noted that the revenues in the first year amounts to about JD 439 thousand, and increased to reach up to JD 671 thousand in the fifth year.

**Table 33: The Expected Revenues**

Statement	First year	Second year	Third year	Fourth year	Fifth year
Number of tents	40	40	40	40	40
Tent rent rate(JD)	45	46	48	49	51
Occupancy rate	40%	45%	55%	55%	55%
<b>Tents earnings(JD)</b>	<b>262,800</b>	<b>304,520</b>	<b>383,356</b>	<b>394,857</b>	<b>406,703</b>
Number of groups for a year	100	110	120	120	120
Number of peoples for a group	30	30	30	30	30
Price of the meal (JD)	15	15	16	16	17
<b>Groups earnings(JD)</b>	<b>45,000</b>	<b>50,985</b>	<b>57,289</b>	<b>59,007</b>	<b>60,777</b>
Food and beverage ratio	35%	35%	35%	35%	35%
<b>revenues of food and beverage(JD)</b>	<b>91,980</b>	<b>106,582</b>	<b>134,175</b>	<b>138,200</b>	<b>142,346</b>
Ratio of other revenues	15%	15%	15%	15%	15%
<b>Other revenues(JD)</b>	<b>39,420</b>	<b>45,678</b>	<b>57,503</b>	<b>59,229</b>	<b>61,005</b>
<b>Total revenues – (thousand JD)</b>	<b>439</b>	<b>508</b>	<b>632</b>	<b>651</b>	<b>671</b>

**Figure 3: Total expected revenues**



## 5.5 The Projected Costs

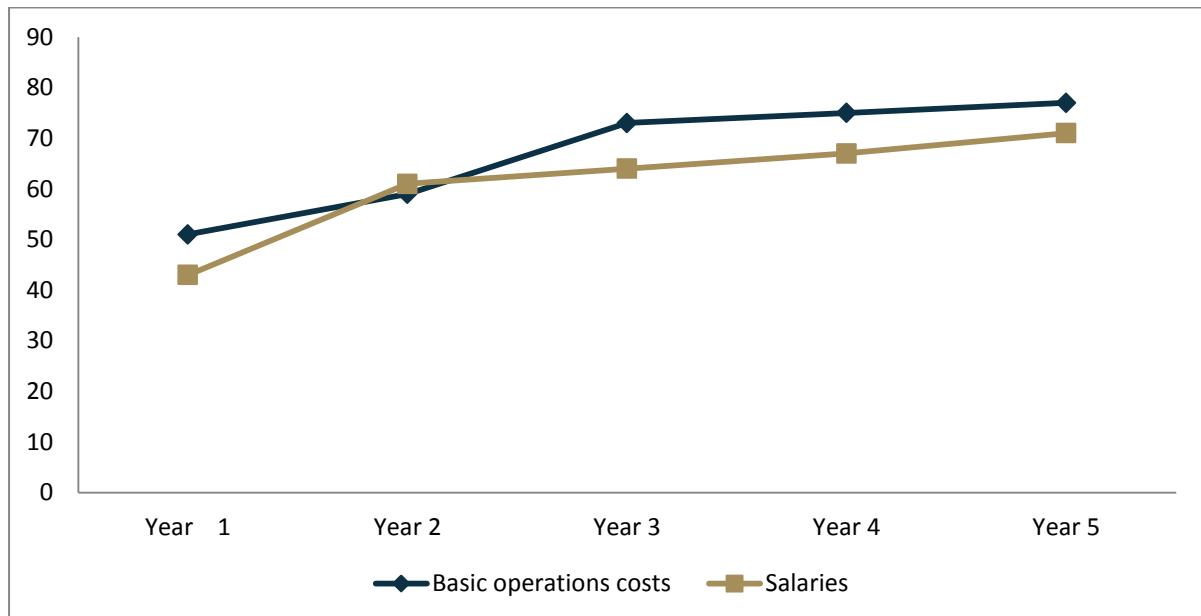
### Operating Costs

The following table shows the project's operating costs according to the previous assumption over five years. The basic operations costs which include food and beverage, accommodation, diesel and others in year 1 amounted to JD 51 thousand which increases to reach JD 77 thousand in year 5. Moreover, Salaries cost in Year 1 amounted to JD 43 thousand which increase to reach JD 71 thousand in Year 5.

**Table 34: Operating Costs**

Operating Costs (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Basic operations costs	51	59	73	75	77
Salaries	43	61	64	67	71
Staff Benefits	11	15	16	17	18
Staff Incentives	18	20	25	26	27
IT Cost	3	3	3	3	4
Depreciation	135	135	135	135	135
Maintenance	7	8	8	9	9
Electricity and Diesel	22	25	32	33	34
Others	8	8	9	9	10
<b>Total</b>	<b>297</b>	<b>335</b>	<b>365</b>	<b>374</b>	<b>383</b>

**Figure 4: Projected Operating Costs of the Project**



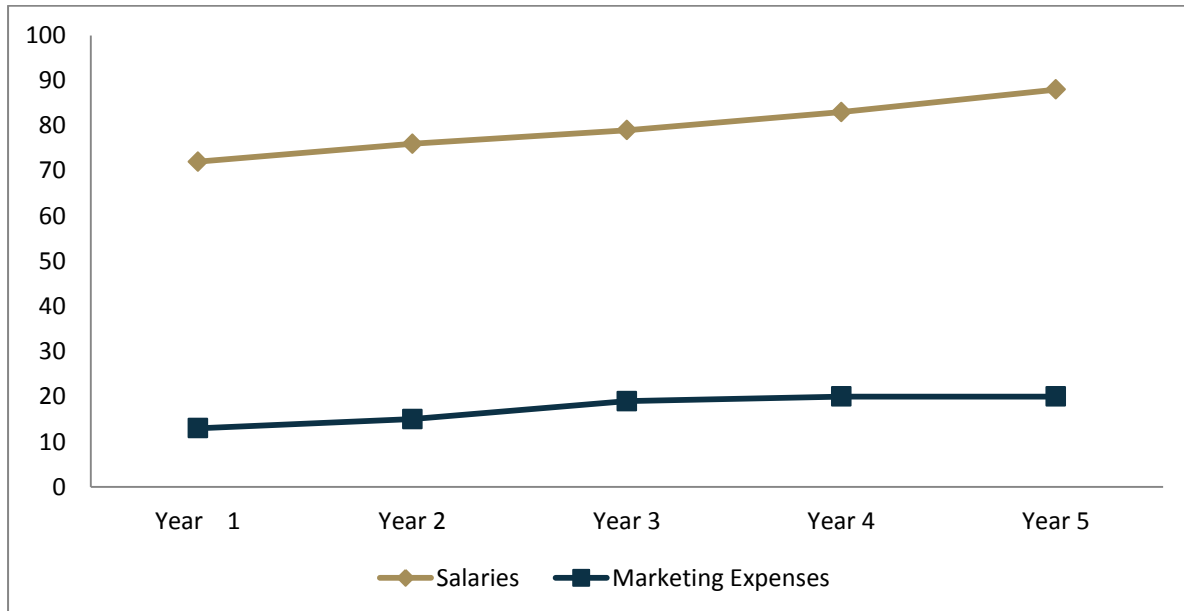
### Administrative Expenses

The following table shows the projected administrative expenses of the project during five years. Employees' salaries reach JD 72 thousand in the first year and increase to JD 88 thousand in the fifth year. The marketing expenses are about JD 13 thousand in the first year and increase to reach JD 20 thousand in the fifth year.

**Table 35: General and Administrative Expenses**

General and Administrative Expenses (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Salaries	72	76	79	83	88
Staff Benefits	18	19	20	21	22
Staff Incentives	9	10	13	13	13
Stationery	4	4	4	5	5
Professional Fees	2	2	2	2	2
Marketing Expenses	13	15	19	20	20
Rent	7	7	8	8	9
Amortization	17	-	-	-	-
Other Expenses	10	11	11	12	12
<b>Total</b>	<b>152</b>	<b>144</b>	<b>156</b>	<b>163</b>	<b>171</b>

**Figure 5: General and Administrative Expenses**



## 5.6 Projected Financial Statements

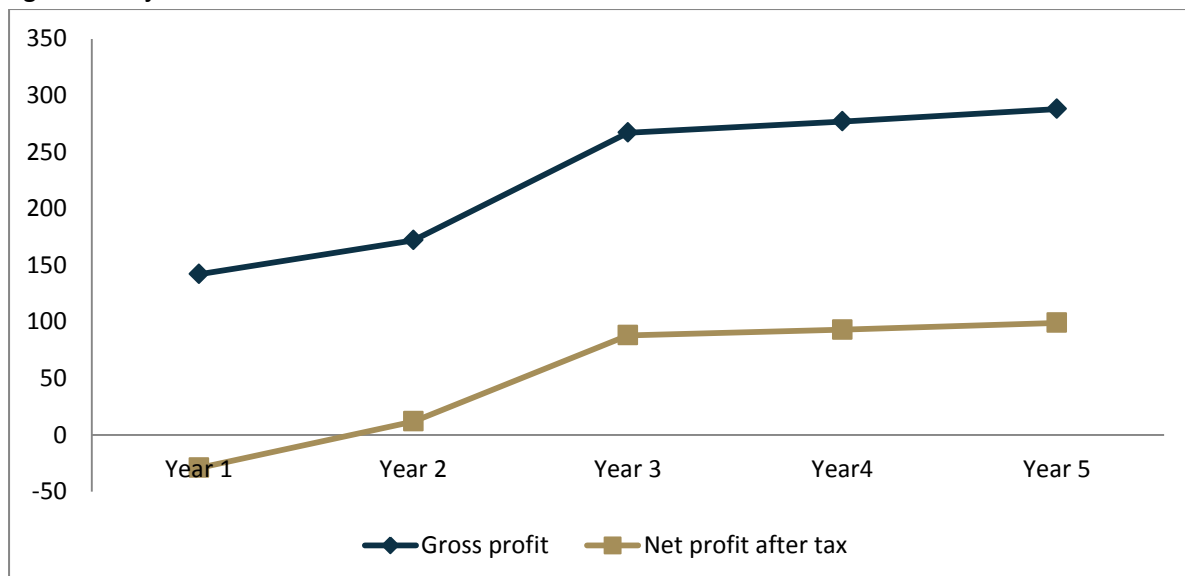
### Income Statement

The following table shows the projected income statement of the project. It indicates that gross profit will increase from JD 142 thousand in the first year to JD 288 thousand in the fifth year. The net profit before tax will also increase from JD 13 thousand in the second year to JD 112 thousand in the fifth year, and the net profit after tax will increase from JD 12 thousand in the second year to JD 99 thousand in the fifth year.

**Table 36: The Projected Income Statement**

Income Statement (in thousand JD)					
Item	Year 1	Year 2	Year 3	Year4	Year 5
Revenues	439	508	632	651	671
Operating costs (cost of sales)	297	335	365	374	383
Gross profit	142	172	267	277	288
Administrative expenses	152	144	156	163	171
Net profit	(10)	28	111	114	117
financial expenses	19	15	12	8	5
Net profit before tax	(29)	13	100	106	112
Tax	-	2	12	13	13
<b>Net profit after tax</b>	<b>(29)</b>	<b>12</b>	<b>88</b>	<b>93</b>	<b>99</b>

**Figure 6: Projected Income Statement**



### Projected Balance Sheet

The following table shows the projected balance sheet of the project during the first five years. It indicates that total assets will decrease from JD 840 thousand in the year of incorporation to about JD 716 thousand in the fifth year. The Total liabilities will decrease from JD 185 thousand in the first year to about JD 19 thousand in the fifth year. Moreover, the Shareholders' Equity will increase from JD 630 thousand in Year of incorporation to JD 697 thousand in the fifth year.

**Table 37: Projected Balance Sheet**

Projected Balance Sheet (in thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assets</b>						
Cash	79	156	262	380	502	616
Receivables	-	4	5	6	7	7
Inventory	-	10	12	15	15	15
Pre- Paid Expenses	-	5	5	6	6	6
Total Current Assets	79	176	284	406	529	644
Fixed Assets	762	762	762	762	762	762
Cumulative Depreciation	-	151	286	420	555	690
Net Fixed Assets	762	610	476	341	207	72
Total Assets	840	786	760	748	736	716
<b>Shareholders Equity and Liabilities</b>						
Accrued Expenses and Payables	-	15	17	18	19	19
Long Term Loans	210	170	130	90	50	-
Total Liabilities		185	147	108	69	19
Shareholders Contributions	630	630	630	630	630	630
Retained Earnings	-	(29)	(17)	9	37	67
Shareholders' Equity	630	601	613	639	667	697
Shareholders Equity and Liabilities	840	786	760	748	736	716

### Cash Flow Statement

The following table shows the projected cash flow statement of the project during the first five years. It indicates that the cash flow from operation will increase from JD 118 thousand in the first year to JD 233 thousand in the fifth year; while the Cash at the ending period will increase from JD 79 thousand in the year of incorporation to JD 616 thousand in the fifth year.

**Table 38: The Expected Cash Flows Statement**

Cash Flow Statement (in thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Operation Activities</b>						
Net Profit	-	(29)	12	88	93	99
Depreciation	-	151	135	135	135	135
Change In Working Capital	-	(5)	(1)	(3)	(0)	(0)
Cash Flow From Operation	-	118	145	219	227	233
<b>Investing Activities</b>						
Fixed Assets	(762)	-	-	-	-	-
Cash From Investing Activities	(762)	-	-	-	-	-
<b>Financing Activities</b>						
Capital (Equity)	630	-				
Loan	210	(40)	(40)	(40)	(40)	(50)
Dividends		-	-	(61)	(65)	(69)
Cash Flow From Financing Activities	840	(40)	(40)	(101)	(105)	(119)
Net Cash Flow	79	78	105	118	122	114
Cash At The Beginning Period	0	79	156	262	380	502
Cash At The Ending Period	79	156	262	380	502	616

## 5.7 Financial, Economic and Social Analysis

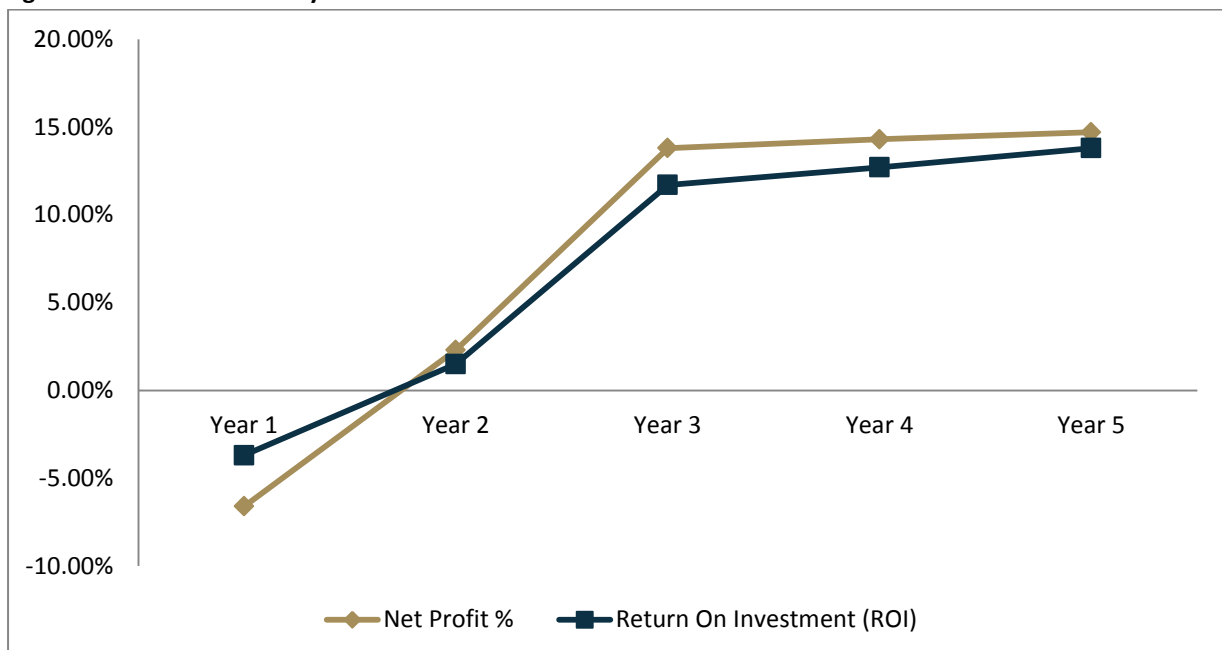
### Financial Analysis

The following table shows the financial analysis of the project. It indicates that the net profit ratio will increase from 2.3% in the second year to 14.7% in the fifth year, and the return on investment will increase from 1.5% in the second year to 13.8% in the fifth year.

**Table 39: Financial Analysis**

Financial Analysis (In Thousand JD)					
Item	Year 1	Year 2	Year 3	Year 4	Year 5
Assets	786	760	748	736	716
Revenues	439	508	632	651	671
Profits	(29)	12	88	93	99
Capital (Equity)	630	630	630	630	630
Net Profit %	-6.6%	2.3%	13.8%	14.3%	14.7%
Return On Investment (ROI)	-3.7%	1.5%	11.7%	12.7%	13.8%
Return On Capital (ROC)	-4.6%	1.8%	13.9%	14.8%	15.7%
Net Profit On Revenues	-6.6%	2.3%	13.8%	14.3%	14.7%
Assets Turnover (Time)	0.56	0.67	0.85	0.89	0.94

**Figure 7: The Financial Analysis**



### Economic Analysis

The following table shows the economic analysis of the project during the first five years, we conclude that:

- The Internal rate of return is 23%. It exceeded six times the risk free rate, which means the economic feasibility of the project
- The present value of the project reached about JD 868 thousand. It exceeds the net present value with JD 630 thousand, which means the economic feasibility of the project.
- The profitability index of the project reached 1.38 times, which means that the expected value of the project will increase by one time the investment value, which proves that the project is feasible.
- The project payback period is 4.5 years.

**Table 40: the Economic Analysis**

Economic Analysis (in Thousand JD)						
Statement	Year of incorporation	Year 1	Year 2	Year 3	Year 4	Year 5
Net cash flow from operating and investing activities	(630)	78	105	179	187	183
terminal value						697
Net Cash flow	(630)	78	105	179	187	880
Internal Rate of Return (IRR)	23%					
present Value	868					
Net present value	238					
Profitability Index (Time)	1.38					
Payback period (Year)	4.5					



### Social Analysis

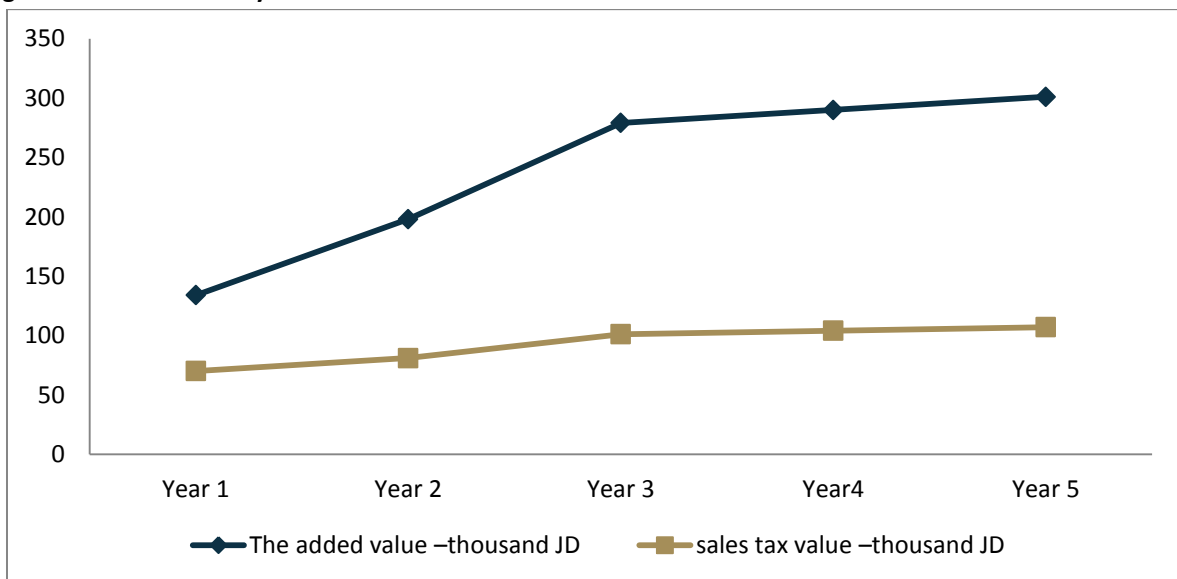
The following table shows the social analysis of the project. It is noticed that the number of staff required for the project will increase from 23 employees in the first year to 25 employees in the fifth year. The number of Jordanian employees in the project reaches 12 employees.

The added value of the project will also increase from JD 134 thousand in the first year to JD 301 thousand in the fifth year. The income tax will also increase from JD 2 thousand to reach JD 13 thousand in the fifth year.

**Table 41: the Social Analysis of the Project**

Social Analysis					
Statement	Year 1	Year 2	Year 3	Year4	Year 5
Number of Employees	23	23	24	24	25
Jordanian employees	12	12	12	12	12
The added value –thousand JD	134	198	279	290	301
Income tax –thousand JD	-	2	12	13	13
sales tax value –thousand JD	70	81	101	104	107
Exports value / imports substitution	-	-	-	-	-

**Figure 8: The Social Analysis**



## 6. Risk and Sensitivity Analysis

### 6.1 Risk Analysis

The following table shows the risk matrix analysis that may face the project.

**Table 42: Project Risk Matrix**

Risks	Type of Risks	Risk Assessment
<b>Financial Risks</b>	<ul style="list-style-type: none"> <li>▪ <b>Credit Risk</b> Credit risk represents the risk of the company's financial loss as a result of the customer's default of the contractual obligation or that of the party dealing with the company through a financial instrument. These risks are mainly caused by trade receivables and others.</li> <li>▪ <b>Liquidity Risk</b> Liquidity risk is the risk resulting from the company's inability to meet its financial obligations at time. The company's liquidity management is to ensure as much as possible that the company always maintain enough liquidity to meet its obligations as they become due and payable in normal and emergency conditions without incurring unacceptable losses or risks that affect the company's reputation.</li> <li>▪ <b>risk of currency fluctuation</b> Currency risk is the risk of the fluctuation of the value of financial instrument, due to fluctuations in foreign currency exchange rates.</li> </ul>	<ul style="list-style-type: none"> <li>▪ The financial risks that may face the company are low, because the company payment method is cash</li> <li>▪ There is no risk of currency exchange, because the company sales and purchases by local currency</li> <li>▪ There is no risk of inflation because the company's pricing is based on annual basis</li> </ul>

Risks	Type of Risks	Risk Assessment
	<ul style="list-style-type: none"> <li>▪ <b>inflation risk</b> It is the risk associated with the possibility that the inflation or the rise in the cost of living might lead to the decrease the real value of the investment.</li> </ul>	
<p><b>Business risk (sector risk)</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Strategic Risk</b> It is the risk resulting from taking bad decisions by the company's management, or implementing the decisions in a wrong way, or not taking the decisions at the right time; which leads to losses or causes loss of alternative opportunities.</li> <li>▪ <b>Legal and Regulatory Risks</b> These risks are reflected as a result of non-compliance with laws, guidelines and instructions governing the work. Legal risks are caused by the company's break of the laws governing the work in the state in which the company operates. While regulatory risks arise from the company's violation of laws and standards issued by the regulatory authorities.</li> <li>▪ <b>Reputation Risk</b> Reputation risk arises from influential negative public views which result in great losses of customers or money. It includes the actions of the company's management or its employees which project a negative image of the company, its performance and its relationships with</li> </ul>	<ul style="list-style-type: none"> <li>▪ The risks are considered moderate before the company's establishment, because of getting the approval of the official authorities such as municipality, health, and tourism</li> <li>▪ Reputational risk is moderate, as the company deals with accommodation, food and beverage</li> <li>▪ Market risk in the short term will be moderate because of the low competition from other companies in the governorate</li> </ul>

Risks	Type of Risks	Risk Assessment
	<p>customers and other stakeholders. Reputation risk also results from circulating rumors about the company and its activities.</p> <p>▪ <b>Competition Risk</b> Competition risk results from domestic and external competitors and reduces sales and profits.</p>	
<p><b>Operational Risk</b></p>	<p>Operational risk involves losses resulting from the failure of internal operations, human resources and systems. It includes:</p> <p>▪ <b>IT Risks</b> They are losses arising from downtime or systems failure due to the infrastructure, information technology, or the lack of systems, and any failure or malfunction in the systems. They include: the crash of computer systems, breakdowns in communication systems, programming errors, computer viruses and opportunities losses due to breakdown.</p> <p>▪ <b>Human Resources Risk</b> Losses caused by employees or related to them (intentionally or unintentionally). It also includes acts that are intended as methods of cheating, abusing property or circumvent the law, regulations or company policy by officials or employees, as</p>	<p>▪ Operational risks are moderate, due to some municipality requirements and building process</p> <p>▪ Competitive salaries will be paid</p> <p>▪ Information security plan will be put in place to safely keep the company information</p>

Risks	Type of Risks	Risk Assessment
	well as losses arising from the relationship with the customer, shareholders, regulators and any third party.	
<b>State Risk</b>	State Risk includes politicians' interference, civil unrest, wars, financial and monetary policies and high level of debts.	<ul style="list-style-type: none"> <li>▪ State Risk is considered to be low, due to security and political stability; international reports indicate that State Risk is low both in medium and long terms</li> </ul>

## 6.2 Sensitivity Analysis

### First: Increase of Investment Cost By 10%

The following table shows the results of the sensitivity analysis when investment cost increases by 10%.

**Table 43: Investment Increase by 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	23%	20%	3%
The Present Value at a discount rate of 13% (in Thousand JD)	868	881	-13
Net Present Value at a discount rate of 13% (in Thousand JD)	238	186	52
Profitability Index (Time)	1.4	1.3	0.1
Payback period (Year)	4.5	5.0	-0.5
The Net Profit Ratio – an average of 5 years	7.7%	7.3%	0.4%
Return on Investment - an average of 5 years	7.2%	6.3%	0.9%
Return on Capital – an average of 5 years	8.3%	7.2%	1. %1
Net Profit On Revenues - an average of 5 years	7.7%	7.3%	0.4%
Assets Turnover (Time) – an average of 5 years	0.8	0.7	0.1
The added value - an average of 5 years (in thousand JD)	240	240	0
income tax - an average of 5 (in thousand JD)	8	8	0
sales tax - an average of 5 years (in thousand JD)	93	93	0

The above analysis refers to the feasibility of investment in the project, in light of the high cost of the total investment of the project, which increased by 10%. It is noted that:

- The internal rate of return reaches 20%, which is considered high for investment purposes
- The new payback period is 5 years, and it is reasonable for recovery purposes
- The return on capital is 7.2%, which is suitable for investment purposes

**Second: Reducing Revenues by 10%**

The following table shows the results of the sensitivity analysis when reducing revenues by 10%.

**Table 44: Reducing Revenues 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	23%	12%	11%
The Present Value at a discount rate of 13% (in Thousand JD)	868	613	255
Net Present Value at a discount rate of 13% (in Thousand JD)	238	-17	255
Profitability Index (Time)	1.4	1.0	0.4
Payback period (Year)	4.5	6.2	-1.7
The Net Profit Ratio – an average of 5 years	7.7%	-1.4%	9%
Return on Investment - an average of 5 years	7.2%	0.6%	7%
Return on Capital – an average of 5 years	8.3%	0.1%	8%
Net Profit On Revenues - an average of 5 years	7.7%	-1.4%	9%
Assets Turnover (Time) – an average of 5 years	0.8	0.8	0
The added value - an average of 5 years (in thousand JD)	240	188	52
income tax - an average of 5 (in thousand JD)	8	2	6
sales tax - an average of 5 years (in thousand JD)	93	84	9

The above analysis shows the low sensitivity of the project in case of reducing the revenues or demand by 10%. It indicates that:

- The internal rate of return is 12%, which is considered high for investment purposes
- The new payback period is 6.2 years, and it is reasonable for recovery purposes
- The return on capital reaches 0.1%, which is considered low

### Third: Increasing the Operating Costs by 10%

The following table shows the results of the sensitivity analysis when increasing the operating costs by 10%.

**Table 45: Increasing the Operating Costs by 10%**

Index	Base	Impact	Change
Internal Rate of Return (IRR)	23%	16%	7%
The Present Value at a discount rate of 13% (in Thousand JD)	868	711	157
Net Present Value at a discount rate of 13% (in Thousand JD)	238	82	156
Profitability Index (Time)	1.4	1.1	0.3
Payback period (Year)	4.5	5.3	-0.8
The Net Profit Ratio – an average of 5 years	7.7%	2.2%	5.5%
Return on Investment - an average of 5 years	7.2%	3.5%	3.7%
Return on Capital – an average of 5 years	8.3%	3.3%	%5.0
Net Profit On Revenues - an average of 5 years	7.7%	2.2%	5.5%
Assets Turnover (Time) – an average of 5 years	0.8	0.9	-0.1
The added value - an average of 5 years (in thousand JD)	240	209	31
income tax - an average of 5 (in thousand JD)	8	4	4
sales tax - an average of 5 years (in thousand JD)	93	93	0

The above analysis shows the feasibility of the project in light of increasing the operating costs of the project by 10%. It indicates that:

- The internal rate of return is 16%, which is considered high for investment purposes
- The new payback period is 5.3 years, and it is reasonable for recovery purposes
- The return on capital is 3.3%, which is suitable for investment purposes