

# **PROJECT, WHAT IS IT AND ANALYSIS** AND A HOTEL PROJECT IN THE TRNC

Subject

= Project Development and management (GCM 613)

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No

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**Date Due** 

= 1 october, 1997





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# **1- INTRODUCTION**

### The Aim Of This Project

Today, especially in developed countries, economic resources are used rationall. The rational and productive use of the resources is possible by acting according to a plan. Before any investment decision a feasibility study has also to be carried out. With a feasibility study an enterpreneur can decide to invest. The development and evaluation of investment projects are necessary in preinvestment, investment and post-investment stages. These activities minimese the risks involved for both the enterpreneur and the investing incorporation.

The aim of the feasibility study is to define the benefits and the expenditure involved as well as to establish whether or not the development plans are on target with the strategies involved.

Basic targets and policies are designated in a sector. Long term as well as short term plans are drawn up to reach these targets. In reaching these targets. In reaching these targets regulations are preapared along with all the intrasturcture. These planned economic developments are supported by the appropriate investment projects.

For various reasons planned economy can not be realised in the TRNC. Owing to this, not only there are no scientific based projects but also problems exist in confirming productivity of investment projects and their compatibility to other conditions.

No doubt a planned economy or sector will be supported by projects in accord to it. Investment projects constitute the feet of the plan and indicate how the plan should be implemented. In order words an investment plan consists of a lot of investment projects.

Becsuse I consider this study of mine which is related to a hotel prject and concepts related to the project as a whole I evaluate them as directed towards a common goal.

In the TRNC there is not a country wide phisical plan. That is to say that the division of the land between sectors has not been effected. In accordance with this, regional sectoral plans are also non existent. Lands assigned for tourism are not designated. Those investors that are willing to invest in tourism find locations as a result of their own efforts.

These anomalies and the lack of legislation necessary for planned tourism and its accord with the environment create important problems. Furthermore investors in tourism do not and can not prepare scientific based projects. Also legislation as it stands today does not demand anything from the investors in this direction. Projects that are prepared only cover subjects of architecture and building.

Under these circumstances, the summary hotel project I am preparing now, I believe that can become more useful it developed in the future stages of my Masters Studies.

# 2-CONCEPT IN RELATION TO THE PROJECT 2a- Project Management

"In a study of project management in the construction idustry, therefore, the development of a hotel or resort reguires a very wide and comprehensive range of technology and services, more so than in many other building types.

First let us explore some of the diverse issues which have influenced the form that the industry now takes.

The study of the history of the hospitality industry is interesting because it portrays not only the origins but the types of services and facilities that tradityonally have been offered to guests. These traditional customs continue, and the popularityof some famous resorts, which were established in the nineteenth century or earlier, endures. However, guest expectations have changed considerably with the increased availability of varied recreational facilities and the introdaction and other technologies. Since World War 2, and particullary during the 1960s, there has been a phenomenal increase in tourism in and among Western nations, both domestically and internationally. Although it is difficult to say exacctly where this impetus commenced, the eighteenth-tonineteethcentury Industrial Revolution in Western countries laid the foundation for affluence which was reflected in the tourist boom of the 1960s to the 1980s.

The following determinants, of great importance to the modern project manager's task, commenced during the nineteenth century. They combined to encourage the dramatic increase in travel through the 1960s and 1970s, when additional factors began to come into play."\*

### **2b-Benefits of a Project Planning and Control System**

"One of the main responsibilities of the project manager is to plan, track and control the project to meet preset objectives. To do this effectively the project manager requires accurate and timely information. This information should be supplied by the project's planning and control system, which outlines the scope of work and measures performance against the original plan.

Companies sometimes resist using project planning and control techniques because of the additional management cost. However, it should be appreciated that lack of information could be even more expensive if it leads to poor management decisions. Listed below are some of the main advantages associated with a fully integrated project planning and control system:

Estimating: The performance of the current project will form the estimating data base for future projects. If this data is not collected by the planning and control system it may be lost forever.

CPM: Critical Path Method (CPM) forces the managers to think about planning in a structured manner, the critical activities give a guide to the level of detail. The CPM presentation offers a tool for discussion with the other managers." "Quality vs Quantity: Too much data but insufficient information may be generated on a regular basis if the reports are not structured and summarised. CPM and MBE can be used to provide focused information.

**Project/Corporate System Integration:** The planning and conrtol system can provide the link between the project and corpoation reporting systems. Without this link double processing may be necessary to satisfy the information needs of both systems.

**Response Time:** Timely response on project performance is essential for effective project control. The planning and control system car adjust the feedback to address the needs of the project. However, the corporate systems like the accounts department are set in a monthly reporting cycle where feedback on invoices, for example, may be 4 to 6 weeks behind Timenow.

• Project Management in Hotel and Resort Devlopment. Mar9aret Huffadine P.3.4

**Reporting Interfaces:** The planning and control system's data base can be structured around the Work Breakdown Structure (WBS) for project reporting and around the Organization Breakdown Structum (OBS) for corporate reporting. Without this integrated system the two reporting requirements would have to be processed separately.

**Trends:** Projects are best controlled by monitoring the progress trends of time, cost and performance. This information may not be available to the project manager if the trend parameters are deriver from a number of functional sources.

**Data Capture:** If the project progress reporting is based on information supplied by the functional departments, the project manager cannot control the accuracy of this information. The problem here is that it may only become obvious that the reporting is inaccurate towards the end of the project, when it could be too late to bring the project back on course to meet its objectives.

**Responsibility:** If the project manager is to be held as the single point of responsibility his authority should be commensurate with the position. Therefore when the project manager acceps this responsibility, he needs authority over the supply of project information.

**Cost of Mistakes:** To implement a fully integrated project management system will certainly increase the project office budget. However, without an effective planning and control system the cost of mistakes due to lack of adequate control, may be even higher.

**Procedures:** The planning and control system enables the project manager to develop procedures and work instructions tailored to the specific needs of the project.

**Client:** The project is the project's single point of responsibility and the company's representative to the client. When holding meetings with the client the planning and control system will proivde information about every aspect of the project.

The above points outline the benefits of an independent project management planning and control system to give the project manager the best opportunity to effectively plan, monitor and control the project. Unfortunately it is not always possible to substantiate these benefits financially as many of them likde good customer service are intangible."\*

\* Project Management: Planning and control Rory Burke P.17.19

# 2c-Project Control

"The development of a project plan completes the first phase of the planning cycle. The text now moves on to project control using the **baseline plan** as an outline of the required condition. This chapter will develop the project control cycle with respect of progress and time, while the next chapter will focus on the **earned value** technique.

Needless to say planning is a pointless exercise unless the execution of the plans are tracked and controlled by obtaining accurate feedback on performance. Project control is expensive and to warrant this expenditure the benefits of project control will be discussed and quantified.

A structured approach to planning and control is recommended by experienced pratitioners, because through this disciplined system all parties will know; what is expected of them, their required performance and the reports they must-generat. It also addresses the famous management quote "Please no surprises!".

The baseline plan may be seen as a number documents which indicate the path the project should follow. Consider the comparison with the course a ship sails, by taking bearings, the captain can plot the ship's position. If the yacht has gone off course the captain will apply steering control to bring the ship back on course.

Similarly the project's baseline plan is the course to steer, with the tracking and monitoring functions ascertaining the project's position with respect to time,

Cost and resources. If the project is off course, control in the form of corrective — action must be applied.

It is essential for effective project control that performance is measured while there is still time to take corrective action. This chapter will show that not only is it cheaper to take effective action early on in the project, but as the project approaches the final phases, the project manager may in fact be powerless to take any corrective action at all."

### **Benefits of Project Control**

"Effective project control is expensive. To warrant this expenditure the benefits of project control must be substantiated. This section will show that the timely identification of a deviation, followed by prompt corrective action will result in a cost effective project control function. The influence cost curve figure below indicates two important features:

a) The project manager's changing level of influence over the project.

b) The changing cost of scope changes.

These two parameters are both plotted against time.



Influence / Cost curve.

From the figure it can be that initially the project manager will have a high level of influence on the project's direction and the cost of any scope changes would be small, expressed in terms of manhours spent redesigning the product. For instance the powering of a ship could change from gas turbine to diesed by simply changing the design.

As the project progresses the design will converge on an optimum scope of work. The level of influence the project manager now has over the direction of the project will be reducing all the time, while the cost of any scope changes will be rapidly increasing.

Consider the ship project again, if the client requests to change the main engine after the construction of the hull the cost could be substantial, especially if the engine beds, control system, electrics and piping are already fitted and have to he changed.

This model not only shows that changes at the beginning of a project are easier and cheaper, but also implies that the feedback on the project's status must be timely and accurate. The effect of over optimistic reporting: As projects get larger and more complex the progress reporting needs to move from a subjective assessment to a more structured apporach. The unsuspecting project manager should beware of the over reporting trap.

If the progress is over reported and not corrected in the early stages of the project the problem will rear its ugly head in the final stages of the project when the over reporting catches up with itself.

This phenomenon is shown in the over optimistic reporting diagram, where the three lines represent planned progress, reported progress and actual progress. In this case the progress was over reported throughout the project until, at about 90% complete it becomes obvious that there was something wrong and for the next few weeks the reported progress remained static.

If the actual progress had been reported accurately, the under performance trend would have prompted corrective action. But now at 90% complete the project manager may be powerless to bring the project in on time and any changes he could implement would probably be expensive."\*

# 2d-Program Evaluation and Review Technique (PERT)

"The US Navy set up a development team with the Lockheed Aircraft Corporation, and a management consultant Booz Allen & Hamilton, to design PERT as an integrated planning and control system to manage their Polaris Submmarine project."

# PERT There Time Probabilistic Analysis.

"The PERT technique was developed to apply a statistical treatment to the possible range of activity time durations. A three time probabilistic model was developed, using pessimistic, optimistic and most likely time durations. The three times were imposed on a normal distribution to calculate the activity's expected time.

The success of the Polaris Submarine project helped to establish PERT in the 1960's as a planning tool within many large corporations. There were, however, a number of basic problems which reduceed PERT's effectiveness and eventu ally led to its fall from popularity. These included:

- Statistical analysis was not generally understood by project managers.
- Computer technology limitations; batch card input, and systems were not interactive and had a slow response.

\* Project Management: Planning and control.

PERT is currently enjoying a renaissance as a tool to address risk management. The software package Cobra, for example, uses the PERT technique to process cost data as a front end to Open Plan's CPM structure."

# **Critical Path Method (CPM)**

"The Critical Path Method (CPM) was developed in 1957 by Remington Rand Univac as a management tool to improve the planning and control of a construction project to build a processing plant for the Du Pont Corporation.

CPM was initially se-up to address the time cost trade-off dilemma often presented to project managers, where there is a complex relationship between project time to complete and cost to complete. CPM enables the planner to model the effect various project time cylcles have on direct and indirect cost. Shortening the project duration will reduce indirect costs, but may increase the direct costs. This technique is often called project crashing or aceleration, see the project validating chapter.

The initial growth of CPM in the industrial market was slow, this was partially due to the lack of project management education and CPM training offered at the time by the universities and colleges.

Also, as with the PERT application, the computer hardware and software facilities were limited compared with the personal computer of today. Further, the systems were not interactive, they required a batch card input through a hands-off data processing department, which often led to an inheretly slow response.

The early differeces between CPM and PERT have largely disappeared and it is now common to use the two terms interchangeably as a generic name to include the whole planning and control process."

# **2e-Project Management Software**

"Today, powerful but inexpensive projed management software is readily available for the personal computer. This availability has essentially moved project management computing away from the data processing department to the desk of the project manager. This represents a major shift in the management of information.

Whilist project planning software will certainly help the project manager to plan and control projects, its application will only be effective if the techniques and principles of project planning are clearly understood. The framework of this text has been designed to give the reader a practical outline of the calculations and algorithms used by the planning software. Although the project planning software can offer a wide range of facilities it cannot make onthe-job management decisions. It will, however, speed up the processing of large amounts of data, which should give the project manager more time to concentrate on managing the project."

# **2f-Definition** of a Project

In order to define project management we first need to explain what is understood by the term project. Any of the following examples may be considered to be a project:

- The transition period during which a change occurs.
- Designing and constructing a house.
- Designing and testing a new prototype (car).
- The launch of a new product.
- Implementing a new system, which could be an information and control system, or a new organizational structure.
- Improving productivity within a target period.
- Management audit.

# Other features of a project include:

- A life cycle.
- A start and finish date.
- A budget.
- Activities that are essentially unique and non-repetitive.
- Consumption of resources, which may be from different departments and need co-ordinating.
- A single point of responsibility.
- Team roles and relationships that are subject to change and need to be developed, defined and established.

Having identified some of the main components of a project, we can now define a project as:

A group of activities that have to be performed in a logical sequence to meet preset objectives outlined by the client"\*

\*Project Management: Planning and Control. Rory Burke P-4-9

# **2g-SUMMARY OF NETWORK BASED PROJECT MANAGEMENT METHODOLOGY**

"Network-based project management methodology is a dynamic planning and control procedure as was illustrated in Figure 1-2 above. This concept is shown in embellished form in Figure 1-4. which embodies the following steps, each of which will be described below:

STEP 1. Project Planning

- STEP 2. Time and Resource Estimation
- STEP 3. Basic Scheduling
- STEP 4. Time-cost Trade-offs
- STEP 5. Resource Allocation
- STEP 6. Project Control

### **Step 1. Project Planning**

The activities making up the project are defined, and their technological dependencies upon one another are shown explicitly in the form of a network diagram. This step is shown in box (1) of Figure 1-4, and is the subject of Chapter 2. Developing the Network. Three alternative methods of networking will be taken up, called arrow, node, and precedence diagramming. This is the most important step in the entire PERT/CPM procedure. The disciplined approach of expressing a plan for carrying out a project in the form of a network accounts for a large portion of the benefits to be derived from PERT/CPM. The development of the network is, in a sense, the simulation of alternative ways of carrying out the project. Experience has shown that it is preferable to make planning errors on paper, rather than in "bricks and mortar." It should also be added that if useful results are not obtained from these methods, it is usually because of inadequately prepared networks.

### **Step 2. Time and Resource Estimation**

Estimates of the time required to perform each of the network activities are made; these estimates are based upon assumed manpower and equipment requirements and availability, and other assumptions that may have been made in planning the project in Step 1. This step is shown in box (2) of Figure 1-4. Single time estimation is taken up Chapter 3. The three-time estimation method associated with PERT treated in Chapter 9.

### **Step 3. Basic Scheduling**

The basic scheduling computations give the earliest and latest allowable start and finish times for each activity, and as a byproduct, they identify the critical path through the network, and indicate the amount of slack time associated with the noncritical paths. This step, shown in box (3) of Figure 1-4, is taken up in Chapter 4.

### **Step 4. Time-Cost Trade-offs.**

If the scheduled time to complete the project as determined in Step 3 is satisfactory, the project planning and scheduling moves on to a consideration of resource constraints in Step 5. However, if one is interested in determining the cost of reducing the project completion time, then time-cost trade-offs activity performance times must be considered for those activities on the critical and near critical paths. This step, shown in box (4) of Figure 1-4, is taken up in Chapter 8.

The costs associated with a project can, for certain puposes, be classed as either direct or indirect. The direct costs typically include the items of direct labor and materials, or if the work is being performed by an "outside" company, the direct costs are taken as the subcontract price. The indirect costs may ininclude, in addition to supervision and other customary overhead costs, items such as the interest charges on the cumulative project investment, and penalty (or bonus) costs for completing the project after (or before) a specified date. The time-cost trade-off problem is directed to the task of determining a schedule of project activities which considers explicitly the indirect as well as the direct costs, and attempts to minimize their sum.

### **Step 5. Resource Allocation**

The feasibility of each schedule must be checked with respect to manpower and equipment requirements, which may not have been explicitly considered in Step 3. This step, shown in box (4) of Figure 1-4, is taken up in Chapter 7. The routine scheduling computations of Step 3 determine the slack along each network path. This indicates where certain activity schedules can be moved forward or backwards in time without affecting the completion time of the project. This backwards in time without affecting the completion time of the project. This movement can than be used to arrive at schecedules wihich satisfy outside constaints placed on the guantity of resources available as a function of time.

Establisihing complete feasibility of a specific schedule reguent repetition of the basic scheduling computations, as shown by the recycle path from box(4) to box(3). It my also reguire replanning and overall adjustment of resorces, as shown by the path form box (4) to box (7). Hence, establishing an acceptable project plan for implementation may require the performance of a number of cylces of Step 3 and 4, and possibly Steps 1 and 2 as well.

### **Step 6. Project Control (Time and Cost)**

When the network plan and schedule have been developed to a satisfactory extent, they are prepared in final form for use in the field. The project is controlled by checking off progress against the schedule, as indicated in box (6), and by assigning and scheduling manpower and equipment, and analyzing the effects of delays. Whenever major changes are required in the schedule, as shonwn in box (7), the network is revised accordingly and a new schedule is

computed. The subject of time control is taken up in Chapter 4, and cost control in Chapter 5.

In addition to its value as a means of planning a project to optimize the time-cost relationship, the critical path network provides powerful vehicle for the control of costs throughout the course of the project. Most cost accounting systems in industry are functionally-oriented, providing cost data by cost centers witin the company organization rather than by project. By the utilization of the project network as a basis for project accounting, expenditures may be coded to apply to the activities, or groups of activities within a project, thus enabling management to monitor the costs as well as the schedule progress of the work.

Altough the theory of network cost control is relatively simple, it is just beginning to be employed as a pratical supplement to basic critical path technology, primarily because of the necessary involvement in established cost accounting procedures, and the fairly recent widespread availability of general computer programs. Thus, each organization interested in network cost control has been faced with the inconvenience and expense of developing new accounting procedures and the adoption of appropriate computer programs. In the mid 60s several large agencies of the U.S. Government" required the use of cost control supplements to basic CPM and PERT requirements, and generealized computer programs were developed. The U.S. Army Corp of Engineers still has this requirment on complex projects. They have not, however, succeeded in making cost control supplements as widely used as the basic PERT/CPM procedures, but they did provide some impetus for continued development of cost control systems. Also, as the installation of computers has expandded further in industry, changes in accounting procedures have become more frequent. Indeed, this expansion in becoming a necessity in many functionally organized companies that are experiencing problems of coordination project activities because of rapid expansion of the volume of their work. Much of this has been brought about by the frequent occurrence of multibillion dollar projects contracted on a cost basis. Such firms are currently expending a great deal of effort to develop network-based management information systems to alleviate this problem.

An introduction to the concepts and practical problems of network cost control is presented in Chapter 5. A discussion of the available computer programs for all types of network analysis in contained in Chapter 11.

The basic procedures incorporated in Steps 1 through 6 can be performed, at least to some extent, by hand. Such methods will be presented in this text because they are useful in their own right, and also because they are an excellent means of introducing the more complex procedures that require the use of computers. It is particularly important that one be able to perform, by hand, the basic critical path calculations indicated in box (3) of Figure 1-4, since this is the first step in the evaluation of a proposed network plan for carrying out a project. A very simple method of hand calculation will be presented in Chapter 4. Hand methods for the resolution of of relatively simple time and resource constraints will also be presented; they will then lead into more complex procedures for which computers are a necessity. Hand and computer methods of preparing periodic status reports will also be presented. A description of available computer programs is given in Chapter 11.

# **USES OF CRITICAL PATH METHODS**

Since the successful application of PERT in the Polaris program, and the initial success of CPM in the chemical and construction industries, the use and further development of critical path methods has grown at a rapid rate. The applications of these techniques now cover a wide spectrum of project types. 15,16

Research and development programs range from prue research, applied research, and development to design and production engineering. While PERT is most useful in the middle of this spectrum, variations of it have been used in the production end of this spectrum. However, overall usage is not as widespread now as in the 1960s. PERT is not particularly useful in pure research, and in fact some say it should be avoided here because it may stifle ingenuity and imagination, which are the keystones of success in pure research.

Maintenance and shutdown procedures, an area in which CPM was initially developed, continues to be a most productive area of application of critical path methods. Construction type projects continue to be the largest individual area in which these methods are applied. It is extremely useful in this field of application to be able to evaluate alternate project plans and resource assumptions on paper rather than in mortar and bricks.

More recent applications of critical path methods include the development and marketing of new prducts of all types, including such examples as new automobile models, food products, computer programs, Broadway plays, and complex surgical operations.

In addition to an increase in the variety of applications of critical path methhods, they are being extended to answer questions of increasing sophistication. The important problem of resource constraints has been successfully expanded to include multiple resource types associated with multiple projects. Cost control, project bidding, and incentive contracting are also areas where significant developments are taking place.

# ADVANTAGES OF CRITICAL PATH METHODS

It is fitting to close this chapter with an enumeration of the advantages that one might expect from the use of critical path methods in the plannign and controlling of projects.

- 1. Planning Critical path methods first require the establishment of project objectives and specifications, and then provide a realistic and disciplined basis for determining how to attain these objectives, consdering pertinent time and resource constraints. It reduces the risk of overlooking tasks necessary to complete a project, and also it provides a realistic way of carrying out more long-range and detailed planning of projects, including their coordination at all levels of management.
- 2. Communication Critical path methods provide a clear, concise, and unambiguous way of documenting and communicating project plans, schedules, and time and cost performance.
- 3. Psychological Critical path methods, if properly developed and applied, can encourage a team feeling. It is also very useful in establishing interim schedule objectives that are most meaningul to operating personnel, and in the delineation of responsibilities to achieve these scheduled objectives.
- 4. Control Critical path methods facilitate the application of the principle of management by exception by identifying the most critical elements in the plan, focusing management attention on the 10 to 20 per cent of the project activities that are most constraining on the schedule. It continually defines new schedule, and illustrates the effects of technical and procedural changes of the overall schedule.
- 5. Training Critical path methods are useful in training new project managers, and in the indocrations of other personnel that may be connected with a project form time to time."\*

\*Project Management with EPM, PERT and Precedence Diagramming. Joseph J. Moder, Cecil R. Philips, Edward W. Davis

# **3- DEFINITIONS AND DESCRIPTIONS**

3- Industry- Tourism Industry- Accommodation Indust-The Development and Peculiarities of the Accommodation Industry.

## 3a- INDUSTY

"Industry is the combination of activities pertaining to the production of goods or services through the use of production elements such as the nature, labour, capital and enterpreneurs as well activities involving the circulation of the said goods and services. Tourism industry as well as the accommodation industry can be mentioned within the wide speectlum of the industry concept

### **3b-** TOURISM INDUSTRY.

Tourism industry is and industry that gathers under its auspisces different activities and services such as the non-profitable tourism organisation, marketing services, transportation services, activites relating to food and drink consumption retail stores and the like and is a protective, stimulant and leading industry. The aim of all these activities and services is to meet the needs of the local and foreign touris to as well as those of the local people. In fact its upto the ratio of income either from touristo or the local people that is effective in the view of an enterprise to either identify itself with the tourist industry or not.

The protective, stimulant and leading peculiarities of the tourism industry stem from the many fanctions it achieves and also through the contributions it makes to the economy.

- The toruism industry contvibutes to and at the same time gets contributed to by industries like primary, trade and other industries. Due to this peculiarity of the tourism industry it is regarded as stimulating and leading other industries through its investment and income injections to the economy. Along with its physical income and expenditure relations with the other sectors it also has a service dependency relation with them.
- The tourism industry has become an importan source of foreign currency income in relation to the balance of payments for the developing countries.
- The tourism industry is a sector which creates employment apportunities for countries whose employment levels are not at the required levels and as such it is a sector that puts the breaks on unemployment in reaching greater dimensions. By being a foreign currency income source as well as the employment apportunities it provides accentuates the protective peculiarity of tourism during the years of economic crisis.
- The tourism industry is a hospitality and service industry that acts as a medium for economic and cultural exchange between countries and regions.

The people of a region or district that wish to act as hosts should not have the idea of money making as a priority but should be in a position to display the noble acts of hospitality.

• Finally the tourism industry has an ambivalent character in the sense that it can both protect and distroy its own ivestment sources. No doubt the aim should be to develop these sources with approppriate polices more than destraying them.

# **3c-** ACCOMMODATION INDUSTRY

The accommodation industry consists of enterprises of commerical nature that produce goods and services using raw and semi-raw marerials to primarily meet the temporary accommodation needs and secondarily the eating and drinking needs of people that happen to be outside th area of their usual abode during their travels owing to various reasons. The aim of these activities is not only to meet the needs of humans simply because they are economic beings (homo economicus) but also because they are social beings (homo socius) and as such have psychological needs owing to their intellectual and moral structures.

# *3d- THE GENERAL PECULIARITIES OF THE ACCOMMODATION INDUSTRY ENTERPRISES.*

The common peculiarities of the accommodation industry are listed here below:

- 1- The accommodation enterprises need a large capital both at the initial stage and at the following stages.
- 2- Things like buildings, equipment, machinery and tools occupy a great place in the activities of the enterprises as well as the life of the enterprises which is synonimous with the continuation of the said activities.
- 3- It is accepted that the risk factor in the accommadation industry is high owing to the fact that demand on the tourist markets is related to economic and political factors which in turn are hard to forecast before hand.
- 4- The industrial peculiarity of the accommodation enterprises is born out of its production of service. There is a need for a comprehensive division of labour between the employees employed to achieve these services.
- 5- The sale of the services is important as these enterprises are obliged to meet the needs of the international tourism markets aswell, that extent beyond the contines of the national tourism markets.

- 6- There's a possibility for the enterprise to benefit from the optimum capacity and minimising the accommodation enterprise's expenditure as the ratio of bookings go up.
- 7- In the production of goods and services one can specialise typify and standardise to a certain degree.
- 8- With the qualified personnel to work in the administration of the enterprise, one can go for the division of the administrative taske, organisation techniques as well as the finance and control activities.
- 9- The employment of a great number of employees will carry the social problems to the fore. Because; the basis of the accommodation industry depend on humans. Lots of the other industries have economised from the human element by mechanising their activities in production but the accommodation industry can bot be mechanised. Because of this serving the guests is still carried out by human labour.
- 10-Because the accommodation industry is geared towards meeting the material and moral needs of human beings it maket it necessary for the personnel employed to have tolerating character. Because only four professions in this world directly deal with human beings. These four professions are:
  - vicars and priests or preachers
  - lawyers
  - doctors
  - accommodation industry personnel.

Owing to this one will meet with various customers to serve. It is not ease for one to serve the rich, the poor, the celebrity, the infamous, the sympathetic, the non-sympathetic, the easy going, the irritable and the fastidious. Before everything else serving some other person should not be regarded as something emparrasing.

11- No other industry outside the accommadation industry does not make the coopeation between its employeas as necessary.

*Examples:* The sales manager of a hotel hires out a hall, draws up the contract but the orgainsation of the hall, the preparation of the food, serving and decorating are all carried out by sections over which the sales manager has no control. Even though complaints come back to the sales manager and he is held responsible by the customers.

The receptionist sells a room and recommends the restaurant and bar of the hotel eating and entertainment. The receptionist has no right of control over the hygine and order of the restaurant or the food and services. But the consumer places his/her complaints to the receptionist.

A client that just had his/her breakfast may have found that the egg was not fried properly or that the coffee was lacking froth. He/she may not have been pleased with the service the client lodges his/her complaint to the waiter. Where as the waiter had nothing to do with the preparation of the food or the delay in its service. Tension may set in any time. For all these reasons the accommodation industry necesiates physical calm and patience to a great extent. Despite all the difficulties when we direct the question of "why do you work at the hotel?" to someone, he/she answers back saying "Because I love the people". The person that can say this and adopt the priciple of the greatest hotelier of all which says "Life is service" can only work in the accommodation industry.

### **OUR DESCRIPTION**

Hotel: Is an economic enterprise under Social discipline that professionally accepts to meet a civilised person's needs of temporary accommodation and part diet in return for a fee with its material elements such as its building, technical equipment, comfort and maintenance conditions as well as its moral elements such as the social values and the service standards of its personnel.

The main elements and peculiarities of this description are specified here bolow.

## **1- TECHNICAL PECULIARITIES**

The hotel must be conceived as a factory producing service. It must not be forgotten that the service produced by this factory is very much dependent on the tastes and fashion. These points are important:

- 1- The hotel must look modern for a period of 10 years.
- 2- Strange decorations and eccentric things must be avoided.
- 3- Service must be rational and must be produced with technical means economize from labour.
- 4- The hotel must be able to at least provide the minimum degree of comfort and care to people with its buildings and technical equipment.

Comfort and the best care conditions are subjective concepts. This subjectivity presento great variations within the dimensions of time and space. Viz: for someone that lived under primitive conditions all his life an inn is regarded as a luxury hotel but for someone civilized that lived under good conditions all his life it means nothing but a basic accommodation enterprise. It is because of this that a hotel must be compatiple with the needs of technical development and in a position to be able to meet the material needs of the members of an advanced society: It is under these conditions that the quality of hotel services can be proven to be in line with the assigned target service. Because; the quality of hotel service are directly dependent upon the material means used as well as the subjective impression that the hotel administration creates. More over, in Tarde's words, as the human being is a social being grafted on a live creature, the hotel industry, over and above all the other things, must be able to meet the social and psychological needs under all circumstances. Due to this, a good hotel must be in a position to be able answer ones different feelings.

- a) Appearence: (La vision): A hotel with its colour, decoration and the organisation of its furniture must be satisfactory with its internal appearence as much as its external appearance.
- b) Smell (L'odorant): There must not be disturbing smells due to insufficient ventilation systems or food smells emanating form the kitchen and spread to the halls, floors and rooms.
- c) Aesthetics. (Le gout): In the hotel restaurants there must be morally satisfying appearences.
- d) Quality (Le toucher): All furniture assigned to the benefits of the guests must be useful, bedsheets and other linen should all be spotless, elegant and clean.
- e) Noise (L'ouire): The hotel must be organised in a manner so that nerves incited by modern life can be calmed.

Resting possibilities should be offered to the hotel customers. The customers need silence to be able to sleep, work, rest and have fun. In that case the customer has to be given a well heated, well furnished and quite room where he/she would feel safe. In hotel business "we sell sleep" our customers should be able to throw off his/her day's fatigue. There's a need to consider this when building the hotel. The customer does not refrain from taking a few steps to keep away from (car, train, cabaret, radio, television and the like) noises.

f- Security: It must be shown to the customers that the hotel is an establishment to be trusted as much as their own dwellings in various ways.

aa) Personal Safety:

The customer must be sure that his/her life in the hotel is safe and the hotel must be able to give this impression.

bb) Property Safety:

The customer must be sure that his/her valuables and documents will be safeguarded.

cc) Assurance of Secrecy

The customer must be assured that the hotel administrator is discreet, and must believe that his/her private doings will not be publicised outside.

dd) Social Security

The customer feels lost outside his/her place of permanent dwelling. He/she must be helped to be able to solve his/her problems no matter how big or small. They must be helped in cases of accidents and sicknesses and their needs for entertainment, shopping, contacts with the outside with care.

ee) Psychological Security:

The customer is apprehensive upon entering the hotels reception area. He/she thinks whether or not he/she will be accepted or whether he/she will be monetarily exploited. Owing to this the customer must first be courteously calmed down and then by making sure that everything is right and faultless alleviate the customer's fears.

g) Lighting: The hotel must be adequately lit.

### II THE QUALITY OF SERVICE

"The hotel personnel must be able to offer peculiarities of quality such as understanding courtesy, charm and quality labour; with his/her acceptance and behaviour he/she must reflect the moral peculiarities of the society and under all circumstances must be able to show the friendliness of a patriarch. Thats why administrative functions that present rationalism as well as the organisations basic hotel administration principles must be carefully applied. In order to realise this goal, cultured and qualified labour must be attracted to the industry and it should be surrendered persons as a legitimate right.

III THE HOTEL MUST BE ABLE TO MEET THE NEEDS OF NUTRITION Usually, a hotel is an enterprise that meets the need of temporary accommodation. In line with this it must also include a more orless developed restaurant that will meet the nutritional needs of the customers.

### IV SOCIAL CONDITIONS.

The hotel is an economic enterprise. Services are sold for a fee. Regardless, the hotel forms an artistic centers for meetings, ceremonies, banquets and culture. Because of this a hotel is not only an economic unit but also a social unit with an important place in the town's life where various social activities take place. Hotels are given this character by their common parts. With their common parts the hotels must be seen as a necessary element of the social life and conters of social activity and not a place where tourists stay for a few nights. This way annual investment and maintenance costs of the hotel are meet. The table below shows the ratio of the parts outside restaurants and ball halls of the hotel and the volume of the hotel itself.

The size of the hotel	The are of the Common Parts	The ratio of the common parts in relation to the general surface of the hotel
75 rooms	228 m2	9 %
150 "	550 m2	11 %
225 "	735 m2	13 %

### V LEGAL CONDITIONS

Hotel enterprises are also legally disciplined enterprises.

- 1- In most of the counrites, for instance in belgium, the minimum conditions necessary for an establishment to be given the name "hotel" have been specified. Viz: (10-15 rooms, avarage comfort, minimum 5 K/cs, 5 bathrooms, 10 telephones and the like).
- 2- The state also made it compulsory for the hotels to determine and publicise their rates.
- 3- In some countries (Germany, Switzerland, Netherlands etc) it is not enough to provide the capital for establishing a hotel. The interested party must satisfy the authorities in regards to his/her proficiency in the field. This is accepted not only as a guarantee for the customer but also as an important element for the prestige of the country's hotel industry.\*

\* Hotel Administration. Prof Dr. Hasan Olalı, Prof. Dr. Meral Kovzay. Pp. 5,7,10,11,25-28

### **3e-The Investment Concept**

3.6. In the broadest sense investment is "..... the part of the goods produced or imported in a period that have not been consumed or exported bu transferred to a future period." 1

This definition carries the meaning of gross investment and the subject here are the internal investments. From the point of view of macro-economics if we deal with these definitions on the level of investment economy, investment is" the addition made to produced goods wihtin a specified period."<sup>2</sup>

- 1- State Planing Authority, Investment and project definition DPT, No 741 KD 44, Ankara, 1968 p.3.
- 2- State Investment Bank, The Preparation and evaluation of the Investment Projects, C. 1 Ankara Ayyıldız Press An. Co. 1970 p.3.

### **3f-The Concept Of Tourism Investment**.

Due to the peculiarity of the tourism investments the concept of the stable investment should be taken up on the micro economic level. As a concept of enterpri economy the stable investment capital is "the capital which after its inclusion in the stable investment account, it is devided into the years of use and entered in to the depreciation account."<sup>3</sup> In this situation the goods of stable capital, building investments, machines and their equipment, the purchase of land and building lots, consist of three secitons. Just as investments in the tourism sector consist of building, equipment and land companents. In this case, tourism investment can be defined in the following manner: "Tourism investment is the combination of establishments, lands and equipment that are used to meet the tourists needs of accommodation, eating-drinking, recreation and entertainment." With this definition we mean the accommodation enterprises known as the ultrastructure investments like hotels, motels, camping sites, holiday villages, pensions and hotel apartments.

3.8. Starting from the definition of the Investment Project, Tourism Investment Project can be defined in the following manner:

"In order the meet a section of the present and future tourism demand, projects formulated and prepared for the benefit of the community and the investor, aiming to offer goods and services to the economy in relation to tourism are known as "The Tourism Investment Projects." ④

### **3g-The Peculiarities Of The Tourism Investment Projects.**

Tourism sector's investmetn projects, consequently tourism establishments and enterprises, as opposed to other economic enterprises, display diffetrent specific peculiarities. These peculiarties are dealt with in detail hereunder and this study will show us that facts prevalent in the structre of the tourism industry prevent the realisation high profitability levels.

### a- Constant Capital Desity

Within the tourism invesment, accom modation establishments, compared to other industries, have a high rate of stable capital. The reason being that toruism establishments are built on the triangle of building, land and equipment. Table 1. Specifies the stable and variable capital in general in specific indutries and demonstrates the density of the stable capital in view of the balance sheet in the hotel industry.

<sup>3</sup> State Planning Authority, Explanation in Relation To Investment Concept, Stenciled, Ankara, 1963 p.6

Tunay Akoğlu, "Tourism Investment Projects and Evaluation Methods." State Planning Authority Magazine, Issue no 10 (Sept. 1970) p.20 The density of the stable capital in tourism investments, the excess in stable values, especially from the point of view of the profitability of capital and the speed of turnover (annual gross income/capital) is an important factor. In the evaluation of profitability, for this reason, tourism investments are considered on different criteria from other investments.

#### b- Labour Density

From the employment point of view, tourism enterprises are establishments with limited automation possibilities. Hence the excess need for manual labour. Outside the self-service and frozen food stocks rationalisation activity that makes automation possible cannot be seen in the tourism industry.

TABLE 1.				
Branches of Industry Cons	stant Cap	oital (%)	Variable Capita	l (%)
Mine enterprises	64		36	
Steel Industry	50		50	
Chemical Industry	42		58	
Machine Manufacture Industry	39		61	
Textile Industry	41		59	
Hotel Industry				
the proprietor of the hoetls as	s. 94		6	
the enterprise the	58		42	
administrator leased				

Source: SPA Planning magazine Issue 10, p-22

The tourism industary is considered to be a labour intense industry. Because toursim offers services produced only by the people. What are these services? For example: tourist guides cooks, waiters porters, barmen, drivers, receptionists and teaching personnel in various touristic centes (viz: instrutors of water skiing, winter sports ect.)

With the incerease of demand for toursim, new and unheard of emploment fields open up, hence the rise of the level of empoyment. This situation also creates new employment. This situation also creates new emplayment possibilities for those working the Transport and bulding pectors.

Seasonal unemplayment in the rual sector also is not po evident because of tourism and this situation enerreases the productivity of the agriecitural workes.

# Fiter (

e- The High Rate Constrant Expences.

In Toursim enterprises, especially at the stage after the realisation of invesment, constant expences reach a proportion of %-80 % of the general expences. In other words these expences are very high. The reason for this is the fact that expences for energy, maintennance, personnel, depreciation, interest and repairs show a continuity independent of capacity fullness.

# d- Infrastructure / Establishment relations

The is the most important peculiarity and critical element from the point of view of tourism investment projects. It is not possible for a tourism enterprise to be profitable in a place wher einfrastructure is uncomplete.

During the development stages of tourism projects all the elements of the infrastructure must be considered. The most specific and important difficulty here is the proportion of direct link of the infrastructure to tourism. The enlargement of an airport in a touristic settlement area, the building of a new road, must also be beneficial of all the other sectors and transportation in the area.

#### e- Indirect Profitability.

Although productivity achieved as a result of the realisation of tourism investment projects is defined as the direct enterprise income employment related foreign currency income, there is and income effect in addition to this which is two or three fold of the direct income. According to the resurch results of the State Planning Authority the multiplaying effect in tourism sector is much higher than those in the other sectors.

f- The Effects of Tourism Demands On Investment.

The effects of tourism demands on investment, most of the time, are related to irrational effects and as such the measurement and evaluation of them can bedifficult. The demand in internal and external tourism is not an area that only the income, consumption and economic factors play a role but a complexity of factors that involve fashion, shows, consumption propensity, snobism and socio-psychologic factors, to name a few. The inclusion of these in econometric models and their evaluation is very difficult and perhaps not be considered with great care and sensitivity in tourism projects. It is be considered with great care and sensitivity in tourism projects. It is becessary to follow the tourist markets carefully, to carry out questionnaires in regards of inclinations and constantly control the markets.

### **e**- Comparison of Alternative Sector.

In relation to tourism investment projects, very often, one hears the question, "What would the results had been had the same investment been made in another sector?" asked.

With their high contribution effects to employment, their foreign exchange infusion into the national economy and their multiplying coefficiency realised between 3-4 make the tourism investments beneficial to national economy. However, one must not forget that projects in tourism sector cannot be distinguished and taken up like projects in any other sector. Owing to this, comparison of inter-sectoral alternative projects is difficult. Even in countries where research in tourism is on an advanced level this comparision has not been made in its true sense.

### h- The Importance Of Physical Planning.

As all the branches of the sectors activities will take place on a specific plane, their inter-action with the other activities should be considered. The organisation of the plane of the highest workability level and its definition form the base of physical planning.

Tourism related activities and other related activities exist in other times and spaces in various compositions. The forms of settlement defining the future changes, minimising the frictions of other sections of activity that may occur in space, specifying the piling up and dispersion of balances, regulating the piling up and dispersion balance in ecological measurements in order to assure the continuity of resources in relation to tourism and nature, specifing the strategies and policies of implementation and overseeing them are integral parts of the functions of physical planning.

The determining of ways to socio-economically maximise the effects of the existing source's alternative usagee in time and space makes physical planning necessary.

Physical planning, as a requisite of its definition and functions, is indicating the ways in which tourism investments can be more productive without impeding other sectors. For the developing countries, there are countless benefist in conducting the physical planning components in their totality. Especially the carrying on of the physical planning activities in the tourism sector in co-ordination with the other sectors effectively, directing investments, reaching the expected targets of the investments etc. is very important.

If we are to summarise the aims of tourism development planning the following is to be listed:

- To specify the long and short time tourism development policies and their implementation periods.
- To control and co-ordinate the spontaneous development

- To offer proper means of incentives to public and private sectors in order to provide tourism service can veniences where necessary.
- To avoid the blocking of areas necessary for the development of the second se
- To minimise the distraction of natural and cultural sources and to provide for their protection.
- To benefit from the finance sources of international establishments within the scope of technical aid for the development of tourism and the protection of the evironment.
- To co-ordinate tourism with the other sectors and to provide the integration of the country through economic and phyasical planning.

It is possible to explain the types of tourism's physical planning activities in the following manner.

Tourism physical planning generally consists of tourism and recreation. Conceptually tourism is a part of the recreational activity. However, in practice tourism and recreation activities as well as establishments are evaluated independently.

Tourism physical planning varies according to the types of geograhic areas it deals with.

- Tourism sector's master plan on a country scale.
- Tourism sector's master plans on a regional and sub-regional scales (Porvinces and districts)
- Environmental Order Regulator Publiklorks plans including in general the district shore lines of lake shores or sky center surroundings.
- Public Klorks Plans on a local scale (Regulating and implementation plans.)

Tourism and recreational physical plans vary according to the types of natural resources and activities planned\*

\* Investment Projects in Tourism Dr. Nüzhet Kahraman pp4,6-15

# SUN HOLIDAY VILLAGE

# **Investment Project**

# 4 Stars

# 320 Beds

### **4-SUN HOLIDAY VILLAGE INVESTMENT PROJECT**

# 4a-GENERAL INFORMATION ABOUT THE TURKISH REPUBLIC OF NOTHERN CYPRUS.

### a) HISTORY

Cyprus, that traces of civilisation can be traced back to 5-6 thousand years B.C., came under the sovereignty of different nations. These are, The Hittites, Egyptians, Assyrians, Persians, Romans, Byzantines, Luzignans, The Venetians and from 1571 to 1878 The Offomans. In 1878 the island was leased to the British. With the London and Zurich Agreements of 1960 the Republic of Cyprus was founded. After the war of 1974 the Turkish and Greek communities started living in the North and the South respectively under separate administrations.

### b) GEOGRAPHIC PECULIARITIES

The island of Cyprus that is situated in the North-East of the mediterranean has a land mass fo km2. The 3,355 km2 portion of this belongs to the TRNC. With its shore lines, its beaches, mountains running parallel to the shore, its plains and rich flora its in a favourable position for tourism.

### c) Climate

Despite the fact that its winters are warm and its summers are hot it has a climate that is not damp or humid. Generally raim falls are little and it doesn't rain in summer. The average temperatures during the July-August months are around  $33C^{\circ}$  and  $13C^{\circ}$  in December.

Sea water temperature averages are  $16 \text{ C}^{\circ}$  for the year and for the April-October period it ranges around 20 C°rising to 28 C° during the months of July-August.

### d- POLITICAL STRUCTURE

The TRNC was proclaimed on November 15, 1983. In Cyprus Greeks live in the South and Turks live in the North in separate zones. As yet, three hasn't been an agreement between them following the 1974 war. The TRNC is an unrecognised state. As a result, tourism is adversely affected due to the fact that there is no direct air link.

### e- ECONOMY

Cyprus is an island country. The TRNC constitutes a part of this island. The general economic peculiarities observed in island economies are valid for the TRNC also. Due to TRNC's geography and its climate agriculture and industry can not be adequately devleoped. Economic development is being maintained through the service sector. The tourism sector had been proclaimed as the leading sector for many years. However tourism has not carried out this leading role successfully.

Alongside the fact of non-recognition the application of wrong economic policies have resulted in the unseccessful economic development.

The GNP has diminished by a margin of 1.1% during 1996. The annual rate of growth for the last four years has remained under 1%. The financial needs of the public sector during the last years have reached serious proportions. They reached the proportion of 10.4% of the GNP in the year of 1996. Due to lack of finances public investments have not been realised on an adequate level. In the private sector also difficulties are experienced and due to financial problems and the situation tourism finds itself in adequate investments have not been made to the tourism sector.

### TRANSPORTATION

Important problems are being experienced due to the non-recognition of the TRNC. Especially not being able to have direct flights is adversely affecting the tourism sector.

The 57.4 % of the passengers travelled to the TRNC in 1995 chose the air flights. My opinion is that if a classification of passenger and tourist as such was made it will become evident that a great proportion of tourists prfer the air travel.

The total constant capital investments realised both by the public sector of the State as well as by the private sector was, on current rates in 1994, 306,829.0 million TL. This amount rose in 1995 by 106.4 % to 633,358.9 million TL. In 1996 the realised figure is about 1,144,840 million TL. The ratio of the constant capital investments in the transport sector in relation to the total constant capital overall investments was 13.9% in 1994, 15% in 1995 and 13.7% in 1996 respectively.

Tables and supporting information in relation to development in productivity in the transport sector, the share of the transport sector's growth rate and the GDP, the constant capital investments, cargo, passenger and flight numbers, and air and cargo flights to foreign countries are presented on pages. 33-36

								(Persons-Tonnes)
Year	Transported	Airlines	Shipping Line	Proportional Total	Distribution Airlines	(%) Shipping Line	Total	
1991	Passenger Cargo	356,807 3.805.0	277,665 756,143	633,472 759,948	56.2 0.5	43.8 99.5	100.0	
1992	Passenger Cargo	495,841 4,195.8	251,667 782,669	747,508 786,864.8	66.3 0.5	33.7 99.5	<b>3</b> 3	
1993	Passenger Cargo	664,440 4,626.0	322,953 797,442	987,393 802,068	67.3 0.6	32.7 99.4	y y y	
1994	Passenger Cargo	624,189 3,195	391,561 913,529	$1,015,750\\916,724$	61.5 0.4	38.5 99.6	33 33	
1995	Passenger Cargo	699,445 6,806.2	394,520 1,072,651	1,093,965 1,079,457.2	63.9 0.6	36.1 99.4	<b>3</b> 5	
1996()	<sub>x)</sub> Passenger Cargo	657,027 6,466.5	347,075 798,355	999,102 804,821.5	65.3 0.8	34.7 99.2	<b>3</b> 3	
			)					

**Table Overseas Cargo and Passenger Trasportation** 

(x)January Source

: November 1996 : Civil Aviation Department and Ports Department Directorate.

Table Airline Cargo, Passenger and Flight Numbers.

	1991	1992	1993	1994	1995	1996 (x)	
Number of Flights	1,891	2,692	4,778	3,154	6,506	6,198	
Number of Passengers	356,807	495,841	664,440	624,189	699,445	652,027	
Cargo (Tonnes)	3,805	4,195.8	4,626.0	3,303	6,806.2	6,466.5	
Number of Aircraft							
Passing through our Air Space.	55,687	77,124	77,630	84,570	82,058	83,947	
	4 - - -						

(x) January-November 96 Period Realisations. Source: Civil Aviation Department Directorate Table Transport Sector Constant Capital Investments

(Million T.L)

	State			Ot	her Public	Establish	nments	P1	ivate		Total	
Years	Current	Constant (x)	t Share% (xxx)	Current	Constant (x)(xxx)	Share%	Current (x)	Constant (xxx)	Share%	Current (x)	Constant (xxx)	Share
1990	5,199.7	23.4	15.9	51,645.4	232.8	87.1	5,732.8	25.9	4.0	62,557.9	282.1	26.5
1991	9,575.4	28.1	16.1	5,065.2	14.8	20.5	6,682.7	19.6	2.5	21,323.3	62.5	6.1
1992	8,285.9	14.6	7.3	11,519.1	20.4	26.3	17,818.8	31.4	4.7	37,623.8	66.4	7.0
1993	28,816.3	30.4	11.3	64,210.6	69.8	42.3	21,779.5	23.7	3.4	114,806.4	124.9	8.8
1994	53,306.5	23.4	13.1	210,158.6	92.1	56.1	43,363.9	19.0	3.0	306,829.0	134.5	13.9
1995	131,962.5	27.9	25.0	406,617.6	86.2	65.1	94,778.8	20.1	3.1	633,358.9	134.2	15.0
1996()	<sub>cx)</sub> 138,000.0	16.4	10.2	838,076.8	99.5	69.5	168,764.1	20.0	3.0	1, 144, 840	.9 135.9	13.7
				-								

Note: Master Plan Projects and Autonomous Investments Are Not Included In The Table.

(x) Constant Prices of 1977

(xx) Realisation Estimate

(xxx) It's % Share Within The Total Constant Capital. Source: TRNC Prime Ministry SPA.
Years	On Current Prices	On Constant Prices(x)	Share%	Real Increase %
1991	233,224.3	822.1	8.7	-24.4
1992	450,811.0	841.0	8.1	2.3
1993	721,134.4	914.3	8.4	8.7
1994	1,914,441.8	936.4	9.0	2.4
1995	3,707,259.8	1,015.9	9.5	8.5
1996(xx)	7,876,545.9	1,029.2	9.8	1.3

1 1

> (x) On 1997 Constant Prices (xx) Realisation Estimates

Source: TRNC Prime Ministry SPA.

# ort-Sortor and it's share in the GDP (million TL) Table Crowing Data in the Transn

	able of owning have in	I UILS I L'AUSPUL L'OCCIUL S	allu IL S SIIA	
Years	On Current Prices	On Constant Prices(x)	Share%	Real Increase %
1991	169,458.7	599.9	9.2	-16.8
1992	328,965.8	613.7	8.7	2.3
1993	526,226.2	667.2	8.9	8.7
1994	1,397,006.5	683.3	9.6	2.4
1995	2,705,261.6	741.3	9.6	8.5
1996(xx)	5,747,673.1	751.0	10.1	1.3
(x) On 1997	Constant Prices			
(xx) Realisat	ion Estimates			

Sources: TRNC Prime Ministry SPA.

# **4b- TRNC's TOURISM**

#### a) The Role of TRNC's Tourism In Economy.

The economy in the TRNC is in a standstill. The rate of growth for the last four years has remained under 1% starting from the 1980s tourism had been proclaimed to be the leading sector. Tourism in the TRNC is in a position, (largely owing to the country's climate, natural and historical attractins) to create an appeal. However, to date the tourism sector has not been able to show the expected development. Not with standing when we look at the overall picture of the TRNC's tourism during the last four years and the contribution it made to economy, we can see that it is an important sector for the TRNC's economy.

Year	Capacity usage%	EXPORTS	IMPORTS	Foreign Trade Deficit	Net Tourism Incomes	Ratio of the Toursim Incomes to Exports	Ratio fo the TourismIncoms to Foreign Trade Deficit
1993	40.1	54.6	371.4	316.8	175.1	3.2	0.55
1994	38.6	55	332.2	277.2	189.6	3.4	0.68
1995	38.6	67.3	366.1	298.8	218.9	3.3	0.73
1996	32.5	71	330	259	180.3	2.5	070

The above table has been prepared, using the 1977 Programme fo the Third Five Year Development Plan as well as the statistics of the Department Of Tourism Promotions and Marketing.

It is important to note that the capacity usage rate in the tourism sector for 1996 was 32.5% (18% down on the 1995 figures) and this translated to 70% of the foreign trade deficit and foreign currency incomes through this sector were twice the incomes through exports.

#### b) Touristic Accommodatin Establishments

In order that a comparison of the Sun Holiday Village can be made as regards to the country's accommodation demand, classifications and bed capacities of the accommodation establishments in the TRNC are given here below:

			-	1990					
s of the	Bed Cap.	Name of the	Bed Cap.	Name of the	Bed Cap.	Name of the Establishment	Bed Cap.	Name of the	Bed
lishment		Establishment		Establishment				Establishment	Cap.
rity Hotel&		Dome Hotel	340	Mare Monte H.	188	Golden Bay H.	50	Yeni Anadol O	44
ambousa	288	E. Jasmine C. Hotel	392	Dorana Hotel	66	The Ship Hotel	46	Atlantis Hotel	31
<b>Beach Otel</b>	216	D. Olive Tree H.V.	240	Grand Rock H.	128	Riviera Mokamp	68	Hotel British	36
		LA Hol. C.	224	Deniz Kızı H.	114	King's Court	56	Socrates Otel	36
		Salamis Bay H.	960	Club Güzelyalı	88	Top Set Bung.	54	Sidelya Hotel	24
		Park Hotel	180	Kyrenia OskarC	250	The Villa Club	46	Manolya Hotel	32
				Club Lapethos	230	Ambelia Village	100	Silver Waves H.A.	20
				Hotel Liman	32	Kaşgar Court	30	Marmaris H.Apt.	20
	504	6	2336	Acapulco Tatil K.	562	Espri H. Apt.	86	Green Olives	24
				Riverside H.V.	194	Altınkaya&Armonia	88	M.Savona Bung.	26
				Onar H. Village	76	Alperhan H. Apt.	42	Sendeniz Bung.	38
				Mimoza Hotel	102	Hilarion Village	36	Sunny Beach Bung.	24
				Boğaz Hotel	80	Pia Bella Hotel	72	Club Tropicana	32
				Hotel View	112	Bellapais Gardens	34	Şerif H. Apt.	48
				Cyprus Gardens	198	Sammy's Hotel	44	Harbour Scene H.	30
				Sema Otel-Apt.	44	Green Karmi T.K.	72	Life H. Apt.	38
				Saray Hotel	120	Green Coast Bung.	74	Bristol Hotel	36
						* Primary H. V.	48	Paradissa Court	44
						* Pine Bay Club	28	Rose Gardens	32
				17	2584	Sea Side H. Apt.	68	M. Kaan H. Apt.	60
								La Siesta H. V.	40
								Müftüzade O. Apt.	46
						20	1142	* Fian Bung,	20
								* Five Fingers Bung.	20
				(				* Ergenekon Hotel	20
								Panorama Otel	20
								Altun Tabya Otel	32
								Giranel Hotel	40
								Vazaro Hotel	40
								Portofino Hotel	90
								Holiday Apt. H.	30
								Dağlı H. Apt.	22
								* Blue Sea Hotel	28
								Hotel Lapethos Nic.	78
								Soli Inn	30
								Güzelyurt Otel	28
								36	1255

(Tourist Accommodation Establishments by Categories)

c- Bed Capacites.

The bed capacities in the TRNC have never reached the targeted levels. The increase in the numbers of beds in the TRNC is one of the imortant indications of the development of the tourism sector.

Year	Bed Capacity
1986	3,715
1987	3,779
1988	3,917
1989	4,338
1990	5,414
1991	6,012
1992	6,630
1993	7,017
1994	7,469
1995	7,453
1996	7,821

#### **Bed Capacity in Tourist Accom. Est. by Years**

d-Number of Tourists to Take Up Accommodation in the Touristic Accommodation Establishments and the Ratio of the Capacity Usage (%).

It is evident that the targeted tourist numbers have not been reached. To the contrary, there has been a fall in the numbers for the last two years. The number of tourists to have stayed at the touristic accommodation establishments was 179282. The same figures for the year 1996 were down to 146658. It is believed that these figures will not be exceeded in 1977.

The capacity usage ratio (%) also receded in the year 1996 and a fall from 37.5 % to 32.5 % witnessed.

Comparative annual tourist numbers, number of bed nights, their distribution according to regions etc are given below.

The analysis of the tourists visiting our country will be used as practical data for all the stages of this project.

No. of Tourists and Bednights in Tourist Accommodation Establisments by Regions -1996-

Year	No. of Tourists	No. of Bednights
1986	46,156	268,078
1987	85,883	495,057
1988	91,128	521,135
1989	88,697	526,656
1990	88,126	559,128
1991	72,591	383,889
1992	107,481	629,681
1993	134,442	846,879
1994	160,766	873,225
1995	179,282	917,240
1996	146,668	767,074

# No. of Tourists and Bednights in Tourist Accom. Est. by Years

Type of Establishment	Kyrenia	Famagust	Nicosia	Average
		a		
Hotels, Hotel-Apts.and Others	34.9	26.1	26.4	32.5
Guest-Houses	26.9	14.1	16.3	21.7
Average	34.5	25.9	22.3	31.8

# Occupancy Rate in all Accom. Est. by Regions (%) -1996-

#### e- The Peculiarities Of The TRNC's Tourism Sector:

Despite of all the negativities, the tourism sector of the TRNC is an important factor for the economy. Tourism had been proclaimed to be a leading sector for years now in the TRNC that is an island country. Not with standing the fact that it has contributed to the economy, it has not really been a leading sector as it has not sufficiently carried the other sectors.

The non-recognition of the TRNC and the non-realisation of direct flights is affecting tourism adversely.

The position of Cyprus, its climate, natural and cultural values have been giving it a touristic appeal. We haven't been able to use this appeal adequately.

With these peculiarities tourism is promising hope for the future.

Lately the number of casinos rose to 18. The banning of gamling in Türkiye the casino numbers are expected to rise rapidl in the TRNC.

On the condition that the social and moral values are preserved it can be said that these developments are positive developments.

The TRNC's tourism sector, especially because of financial problems its experiencing, it could not make the proper investments or supplementary investments. Today it is loosing its competitiveness due to the tourism of South Cyprus's and Türkiye's Mediterranean region.

The general indicators of the TRNC Tourism Sector for the years 1977 to 1996 are shown on page ....

THE TRNC TOURISM SECTOR INDICATORS

The rate of share (%)in the GDP $2.6$ $2.9$ $3.5$ $2.7$ $1.4$ $2.2$ $1.3$ $1.6$ $1.7$ Value Added (Millian TL) $99.7$ $116.6$ $14.3$ $114.4$ $54.8$ $95.6$ $58.5$ $74.1$ $80.9$ $92.9$ $111.7$ Constant Capital Inv. (M. TL) $10.7$ $2.38$ $9.7$ $116.6$ $14.3$ $14.46$ $14.60$ $14.35$ $15.17$ $16.9$ $52.9$ $12.1$ $22$ Constant Capital Turv. (M. TL) $10.7$ $23.8$ $9.7$ $41.6$ $14.6$ $14.7$ $14.8$ $10.9$ $55.9$ $12.1$ $22.0$ $10.0$ Net Tourism incomes (Mil. S) $30.2$ $3.37$ $24.0$ $2.3.9$ $27.1$ $48.3$ $52.9$ $1700$ $27.9$ $10.0$ $27.6$ $14.7$ $27.7$ $24.7$ $25.07$ $10.0$ $10.7$ $23.9$ $1700$ $27.9$ $14.7$ $27.9$ $14.7$ $27.9$ $14.7$ $27.9$ $27.9$	1.4         2.2         1.3           54.8         95.6         58.5           11.6         15.7         4.8           14.60         1435         1517           23.9         277.2         37.1           35.6         33.8         55.5           78134         87629         98934           62660         65018         78467           1547         22611         20467           55643         370328         404245           523867         300328         404245	1.6 74.1 88 10.9 16 16.38 16 40.3 4 41.3 4 113318 1250 93413 1033	1.6         1.7           0.9         92.5           5.9         12.1           5.59         1700           5.53         1700           5.54         1700           5.55         1700           5.56         1700           5.5763         131492           57763         131492           528         234           528         234           528         25763	2.0 112.9 27.9 2121 103.5 1 62.4 1 62.4 1 84337 0 147965	2.3 136.6 41.1 2338 71.2 71.2 71.2 71.2 71.2	2.1 140.7 55.9	2.3	1.9	2.5	3.0	3.3	3.2	3.2
Value Added (Millian TL)         99.7         116 6         14.3         54.8         95.6         58.5         74.1         80.9         92.9         111           Constant Capital Inv. (M. TL)         10.7         23.8         9.7         4.0         11.6         15.7         4.8         10.9         5.9         12.1         2           Constant Capital Inv. (M. TL)         10.7         23.8         16.97         14.46         14.60         14.35         151.7         16.39         15.9         1700         22           Net Tourism incomes (Mil. S)         30.2         3.3.7         2.4.0         23.9         27.2         37.1         40.3         52.0         10         23         24.0         23.9         37.1         40.3         52.0         10         23         47.3         52.0         10         10         10.1         10.1         13.1         851.1         73.1         87.3         89.3         13.1         87.1         67.1	54,8         95,6         58,5           11.6         15.7         4.8           14.60         1435         1517           23,9         277,2         37.1           35,6         33,8         35.5           78134         87629         98934           62660         57018         78467           1547         22611         20467           5643         37254         20443           56836         300328         404243	74.1 88 10.9 16 1638 16 40.3 4 41.3 4 113318 1256 19318 1256 19905 212	0.9 92.9 5.9 12.1 559 1700 7.3 52.0 7.3 52.0 8.9 51.4 73 131492 715 131492 791 105725 884 25763	112.9 27.9 2121 0 103.5 1 62.4 1 62.4 1 62.4 1 84337	136.6 41.1 2338 2338 118.0 71.2 229401 173351	55.9	160 0						
Constant Capital Inv. (M. TL)         10.7         2.3.8         9.7         4.0         11.6         15.7         4.8         10.9         5.9         12.1         2           Employment         1302         1332         1333         1345         1445         1460         1435         1517         1638         1659         1700         21         22         23         33.7         24.0         23.9         27.2         37.1         40.3         47.3         52.0         10.0         10.0         1302         11314         12.01         23.0         133         83.2         11314         12.01         23.0         131         23.0         10.0         23.1         47.3         52.0         10.0         23.1         47.3         52.0         10.0         23.1         47.3         52.0         10.0         23.1         47.3         52.0         10.	11.6         15.7         4.8           1460         1435         1517           23.9         2772         37.1           35.6         33.8         35.5           78134         87629         98934           62660         65018         78467           15474         22611         20467           56646         370238         404245           223867         300328         404246	10.9 1638 16 40.3 4 41.3 4 113318 1250 93413 1037 93413 1037	5.9 12.1 559 1700 7.3 52.0 8.9 51.4 75 131492 751 105725 884 25765	27.9           0         2121           0         103.5           1         62.4           1         62.4           1         84337           1         147965	41.1 2338 118.0 71.2 229401 173351	55.9	···	125.8	178.2	221.9	235.0	243.6	235.9
Employment         1302         1438         1667         1445         1460         1435         1517         1638         1639         1700         21           Ner Tourism incomes (Mil. \$)         30.2         33.3         33.7         24.0         23.9         27.2         37.1         40.3         47.3         52.0         100         21           Ner Tourism incomes (Mil. \$)         30.2         33.5         33.7         24.0         23.9         27.2         37.1         40.3         47.3         52.0         100         21         0         10 </td <td>1460         1435         1517           23.9         27.2         37.1           35.6         33.8         35.5           313.4         87629         98934           7813.4         87629         98934           75660         65018         78467           55643         22611         20467           55643         37254         404243           223867         300328         404243</td> <td>1638 16 40.3 4 41.3 4 113318 1250 93413 1037 93413 1037 19905 212</td> <td>559 1700 7.3 52.0 8.9 51.4 775 131492 791 105725 284 25765</td> <td>2121 0 103.5 103.5 62.4 184337 147965</td> <td>2338 118.0 71.2 229401 173351</td> <td></td> <td>27.0</td> <td>15.5</td> <td>35.9</td> <td>38,7</td> <td>23.9</td> <td>34.3</td> <td></td>	1460         1435         1517           23.9         27.2         37.1           35.6         33.8         35.5           313.4         87629         98934           7813.4         87629         98934           75660         65018         78467           55643         22611         20467           55643         37254         404243           223867         300328         404243	1638 16 40.3 4 41.3 4 113318 1250 93413 1037 93413 1037 19905 212	559 1700 7.3 52.0 8.9 51.4 775 131492 791 105725 284 25765	2121 0 103.5 103.5 62.4 184337 147965	2338 118.0 71.2 229401 173351		27.0	15.5	35.9	38,7	23.9	34.3	
Net Tourism incomes (Mil. \$)         30.2         33.7         24.0         23.9         27.2         37.1         40.3         47.3         52.0         10           Ratio (%) of foreign Trade deficit         25.0         67.3         48.1         35.6         33.8         35.5         41.3         48.9         51.4         6         0         10           Iotal Number of Tourists         113146         112916         108401         84511         78134         87.629         98934         113314         55         41.3         48.6         6         6         6         86.6         85.66         33.8         75.55         167.79         184.7         1657.29         184.7         1657.29         184.7         1637.29         184.7         1637.29         184.7         1657.29         184.7         1637.29         184.7         1637.75         164.7         19905         1514.92         184.7         1657.93         164.7         19905         1514.93         167.29         147.5         147.5         147.5         147.5         147.5         147.5         147.5         147.5         147.5         147.5         147.5         147.5         147.5         147.5         147.5         147.5         147.5         147.5<	23.9         27.2         37.1           35.6         33.8         35.5           78134         87629         98934           78660         65018         78467           15474         22611         20467           56645         37254         69716           55867         300328         404243	40.3 4 41.3 4 113318 1250 93413 1037 19905 212	7.3 52.0 8.9 51.4 75 131492 791 105725 284 25763	0 103.5 4 62.4 184337 147965	118.0 71.2 229401 173351	2552	3617	3878	4089	4234	4579	4581	
Ratio (%) of foreign Trade deficit         25.0         62.7         61.3         48.1         35.6         33.8         35.5         41.3         48.9         51.4         66           Total Number of Tourists         113146         112916         108401         84511         78134         87629         98934         113318         125075         131492         1843           T.R. Tourists         108016         104738         95115         69808         65660         65018         78467         93413         105791         105729         1475           Other         5130         8178         13286         14703         15474         22611         20467         19905         21284         25763         367           Other         5130         8178         13286         14703         15474         22611         20467         19905         21284         25763         367           Otal Accommodations         70131         81286         60719         8753         3657         307         307         367         367         367         367         367         367         367         367         367         367         367         367         367         367         367 <t< td=""><td>35.6         33.8         35.5           78134         87629         98934           78134         87629         98934           15474         22611         20467           56649         37256         69716           228367         300328         404243</td><td>41.3 4 113318 1250 93413 1037 19905 212</td><td>8.9 51.4 75 131492 791 105729 284 25763</td><td>1 62.4 184337 147965</td><td>71.2 229401 173351</td><td>154.9</td><td>224.8</td><td>153.6</td><td>175.1</td><td>224.6</td><td>172.9</td><td>218.9</td><td>180.3</td></t<>	35.6         33.8         35.5           78134         87629         98934           78134         87629         98934           15474         22611         20467           56649         37256         69716           228367         300328         404243	41.3 4 113318 1250 93413 1037 19905 212	8.9 51.4 75 131492 791 105729 284 25763	1 62.4 184337 147965	71.2 229401 173351	154.9	224.8	153.6	175.1	224.6	172.9	218.9	180.3
Total Number of Tourists         113146         112916         108401         84511         78134         87629         98934         11318         125075         131492         1843           T.R. Tourists         108016         104738         95115         69808         62660         65018         78467         93413         103791         105729         1475           Other         5130         8178         12386         14703         15474         22611         20467         19905         21284         25763         365           Other         5130         8178         12386         5649         57724         69716         82337         72559         367         103791         105729         1075           Total Nighting         310139         38567         30438         56649         57754         69716         82337         72559         567040         1037           Total Nighting         310139         38567         30238         40573         327384         28587         3657         56703         5682         5666         558         56704         1095         5753         56703         5682         56703         5672         52758         3657         5672         52758<	78134 87629 98934 62660 65018 78467 15474 22611 20467 56649 57254 69716 282867 300328 404243	113318 1250 93413 1037 19905 212	75         131492           791         105725           284         25763	184337	229401 173351	74.8	71.1	61.8	55.3	72.6	74.1	73.3	69.69
T.R. Tourists         108016         104738         95115         69808         62660         65018         78467         93413         103791         105729         1475           Other         5130         8178         13286         14703         15474         22611         20467         19905         21284         25763         365           Other         5130         8178         13286         14703         15474         22611         20467         19905         21284         25763         365           Total Accommodations         77081         78136         86146         60439         56649         57254         67916         82337         72555         67900         1035           Total Nighting         310139         33567         32584         285867         300328         40573         35753         5763         366         556         5793         366         566         553         5703         569         556         5703         568         556         57040         556         5703         568         556         5703         568         556         5703         568         556         57040         5763         556         57040         5563         57040<	62660 65018 78467 15474 22611 20467 56649 57254 69716 283867 300328 404243	93413 1037 19905 212	791 105725 284 25763	147965	173351	274073	300810	220237	267618	359313	351634	385759	365195
Other         5130         8178         13286         14703         15474         22611         20467         19905         21284         25763         363           Total Accommodations         77081         78136         86146         60439         56649         5754         67710         1055         67704         1005         21284         25763         363           Total Accommodations         77081         78136         86146         60439         56649         5754         67704         1005         320820         67704         1005           Total Accommodations         310139         38367         32584         283667         300328         404243         41311         324309         36020         503           Average Staying time         4.02         4.01         5.01         5.23         5.867         30128         5.475         5.4755         5703         50420         503         54320         54820         5492         5472         54820         5482         5482         5482         5482         5482         5482         5482         5482         5482         5482         548         51         51         5<4	15474 22611 20467 56649 57254 69716 283867 300328 404243	19905 212	284 25763			214566	243269	179379	210178	281370	256536	298026	289195
Total Accommodations         77081         78136         86146         60439         56649         57254         69716         82337         72555         67040         1036           Total Nighting         310139         33378         486752         322584         283867         30338         40243         415311         322290         350820         5543           Average Staving time         4.02         4.91         5.61         5.34         501         5.25         57040         1036           Average Staving time         4.02         4.91         5.61         5.34         501         5.25         588         540         541         4.79         5           Average Staving time         31.9         5.61         5.61         5.25         2.1.6         2.2.3         2.1.7         2.15         5         5           Contristic Bed Capacity         31.9         63.4         41.0         2.5         2.1.6         2.5.3         2.1.7         2.1.5         4         4.79         5         4         5         4         5         4         5         5         5         5         4         7         5         5         4         7         2         2         2<	56649 57254 69716 283867 300328 404243			36372	56050	59507	57541	40858	57440	77943	95098	87733	76000
Total Nighting         310139         383678         486752         322584         283867         300328         404243         41511         324290         320820         5542           Average Staying time         4.02         4.91         5.61         5.34         5.01         5.25         5.80         4.61         3.047         4.79         5.543           Average Staying time         4.02         4.91         5.61         5.34         5.01         5.25         5.80         4.61         3.047         4.79         5           Capacity Usage Ratio (%)         31.9         6.34         41.0         2.5         2.16         2.2.6         2.8.8         2.5.3         2.1.7         2.1.5         4.79         5         4.79         5         4.79         5         4.79         5         4.79         5         4.79         5         5         4.79         5         4.79         5         5         4.79         5         5         4.79         5         5         4.79         5         5         4.79         5         5         5         5         2         2         5         5         5         5         5         5         5         5         5	283867 300328 404243	82331 122	555 67040	103669	116701	114544	88126	91535	122099	152116	174639	193884	159.005
Average Staying time         4.02         4.91         5.61         5.34         5.01         5.25         5.80         4.61         4.047         4.79         5           Capacity Usage Ratio (%)         31.9         63.4         41.0         25.9         21.6         22.6         28.8         25.3         21.7         21.5         4           Curtistic Bed Capacity         2795         2880         3076         3076         3043         3411         3555         3687         3687         3715         3           Pension Red capacity         470         412         412         415         371         397         446         433         458		415311 3242	290 320820	554289	591261	611313	616007	434708	669905	889448	907608	956010	826.826
Capacity Usage Ratio (%)         31.9         63.4         41.0         25.9         21.6         22.6         28.8         25.3         21.7         21.5         4           Touristic Bed Capacity         2795         2880         3076         3076         3043         3411         3555         3687         3687         3715         37           Pension Bed Capacity         470         412         412         412         413         371         397         446         433         438         438         438         438         438         438         371         371         371         371         371         371         371         371         371         371         371         371         371         373         438         433         438	5.01 5.25 5.80	4.61 40	047 4.75	5:35	5.07	5.34	5.34	4.75	5.49	5.85	5.20	4.93	5.20
Touristic Bed Capacity         2795         2880         3076         3076         3043         3411         3555         3687         3617         3715         37           Pension Bed Capacity         470         412         412         412         413         371         397         446         433         438	21.6 22.6 28.8	25.3 2	1.7 21.5	5 41.4	42.0	37.1	34.4	21.4	30.2	36.3	37.3	37.5	32.5
Pension Bed canacity 470 412 412 412 415 371 397 446 433 458	3043 3411 3555	3687 36	587 3715	3779	3917	4338	5414	6012	6630	7017	7469	7453	7821
	415 371 397	446	433 458	573	652	916	711	621	457	45	345	321	
Total Bed Capacity 3265 3292 3488 3488 3488 3488 3782 3952 4133 4120 4173 4:	3458 3782 3952	4133 41	120 4173	3 4352	4569	5254	6125	6633	7087	7462	7814	7774	
Touristic Est. Nos. 24 27 32 32 32 31 34 36 37 37 38 40	31 34 36	37	37 38	4024	42	46	55	59	68	74	78	78	
Pension Nos. 21 18 18 17 17 15 16 18 17 20	17 15 16	18	17 20	64	34	48	34	21	18	21	15	15	
Total Est. Nos. 1 46 45 50 49 48 49 52 54 54 58	48 49 52	55	54 56	~	76	94	89	80	86	95	93	93	

# **4c-The Definition Of The Project**

## **The Characteristic Of The Project**

1- The name of the establishment	:
2- The name of the project	: SUN HOLIDAY VILLAGE
3- Location	: Boğaz içi- Mağusa TRNC
4- Total Investment	: 10,196,000 USD
Internal Sources	: 6,212,280 USD
External Sources	: 3,983,720 USD
5- The Commencement Date	
for the Investment	: January 1 1998
6- The date of commencement of	
the trial period	: March 1 2000
7- The date oc commencemetn for	
the proper running	: April 1 2000
8- The Economic Life of The Project	: 24.1 Year
9- Project Prepared Pay	: Remzi Tanlı

# The Reason For The Project

#### a) The Reason For The Project

The Turkish Republic Of Norhtern Cyprus had been experiencing economic difficulties during the last years. The public puse is tight. The private sector on the other hand is affected by the calm of the markets. Investments are not adequate and the expected development in tourism cannot be realised.

The exports in 1996 amounted to 71,000,000 U.S. Dollars as opposed to 330,000,000 U.S. Dollars worth of imports. Again, the income derived from tourism during the same year was 180,300,000 U.S. Dollars.

With the "Tourism Industry Encouragement Act" investments in the tourism industry are encouraged and incentives are provided. Furthermore The Development Bank is providing long term finances on low interest rates for investments in the tourism industry. The Turkish markets are also there as important resources to use.

What is targeted here in this project is the increase of the bed capacity, create employment opportunities and make the flow of income in both Turkish and foreign currencies to aid the country's economy.

b-The Inter-relationship between the Third Five Year Plan of 1997 for the TRNC and Investments

Encourement in tourism investments are targeted in the TRNC's Third Five Years Development Plan (1993-1997) and the 1997 Programme prepared accordingly.

The ratio of tourism investments in relation to the total investments is 4.6%. The target of the programme was 15.9%.

The realisation of the tourism sector's investments have remained under 5%. This is a contradiction for tourism that is proclaimed as the leading sector. We can not reach the conclusion that investments have reached saturation here. Problems related to non-recognition, transportation and administration and consequently financial problems are impeding the realisation of the expected investments.

The sectoral distribution and the proportions for the constant capital investments are shown in pages. 47.

Precautions specified in the 1977 Programme as well as the aggreements signed with Europena countries, Israil and Russia are indications to the effect that there would be inceases in tourist numbers. Due to these aggreements, for the first time, a capacity of 50% is expected in the 1997 winter season./

Table The Sectoral Distribution Of The Constant Capital Investments (1996 Estimations Of Realisation) Ĩ

	Prog	gramme Targ	ets			Rea	alisation	
Sectors	State	Public(x)	Private	Total	State	Public(x)	Private	Total
Agriculture	4.6	4.4	13.1	10.1	5.5	0.1	7.2	5.9
Industry	9.1	74.6	32.9	31.7	4.3	4.0	11.0	8.9
Quarrying	ı	ı	0.6	0.4	ı	I	0.2	0.1
Manu Facture	6.3	12.7	32.1	23.8	1.8	0.2	9.0	6.6
Electricity-Water	2.8	61.9	0.2	7.5	2.5	3.8	1.8	2.2
SERVICES	86.3	21.0	54.0	58.2	90.2	95.9	81.8	85.2
Building	1	I	2.9	1.9	T		2.7	1.8
Wholesale and Retail Trade	ı	1	3.0	1.9	ı	ı	8.1	5.5
Tourism	ı	5.7	15.9	11.0	0.3	5.0	5.6	4.6
Transport	8.5	12.6	11.0	10.6	10.2	69.5	3.0	14.0
Communication	5.2	t	4.3	4.0	0.1	0.2	9.9	4.6
Financial Establishments		2.7	0.6	0.7	ı	0.6	1.4	1.1
Dwelling Ownership	У т	ŧ	15.0	9.8	0.4	1	49.6	34.2
Self Employment And Servisces		r	1.3	0.8	ı	1	4.8	3.3
Public Services	72.6	1		17.5	79.2	20.6	ı	16.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
(x) PEE								

(xx) Machine And Implement Investments Source: TRNC Prime Ministry, SPA.

Investments (1996 Estimations Of Realisation) (Million TL. On The 1995 Current Prices) Table The Sectoral Distribution Of The Constant Capital

		Progra	mme Targets			Real	Isation	
Sectors	State	Public(x)	Private	Total	State	Public(x)	Private	Total
Agriculture	80,200.0	35,000.0	621,100.0	736,300.0	41,442.9	1,120.0	227,678.0	270,241.4 34
Industry	160, 100.0	590,000.0	1,558,500.0	2,308,600.0	32,482.2	26,823.1	347,601.6	406,906.9 1'
Quarrying			27,400.0	27,400.0		,	5,909.2	5,909.2 2
Manu Facture	110,000.0	100,000.0	1,521,100.0	1,731,100.0	14,001.0	1,456.1	285,432.8	300,889.9 1
Electricity-Water	50,100.0	490,000.0	10,000.0	550,100.0	18,481.2	25,367.0	56,259.6	100,107.8 1:
SERVICES	1,519,100.0	166,400.0	2,557,500.0	4,243,000.0	683,415.2	647,560.2	2,582,150.7	3,913,126.197
Building (xx)			138,100.0	138,100.0	1		85,829.3	85,829.3 6.
Wholesale and Retail Trade	•		141,200.0	141,200.0	ı	•	254,570.7	254,570.7 1:
Tourism	1	45,400.0	754,800.0	800,200.0	2,240.2	33,663.9	175,535.9	211,440.0 2
Transport	150,200.0	100,000.0	520,000.0	770,200.0	77,285.3	496,355.4	94,514.4	641,155.1 8
Communication	90,900.0		202,000.0	292,900.0	728.1	1,120.1	208,169.1	210,017.3 7
Financial Establishments	,	21,000.0	31,100.0	52,100.0		4,200.3	45,844.3	50,044.6 9
Dwelling Ownership	,		710,600.0	710,600.0	2,800.2		1,569,642.6	1,569,642.8 2.
Self Employment And Servisces	,		59,700.0	59,700.0			150,844.4	150,844.4 2:
Public Services	1,278,000.0	•	•	1,278,000.0	600,361.4	139,220.5		739,581.9
TOTAL	1,759,400.0	791,400.0	4,737,100.0	7,287,900.0	757,340.3	675,503.3	3,157,430.8	4,590,274.4 (
(x) PEE								

(xx) Machine And Implement Investments Source: TRNC Prime Ministry, SPA.

### **Place Of Establishment**

When the place of establishment for x hotel is being determined, maximum attention must be paid in providing various goods and services, with their cost prices, qualities, and safeties in mind, making sure that the tourism product that is targeted is produced at low costs and sold at maximum possible profits.

The place of establishment for hotel x has been approved by the TRNC authorities as a region in need of investment. Investmentwise the area has not reached saturation.

The region is fairly good with touristic appeal. It is also rich in historical sites.

The tourism culture and its importance in being appreciated in the area. Ivestments are being realised in this sphere and standards are rising. Infrastructures in relation to electricity, water sewerage, communication and transprot all exist although not adequate. Adequate water supplies are also looking at the other touristic establishments in the area. Water is bought from the outside. Although water is not expensive to buy, it is a problem all the same. It is comforting to know that the water project aggreement signed between The Turkish Republic and The Turkish Republic of Northern Cyprus in 1997 will be realised in the shortest possible time.

The region is properly equipped with regards the availability of provisions such as meat, fish, vegetables, fruit etc.

It is known that quality personnel is lacking in the area. It will be necessary to draw labour from the other areas for a certain period.

## The type and classification of the establishment.

When preparing the investment project for the x holiday village the leanings and expetations of Mediterranean tourists, the reasons for their choice etc. have been researched. The tourist is looking for quiet peaceful place where he/she can withness the local culture and be one with nature. He/She is not interested in high rising hotels and crowds.

It was thought that the establishment of the holiday village as a four star establishmetn would be proper. (Special prerequisities for the classification) related rules and regulations have been studied and adhered to. All prerequisities for a four star establishments have been provided for in the project. Special attention was also paid future needs in case a conversion to five star was to be made. By the time of its completion the holiday village will also have a small forest.

# Capacity

The holiday village will consist of 120 rooms and the number of beds will be 320. In addition there will be a break fast hall that will seat 300, two restaurants that will seat 350 and 500 for winter and for summer respectively. The supplementary service establisments will be in a position to meet the capacity.

## Analysis of offer and demand

It was targeted to establish and identify the main types of guests, the proportions of market growth, the number of beds and the capacity of restaurants as well as their qualities, the capacity of the overall establishment, the rates of accommodation charges and other tourism services in order to be able to determine the capacity and quality of offer.

#### a-The analysis of demand

The study of offer in relation to accommodation and related services in the Mağusa area was realised numerically, qualitatively and geographically.

* The name of	Classification	Bed Capacity	2 Bed Room	1 Bed Room
Establishment			and Breakfast	and Breakfast
PALM BEACH	5	216	90	70
HOTEL				
PARK HOTEL	4	180	74	57
SALAMİS BAY	4	950	44	31.50
HOTEL				
<b>BOĞAZ HOTEL</b>	3	80	56	41
CYPRUS	3	198	70	50
GARDENS				
HOTEL VIEV	3	112	60	45
MIMOZA HOTEL	3	102	63	44.30
SEA SIDE H. APT	2	68	-	-
ALTUN TABYA	1	32	34	27
OTEL				
BLUE SEA	1	28	25	15
HOTEL				
GIRANEL	1	40	-	-
HOTEL				
PANAROMA	1	20	28	22
HOTEL				
PORTOFINO	1	36	38	25
HOTEL				
VAZARO HOTEL	- 1	90	30	20

2,152

\* The 1997 North Cyprus Hotels, Travel Agents and Other Services. Directory

In the Magusa area there are six restaurants than can be calssifed as supplementary tourist establishments. In addition there are seven rent-a-car firms.

x Holiday Village is 10 km away from the city of Magusa. It is in the area with the maximum bed capacity. It's distance to the airport is 30 km. From the Magusa Harbour it's ten kms away.

x Holiday willage will supplement the inadequate offer of the area. It will be wrong to compare the x Holiday Village with the current bed capacity of 2152 of the area today. Because from the point of view of local peculiarities, the type of the establishment and its classification it differs from the others.

In relation to accommodation, food, the standard of the establishment, qualified personel, service standards and animation there are important inadequacies in the establishments of the area. Especially after the developments in Turkey and South Cyprus these became more evident.

Information relating to inventory and infrastructure regarding the touristic as well as supplementary establishments in the Magusa area can be found on pages 36-49. The said information was gathered through a questionnaire conducted by the Ministry Of State and Deputy Prime Ministy in 1995.

The architecture of the x Holiday Village will blend in with the environment and the sea and all rooms will have some sea view. Trees surrounding the hotel and the side services will present an interesting view and reflect the Turkish Cypriot culture.

The sizes of the rooms will not be any smaller than 24m2 and will reflect the Cypriot culture through the creation of decor and furniture comfort. In all the units comfort will have precedence and the Cypriot atmosphere and culture will be dominant.

	CAFETARI A	RESTAURANT	BEACH	BAR	DISCOTHEQUE	NIGHT CLUB	PASTRY SHOP
TATLISU Council	ŝ	0	1	0	0	0	0
LAPTA Council	v.	18	6	-	1	7	0
YENI BOGAZICI Council	0	12	0	0	0	-	1
LEFKE Council	מי	Ξ	4		0	6	2
GAZIMAGOSA Council	30	40	0	11	m	4	13
CATAL KOV Conneil		-		d	c	d	0
GIRNE Council		۱ ۲	3	0	-		6
ISKELE Council		Q	6	F	0		-
LEFROSA TURK Council	68	71	0	11	1	3	25

TOURISTIC SUPPLEMENTARY AND SIDE ESTABLISHMENT OWNED BY THE YENI BOGAZIÇI COUNCIL



TOURISTIC SUPPLEMENTARY AND SIDE ESTABLISHMENT OWNED BY THE YENI BOGAZIÇİ COUNCIL



TOURISTIC SUPPLEMENTARY AND SIDE ESTABLISHMENT OWNED BY THE GAZI MAGOSA COUNCIL





TOURISTIC SUPPLEMENTARY AND SIDE ESTABLISHMENT OWNED BY ISKELE COUNCIL



TOURISTIC SUPPLEMENTARY AND SIDE ESTABLISHMENT OWNED BY THE ISKELE COUNCIL

















Opporfunities and services to be offered by Sun Holiday Village will be:

Bath, direct telephone line, radio, minibar, air condition, hair dryer and sea view for all the rooms 2 restaurants (summer and wenter.) 2 bars, swimming pool, childrens' swimming pool, water sports (sea), basketball, velleyball, tennis court, market, discotheque, T.V. room and animation.

analysin /

# b-Demand analysin

The current demand for the TRNC for local and especially for eign tourists, their numbers, the development trends of demand, the average staying period, purposes for their visits, were all analysed using official statistical data and surveys. Statistical data on this subject is given on pages 51-61. Survey results can be found on pages 62-66.

TABLO 15

Turistik Konaklama Tesislerinde Konaklayan Turist Adedi ve Geceleme Sayısı Ülkelere Göre Dağılımı (No. of Tourists and Bednughts Tourist Accommodation Establishments by Country of Usual Residence) -1996-

	Genel	Toplam	(Gand	Total)	26845	39073	46106	69285	74538	77479	84952	112048	90616	78916	33426	33790	767074
f Bednigts)	K.K.T.C.	(Local	Tourists)		1823	1661	1467	2104	2287	3392	11475	14937	3177	1221	2075	2144	47763
ayısı (No. o	Yabancı	Turist Top.	(Tot. Over-	seas Tour.)	25022	37412	44639	67181	72251	74087	73477	97111	87439	77695	31351	31646	719311
Geceleme S	Diğer	Ülkeler	(Other	count.)	10607	15042	30086	37396	49155	51221	50328	68290	63877	48443	14725	11128	450298
	Türkiye	(Turkey)			14415	22370	14553	29785	23096	22866	23149	28821	23562	29252	16626	20518	269013
	Genel	Toplam	(Gand	Total)	7164	8531	9744	13546	13684	13727	14892	19331	14761	14200	8319	8769	146668
ourists)	K.K.T.C.	(Local	Tourists)		1003	748	762	1124	1072	1509	3804	5061	1286	638	1309	1553	19869
yısı (No. of J	Yabancı	Turist Top.	(Tot. Over-	seas Tour.)	6161	7783	8982	12422	12612	12218	11088	14270	13475	13562	7010	7216	126799
Turist Say	Diğer	Ülkeler	(Other	count.)	1687	2473	4555	5456	6708	6153	5617	7566	6807	5436	2066	1684	56208
	Türkye	(Turkey)			4474	5310	4427	6966	5904	6065	5471	6704	6668	8126	4944	5532	70591
		Aylar	(Months)		Ocak(Jan.)	Subat(Feb.)	Mart(Mar.)	Nisan(Apr.)	Mayıs(May.)	Haziran(June)	Temmuz(July)	Ağustos(Aug.)	Eylül(Sept.)	Ekim(Oct.)	Kasım(Nov.)	Aralık(Dec.)	Toplam(Total)

#### TURİSTİK KONAKLAMA TESİSLERİNDE KNAKLAYAN TURİST ADEDİ VE GECELEME SAYISININ ÜLKELERE GÖRE DAĞILIMI NO. OF TOURISTS AND BEDNIGHTS IN TOURIST ACCOM. EST. BY COUNTRY OF USUAL RESIDENCE 1996

Sayısı (No. of toutists Foreign 38% TRNC 14% TWO 14% TWO 14% TWO 14% TWO 14% TWO 14% TWO 14%

Geneleme Sayısı (No. of tourists)



# TABLO: 16

# 1996 YILINDA TURİSTİK KONAKLAMA TESİSLERİNDE KONAKLAYAN *Turistler*'in UYRUKLARINA VE GENEL İÇİNDEKİ PAYLARINA GÖRE DAĞILIML

(No. of Tourists in Tourist Accom. Est. by Country of Usual Residence and Percentage in 1996)

UYRUK		GENEL İÇİNDEKİ
(Country of Usual Residence)	(No. of Tourists)	PAYI(%) (Percentage)
		(i ereenage)
Turkey)	70,591	48.13
TERE (England)	26,091	17.80
ANYA (Germany)	17,576	11.98
STURYA (Austrin)	1,605	1.09
SA (France)	2,412	1.61
STA (Russia)	1,006	0.69
MARKA (Denmark)	952	0.65
LANDİYA (Finland)	471	0.32
A (Italy)	422	0.29
LLANDA (Holland)	222	0.16
CCRE (Switzeland)	74	0.05
ECIKA (Belgium)	60	0.04
EC (Sweden)	43	0.03
EDONYA (Macedonia)	8	0.01
YABANCI (Oth. For.)	5,266	3.60
T.C. (T.R.N.C.)	19,869	13.55
AM (Total	146,668	100.00

1996 YILINDA TURISTIK KONAKLAMA TESISLERINDE KONAKLAYAN Turistler'in K.K.T.C.'NE Gelis Tercihlerinin TABLO: 18

(No. of Tourists in Tourist Accom. Est. by Type of Visit and Country of Usual Residence in 1996)

UYRUKLARA GÖRE DAĞILIMI

(Percentage) YÜZDE 100.00 PAYI 48.13 38.32 13.55 TOPLAM Toplam) (No. of Tourists 146,668 TURIST 19,869 56,208 SAYISI 70,591 (Percentage) YÜZDE *TUR OPERATÖRÜ İLE* PAYI 21.42 59.52 37.21 0.89 (By Tour Operators) (No. of Tourists) TURIST SAYISI 13,413 54,577 87,293 1,303 Percentage) YÜZDE PAYI 40.48 12.66 26.71 1.11 MÜNFERIT (Individual) (No. of Tourists) TURIST 18,566 SAYISI 39,178 59,375 1,631 Country of YABANCI (Foreigner) Residence) T.R.N.C.) TOPLAM K.K.T.C. Turkey) UYRUK Total) Usual T.C.

TABLO:24

Turistik konaklama Tesislerinde Konaklayan Turist Adedi ve Geceleme Sayısının Bölgelere ve Yıllara Göre Dağılımı ( No. of Tourists and Bednights in Tourist Accommodation Establishments by Regions and Years)

(1986-1996)

	Tu	rist Sayısı (Nun	nber of Touris	sts)	Gecel	eme Sayısı (Nu	mber of Bedn	ughts)
Yılar	B	ölgeler (Region	s)		Bć	ölgeler (Region	S)	
	Girne	G.Mağusa	Lefkoşa	Toplam	Gime	G.Mağusa	Lefkoşa	Toplam
(Years)								
	(Kyrenia)	(Famagusta)	(Nicosia)	(Total	(Kyrenia)	(Famagusta)	(Nicosia)	(Total
1986	23878	18190	4088	46156	155650	99414	13014	268078
1987	45095	32700	8088	85883	293536	180428	21093	495057
1988	46974	35145	6006	91128	284550	218238	18347	521135
1989	51311	30218	7168	88697	298788	212359	15509	526656
1990	50998	32792	4336	88126	326433	225263	7432	559128
1661	40351	28567	3673	72591	225400	252209	6280	383889
1992	65803	37735	3943	107481	409153	214183	8345	629681
1993	92189	36516	5737	134442	591767	242370	12742	846879
1994	11675	39564	9527	160766	644897	209592	18736	873225
1995	117943	44245	17094	179282	654688	223046	39506	927240
1996	106750	30723	9195	146668	593292	149415	24367	767074
Girne Bölgesinde Turistik Konaklama Tesislerinde Konaklayan Turist Adedi ve

Geceleme Sayısının Başlıca Ülke Guruplarına Göre Dağılımı (No. of Tourists and Bedniohts in Tourist Accommodation Establishments in Kvrenia Repion hv Main Grouns of Countries)

TNO. OI TOULISIS ALLA DOC	m emâm	ISTINAT	TITIONNY	Innauton	TIMPICT	CHININ	TATAT T	ULAN INCEIN	TAT ON TATO	noto III	no to co	(con min
Başlıca Ülke Gruplar	8	ak	Sul	oat	Ma	Irt	Nis	an	Ma	yıs	Hazi	ran
(Main Groups of	(Ja	n.)	(Fe	b.)	(Má	IT.)	(Ar	Dr.)	(Ma	IV.)	(Jun	le)
Countries )	K.	G.	K.	G.	K.	G.	K.	G.	K.	G.	K.	Ŀ.
Türkiye (Turkey)	3575	11485	4352	18726	3620	1265	5325	23620	4782	19438	4426	17215
İngiltere (U.K.)	327	2264	641	3839	1537	10840	1827	12542	2598	19922	2744	23754
Almanya (Germany)	504	3871	823	6131	1613	11121	1464	13158	1845	14618	1289	9775
Austurya (Austria)	8	108	2	15	14	68	18	223	57	389	63	364
Fransa (France)	48	205	59	309	196	947	360	2282	198	1266	300	1794
İskandinavya (Scandinavia)	94	597	72	489	87	888	25	152	9	46	Т	I
Diğer Avrupa Ükeleri (Other European Count.)	83	452	179	973	297	1692	256	1780	284	1559	156	1270
Arap Ülkeleri (Arab Countries)	19	237	20	28	34	88	15	151	33	207	16	155
Asya Ülkeleri (Asian Countries)	39	275	23	270	61	562	377	599	225	807	68	981
Afrika (Africa)	1	3	1		I	I	1	1	1	2	I	8
Amerika (U.S.A.)	13	41	16	41	37	92	194	489	182	665	112	787
Avustralya (Australia)	4	45	1	17	2	14	~	8	19	98	24	232
TOPLAM (TOTAL)	4715	19583	6188	30838	7498	38477	9869	55004	10230	59017	9198	56327

# Turistik Konaklama Tesislerinde Konaklayan Turist Adedinin Bölgelere Göre Dağılımı (No. of Tourists in Tourist Accommodation Establishments by Regions) (1994-1995-1996)

				BÖL(	<b>JELER</b> (Reg	ions)						
Aylar		Girne			G. Magosa			Lefkoşa			Toplam	
(Months)		(Kyrenia)		)	Famagusta)			(Nicosia)			(Total)	
	1994	1995	1996	1994	1995	1996	1994	1995	1996	1994	1995	1996
Ocak (Jan.)	7780	5754	5459	1119	2140	1100	797	1718	905	9696	9612	7164
Şubat (Feb.)	5669	3651	6549	1406	1207	1194	527	1306	788	7602	6164	8531
Mart (Mar.)	10530	8321	7912	3507	3371	1107	684	1688	725	14721	13380	9744
Nisan (Apr.)	8283	9150	10489	2145	3658	2357	747	1069	700	11175	13877	13546
Mayıs (May)	9929	9855	10670	4086	4666	2298	720	890	716	14735	15411	13684
Haziran (June)	7870	8586	1679	3719	2646	3176	614	1094	760	12203	12326	13727
Temmuz (Jily)	11476	10631	9963	4492	5849	4234	744	1062	695	16712	17542	14892
Ağustos (Aug)	12739	15728	13524	6533	6594	5106	838	1436	701	20110	23758	19331
Eylül (Sept.)	12945	14754	10295	4487	5096	3669	1130	1610	797	18562	21460	14761
Ekim (Okt.)	11566	14291	10491	3269	4630	2962	984	1536	747	15819	20757	14200
Kasım (Nov.)	6738	8828	5640	2277	2942	1832	849	1785	847	9864	13555	8319
Aralık (dec.)	6150	8394	6267	2524	1446	1688	893	1900	814	9567	11740	8769
Toplam	111675	117943	106750	39564	44245	30723	9527	17094	9195	160766	179282	146668

(No. of Tourists in Tourist Accommodation Establishments by Country of Usual Residence) Turistik Konaklama Tesislerinde Konaklayan Turist Adedinin Ülkelere Göre Dağılımı (1994-1995-1996)

		Türkiye		Q	iğer Ülkeler			K.K.T.C.			Toplam	
Aylar		(Turkey)		(0f	her Countrie	(S)		(T.R.N.C.)			(Total)	
(Months)	1994	1995	1996	1994	1995	1996	1994	1995	1996	1994	1995	1996
Ocak (Jan.)	7381	6421	4474	1420	1736	1687	895	1455	1003	9696	9612	7164
Şubat (Feb.)	4511	2939	5310	2077	2168	2473	1014	1057	748	7602	6164	8531
Mart (Mar.)	7414	7073	4427	6195	4148	4555	1112	2159	762	14721	13380	9744
Nisan (Apr.)	4314	5146	6966	6474	7636	5456	387	1095	1124	11175	13877	13546
Mayıs (May)	6724	8183	5904	7435	5987	6708	576	1241	1072	14735	15411	13684
Haziran (June)	4873	5645	6065	6401	5221	6153	929	1460	1509	12203	12326	13727
Temmuz (Jıly)	5430	7168	5471	9212	6153	5617	2070	4221	3804	16712	17542	14892
Ağustos (Aug)	6204	10591	6704	11862	9254	7566	2044	3913	5061	20110	23758	19331
Eylül (Sept.)	8787	10466	6668	8366	9246	6807	1409	1748	1286	18562	21460	14761
Ekim (Okt.)	7339	8735	8126	7814	11050	5436	666	672	638	15819	20757	14200
Kasım (Nov.)	5086	7236	4944	3762	5274	2066	1016	1042	1309	9864	13555	8319
Aralık (dec.)	4625	7151	5532	2528	3020	1684	2414	1569	1553	9567	11740	8769
Toplam	72688	86754	70591	73546	70893	56208	14532	21635	19869	160766	179282	146668

Turitik Konaklama Tesislerinde Konaklayan Turistlerin Yaş Guruplarına Göre Bölgeler İtibarıyle Dökümü (No. of Tourists in Tourist Accommodation Establishments by Age Groups and Regions)

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	_		_		_			-
0%	6.0	7.1	19.4	25.4	23.2	12.1	6.8	100.0
Toplam (Total)	8786	10358	28469	37360	34040	17727	9928	146668
Lefkoşa (Nicosia)	10	1185	3306	2246	1482	663	303	9195
G. Mağusa (Famagusta)	2985	2789	6743	7433	6114	3096	1563	30723
Girne (Kyrenia)	5791	6384	18420	27681	26444	13968	8062	106750
Yaş Grupları (Age Groups)	0-12	13-20	21-30	31-40	41-50	51-60	61+	Toplam(Total)

Turistik Konaklama Tesislerinde Kapasite Kullanım Oranının Bölgelere ve Tesis Sınıflarına Göre Dökümü (%) (Occupancy Rate in Tourist Accommodation Establishments By Regions and Categories(%))

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Simf (Catogery)	* * * *	* * * *	* * *	* *	*	Ortalama (Average)
Girne (Kyrenia)	13.2	37.1	37.4	34.1	34.4	34.9
G.Mağusa (Famagusta)	41.1	18.9	35.6	I	33.4	26.1
Lefkoşa (Nicosia)	T	T	27.5	T	25.6	26.4
Ortalama (Average)	25.1	30.1	36.6	34.1	32.9	32.5

### TABLO : 67 TURİSTİK KONAKLAMA TESİSLERİNDE GERÇEKLEŞEN Kapasite Kullanımının AY BAZINDA YILLARA GÖRE DAĞILIMI (Monthly Occupancy Rates in Tourist Accom. Est. by Years -%-)

AY (Months)	1993(%)	1994(%)	1995(%)	1996(%)
OCAK (January)	23.2	22.8	17.9	15.8
SUBAT (February)	17.3	16.8	14.2	25.2
MART (March)	28.8	36.9	30.9	29.0
NISAN (Apr.)	28.2	30.9	38.2	35.8
MAYIS (May)	37.7	39.8	42.3	34.8
HAZIRAN (June)	37.9	34.1	35.6	37.3
TEMMUZ (Jıly)	54.5	51.1	43.8	40.3
AĞUSTOS (August)	76.3	67.5	65.8	49.5
EYLÜL (September)	63.9	54.1	58.0	42.6
EKİM (Oktober)	55.4	48.8	56.9	37.6
KASIM (November)	38.0	24.0	30.8	17.6
ARALIK (december)	21.8	21.8	20.4	18.5
GENEL (Total)	36.8	37.3	37.5	32.5
			Strain 1 - 1	5/P / 1

Turistlere yapılacak anket (İngilizce)

### QUESTIONNAIRE

1.	Is it your first visit to t	he TRN	C ?		
	Yes	No			
2.	How did you get the in	oformati	on about the TRNC	?	
	From trave	agents	From Press	From friends	Others
3.	Do you think that TRN	VC is a g	ood destination for r	elaxation?	
	Yes	No			
4.	Would you like to com	ne again	in winter/summer ?		
	Yes	No			
5.	How do you find the s	tandard	of hotels ?		
	Very Good		Good	Not Good	
6.	Please categorize the p	resent s	tatus of Historical Si	tes.	
	Well Preser	ved	Preserved	Need	restoration
	Neglectcd				
7.	Do you like Northen C	yprus C	uisine ?		
	Yes	No			
8.	Are you satisfied with	the hote	l standard and Servic	ces you are stay	ying in ?
	a) Accommodation	*	Very Good	Good	Satisfactory
	Unsatisfactory				
	b) Service :		Very Good	Good	Satisfactory
	Unsatisfactory				
	c) Cleanliness	:	Very Good	Good	Satisfactory
	Unsatisfactory				
	d) Food & Beverage	:	Very Good	Good	Satisfactory
	Unsatisfactory				
	e) Staff ATT.	:	Very Good	Good	Satisfactory
	Unsatisfactory				
	f) Guide Service :		Very Good	Good	Satisfactory
	Unsatisfactory				

g) Animation	:	Very Good	Good	Satisf	factory
Unsatisfacto	ory				
h) Transfer	:	Very Good	Good	Satisf	factory
Unsatisfacto	ory				
9. During your stay	in the TRNC we	re there any happen	ing that cause	your conce	ern?
Yes	No				
10. Would you reco	ommend TRNC ho	lidays to your frier	nds on your ret	urn?	
Yes	No				
11. What means of	transport was used	d to travel to TRNC	??		
Air	Sea				
How do you fin	d transportation f	acilities ?			
Very Good	Good	Satisfac	tory	Unsa	tisfactory
12. a) Your age.					
0-12 13-2	20 21-30	31-40	41-50	51-60	60+
b) Sex :	female	Male.			

c) Occupation : ....

d) Country : .....

### ANKET SONUÇLARI

## <u>TURİSTLER</u>

		$\Sigma$ / part	$\Sigma / qn$	Ratio
QUESTION 1	YES	75	115	65%
	NO	40		35%
QUESTION 2	Trvl Agents	40	111	36%
	Press	12		11%
	Friends	37		33%
	Others	22		20%
QUESTION 3	YES	114	115	99%
	NO	1		1%
QUESTION 4	YES	110	115	96%
	NO	5		4%
QUESTION 5	V.Good	52	114	46%
	Good	58		51%
	Not Good	4		4%
QUESTION 6	W. Preserved	28	115	24%
	preserved	41		36%
	Need	25		22%
	Restoration			
	Neglected	21		18%
QUESTION 7	V. Good	47	114	41%
	Good	61		54%
	Satisfactory	4		4%
	Not Satisfactory	2		2%
QUESTION 8	V. Good	28	42	67%
a)Accomodatio	Good	12		29%
n				
	Satisfactory	2		5%
	Not Satisfactory	0		0%
b)Service	V. Good	90	115	78%
	Good	19		17%

	Satisfactory	6		5%
	Not Satisfactory	0		0%
c)Cleanliness	V. Good	86	115	75%
	Good	25		22%
	Satisfactory	4		3%
	Not Satisfactory	0		0%
d)Food &	V. Good	67	114	59%
Beverage				
	Good	35		31%
	Satisfactory	12		11%
	Not Satisfactory	0		0%
e)Staffatt.	V. Good	93	115	81%
	Good	20		17%
	Satisfactory	2		2%
	Not Satisfactory	0		0%
f)Guide	V. Good	72	123	59%
Services				
	Good	27		22%
	Satisfactory	19		15%
	Not Satisfactory	5		4%
g)Animation	V. Good	52	106	49%
	Good	36		34%
	Satisfactory	13		12%
	Not Satisfactory	5		5%
h)Transfer	V. Good	68	112	61%
	Good	34		30%
	Satisfactory	5		4%
	Not Satisfactory	5		4%
QUESTION 9	YES	17	114	15%
	NO	97		85%
QUESTION 10	YES	113	115	98%
	NO	2		2%
QUESTION 11	Air	105	121	87%

Part a	Sea	16		13%
Pa	urt b V. Good	55	114	48%
	Good	31		27%
	Satisfactory	17		15%
	Not Satisfactory	11		10%
QUESTION	12 0-12	10	114	9%
Part a	13-20	14		12%
	21-30	29		25%
	31-40	22		19%
	41-50	10		9%
	51-60	18		16%
	60+	11		10%
Ра	art Female	49	106	46%
b				
	Male	57		54%
c Pa	art Student	27	110	25%
	Managing	15		14%
	Positions			
	Teachers	12		11%
	Trade	31		28%
	Administrative	13		12%
	Retired	12		11%
d Pa	urt Turkey	52	115	45%
	UK	14		12%
	Germany	17		15%
	Finland	12		10%
	Japan	2		2%
	Austria	3		3%
	France	13		11%
	Italy	1		1%
	Australia	1		1%

In addition to local and foreign tourists related sections of locak and foreign sections were surveyed. The result was beneficial in the spheres of both offer and demand.

In determining the types of tourists, the type of the Holiday Village as well as the level of the tourism services of the country were taken into consideration. Here, the pricing policy was determined after considering the monetary values of the country, inflation and approximate market prices.

At the conclusion of this study, after considering the sun Holiday Village's quality of service and the establishment's type and classification, the middle class tourists that attached importance to nature and culture were chosen as the target strata. Transport related problems as well as other tourism problems were kept in mind when deciding on this type of tourist. C- Comparison of offer and demand.

The offer analysis of the Magusa region particularly and the TRNC generally as well as the overall demand analysis have been dean. The results indicate the there is no adequate tourist demand for the region.

After comparing the current offer against the demand the annual average occupancy rate percentages have been established to be 26.1 % (P.60).

The occupancy ratio according to the months (P.61) as can be seen is between 40-50 % for the summer season and between 20-30 % for the winter.

The occupancy rates as per the years was as follows : 36.8% for 1993, 37.3% for 1994, 37.5% for 1995 and 32.5% for 1996.

To estimate the contribution that the x Holiday Village will make to the annual occupancy rates is fairly difficult owing to the fact that the TRNC is not recognised hence the unstable political situation as well as the low overall occupancy rates and other elements.

### Study of prices

Internal and external factors to the venture has been considered. When prices for the dun Holiday Village were determined the aim of the ventures pricing, the quality of the product, the structure of the marker, offer and demand as well as the types of customers have been taken into account.

In determining the prices at the conclusion of this study the estimation of the demand, the pricing policies of the competitors, the share of the market and pricing strategies etc. were all studied.

The prices of the products offered by the sun Holiday Village are for the initial year. The approximate prices for the establishment to commence operation on April 1, 2000 are as follows :

			Winter	Season	Summer	Season
Person	Room	Bed	$\underline{B}.\underline{B}$	$\underline{\mathrm{H}}.\mathrm{P}$	<u>B.B</u>	H.P
1	1	1	27	40	40	55
2	1	2	37	50	55	70

Types of Customers	Groups (%)	Individuals (%)
Bread and Break Fast	22	64
Half Pension	78	36

### The Study Of The Business

For the initial stage of the venture and the project, the costs and sale prices have been determined. The amounts of incomes and expenditure have been estimated and the gross profitability of the venture determined.

Average Spending Power (USD		
Extra Food income per bednight	4	
Extra beverage income per bednight		5.40
Minor Operation Dep. Income per bednight		0.8
Telephone Operation Dep. Income per bednight	1	

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Investment Types	Internal Monies	External Monies	Total
1 - Study and Project cost	30,000	I	30,000
7- I and	600,000	ı	600,000
2 Duilding World	1,400,000	1,100,000	500,000
2- Duniuli WOIKS	320,000	340,000	660,000
4- Installation Works	60,000	220,000	280,000
5- Electrical Works	230,000	590,000	820,000
6- Machines and implements		350,000	350,000
7- Furnishings and decoration	ı	100,000	100,000
8- Transport vehicles	120,000		120,000
9- General Costs			
SUB TOTAL	2,760,000	2,700,000	5,460,000
10- Unexpected Costs	200,000		200,000
11- Interest for the In vestment	240,000		240,000
period			
TOTAL CONSTAT INVESTMENT	3,200,000	2,700,000	5,900,000
BUSINESS CAPITAL		300,000	300,000
GENERAL INVESRMENT TOTAL	3,200,000	3,000,000	6,200,000

APRIL 2000 / MARCH 2001 TOTAL INCOMES (\$)

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3,204,10 212.256 159.513 221.184 329,317 365,669 396,133 368.560 355,532 259,209 159.513 269.157 108,057 INCOME TOTAL INCOMES 53903 SUNDRY 3456 4205 5145 5713 6189 5760 5555 4224 5158 3174 2150 3174 (0.8)TELEPOHONE INCOMES 4320 67384 7200 6944 5280 6448 3968 2688 3968 5257 6432 7142 7737 (1) DRINK 363,869 38,566 41,779 34,819 23,328 21,427 14,515 28,387 34,732 37,497 21.427 28.512 38,880 EXTRA (5.4) 269,536 17,280 25,728 30,948 28,800 27,776 25,792 10,752 INCOMES 21,028 28,568 21.120 15.872 15.872 FOOD EXTRA (4) ACCOMMODATION AND FOOD 2,449,488 210,280 257,280 285,680 309,480 288,000 INCOMES 277,760 153.120 186,992 77,952 172,800 115.072 115.072 AVERAGE B.B+H.P 40 29 29 29 29 40 40 40 40 40 40 SALEABLE BEDS 67384 6944 5280 6448 NO. OF 4320 6432 7142 7200 3968 2688 3968 5257 7737 Ort. 57.5 RATES(%) CAPACITY 70 55 40 30 45 53 72 75 65 116,80 BED OFFER 9600 9600 9920 9600 9920 9920 9600 9920 9920 9920 8960 9920 0 BED CAPACITY 320 320 320 \$5 3 50 55 50 50 50 23 3 DAY 31 30 30 31 30 31 31 31 31 31 **SHTNOM** September November December February October January TOTAL August March April June May July

c- Business Costs

### Administrative Costs SUN HOLIDAY VILLAGE April 2000 / April 2001 Administrative costs

Type of expense	Constant	Variable	Total
Food costs	-	430,000	430,000
Drink costs	-	105,000	105,000
Personnel	160,000	110,000	270,000
Electricity, water	40,000	13,000	53,000
and fuel			
Sundries	-	40,000	40,000
Depreciation	300,000	-	300,000
Maintenance	12,000	-	12,000
Insurance	8,000	-	8,000
General costs	320,000	-	320,000
Total expenditure	840,000	698,000	1,538,000

### d- Table of Income and Expenditure

Sun Holiday Village April 2000 / April 2001 Table of Income and Expenditure

Incomes	3,204,100
Costs	1,538,000
Gross Profits	1,666,100
Interest due on credit	40,000
Pre-Tax Profits	1,626,100
Income Tax (exception)	-
Net Profit	1,626,100

### e- Table of Fund Flows (US \$)

Explanation	2000	2001	2002	2003
Useable profits	1,626,100	1,830,000	1,910,000	1,980,000
Depreciation	300,000	300,000	300,000	300,000
Total Funds	1,926,100	130,000	2,210,000	2,280,000
Credit Instalments	250,000	250,000	250,000	250,000
Annual Residue	1,676,100	1,880,000	1,960,000	2,030,000
Cumulative Residue	1,676,100	3,556,100	5,516,100	7,546,100

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### SUMMARY AND FINANCIAL ANALYSIS

### a- SUMMARY

The total general in vestment amount for the four star Sun Holiday Village is approximately 6,200,000 US \$. The \$3,200,000 portion of this amount will be met from the venture's own means the remaining \$3,000,000 portion will be met through external borrowing's.

The establishment will be pat into operation on April 1, 2000.

The estimated capacity use of the establishment for the first year is 57.5 %. The rate will increase annually and reach...?.% by the year 2003. (p.....)

It is estimated that the venture will derive \$3,204,100 for the first year as against the expenditure of \$1,658,000. The estimated net profit for the first year is \$1,626,000. For the period of four years between 2000 and 2003 the total profit is estimated to reach \$7,546,100 and the in vestment amount consolidated.

The establishment will obtain a tourism incentive certificate and benefit from incentives paid under the "Tourism promotions and development Regulations" in association with the "Tourism incentives Act." These benefits will include 13 years exemption from institutions taxation, customs duty exemption for machinery equipment, materials and transport vehicles imported for the establishment, re-imbruement of interest rates paid and promotion expenses etc.

### **b-** FINANCIAL ANALYSIS

Financial analyses have been prepared in consideration with the data for the establishments first year in operation which covers the period from April 1, 2000 to March 31, 2001.

1- The Point of Going Into Profit.

This is the point where the total income as a result of the capacity usage draws level with total expenditure.

 $P.G.I.P = Constant Costs \div Total Expenses - Variable Costs.$  $= 840,000 \div 3,204,100 - 698,000 = 0.33$ 

- 2- Gross income at the point of going into profits G.I.P.G.I.P=P.G.I.P x Total expenses = 0.33 x 3,204,100 = 1,057,353
- 3- Number of beds at the point of going into profits NBPGIP=P.G.I.P x Saleable bed numders 0.33 x 67384 = 22,236.7
- 4- The profitability of the investment
  P.I.= Net profit ÷ Total Investment
  = 1,626,000 ÷ 6,200,000 = 0.26
- 5- The profitability of the capital P.C.= Net profits ÷ self sources = 1,626,000 ÷ 3,200,000 = 0.50
- 6- Net Added Value N.A.V = Personnel Expenses + Gross Profits + Interest = 270,000 + 1,660,100 + 40,000 = 1,976,100
- 7- The Productivity of the Investment P.I= Net Added Value ÷ Total Investment = 1,976,100 ÷ 6,200,000 = 0.31

8- Capital Income Ratio

 $CPR = total Investment \div Net Added Value$  $= 6,200,000 \div 1,976,100 = 3.13$  9- Employment Productivity EP = Total Income ÷ Employment = 3,204,100 ÷ 160 = \$20,000 per person

10- The Economic Life of the Investment ELI = constant Investment ÷ depreciation = 5,460,000 ÷ 300,000 = 18.2

11- Investment Per Capita IPC = Total Investment  $\div$  employment = 6,200,000  $\div$  160 = \$38,750

Council in fersible.

With the completive of or prophythem in the termin field of vehicles of the end prophy will be gained, coupley ment its life termin, and will be realised in the for the first year and a barbarbed might for the formal, and will be realised in the bounds. A constant prevent the the first year and its has for the formal year will a commonized and with and with the any presentation makes added to contract the contractive to the complete a communic development.

### CONCLUSION

The prepared project has conceived as a compatible continuation of the definitions and explanations of the practice. With this study the importance of the project that is an investment proposal, has been accentuated and understood better.

It is necessary to analyse the conditions in the best possible way and considerations given to a lot of factors.

Doe to the reasons mentioned in the report the study of the subjects have been mode on a general basis and documentation of some of the basic accounts have been omitted in the preparation of the project for the Sun Holiday Village.

Limited number of investments are made in the TRNC and project in the scientific sense are not prepared. Rules and regulations do not provide in this field. Then only provide for the architectural and building sides of the project.

Attention was paid, within reason, to the country's political structure, economic situation as well as that of the infrastructure and its development, the ways in which the needs of the establishment would be met, the analysis of the tourism offer, is strong and weak points and related factors.

The benefits to be created by the Sun Holiday Village project and its compatibility to the TRNC's Development plan, aims and strategies determined.

Care was taken to be objective in the preparation of the Sun Holiday Village project. However, the political structure of the TRNC, the nonrecognition of the same, transportation problems, economic problems and the adverse effects that these problems have on the tourism sector plus the administrative problems makes the future unsure. This can magnify the probability of the proportion of error in regards to future forecasts.

The Sun Holiday Village which has been projected as a 270 bed complex to be built on ...... Donums of land is estimated to be able to pay for itself, from profits derived, in three years and three months.

When considering the economic analysis accounts it can be seen that the investment is feasible.