



## Cost Structures and Fair Pricing along the Abraham Path/Masar Ibrahim

Abraham Path/Masar Ibrahim: Economic Development Across Fragile Communities

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Research Note 5

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### Introduction and Background

Tourism in Palestine is overwhelmingly driven by religious pilgrimage. In recent years, however, hiking has begun to emerge as an alternative for tourists who want to experience the country in new ways. While reliable data on hiking activities is scarce, reports published by the Abraham Path Initiative (API) show that the number of inbound hikers has increased from a low of several hundred in 2009 to more than a thousand in 2014.<sup>1</sup> The small scale of the hiking sector until now can be attributed to a number of factors.

Unlike in other countries, hiking is not popular among locals, making the demand for this activity largely international. Another factor is political instability, which drastically decreases demand for tourism, mainly during waves of violence. The Israeli occupation is another restricting factor. Israel fully controls Area C of the West Bank, which covers most of the rural areas favorable for hiking.<sup>2</sup> This is a challenge for Palestinians who aim to provide viable infrastructure along the Abraham Path/Masar Ibrahim and other hiking trails.

The small scale of the hiking sector reflects its marginal contribution to the Palestinian economy. In 2012, hikers on the Abraham Path/Masar Ibrahim in the West Bank generated direct revenues of \$220,000, and provided direct employment for 62 individuals.<sup>3</sup> Specifically, five guides have been employed by Siraj, the main tour operator on the trail, other 10-15 guides are working occasionally on the path and nearly 80 families are involved in providing meals and homestay accommodations for hikers.

The hiking sector in Palestine has much room for improvement. Unlike the mainstream tourism sector in Palestine, prices and quality of services in the hiking sector are not well-driven by market forces in which competition enhances efficiency and sets

the stage for the sector to grow. For example, the weekly walk program, operated by Siraj, is still subsidized by API. The potential for the hiking industry to grow and be self-sustained largely depends on the ability to attract more hikers and make a larger economic impact on local communities, mainly along the Abraham Path/Masar Ibrahim.

The extent of the impact of the Abraham Path/Masar Ibrahim on the West Bank economy is related to pricing schemes and cost structure of services supplied. It goes without saying that high prices might repel tourists in an environment with tough competition from international players. On the other hand, local service providers, mainly hosting families, guides, and tour operators, might not find it economically feasible if prices decrease below costs. The objectives of this report are to explore the cost structure of hiking services along the Abraham Path/Masar Ibrahim in the West Bank; explore options to overcome high hiking costs; and explore some possible fair pricing models that balance the needs of tourists and suppliers.

It is important to note that the underlying methodology of this study is based on analyzing the existing cost and pricing schemes, which are built on a cost-based model. This study mainly focuses on how costs would change if the number of hikers increased, and explores how the current price of hiking services could be reduced.

Two pricing models are emphasized. The first is the volume pricing model, which hinges on reducing price by increasing the number of hikers per trip. The second model is the price-customized (feature pricing) model, which modifies the first model to alter the prices based on services offered. Undoubtedly, pricing strategy extends to include other models, including value model and portfolio pricing, among others.

This study also refrains from utilizing market-based pricing (based on interactions between demand and supply). Hiking tourism in Palestine is still small. Only a small number of operators, guides, and supply providers operate in this market. In addition, the number of inbound hikers is also limited. Fewer than 500 of them participated in multiday hikes in 2012. In this environment, it is hard to argue that market competition can emerge and influence the cost of services provided and hiking price. Nevertheless, this study utilizes volume and feature pricing models as they have been proven to alter the cost structure and grant an avenue to reduce the prices of hiking services.

This report focuses on estimating the cost structure of the most common programs: single-day and four-day hikes. It analyzes data from different sources, including API; its local partners, mainly Masar Ibrahim al-Khalil (MIAK), the Siraj Center, and the Rozana Association; and a number of independent hiking guides.<sup>4</sup> The analysis is also based on qualitative and quantitative data collected through interviews with hiking stakeholders, including a purposive sample of 11 hosting families, key staff of the aforementioned tour operators, two hiking guides, and an independent hike organizer.

### Organization and Structure of Hikes

At the time of this research, the Abraham Path/Masar Ibrahim in the West Bank is about 321 kilometers long, and connects 53 local communities, starting at the village of Rumana at the northern border of the West Bank, and finishing at the southern border, south of Hebron. Out of these communities, 23 are currently offering hosting for the hikers. Hiking the Abraham Path/Masar Ibrahim is mainly organized by the Siraj Center and MIAK. Hikers can choose from a menu of programs, ranging from one day (without overnight stay) to 15 days of hiking. A common program is the weekly walk (single-day or two days/one night), which occurs on weekends and covers specific sections along the trail. The weekend program

mostly attracts locals, either Palestinians or foreigners living in the West Bank. Similar programs, mostly covering different areas across the West Bank, are organized by a few independent guides.<sup>5</sup>

Independent guides rarely organize multiday programs. They basically operate either as part-timers (available only on weekends) or lack the capacity or logistics to run extended hikes. Multiday programs mostly attract inbound tourists who visit the West Bank specifically for hiking purposes. A common multiday program is a four-day hike that either covers the southern section of the Abraham Path/Masar Ibrahim (from Artas to Hebron) or part of the northern section (from Nablus to Bethlehem). A seven-day program covers specific sections of the trail and involves both hiking and driving to transport hikers across distant locations, while a 15-day program allows hikers to hike the entire trail, except for the sections from Rumana to Sanur (see Table 1).

The multiday programs provide hikers with a rich opportunity to interact with local communities by enjoying overnight accommodation services, and sharing meals with the hosting families. These services, along with transportation, are solely arranged by the tour operators (in this case, MIAK and the Siraj Center). The hosting families are chosen based on certain criteria, such as suitability, hygiene condition of the house, and respect for hikers' privacy. To ensure good quality of hosting services, hosting families usually receive training carried out by MIAK.

To some degree, the rates of accommodation and lunch vary depending on quality. Services provided by the hosting families are often evaluated by hikers, and families with lower ratings have the chance to get raises if they improve their performance. Similarly, independent guides arrange for lunch service with local families. Markedly, the per-person rates for lunch and accommodation, as paid by the MIAK or independent guides, do not

Village/locality	Distance (km)	Hiking time (hours)	Village/locality	Distance (km)	Hiking time (hours)
Rumana – Burqin	17.8	5 to 7	Wadi Qelt to Nebi Musa	9.3	6
Burqin – Araba	14.7	3 to 4	Nebi Musa - Mar Saba	19.5	7
Araba – Sanur	9.5	2 to 3	Mar Saba – Bethlehem	12.2	4
Sanur - Nablus	10.1	2 to 3	Bethlehem – Artas	3	1
Awarta (in Nablus) – Duma	18.6	5 to 6	Artas to Tequa	8.6	5
Duma to Kafr Malek	14.9	5	Tequa to Rashayda	23	5 to 8
Kufr Malek to Taybeh	14.4	5 to 7	Rashayda to Bani Naim	18.6	4 to 7
Ain Samia to Auja	10.5	4 to 5	Bani Naim to Hebron	7	2
Auja – Jericho	10	4	Auja to Jericho	12	3 to 5

Table 1: Stages and distances along the Abraham Path/Masar Ibrahim

vary by number of hikers.

Transportation (*i.e.* cabs, vans, mini-buses, or large buses) depends on the number of hikers and duration of the hike (single versus multiday). For a single-day program, hikers are picked up at one or more meeting points and transported to the starting point of the hike. At the end of the day, they are picked up again at the end point and transported back to the initial meeting point.

For the multiday program, hikers are usually picked up twice: on the first and last day of the hike. Transportation services during the multiday hikes also include transporting hikers' luggage across the trail sections. The meeting place for the multiday programs is usually Jerusalem, where inbound hikers prefer to spend their first night of arrival. Hikers are then transported to Nablus or Bethlehem, depending on the hike program (north versus south). As explained below, transportation cost per hiker largely depends on number of hikers per group.

### **Cost Structure of Hiking: Overview**

The main objective of this section is to describe and estimate the cost structure of hiking services along the Abraham Path/Masar Ibrahim in the West Bank. The cost components can be broadly categorized into: 1) cost per group, which includes costs that vary little with number of hikers for certain group sizes, including guiding and transportation; and 2) cost per hiker, which includes costs that vary by number of hikers, including meals, accommodation, entrance fees, and overhead.

#### **Cost per Group**

a) Guidance: Guiding fees tend to vary according to the guide's experience. The current rate paid by the Siraj Center or MIAK ranges from \$100 to \$150 per day, regardless of the number of effective hiking hours. Most of the hiking guides are not yet licensed by the government; still, many are currently taking training courses at Bethlehem University, in which successful candidates will be licensed as hiking guides. The market rate for licensed guides in mainstream West Bank tourism usually amounts to \$200 to \$250. It is not clear whether the hiking guide rate will increase once guides are licensed. Yet, even if the rate increases, it is less likely that it will match the mainstream rate, since the license is limited to hiking activities.<sup>6</sup>

The number of guides per hike largely depends on the degree of hiking difficulty. Usually, one main guide is allocated to hikes with low difficulty levels, while additional local community guides are

utilized in more challenging sections.<sup>7</sup> Local community guides, as opposed to main guides, are often members of the local communities through which the trail passes. The rate for a local community guide is about \$50 per day. To a lesser extent, the number of guides also depends on number of hikers. Often, two guides are allocated to a group that exceeds 20 or 30 hikers, which is the case for the weekend hikes. Three guides may be allocated when group size is large and hiking difficulty level is high.

b) Transportation: The cost of transportation is basically related to the duration of the hiking program and group size. To be specific, transportation cost per hiker decreases non-linearly with number of hikers. In other words, for a vehicle with a maximum capacity of 6 passengers, transportation cost per hiker decreases constantly if the number of hikers increases from 1 to 6. With a maximum capacity of 19 passengers, transportation cost increases to accommodate the larger vehicle, but cost per hiker decreases further, relative to that of smaller vehicle, as the number of hikers approaches 19 (see more discussion below). Luggage transportation varies according to driving time. For example, it costs about \$25 to lift the luggage from Nablus to Duma, \$10 from Duma to Kufr Malek, and about \$37 from Duma to Auja. Still, these rates are not always fixed; they sometimes depend on the bargaining skills of hiking organizers.

#### **Cost per Hiker**

a) Lunch rate: The lunch rate ranges from \$8 to \$10, depending on the quality of the service. This rate is set up based on the market rate for a similar meal in a typical local restaurant. Lunch components are usually made up of rice and chicken, along with traditional desserts, soft drinks. As indicated above, the lunch rate is independent of the number of hikers. In fact, the cost of lunch as incurred by a typical family tends to vary little with the size of the hiking group. The capacity for hosting families to accommodate hikers is limited, in most cases, to a maximum of four hikers. An increase in group size would simply result in an increase in the number of hosting families.<sup>8</sup>

The cost of lunch basically depends on the amount and type of food served. A few families serve very generously, reflecting the rich local custom of hospitality. This group of families benefits little, if any, but appreciates the cultural experience gained from hosting international hikers. Nonetheless, as for profit-seeking families, the extent of the benefit depends on the cost of food, which changes

depending on market price and location; prices are usually lower in the northern part of the West Bank. On average, hosting families earn about \$5 –\$7 per hiker.<sup>9</sup>

b) Accommodation: Accommodation services include overnight sleep as well as two traditional meals for dinner and breakfast. On average, a family can host two to four hikers. Still, a few families have upgraded their accommodation capacity to receive more than 10 hikers. With tents, Bedouin families usually accommodate even more hikers. Accommodation rates range from \$25 to \$30, depending on quality of the services offered.<sup>10</sup> As with lunch services, accommodation rates do not vary with the number of hikers.

Profit generated from accommodation ranges from \$10 to \$18, depending on the cost of dinner and breakfast. Often, the cost of lunch is higher than for dinner or breakfast, as local lunches tend to be richer. Interestingly, the meal cost per hiker increases for Bedouin families due to increases in transportation cost as they reside in distant areas. Still, the large number of hikers that Bedouin families often accommodate attenuates the rise in transportation cost.

c) Overhead cost: Overhead, which includes small expenses related to changes in exchange rates, bank transfer fees, and snacks for hikers, typically amounts to \$5 a day per hiker. Overhead cost also includes entrance fees to museums or shrines, as at Mount Gerizim. Entrance fees often amount to \$10 to \$20 per hiker for the entire trip.

### **The Cost Structure of Multiday Hikes**

This section explores the cost structure for multiday hike programs. As explained above, the Siraj Center and MIAK run a number of such programs with different durations and destinations along the Abraham Path/Masar Ibrahim. The following analysis estimates a representative cost model of a 4-day program in which inbound hikers choose to hike either through the northern or the southern section of the path. The rationale to choose this program is that it is the most common among other multiday programs. Nonetheless, the methodology used to analyze the cost structure hinges on estimating the daily cost per hiker. It is then easy to draw conclusions about the cost structure of programs with different number of days.

Like the norms of tour operators in the West Bank, the pricing model of Siraj Center or MIAK is a cost-based model. That is, the pricing strategy is determined by adding a margin (administration fee)

to the total cost of the hiking services. The prevailing margin for the hiking program is between 10% and 15%. To account for irregularities or unforeseen events, the margin is calculated based on the maximum cost. For example, the maximum daily guide fee (\$150) is used to calculate the total guiding cost. This is in order to avoid the risk of hiring a guide with the rate above the average (\$125). The following discussion estimates the cost structure using the average and maximum approach.

The price of the four-day program is \$550, which is modeled based on adding up a margin of 10% to the total cost of running a program with a minimum of four hikers. On average, the size of each hiking group has rarely exceeded eight. Still, the following analysis, as exhibited in Table 3, estimates the cost structure for up to 19 hikers, which is the maximum capacity for a mini-bus. This is to clearly show how the cost structure varies with greater numbers of hikers. The same estimates can be applied for greater numbers of hikers after modifying the extra transportation cost and number of guides.

Lack of readily available data makes it difficult to compare prices of hiking programs with those of mainstream tours in Palestine, mainly for pilgrimage tourism. Nevertheless, prices in mainstream tours are often set based on an average group size of 15 tourists. Tour operators charge an average of \$600 per tourist for a seven-day program, with a profit margin of \$150. The price level increases with fewer tourists. In this vein, unless price level increases considerably, tour operators rarely organize trips with few tourists. In this regard, \$550 might be a reasonable price for a four-day program with a minimum of four people. In comparison to prices in other neighboring countries, prices charged by MIAK tend to be also reasonable. For example, the rate per night for a four-day program in Jordan is \$200, covering transportation, food, accommodation, and luggage transport. Notably, the supply of hiking tourism is very low. The reason is related to profit-maximizing behavior; relative to mainstream tourism, profit driven from hiking is low.<sup>11</sup>

Transportation cost is calculated as the rate of transporting hikers from Jerusalem to Nablus and back from Bethlehem for the north program, and from Jerusalem to Bethlehem and back from Hebron for the south program. As it turns out, the transportation cost for the north program is slightly higher than that for the south. To ease exposition of calculation, the rate of the former is applied to both programs. As shown in Table (2), transportation cost is calculated for four hikers using a cab, five or

six hikers using a van, and less than 20 hikers using cost per hiker, mainly as the number of hikers

<b>South Trip</b> No. hikers	Jerusalem to Bethlehem	Hebron to Jerusalem	Luggage transport	Cost/day
4 or fewer	\$38	\$62	\$100	\$50
6 or fewer	50	87.5	100	59
19 or fewer	100	150	100	88
<b>North Trip</b> No. hikers	Jerusalem to Nablus	Bethlehem to Jerusalem	Luggage transport	Cost/day
4 or fewer	\$75	\$38	\$100	\$53
6 or fewer	100	50	100	63
19 or fewer	150	100	100	88

**Table 2: Analysis of transportation cost**

a mini-bus. Transportation cost also includes the cost of transporting hikers' luggage across trail sections, in which an average rate of \$100 is applied for each program. The accommodation rate is set at \$30, representing the amount paid to the majority of hosting families per night.<sup>12</sup> In the same vein, the daily lunch rate is set at \$10 per day, the overhead cost is \$5 per day, and the entrance fee expense is \$15 per trip, making up the average of entrance fees in the north program (\$20) and in the south (\$10).<sup>13</sup>

As for the guiding fee, the analysis is based on hiring a main guide for four days and a local **community** guide only for one day. As mentioned above, the local **community** guide is usually hired for the Auja section in the north and Wadi Jihar in the south. The daily rate applied for the main guide is \$125, which is about the average of the minimum (\$100) and the maximum (\$150), while the rate for the local **community** guide is \$50 plus \$10 for lunch. The total guiding cost also includes the cost of accommodating the main guide for three nights,<sup>14</sup> and lunch for four days. As postulated in Table 4, in the Appendix, the total guiding cost per day (\$173) is averaged per hiker.

Table 4 in the Appendix exhibits the cost structure of the hiking services and shows how it varies with number of hikers. Columns 2 to 6 estimate each of the cost components per hikers in a given day and then add a margin (based on average cost) of 10% and 15%. The results show that the guiding fee is the main cost component for a maximum of five hikers, but it decreases significantly as the number of hikers increases. Accommodation cost is another main cost contributor. Because accommodation is a variable cost, its contribution to total cost, excluding administration fees, rises from about one third with four hikers to about half as the number increases to 19. The same conclusion, but to a lesser extent, also holds with respect to lunch cost. Transportation cost contributes minimally to the

increases.

The outcome of the analysis shows that the per-group cost allows for significant reductions in total cost per hiker as the number of hikers in the group increases. In fact, the decrease in cost can amount to 45% with 19 hikers per group, leading to a decline in price by 40%. The far-reaching message is that, as shown in Figure 1, the price charged per hiker can decrease significantly via increasing the number of hikers, without decreasing the economic returns to the operator and suppliers including local community. The analysis also shows that 10 to 12 hikers may be the optimal number of hikers per group. Larger numbers of hikers might be less attractive, since speed and efficiency are likely to decrease as the size of a group increases. For example, coordinating activities becomes less effective during the hike, and becomes problematic when number of hikers increase.

This result also holds when estimating the cost structure, assuming that administration fees are calculated based on the maximum price principle. Specifically, the cost of the hiking services is similar to the above cost structure, except for the guiding fee and transportation cost, amounting now to \$200 and \$100 a day, respectively. The estimates presented in the Appendix show that, relative to the average price approach, the maximum price approach increases the hiking cost per hiker only by about 2%.

In addition to increasing the number of hikers, costs can be reduced by rearranging transportation logistics. This can be done by arranging for hikers to meet close to the starting point of the hike (for example, to meet in Bethlehem for the south trip and in Nablus for the north trip) rather than in Jerusalem. In such a case, hiker might choose to utilize public transportation, which is cheaper than transportation mode displayed in Table 2.

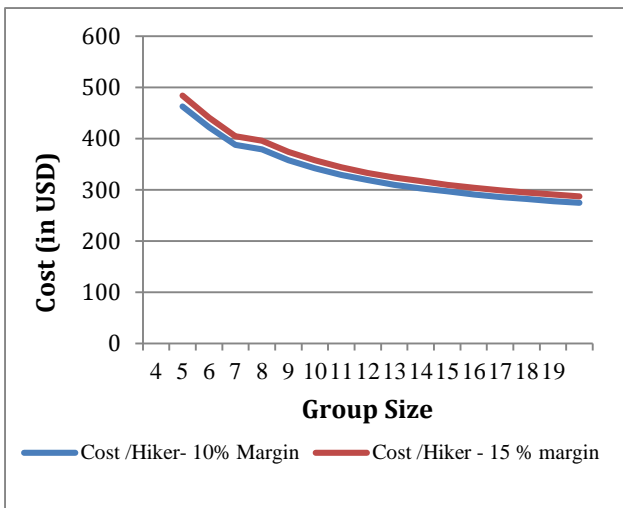


Figure 1: Relationship between cost per hiker and group size

With an average rate of \$11 for a two-way trip (back and forth to Jerusalem), the average daily transportation cost per hiker decreases to \$9 for a group of four hikers, \$7 for six hikers, and \$4 for 19 hikers. However, the price, with a margin of 10%, for a four-day hike per hiker, decreases slightly (by \$18 for a group of 4 hikers, \$15 for 6 hikers, and \$3 for 19 hikers). While this option might prove less convenient for hikers who visit Palestine for the first time, it is recommended that hikers be allowed to decide on their own transportation arrangements.

### The Cost Structure of Single-Day Hikes

The single-day hike is considered the most common on the Abraham Path/Masar Ibrahim as it attracts a relatively large number of local hikers. Currently, this program is organized by MIAK and the Siraj Center, and is subsidized by API. The amount of the subsidy is \$2500 per hiking season. This section explores the cost structure of this program and sheds light on its economic feasibility without subsidy.<sup>15</sup>

Table 3 shows the cost analysis for a sample of three single-day trips that took place during the

most recent spring season. The hike rate was fixed at \$30, regardless of the hike location. Similar to the analysis in the previous section, the cost of each hiking activity per hiker is estimated, excluding accommodation, as the program does not involve overnight lodging. The cost is then added to an administration fee of 10%, yielding the average total cost per hiker.

As for guidance fees, two guides are usually utilized to accommodate the large number of hikers. In a few cases, three guides operate in sections with high levels of difficulty. The fee for the extra guides (more than one) ranges from \$38 to \$110, depending on whether a main or local guide was utilized. The cost of lunch ranges from \$9 to \$13 per hiker, while transportation cost ranges from \$11 to \$26 per hiker.

Transportation cost is the main cost driver. The rising transportation cost is directly related to the transportation arrangement. The buses utilized to transport hikers usually operate from Jerusalem, where most hikers reside. Transportation fees in Jerusalem are higher than those in the West Bank. In addition, in several cases, hikers residing in other cities like Ramallah or Bethlehem are transported via separate cabs as they are fewer in number. While this arrangement may be more comfortable for hikers, it adds extra cost.

A more efficient transportation arrangement is the key to reducing cost. One option is to have hikers to arrive at the bus route. In such a case transportation cost would decrease significantly. For example, for the Nebi Musa to Mar Saba hike (see Table 3), utilizing a large bus to pick up the 44 hikers along its route would reduce transportation cost to about \$7, leading to a decrease in net losses to \$45. The far-reaching message is that with a fixed hike rate and inefficient transportation arrangement, the single day program is not economically sustainable for the operators; that is, cost exceeds revenue.

Destination	No. hikers	Guide fee/hiker	Lunch/hiker	Transportation cost/hiker	Total Cost/hiker±	Total cost±	Total income	Net profit/trip
Aqraba to Duma	30	5*	11	14	35.2	990	900	-90
Nebi Musa to Mar Saba	44	7***	11	13	33.4	1472	1320	-152
Rashaydeh Sunset	21	9**	10	15	37.4	785	630	-155
*One guide; **two guides; ***three guides; ± calculating cost Includes administration fee, which amounts to 10% of total cost								

Table 3: Analysis of the cost structure of single-day hikes

## Conclusion and Recommendations

This study analyzes the cost structure of hiking across the Abraham Path/Masar Ibrahim. It specifically focuses on two common programs; single and four-day hikes. The main finding is that for multiday programs, cost structure is directly related to group size. The cost per hiker, and consequently the price, can be reduced significantly if the number of hikers increases. Reducing the price for hiking, given the limited number of hikers, would likely have negative repercussions on the service providers and might drive some of them out of business. The overarching message of this study is that increasing the number of hikers is a key for making the hiking industry in Palestine more efficient, i.e., reducing cost and enhancing the economic benefits to local communities along the Abraham Path/Masar Ibrahim. Expanding the hiking industry in Palestine would further enhance efficiency via boosting market competition, which would further decrease price and improve the quality of services provided.

More effort should be directed toward attracting inbound hikers to the Abraham Path/Masar Ibrahim. Utilizing limited advertising resources through social media might not prove effective to increase the number of hikers. More innovative marketing efforts are vitally needed. Experience from other local hiking operators, like Alternative Tourism Group (ATG) based in Palestine, shows that a successful marketing strategy can be achieved via contracting with tour leaders in countries where the demand for international hiking is high. In addition, subsidizing local advertising campaigns may prove effective in attracting greater numbers of local hikers.

For single-day hikes, the results show that costs currently exceed revenue. This is related mainly to high transportation cost – driven by inefficient transportation arrangement and fixed hike rate – invariant to incremental cost. It is highly recommended that for this program to be economically self-sustaining, the current pricing model must be modified. One option is to utilize a similar pricing model to the multiday program by assuming a minimum number of hikers, based on historical data. This model can be modified to allow hike rates that vary according to individual hikers' contributions to transportation cost. For example, hikers who wish to be transported from their city/place of residence (say Jerusalem) to the starting point of a hike (say Artas) pay a higher rate than hikers who wish to be transported from closer location (Bethlehem) or arrive themselves to the normal route of the bus. Nonetheless, while both approaches may increase hike rate, they seem to have worked successfully with independent tour operators.<sup>16</sup>

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The API Research Notes are intended to summarize research results and lessons learned through the Action Research Component of World Bank Project No. P147235, and do not necessarily represent the views of the World Bank, its board, or its member countries.

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<sup>1</sup> This projection excludes weekly walks, which often involve international residents of Jerusalem and other West Bank cities.

<sup>2</sup> According to the Oslo agreement signed between the PLO and Israel in 1993, Area A covers about 18 percent of the West Bank, lies under Palestinian security control, and consists primarily of urban centers. Area B covers about 22 percent of the West Bank, lies under shared Israeli and Palestinian security control, and is a mixture of built-up and rural spaces. Area C covers the remaining majority of the West Bank, lies under Israeli security control, and is mostly rural and sparsely populated.

<sup>3</sup> See Stefan Szepesi and James Carty, “An Economic Impact Model for the Abraham Path from Data Collected in the Palestinian West Bank,” API Working Paper, Version 2.1, 2013.

<sup>4</sup> See list of interviewees in the Appendix.

<sup>5</sup> For example, Suhail Hijazi, who is well-known in the hiking tourism industry in the West Bank, organizes weekend trips that cover different paths across the West Bank, including the Abraham Path/Masar Ibrahim.

<sup>6</sup> Less experienced hiking guides with no formal training, such as those operating on the Sufi Trails, are paid about \$50. The Sufi Trails are organized by the Rozana Association.

<sup>7</sup> Such sections include the Auja area, or the trail through Wadi Jihar near Rashaydeh.

<sup>8</sup> Traditional meals, served by hosting families, are a key experiential element of Abraham Path/Masar Ibrahim tourism. It would be difficult to offer similar experiences to cost-sensitive hikers, along the lines of a restaurant offering different choices at different price levels. At any rate, the cost of lunch represents 12% of the total trip cost for a group of 10 hikers. Therefore, decreasing the lunch cost has a marginal impact on total cost. For example, decreasing the lunch cost by 20% would decrease the price per hiker on a four-day hike by about \$9.

<sup>9</sup> Earnings per lunch are a rough estimate. Hosting families do not keep records that classify cost components of meals.

<sup>10</sup> Similar to lunch costs, accommodation rates are based on market prices. Accommodation cost, as incurred per hosting family, tends to vary little with group size, as accommodation capacity is limited. Even for families with greater capacity, reducing accommodation rates might not be appealing, as the demand for accommodation is limited. Most families provide lodging for a few groups per season.

<sup>11</sup> Based on interviews of a purposive sample of tourism entrepreneurs.

<sup>12</sup> Throughout this analysis, the exchange rate is calculated at \$1 = 4 NIS.

<sup>13</sup> Visiting museums or shrines is optional, though the cost is covered as part of the package.

<sup>14</sup> In a four-day program, guides usually stay over for the first three nights.

<sup>15</sup> The discussion in this section excludes any analysis on two-day/one-night hikes, as cost data is not readily available.

<sup>16</sup> Currently, Suhail Hijazi bases his hike rate on a minimum number of 10 hikers, with a targeted net earning of \$100-\$200.