

ECONOMIC POLICY NETWORK

Policy Paper 4

SUSTAINABLE RURAL TOURISM FOR IMPROVED LIVELIHOOD OF LOCAL COMMUNITIES

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This report has been prepared by Mr. Dipendra Purush Dhakal, Tourism Specialist, under the guidance of the Nepal Tourism Board (NTB).

Inputs from various stakeholders during interactions at NTB, Advisory Committee meetings, and the regional workshop in Salleri, Solukhumbu District, have been incorporated in the report. The names of people met during the interactions is included in appendix 2 this report.

Foreword

Economic Policy Network (EPN) is an undertaking of His Majesty's Government of Nepal (HMG/N) since August 2004 with an Asian Development Bank (ADB) technical assistance (TA) to develop and institutionalize an open, responsive and result oriented economic policy formulation process based on sound economic analysis and dialogues with the partnership of public and private sector, academia, and independent professionals, to support and consolidate the Government's economic policy reforms on poverty reduction strategy. The initial focus has been in the areas of macroeconomic management, trade, investment, employment, infrastructure, tourism, agriculture, and regional development through four thematic advisory committees chaired by the secretaries of the respective implementing ministries, and guided by a high-level steering committee. The present study is an outcome of the initiative under the Advisory Committee for Economic Policy on Tourism, Agriculture, and Regional Development chaired by the Secretary of the Ministry of Culture, Tourism, and Civil Aviation.

HMG/N has recognized tourism as an important contributor to economic growth and poverty alleviation. However, recent studies indicate that tourism benefits are not distributed equitably, and that a major portion of benefits are held at the urban centers, providing limited benefits at the local level and to the poor. In view of this, the study was commissioned to find ways to disseminate tourism revenue more equitably both at the local and societal level. The recommendations are the outcome of consensus reached among major stakeholders through various consultations and the EPN workshop. I hope the findings and recommendations will be helpful for policy makers for future reforms.

I would like to thank the Nepal Tourism Board (NTB) for leading the study, and Mr. Dipendra Purush Dhakal for carrying out the study on their behalf. I also thank all those who have provided inputs for the report during the interactions at NTB, the advisory committee meetings, and the EPN regional workshop held in Salleri, Solukhumbu. The work of the Advisory Committee for Economic Policy on Tourism, Agriculture, and Regional Development is to be commended for selecting the issue and for following through with the study. I would also like to appreciate the entire EPN team for their hard work. I also thank the former Steering Committee chairperson (the then Chief Secretary of HMG/N) Dr. Bimal Prasad Koirala, for his guidance during his tenure. Last but not least, I would like to thank the ADB for supporting this initiative.



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Acronyms

ACA	—	Annapurna Conservation Area
ACAP	—	Annapurna Conservation Area Project
APPA	—	Appreciative Participatory Planning and Action
BZMR	—	Buffer Zone Management Regulations
BZUC	—	Buffer Zone Users Committee
CAMR	—	Conservation Area Management Regulation
CBO	—	Community Based Organization
CO	—	Community Organization
CREST	—	Centre for Resource and Environmental Studies
DCC	—	District Coordination Committee
DDC	—	District Development Committee
DFID	—	Department of International Development
DMC	—	District Management Committee
DNPWC	—	Department of National Parks and Wildlife Conservation
DOT	—	Department of Tourism
FG	—	Functional Group
FIT	—	Free Independent Trekker
HAT-J	—	Himalayan Adventure Trust of Japan
HDR	—	Human Development Report
HLTRTI	—	High Level Taskforce on Revitalizing Tourism Industry, 2005
HMG	—	His Majesty's Government
ICIMOD	—	International Centre for Integrated Mountain Development
IRC	—	Information and Record Centre
KMTNC	—	King Mahendra Trust for Nature Conservation
LSGR	—	Local Self-Governance Regulation
MCAP	—	Manaslu Conservation Area Project
MDG	—	Millennium Development Goal
MoCTCA	—	Ministry of Culture, Tourism and Civil Aviation
NGO	—	Non-Governmental Organization
NMA	—	Nepal Mountaineering Association
NPC	—	National Planning Commission
NPWCA	—	National Parks and Wildlife Conservation
NRB	—	Nepal Rastra Bank
NTB	—	Nepal Tourism Board
PMO	—	Programme Management Office
PMU	—	Programme Management Unit
PPP	—	Public Private Partnership
PSC	—	Programme Steering Committee
PWC	—	Programme Working Committee
SM	—	Social Mobilizer
SPCC	—	Sagarmatha Pollution Control Committee
STDC	—	Sustainable Tourism Development Committee
STDF	—	Sustainable Tourism Development Fund
STDS	—	Sustainable Tourism Development Section
STDU	—	Sustainable Tourism Development Unit
STG	—	Special Target Group
STVF	—	Sustainable Tourism Village Fund
TAAN	—	Trekking Agents Association Nepal
TAG	—	Technical Advisory Group

TEAP	—	Tourism and Environment Awareness Programme
TRPAP	—	Tourism, for Rural Poverty Alleviation
TSF	—	Tourist Service Fee
UM	—	Upper Mustang
UNDP	—	United Nations Development Programme
UNEP	—	United Nations Environment Programme
VDC	—	Village Development Committee
VTA	—	Village Tourism Advisor
WTO	—	World Tourism Organization
WWF	—	World Wildlife Fund

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Executive Summary

Tourism carries enough strength to address necessities of the deprived and poor Nepalese population. In recent years, it is found to be moving beyond urban centers of the kingdom benefiting those who were previously excluded. Such extensions to new destinations have contributed significantly to reduce poverty prevalent in the country. In fact, the future of Nepalese tourism lies mostly in rural areas, as it is the depository of environment, culture, adventure, religious and other tourism products.

The pessimistic trend in tourist arrival continues to disturb the functioning of tourism, which had already started to improve after 2002. Though the arrival of tourists has improved in recent months of September and October, overall number for ten months of 2005 is still less than the corresponding period last year by around 8 percent. Similarly, trekking tourism, recognized as the best form of reaching poor and deprived people, has also declined in recent years from a normal level of over 25 percent to 18 percent of overall tourists in 2004. Everest trail has started regaining from small losses, while Annapurna and Langtang treks have lost over half and two-third of its trekkers respectively. However, the controlled areas, attached with some higher entry fees, seem to be receiving the normal level of tourists, though these numbers are very low compared to the three popular trekking destinations.

Tourism receipts reveal uneven scenarios corresponding to arrivals. In 2003, the earning had surpassed arrival by four times while in 2004, even with arrival continuing to rise by around 17 percent, the receipt had fallen by 6.7 percent. There are no definitive studies producing a clear and detailed analysis of retention of tourist dollars in specific locations. Obviously, the accumulation of income from tourism is higher at the centre due to pre-paid organized treks compared to rural areas where mostly individual transactions occur, especially through Free Independent Trekkers (FITs).

In the areas of recycling of revenue to tourist destinations, Nepal has adopted four different models of management. The *first model* refers to granting of full authority of managing and collecting revenue to the contracting nongovernmental agency such as Annapurna Conservation Area Project (ACAP) and Nepal Mountaineering Association (NMA). A survey carried out in the mid-nineties had revealed that two-third of respondent households favored ACAP as a contributor in uplifting their living standards and that almost fifty percent of tourist expenditures were retained locally compared to a level of seven percent previously. Similarly, NMA is authorized to collect royalty from climbers to thirty-three trekking peaks. Presently, it raises around 14 percent of overall royalty from mountaineering in Nepal. The *second model* represents recycling of 30 to 50 percent of revenue to be handled by local committees on conservation and development activities in the designated buffer zones, through the provisions of National Parks and Wildlife Conservation Act (NPWCA), 2029. How much of such income are accruing benefits to local people is yet unknown.

In the *third model*, His Majesty's Government (HMG) has granted management responsibility to designated agencies without any formal commitments to provide budget on a regular basis. Upper Mustang (UM) and Manaslu Conservation Area managed by King Mahendra Trust for Nature Conservation (KMTNC), and Sagarmatha Pollution Control Committee (SPCC) fall in this model. Unofficial commitments were made by HMG to provide 60 percent of revenue to KMTNC in case of UM and 40 percent to SPCC, which were never complied. On the contrary, HMG had totally stopped granting contributions to

UM since fiscal year 2003/04 and to SPCC since 1997/98. After stoppage of government funds, Nepal Tourism Board (NTB) had helped SPCC for one more year. Such apprehensions led withdrawal of other contributions of friendly donors like World Wildlife Fund (WWF) and Himalayan Adventure Trust of Japan (HAT-J). Thus, SPCC was pushed to raise service charges from climbing groups to Everest for cleaning the icefall route. In Manaslu, no funds have yet been recycled to help implementation of agreed programs, while HMG has been collecting US\$ 90 per week during October and November and US\$ 75 per week in other months from each trekker visiting the area. The *fourth model* refers to the recycling of 30 percent of fees and royalty generated from activities such as trekking; entry to National Parks and Wildlife Reserves; mountaineering and any other entry fee charged to tourists to enter the concerned District Development Area. District Development Committee (DDC) is entitled to receive such funds through the new provisions made in the amended Local Self-Governance Regulation (LSGR), 2061. As these provisions have not been operational, the benefits are yet to be judged.

Tourism for Rural Poverty Alleviation Programme (TRPAP) is implemented in six districts of the kingdom with innovative modular approaches inventing policies and strategic plans for rural-based tourism development that mostly benefits disadvantaged and discriminated sections of rural women and men, lower castes and ethnic minorities living below the poverty line. TRPAP is designed with a framework of pro-poor, pro-environment, pro-women and pro-rural communities thereby attaining sustainable tourism development. Its replicable models of implementation follow decentralization approaches at the micro, meso and macro levels, and envisage developing strong backward and forward linkages.

As there are no institutional arrangements for pro-poor tourism in the country, TRPAP has pioneered models involving local bodies, Community Based Organizations (CBOs), Non-Governmental Organizations (NGOs) and local communities. A Technical Advisory Group (TAG) is constituted at the Centre with varying members nominated according to the needed expertise at a given point in time. At the meso level, Sustainable Tourism Development Sections (STDS) are created in each district, which is responsible for conservation and tourism and serve as an effective platform to establish linkages between the centre and rural areas. Similarly, Sustainable Tourism Development Funds (STDFs) and Sustainable Tourism Village Funds (STVFs) are established in districts and villages respectively to facilitate investment in pro-poor tourism activities. Village Tourism Advisor (VTA) are positioned in each district to facilitate links between tourism-related NGOs, CBOs, Sustainable Tourism Development Committees (STDCs) and other concerned Committees at the district level. At the micro level, functional groups (FGs) and Community Organizations (COs) are formed at village level for occupational engagements and to supplement in coordination at grassroots level. STDCs, chaired by an independent local individual and Village Development Committee (VDC) Secretary as the ex-officio Member are constituted. In case of protected area and its buffer zones, the arrangement could be a Tourism sub-committee of the Buffer Zone Users' Committee (BZUC) or a partnership between VDC and NGO, instead of STDC, depending upon existence of such active groups and mechanisms. Social Mobilizers (SMs) are appointed in each VDCs to carry out TRPAP activities. In order to sustain the achievements of the TRPAP, these positions of VTA and/or SMs are recommended to be assumed by the DDCs during post TRPAP period.

TRPAP enjoys a good overall support from all key stakeholders at all levels demonstrating possibly the only Programme implemented without serious interruptions in the present fragile security situation in the country. It has constituted 698 COs and 191 FGs so

far, involving 16,787 members of whom 51 percent are women. 27 STDCs and 10 BZUCs are constituted with responsibility of developing and promoting tourism products and infrastructures. Significant proportion of women and people belonging to Special Target Groups (STGs) are benefited through training programs in handicraft, home-stay, environment awareness, micro-enterprise trainings enhancing local skills and attracting new local investors in tourism related activities. As a result, soft loans amounting to Rs 9.4 million are extended to 574 local members of the community to establish and operate tourism enterprises until the third quarter of 2005.

Appreciative Participatory Planning and Action (APPA) exercises have helped considerably in capacity building of local communities enabling them even to draft their own sustainable rural tourism plans for five years. It was also instrumental to avail support in construction of multiple use visitors' information center and like services. TRPAP's involvement ranges from smaller actions such as distribution of dustbins to the larger ones like construction of micro-hydro projects. It has also supported for the construction and/or maintenance of trails, bridges, culverts, museums, religious sites, monasteries, porter shelters, community guesthouses, drinking water supplies, small irrigation schemes, etc, which render direct advantages to local inhabitants.

Local people commonly believe that TRPAP has done excellently in community participation and skill enhancement. Several people have shared the positive changes in their livelihood attained through the training and awareness programmes. The outside evaluation mission of the participating donors had also felt that the trainings were an ideal activity for the poor communities. Progresses were recorded in institutionalizing rural tourism development processes and establishing linkages with the central level. The mission had mentioned that - had there been TRPAP style self conscious planning and management of tourism development, with necessary international marketing linkages, the abundant benefits of rural tourism would have been substantially and more equitably distributed among stakeholders. Locals had also shared noticeable changes after the Exposure Visits to areas of best practices, such as Sirubari, Ghandruk, Chitwan etc. Briddim, in Rasuwa is converted into an exemplary model tourism village, developed through active initiations of the local community supported by TRPAP. Excursion visits, thesis writings and other forms of formal and non-formal education practices should also be incorporated in the future activities of TRPAP, which will significantly contribute for sustenance of best practices..

Effective social mobilization is a necessity together with identification of tourism products, capacity enhancement and other services such as market linkages, product promotion, training, credit etc to attract fruitful participation of poor and disadvantaged groups in tourism. Thus, few sustainable tourism development models have to be developed with a strong gender focus and STGs separately. Similarly, it is necessary to have their bigger say in decision-making, increased access to economic activity and like opportunities provisioned by the law of the land.

As above, TRPAP has invigorated an exemplary model of social inclusion and broadening of the stakeholders in non-urban areas together with harnessing active support of local bodies in district level tourism activities. Thus, there is a need of an up-scaling and extension of programs to few more districts through its second phase, which has yet to be explored. It demands for an immediate study for assessing performances of TRPAP and engage in preparing groundwork for the next phase. This action should receive highest

priority in MoCTCA before all good works start falling apart along with the closure of TRPAP, which is due in late 2006.

Otherwise, an exit policy for TRPAP has been most urgent to timely facilitate Sustainable Tourism Development Unit's (STDU's) gradual takeover. In such circumstances, TRPAP should hand over its works to concerned local chapters of CBOs or NGOs for its continuance. Institutions like WEAN and other organizations have to be explored in this respect.

The Tourism Policy of 1995 had several landmarks to define distinctive roles of stakeholders, emphasis on broad based tourism, reducing regional imbalances, linkages of tourism with agro-based and cottage industries, mobilization of local communities, etc. However, in the present context, it demands for an overall review and rewritten set of provisions for sustainable development, poverty reduction, increasing local content, reducing income disparities at every level, appropriately harnessing multiplier benefits, equitable dissemination of tourism benefits, involvement of local bodies, NGOs, CBOs, civil societies and community. Among others, the new policy should also incorporate employment, rural culture and tradition, eco-tourism, establishment of backward and forward linkages, cost/benefit analysis, recycling of revenue, etc.

The Cape Town Declaration 'Responsible Tourism in Destinations' of 2002—a set of guidelines for economic, social and environmental responsibilities, should be actively considered for all product development planning and activities.

Time has come to initiate introducing Satellite Accounting system in Nepalese tourism. Similarly, certain budget needs to be set aside annually for marketing of Nepalese tourism products that help poor and ethnic minority communities of the rural areas.

As the volume of local content determines contribution to the rural economy, there is a necessity to amend Tourism Act to encourage uses of local products and services. Creation of local cooperatives ensuring needed supply of commodities to trekkers would help achieve that goal. DDC should encourage and patronize such cooperatives. Similarly, do's and don'ts for tourists have to be inserted in the Regulations concerned with Trekking and Rafting. It would guide them to behave with environment, local culture, tradition, heritage and livelihood in rural areas.

Regulations governing mountaineering, trekking, and rafting have to readjust incentives, benefits, and facilities such as insurance policies for porters, sardars and guides. 'Porters Facilitation Consortium' should be formed, with defined roles and responsibilities, to deal with issues concerning porter services. In addition, all accommodation related establishments in the rural areas should be compelled to cater spaces for porters in their premises or in any other community-operated facilities. Similarly, to further enhance cooperation of private sector associations in the overall tourism activities, establishment of Federation of all such Tourism related Associations would be most timely.

A perfect system of recycling of resources and its nongovernmental user has to be secured through the legal provisions. Similarly, nongovernmental contracting agency should be awarded responsibility of collecting revenue and distributing the agreed shares to all concerned agency (ies) including the government.

A system of recycling of 95% of the tourism income is recommended. Out of this sum, 50% should be availed to the same district and remaining 45% to be forwarded to any other HMG nominated districts. Such funds are channeled to nongovernmental users through DDCs, whose role will be only to supervise the implementation of activities as guided by the District Council. The expenditure guideline is proposed to include provisions to spend a minimum of 50% of such fund in tourism activities.

The conflicts on legal instruments such as LSGA, NPWCA, Tourism Act, Conservation Area Management Regulation (CAMR) and other Regulations have to be reconciled and harmonized through cross-ministerial coordination.

Every DDC should have STDS helping formulation and implementation of village and district tourism plans, conducting awareness programs, organizing vocational and basic trainings and facilitating backward communities to maintain and commercially use their culture for tourism purposes. STDS should also get engaged in developing yearly benchmarks of consumers' attitudes and trend and update basic tourism information regularly. In addition to STDS, the other models of TRPAP, such as STDC, STDF, STVF, Tourism sub committees of BZUCs or a partnership between VDCs and NGOs, Tourism Development Cell in VDCs have also to be replicated in all potential districts.

DDCs should always assume a non-interfering role of a watchdog and facilitator in the area of tourism to provide guidance to local communities. Communities should also be mobilized in managing historical and other sites in the villages.

The present Programme Management Office (PMO) in Department of National Parks and Wildlife Conservation (DNPWC) has to be converted into a permanent Section to look after tourism and buffer zone management related issues.

The existing high level Tourism Council, under the chairmanship of Rt Hon'ble Prime Minister has to be reorganized by securing new members from local bodies, on rotational basis, from tourism potential districts and avoiding multiple representation from the same government organizations. The Council has to meet regularly as scheduled. MoCTCA should continue to play the role of an active vanguard institution.

NTB has to be reorganized to deal with emerging issues of poverty, gender, community, environment, sustainability, local governance and permanency of the STDU, preferably at the Divisional level. In close coordination with the Marketing and Promotion Division of NTB, STDU has to perform in dovetailing pro-poor tourism elements of products into marketing efforts. NTB should also have a forum like TAG on permanent basis. Among others, NTB's active involvement is sought on promoting domestic tourism and persuading government and nongovernmental offices to introduce Leave Travel Concession schemes. Similarly, NTB should also promote hill stations and popular holy pilgrimage sites in the outskirts of urban centres and in the rural areas to attract the Indian visitors.

As the absence of self-regulating code of conduct has often helped growing unhealthy competition among tourism entrepreneurs, NTB should initiate to help private sector to formulate and implement such codes for tourism establishments at the central level. Similar Code of Conducts should also be persuaded at the local level. NTB has to harness support in preparing Tourism Environment Guideline to help promote environmental friendly tourism in the country too.

Detailed research has to be commissioned to determine tourism's economic returns, its types and employment generated at the centre and rural areas.

Time has come to ease out the rudimentary system of controlling number of visitors and applying higher entry fees to any specific locations, which only restricts the income of poor and disadvantaged groups of settlers in the remote areas. In addition, better management than restricting movement of FITs in controlled areas is desirable.

New destinations should adopt home-stay styled accommodation and Briddim model of Rasuwa should be replicated, especially in the localities of poor people.

BACKGROUND

Nepal is internationally recognized as an exotic destination for its attractive tourism products, especially its natural and cultural heritage. At home, it has emerged as a worthwhile business for multi stakeholders to be engaged in different kinds and forms. Nepali tourism has something to offer to everybody, providing opportunities for skilled as well as unskilled labor. Due to openness adopted by HMG, Nepali tourism has come out of the conventional thought of it being a monopoly of only the big business houses. Presently, it has emerged as a preferred sector of middle class rural population and poor, actively participating as an investor or service provider. Another noteworthy example is that tourism in Nepal, for last several years, is felt to be moving outside urban centres of the kingdom benefiting those who were previously excluded. This shift of tour packages towards newer areas has started to benefit the majority of people residing in rural and remote areas.

Tourism has emerged as one of the most vibrant activities in the country as it carries enough strength to address necessities of the deprived and poor segment of the Nepalese population. This sector is acknowledged by HMG as a strong alternative economic activity for national development. Due to its potential to increase employment and thereby increasing rural livelihood, tourism has become a priority agenda of HMG for the medium term. The beauty of tourism also lies on the fact that it contributes to foreign currency earnings without exploiting any natural resources for export. Mutual interface of people with foreigners contributes to introduce local aesthetics to the outside world. Evidences also show that a significant mass of non-urban population are gaining through tourism activities.

POVERTY, TOURISM AND RURAL LIVELIHOOD

As of 2001, the poorest people representing 20 percent of the over all population shares 7.6 percent of the national income. Almost 19 percent of all Nepalese remain undernourished and chronic malnourishment spreads among 50.5 percent of children below five years of age. The Human Development Index places Nepal in 136th position among 177 countries of the world, up from 143rd in 2001, and second lowest in south Asia in 2003 (HDR; 2005). However, in poverty index, Nepal slipped by five places, from 69th to 74th rank among 103 countries, in 2003. During this period, Gross Domestic Product per capita had improved from US\$ 1,310 in 2001 to US\$ 1,420 in 2003 and had secured 146th rank.

National Planning Commission (NPC) has stated that the present level of absolute poverty in the country, i.e. people with earning below US\$ 1 a day, stands at an alarming level of 31 percent. However, it is a significant improvement compared to 42 percent at the beginning of the Ninth Plan (1997-2002) or 38 percent during its terminal year. Despite these achievements, the present trend does not indicate succeeding the target of the Millennium Development Goal (MDG) of halving the proportion of poverty between 1990 and 2015 because that the situation of income and wealth distribution has not improved. Thus, poverty alleviation is sure to remain a colossal and very difficult task in the days ahead.

Development of tourism has been broad based in the country. Increased awareness and interests of local people in tourism has resulted into growth in investments in tourism related establishments. Even incapable investors are somehow engaged in offering services according to their skills, such as a stage performer in cultural programs, producer of souvenir items, farmer, porter etc. It demonstrates an existing strong relationship of tourism with local

economy. Such inherent characteristics of tourism generate multiplier benefits and spillover effects in the rest of the economy. Nepal is blessed with such benefits to serve its people, especially poor and deprived communities. However, a lot is yet to be done. Nepali tourism has a resilient nature and proven to stand unhindered during national crises.

Effective planning and implementation of a pro-poor tourism strategy reaches far beyond the concept of raising living standards of local communities. In addition, programs targeting the poorest section of society have additional advantages to stimulate economic growth, enhance environmental protection, attract new investments, and create new business opportunities through better participation among different service providers. Needless to mention, positive partnerships between the private and public sector in furthering the concept of pro-poor tourism becomes exemplary in overall economic development of the kingdom.

SUSTAINABILITY AND RURAL TOURISM

World Tourism Organization (WTO) has set its priorities in poverty elimination, fair trade and sustainable tourism. It believes that sustainable tourism is an opportunity for the poor. Tourism has enough potential to act as an effective agent in reducing poverty especially in the poorest countries. In this context, Sustainable Tourism Eliminating Poverty Foundation has recently been launched under the aegis of WTO to finance new research and projects that link sustainable tourism with the MDGs, especially poverty alleviation. The *Washington Declaration on Tourism as a Sustainable Development* made at the conclusion of Tourism Policy forum in October 2004, recognized tourism as the 'entry point' to development, in areas like infrastructure and rural renewal, and also that properly managed tourism is a powerful tool for sustainable development.

Similarly, the deliberations of the World Summit on Sustainable Development held in Johannesburg in 2001 also underlined the importance of sustainable tourism development to foster global initiatives to arrest further growth of poverty in respective regions. In fact, tourism has enough scope to contribute in poverty alleviation, creation of job opportunities and equitable income distribution.

Because of crisis arising through terrorism, war, and health scares such as SARS several researches were conducted globally. One such research carried out in late 2003 suggested developing specialized products, like golf and rural tourism. It also recommended creating small-scale eco-products and commercial use of local culture by involving communities. This approach would stimulate livelihood change for poor people.

Sustainable tourism refers to development in such a manner and at such a scale, that it remains viable over an indefinite period. It should neither degrade nor modify the existing environment to such a degree that prohibits development and well-being of other activities. Among others, non-degradation of product quality, increasing access to clean energy by protecting forests, maintaining ecological balance, conserving national heritage, promoting responsive and value based tourism are few characteristics of sustainable tourism. Ownership of communities in concerned activities, viability of the country's image building for an indefinite period are some major benefits that a country could reap through its continued commitments. Equally important is the new vistas of commercializing culture in the context of tourism promotion. Tourism becomes sustainable only if beneficiaries are empowered to take the lead in formulation and implementation of policies and plans.

The strength of Nepali tourism lies in rural areas, as it is the depository of culture, environment, adventure, religious and other tourism products. The true reflection of Nepal is existent only in rural areas but the promotion and development of these destinations are still overlooked. Nevertheless, deterioration of tourism products and overcrowding of cities has gradually compelled tour organizers to add new rural destinations in their packages to make it attractive. It is also true that the future of Nepali tourism lies in the rural areas and unless the local people own this venture, implementation of travel packages would not be feasible.

TOURISM FOR RURAL POVERTY ALLEVIATION PROGRAMME

In the midst of above scenario, the necessity was felt to design a realistic programme to address issues pertaining to persistent poverty problems and inclusion of new stakeholders in tourism, especially women, poor, deprived groups and rural communities. In addition, multidimensional and focused approaches were felt necessary for development of sustainable tourism in the country. Past experiences, through other projects, had revealed that the rural-based tourism has the ability to benefit local people, protect natural and cultural heritage and benefit both the tourists and local service providers. Thus, rural based tourism could be instrumental to uplift living standards of the people by creating off-farm employment and income-generating opportunities in remote areas.

Above concepts led to the formulation of a pioneering project, TRPAP, implemented through external assistance. It emphasizes on devising policies and strategic plans for rural-based tourism development, which are pro-poor, pro-environment, pro-women and pro-rural communities. Such policies and strategic plans are based on pilot demonstrations focusing on disadvantaged and discriminated sections of rural women and men, lower castes and ethnic minorities living below the poverty line. It is designed to bring together poverty alleviation, decentralization and tourism development together and strengthen linkages between them.

TRPAP is operating through joint funding of three donors. This UNDP executed five-year programme started in September 2001 with DFID funding of US\$ 4 million, UNDP contribution of US\$ 0.5 million and as a parallel funding of advisory services, SNV provided around US\$ 0.5 million. Presently, DFID funding cycle is over but it has allowed to spend the balance fund, amounting to around US\$ 0.8 million before October 2006.

TRPAP adopts a unique modular approach for demonstration and policy feedback in combating poverty and sustainable tourism development in Nepal. The replicable models follow decentralization approaches at the micro, meso and macro levels, and envisage developing strong backward and forward linkages. It is also involved capacity building of institutions; central and local governments, and public and private autonomous organizations.

TRPAP is implemented in 48 VDCs of Dolpa, Rupandehi, Chitwan, Rasuwa, Solukhumbu and Taplejung districts. TRPAP is engaged in addressing the needs of rural communities on physical infrastructure, local institutions and means, knowledge and opportunities to participate in tourism at the local level. In order to improve coordination among micro and macro level, it is devoted to strengthening linkages between all stakeholders. Limited ability of community groups and private sectors to use economic and other opportunities, inequalities imposing constraints on women and disadvantaged groups, fragile biophysical environment, and lack of access to information, markets and services are a few other concerns of this programme.

TOURIST DOLLARS AND STATUS OF TOURISM

Tourist Arrival

Tourism in Nepal has experienced a downward trend after 1999 recording continuous drop in the following three years by 5.7, 22.1 and 23.7 percent respectively. After 2002, gradual recovery had occurred until 2004 but the trend could not be sustained in the current year though preliminary record of visitors' arrival by air in the recent three months is satisfactory. The comparative analysis for the month of November is as follows:

Table 1: Arrival by air during November

Arrival	2001	2002		2003		2004		2005	
	No.	No.	% Change	No.	% Change	No.	% Change	No.	% Change
Total	24,515	20,026	-18.3	29,011	44.9	24,095	-16.9	27,511	14.2
Third Country	20,072	15,087	-24.8	22,812	51.2	18,968	-16.9	20,845	9.9
Indian	4,443	4,939	11.1	6,199	25.5	5,127	-17.3	6,666	30.0

Source: Ministry of Culture, tourism and Civil Aviation (MoCTCA)

As the overall status of arrival during January to November has still declined, it is almost impossible to attain positive results in the year 2005, because the arrival in December, normally around 25,000, cannot significantly impact the existing trend.

Table 2: Arrival by air during January - November

Arrival	2001	2002		2003		2004		2005	
	No.	No.	% Change	No.	% Change	No.	% Change	No.	% Change
Total	283,120	197,631	-30.2	239,605	21.2	266,114	11.1	250,769	-5.8
Third Country	222,425	138,724	-37.6	161,089	16.1	188,937	17.3	167,716	-11.2
Indian	60,695	58,907	-3.0	78,516	33.3	77,177	-1.7	83,053	7.6

Source: MoCTCA (compiled for present analysis)

The table below reveals a glimpse of present tourism status, which demonstrates that the decline on arrival of Indian nationals is larger than the third-country tourists. The highest level of Indian visitors traveling to Nepal by air was attained in 1998, which fell down to the lowest in 2004. We are still short by 37% to regain that level. As there is no mechanism presently available to sort out the amount of Indian rupees earned through tourism, this study has concentrated only on non-Indian visitors and income earned through them. Official statistics until 2004 demonstrates heterogeneous trends, making analysis difficult to put together future predictions as follows:

Table 3: Tourist Arrival and Receipt

Year	Third Country		Indian		Total		Receipt		Income Per Capita	
	No.	% Change	No.	% Change	No.	% Change	US\$ ('000)	% Change	US \$	% Change
1998	320,455		143,229		463,684		152,500		44.2	
1999	350,843	9.5	140,661	-1.8	491,504	6.0	168,100	10.2	39.0	-11.8
2000	367,731	4.8	95,915	-31.8	463,646	-5.7	166,847	-0.8	38.2	-2.1
2001	296,917	-19.3	64,320	-32.9	361,237	-22.1	140,276	-15.9	39.6	3.7
2002	208,691	-29.7	66,777	3.8	275,468	-23.7	106,822	-23.9	64.8	63.6
2003	251,769	20.6	86,363	29.3	338,132	22.7	192,832	80.5	79.1	22.1
2004	294,971	17.2	90,326	4.6	385,297	13.9	179,941	-6.7	45.1	-43.0

Source: MoCTCA (compiled for present analysis)

Tourism receipts are accounted by Nepal Rastra Bank (NRB) in equivalent US dollar terms. International agents do not necessarily make payments of tour packages to hotels, or travel and trekking agencies during the travel period. Hence, it would not be fully accurate to draw a direct relationship between the number of incoming tourists and receipts for the same year. However, in absence of detailed data, the available information is considered good for the present analysis. It is clear from the above table that the highest number of non-Indian visitors was in the year 2000 but the same did not appear in foreign exchange earnings. The highest jump in tourism income occurred in the year 2003, an increase by 80.5 percent compared to 2002, while increment in arrival was only 20.6 percent in the same year. Further anomaly is that tourist numbers continued to increase by 17.2 percent in 2004 but income decreased by 6.7 percent. Nevertheless, per capita income from tourism, which had increased from a level US\$ 63.6 to US\$ 79.1 per day in 2003, was a highly commendable achievement.

Breakdown of Earnings from Different Sources

There is very little information available on income from tourism in Nepal. The only authentic source of information is NRB, whose figures are published through Ministry of Culture, Tourism and Civil Aviation (MoCTCA) annually. Tourist expenditures, especially in rural areas, follow individual transactions making it complex to record. However, Trekking Agencies, organizing group treks, have to report their earnings to NRB. Similarly, Travel Agencies and hotels also furnish their foreign exchange transactions regularly.

Table 4: Tourism Income

(Rs. in million)

Services	2003/04		2004/05
	6 Months	Annual	6 Months
Hotels	299.1	833.4	315.0
Travel Agencies	2224.4	4518.6	2601.0
Airlines	655.9	1307.1	283.7
Trekking & Rafting	281.5	578.6	298.1
Tourists	2396.1	4376.8	2750.6
Other	403.8	722.9	449.6
Total	6260.8	12337.4	6698.0

Source: NRB

The above table is a clear demonstration of non-representative form of service wise earnings from tourism. Actual earnings of a travel agency are from services such as organizing tours, sight seeing and transfers. Travel Agency's level of income could not be

over five times higher than hotels because accommodation is a major portion of expenses in any travel package. Thus, it is a clear indication that these expenses are included in it and agencies pay hotels separately for services procured. Among others, the above record also omits incomes from sale of food and beverages, which is also relatively high.

Table 5: Mountaineering Activities

Year	Mountaineering Team		Persons Employed		Royalty to the HMG	
	Teams	% Change	No	% Change	Rs. ('000)	% Change
1998	141	17.5	6,942	-0.9	95,479	-11.8
1999	115	-18.4	9,690	39.6	84,989	-11.0
2000	132	14.8	11,587	19.6	119,893	41.1
2001	112	-15.2	6,203	-46.5	127,396	6.3
2002	134	19.6	10,599	70.9	128,030	0.5
2003	152	13.4	14,838	40.0	181,360	41.7
2004	140	-7.9	9,362	-36.9	127,072	-29.9

Source: MoCTCA

HMG's income and other benefits to the economy from mountaineering packages are presented in Table 5 above. It reveals that income from one mountaineer is sixteen times higher than an ordinary tourist. However, there is no certain system of recycling of any of these incomes to mountainous areas. The share of trekking in national tourism is presented in the following table. There are no statistics available for income from this sector.

Table 6: Major Trekking Areas and the Visitors

Year	Everest		Helambu & Langtang		Annapurna, Manang & Jomsom		Controlled Area		Others	Total	
	No.	% Change	No.	% Change	No.	% Change	No.	% Change	No.	No.	% Change
1998	22,826		10,952		65,587		3,277		10,002	112,644	
1999	26,788	17.4	8,612	-21.4	67,371	2.7	4,135	26.2	1,054	107,960	-4.2
2000	26,683	-0.4	10,917	26.8	76,398	13.4	3,760	-9.1	1,022	118,780	10.0
2001	22,029	-17.4	9,148	-16.2	65,313	-14.5	3,354	-10.8	984	100,828	-15.1
2002	13,982	-36.5	4,798	-47.6	38,277	-41.4	1,979	-43.4	243	59,279	-41.2
2003	18,812	34.5	3,119	-35.0	40,668	6.2	2,365	19.5	757	65,721	10.9
2004	20,051	6.6	3,020	-3.2	42,347	4.1	3,223	36.3	801	69,442	5.7

Source: MoCTCA.

The above figures reveal that the impact of downturn in overall tourism is clearly visible in the trekking segment too. Trekking tourism, recognized as the best form of reaching poor and deprived people, has drastically declined in recent years. The number of trekkers, which used to be over 25% of overall tourists in any normal year, has fallen to only 18% in 2004.

Everest trail has also experienced some loss but recovery is under progress strongly. The most popular Annapurna trek has lost over half of its trekkers while the third popular Langtang trek has lost two thirds of its trekkers. The controlled areas, attached with some higher fees for trekking, seem to be almost normal. Thus in income, one could expect a similar pessimistic trend. On average, the loss in this segment is calculated to be 42 percent of the normal year.

Tourism Revenue and Recycling of Funds

There are no definitive studies available in the field of tourism indicating a clear and detailed analysis of retention of tourist dollars in Kathmandu and urban centers or rural areas. However, it is obvious that the accumulation of income from tourism is higher at the centre due to pre-paid organized treks compared to FITs. As FITs normally do not pre-purchase supplies from urban centers but use most of the locally available products and services, the proportion of leakage of tourism benefit from rural to urban area is minimal.

Nepal has adopted the following four models for management and operation of certain areas or activities by involving non-governmental entities and/or communities.

- (i) Authority to collect and use revenue by authorized non-governmental agencies.
- (ii) Fixed percentage of revenue recycled to local committees.
- (iii) HMG's no commitment on budget.
- (iv) Recycling 30% of revenue through DDCs.

Model 1 – Fully Authorized Non-Governmental Agencies

The ACAP implemented under the aegis of KMTNC is a leading example in this category. In the Annapurna Conservation Area (ACA), there was previously no vision about conservation and mountain development. People were unaware of the links of communities with tourism, which could be a significant contributor to improve their livelihood. A survey carried out by Centre for Resource and Environmental Studies (CREST) in the mid-nineties revealed that two thirds of respondent households felt that their living conditions were enhanced after introducing ACAP. Forty-nine percent of respondents believed that such enhancement was due to tourism. The same survey indicated that 64% of respondents believed that the level of poverty has been reduced, for which 84% trusted tourism as the contributor. Ninety percent of respondents also felt that tourism has significantly created new opportunities for rural employment. However, there was a broad feeling among a majority of the people that tourism has been instrumental for bringing additional income to lodge owners only with no spill over benefits to the community at large. The CREST survey made many optimistic observations on ACAP's involvement for conservation and development of the area. It also indicated that almost fifty percent of tourist expenditures were retained locally after the inception of ACAP from a level of seven percent prior to it. Certainly, reduction of leakages through improved linkages of local communities with tourism and the entry fee were major contributors for this positive shift. In summation, the hundred percent granting of entry fee collection and implementation through community participation has established an exemplary model for Nepal and the world. This approach has also proven to be a sustainable model of conservation of natural resources, development and tourism.

Another example in this category is NMA, bestowed with full authority to collect royalty fee from climbers to thirty-three climbing peaks (eighteen added in 2002/03). Presently NMA raises around 14 percent of overall royalty from mountaineering in Nepal. The following table gives a glimpse of its earnings for the last 15 years. The accumulated income is spent on cleaning high hills and mountains, celebration of mountain related national events, operation of Mountain Museum, etc. Kathmandu based executive committee of NMA—majority of who own trekking and mountaineering agencies—handle management and operation of fund.

Table 7: Royalty from Mountaineering

(Rs. Million)

Year	HMG	NMA	Total
1989/90 – 1993/94	108.5	25.0	133.5
1994/95 – 1998/99	436.1	53.5	489.6
1999/00 – 2003/04	641.7	108.4	750.1
Total	1,186.3	186.9	1,373.2
Percentage share	86.4	13.6	

Source: MoCTCA and NMA Annual Report

Model 2 – Ploughing Back a Fixed Portion of Earnings

DNPWC has taken a commendable step by making amendments in the NPWCA, 2029, which has provisioned for thirty to fifty percent sharing of revenue generated in the protected areas for reinvestment in community development. The following table reveals a glimpse of the proportion of recycled funds and its uses.

Table 8: Status of Recycled Fund in the Protected Areas

(Rs '000)

National Park	Fiscal Year	Revenue	Recycled Fund	Expenditure
Royal Chitwan National Park	052/53	562	281	-
	053/54	48,291	2,415	-
	054/55	48,150	24,075	5,087
	055/56	54,544	27,272	20,210
	056/57	51,538	30,864	15,370
	057/58	74,303	-	15,775
	058/59	38,887	-	15,500
	059/60	30,831	-	5,443
	060/61	40,061	70,272	NA
	061/62	NA	19,892	NA
	Sub-Total	387,167	175,071	77,385
Royal Bardia National Park	053/54	2,462	1,231	1,231
	054/55	2,669	3,740	1,627
	055/56	4,226	-	3,068
	056/57	7,616	3,808	7,606
	057/58	9,822	-	-
	058/59	4,377	-	-
	059/60	2,778	-	NA
	060/61	3,710	8,397	NA
	061/62	NA	NA	NA
	Sub-Total	37,660	17,176	13,532
Langtang National Park	054/55	2,641	-	-
	055/56	3,499	2,209	2,140
	056/57	7,137	-	3,412
	057/58	8,550	4,018	-
	058/59	4,491	-	-
	059/60	4,866	-	NA
	060/61	3,623	7,099	NA
	061/62	NA	NA	NA
	Sub-Total	34,807	13,326	5,552
Sagarmatha National Park	060/61	14,509	12,605	NA
	061/62	NA	NA	NA
	Sub-Total	14,509	12,605	
Grand Total		474,143	218,178	

Source: DNPWC

Recycled funds are spent in conservation and development activities and for benefit of inhabitants in the designated buffer zones. Buffer Zone Management Regulation (BZMR), 2052, has stated procedures of implementation of such funds through BZUCs. A Buffer Zone

Management Council, under the chair of a local person is constituted in buffer zones of National Parks. The Warden of the Park serves as the Member-Secretary in the Council. The fund is recycled to the area upon approval of proposed programmes by the Ministry of Forests and Soil Conservation within a year. The recycled fund, provided by HMG, is deposited in the National Park's account under a separate head and is disbursed as required. Thus, it is expected to directly help local people. However, how much of such income are accruing benefits to local people is yet unknown.

Model 3 – HMG Non-Committal on Providing Budget

There were enthusiasms in early years to address environmental and local issues while introducing a new area for visitation. Planners opted to devise ideal methods of community's meaningful involvement in the areas of common interest relating to conservation, management and development activities. Recycling of certain funds, generated from the area, was envisaged to finance above activities. This vision led to the notion of opening UM for controlled tourism with an unofficial commitment to plough back sixty percent of revenue in the beginning succeeding to hundred percent in latter years. Thus, higher entry fee was proposed together with a limit on the number of visitors. As ACAP, was successfully functioning in the lower parts of the district, HMG decided to handover management of UM to it. ACAP accepted the responsibility with belief that funds would be forthcoming unhindered as promised. But HMG did not keep its promise, possibly due to benefit of doubt that there was no official decision on the subject. The following table represents the status of tourism in UM and sources of financing tourism programs.

Table 9: Visitors to Upper Mustang

(Rs. '000)

Fiscal Year	Visitors (No)	HMG's Income & Recycled Budget			UM Expenditure	
		Trekking Fee	Recycled budget	Ploughed back fund (%)	Total Expenditure	Contribution of HMG (%)
1992/93	483	23,667	6,305	26.6	4,613	100
1993/94	574	28,126	6,950	24.7	9,073	76.6
1994/95	812	39,788	6,950	17.5	8,418	82.6
1995/96	824	40,376	4,000	9.9	8,051	49.7
1996/97	809	39,641	3,900	9.8	9,758	40
1997/98	813	39,837	1,500	3.8	6,629	22.6
1998/99	1,066	52,234	1,800	3.4	7,628	23.6
1999/00	1,057	51,793	0	0	8,817	0
2000/01	977	47,873	2,000	4.2	11,459	17.5
2001/02	913	44,737	0	0	36,323	0
2002/03	658	32,242	1,300	4.0	31,147	4.2
2003/04	614	30,086	0	0	21,295	0
2004/05	853	41,797	0	0	11,480	0
Total	10,453	512,197	34,705	6.8	174,691	

Source: KMTNC/ACAP

It shows that HMG's share in total funding is gradually diminishing, making ACAP increasingly concerned in arranging required funds for ongoing and future management plans. This anomaly exists because in the case of UM, unlike other ACAP areas, the revenue

is collected by the Immigration Department and HMG recycles funds on an adhoc basis through the HMG budget annually.

As presented above, fund management is a burning issue in UM. However, another equally vital issue in the area is social inclusion and ownership of local people in the programs. Researchers have found out that the conservation efforts at UM region needs to be carried out together with economic benefits by local institutions to make it sustainable. As of now, very few incentives are available for local communities to manage UM region. Unless development programmes are imbedded in the regular activities of local institutions facilitated by non-governmental Management Authorities, the successes will be temporary.

A similar situation prevails in the Manaslu Conservation Area in upper Gorkha District, which is also managed by KMTNC. No funds have been recycled to this area to support the implementation of agreed programs so far, while HMG has been collecting US\$ 90 per week during October and November and US\$ 75 per week in other months from each trekker visiting the area. There is also a limit of 1000 trekkers per year, which seems to be irrelevant as only few are buying Manaslu packages. The Project Completion Report of 2001 had calculated an average of 503 trekkers during 1991 to 2000 while the area is significantly developed to host far greater number of tourists than the set quota of tourists. The Report was critical about the provision of allowing only groups, handled by Trekking agencies, as it solely benefited the agencies than local inhabitants. Thus, the de-restriction for visitors to enter the region as well as allowing FITs would benefit communities, especially the poor. It is also essential in the context that HMG has not provided any funds for the improvement of the areas with tourist attractions.

SPCC- governed by an eleven member executive Committee, all representing the non-governmental sector- is another explicit example of an active non-governmental committee operating in the Khumbu region. Established and managed through an adhoc committee since the beginning, SPCC was formally registered with HMG only after 2 years of its operation. The Committee started operation through a Memorandum of Understanding signed between WWF, MoCTCA and SPCC for a period of five years. It was unofficially mentioned during the initial period that around 40 percent of the revenue generated from tourism in Khumbu region would be channeled through this Committee, but despite a continuous rise in visitors to the area, HMG contribution to SPCC was in diminishing order, and was ultimately stopped after 1997/98. Then after, NTB agreed to finance SPCC activities, but that promise also did not last beyond one year. Such apprehensions from government and NTB discouraged other partners like WWF and HAT-J, which pulled out gradually. The following table offers a glimpse of financial resources to SPCC.

Table 10: Funding Source of SPCC

Fiscal Year	Fund provided (Rs. '000)	Contributor
1993/94	2,250	HMG
1994/95	2,450	„
1995/96	1,750	„
1996/97	1,250	„
1997/98	1,000	„
1998/99	1,000	NTB

Source: Mingma Norbu Sherpa, former Executive Director of SPCC

SPCC was created to reduce environmental impacts in the area. Hence, it was successfully functioning in controlling litter and solid waste management in trekking routes, through placement of trashcans, rubbish pits, incinerators, public toilet construction, cleanliness campaigns, garbage deposit system in Himalayas and kerosene depots on the trail. SPCC was also active in building environmental awareness, formation of eco-clubs in schools, conducting mobile training for lodge owners on ecotourism, maintenance of trails and bridges and agro-forestry activities. Presently, this Committee is still in existence without any support from HMG or NTB. It is generating resource by collecting service charges from individual climbing groups to Everest for cleaning of the icefall route. Thus, SPCC has become almost docile and lost attraction of the local community because of funding constraints and no employment prospects for local individuals. It is a pity that such a replicable institutional forum is itself on the verge of collapse.

Model 4 – Recycling Fund through District Development Committees

Two of the most pertinent issues of sustainable tourism needing HMG's immediate attention are developing broad based tourism and involvement of local bodies in overall management and development of tourism in local areas. In the scenario of increasing precepts of local self-governance, respectful linkages with DDCs and other representative political units have to be promoted with mutual trust and confidence.

LSGR, through its second amendment in 2061, has tried to enhance the role of the DDC in tourism development,. It provides for DDC to receive 30% of fees and royalty generated from activities such as trekking; entry to National Parks and Wildlife Reserves; mountaineering and any other entry fee charged to tourists to enter the concerned District Development Area. These funds are deposited in the Bank under a separate account and spent following specific norms, standards and procedures. As these provisions have not been operational, the benefits are yet to be judged.

There are several other destinations in the country where good number of tourists visit. However, patterns and retention of their expenditures are not surveyed limiting further analysis of backward and forward linkages generated by tourism at the centre and rural areas

INSTITUTIONS FOR PRO-POOR TOURISM DEVELOPMENT

Central Level Institutions

A high-level Tourism Council, under the chair of Rt. Hon'ble Prime Minister, is in operation since May 1992. The Minister responsible for tourism is the Vice-chair and the Secretary in the Ministry serves as the Member-secretary. The first meeting of the Council was held after six months of its establishment. The ineptitude of the Council is demonstrated from the fact that it has convened only five times in the last 13 years. The last meeting was organized in Nov 1999. It is a forum of high-level government officials and the leading private sector associations in tourism to guide the tourism industry's development by providing effective coordination and cooperation among all sectors in tourism including the government. The Council's vision is also to remove difficulties, review plans and issue policy level guidelines to the subordinate executing agencies. The ministries of Finance; Physical Planning and Works; Home Affairs; Industry Commerce and Supplies; Local Development; Forests and Soil Conservation; Water Resources; Foreign Affairs; Science, Technology and

Environment are represented by the respective Ministers and Secretaries. The other governmental members are the Hon'ble Vice Chairman of NPC; Hon'ble Member responsible for Tourism in the NPC; Governor of Nepal Rastra Bank; Chief Secretary; and Secretaries in the ministries of Defense; Education; and Communication. The private sector's institutional representations are from the Hotel Association of Nepal; Trekking Agents Association of Nepal; Nepal Association of Tour and Travel Agents; Nepal Association of Rafting Agents; Pacific Asia Travel Association – Nepal Chapter; Nepal Mountaineering Association; Tourist Guides Association of Nepal and Association of Airline Operators Nepal. There is two more private sector representation by personalities nominated by the Council. Presently, there are also two other individuals nominated as observers in it. Almost all meetings of the Council concluded with assessment of the existing scenarios in the functioning of tourism but lacked to issue innovative guidance to the industry. However, Visit Nepal Year 1998 campaign, establishment of Nepal Tourism Board were concurred by the Council in its subsequent meetings.

The historical developments of tourism administration reveal mostly the ad hoc practice existent in adopting institutional models in different periods. Department of Tourism (DOT), which, was established in the latter part of the fifties, was attached to one or the other ministry, namely, Transport, Industry etc, for several years. It was only after the establishment of a separate Ministry of Tourism in 2033 B.S., that DOT got a permanent home under it. The work culture in the Ministry or Department was mostly dominated by regulatory, administrative and to some extent, publicity, marketing and promotion of tourism. Adopting a promotional role initially, DOT owned a first ever travel agency in the country to attract investment of the private sector and pulled out when they started coming into business. Thus, an exemplary model of HMG's non-interference in commercial dealings existed in the country since more than four decades ago. Though there was some form of openness in dealings, lack of specialization and professionalism was distinctly visible in government operations.

MoCTCA is the apex level institution in tourism administration in the country, which also assumes the role of a secretariat of Tourism Council. It abides by the policies and guidelines of the Council and implements necessary policies for the development of tourism. Among several other responsibilities, MoCTCA also indulges in the activities of planning, monitoring, coordination, supervision and implementation of all tourism plans and programs.

Recognizing its own role as a facilitator and regulator of tourism, HMG demonstrated another consummate model by pulling out from DOT. HMG initiated to establish private sector led NTB as the National Tourism Organization to replace DOT in 1998. This unique model of Public Private Partnership (PPP) has demonstrated commendable achievements in Nepal. NTB does not seek any HMG budget for its operation. It raises its own resources from tourists in the form of Tourist Service Fee (TSF). Thus, its resources have a direct relationship with number of foreigners and their expenses. As tourism started experiencing a downward trend since 2001, NTB has faced a serious crunch in its financial resources. At a time when extra investments were needed for tourist revival, NTB had difficulties to finance its regular activities, as it had only two financially comfortable years initially. Presently, an improved version of TSF collection at Tribhuvan International Airport, from all outbound foreign nationals has eased NTB's procedure of collection. The volume of TSF has also increased noticeably together with the augmented number of tourists in recent years. NTB has emerged as an institution appealing for replication in other sectors in and outside the

country. Few foreign tourism agencies, especially from south Asian countries have visited NTB for observation to assess its suitability in their contexts.

NTB is the only organization remaining to address different facets of tourism, especially in implementation. Any unattended important aspects of tourism by NTB could bring forward serious drawbacks in the field of tourism management and development. Emerging concepts of sustainability contributing to reducing poverty, involving new actors and stakeholders, devising respected but non-interfering role of locally elected bodies such as DDCs, VDCs are few areas of immediate concern for NTB. Thus, NTB has to redress its organizational responsibilities to deal with burning issues of poverty, gender, community, environment and overall sustainability of tourism in the kingdom.

Institutional Arrangements - TRPAP Model

As explained above, presently there is no institutional mechanism especially made responsible for pro-poor tourism development in the country. However, it falls as a general responsibility of every institution in the tourism sector. The tenth plan emphasized poverty reduction through tourism but without any institutional support. Hence, TRPAP has pioneered a certain model on institutional arrangements for piloting in six districts incorporating local bodies, NGOs, CBOs and communities.

For purposes of TRPAP, a provision of Programme Steering Committee (PSC) is made at the macro level to give overall guidance to the Programme. As PSC meets twice a year only, a Programme Working Committee (PWC) is formed to provide timely support and assist in directing short-term matters. TAG is also constituted to provide technical support to the Programme Management Unit (PMU). Rather than being a static body of the same experts, membership of the TAG varies depending upon the particular expertise that might be required at a given point in time. All these arrangements automatically nullify after the completion of TRPAP. Thus, if a new arrangement like TAG is adopted in normal functioning of government and/or NTB, it would eventually contribute in availing a forum for policy dialogue at the macro level. Obviously, the central level organization should be learning lessons from TRPAP to strengthen backward and forward linkages between the centre and rural areas.

At the meso level, the existing forum of District Management Committee (DMC) or District Coordination Committee (DCC) chaired by the Chairperson of DDC and having representation of Local Development Officer is utilized for tourism purposes. VTA is included in above Committees as a member facilitating links between the tourism-related NGOs, CBOs, STDCs and the concerned DMC or DCC.

TRPAP has helped create STDS in each district, which is responsible for conservation and tourism. STDS works in close collaboration with district and village level institutions in several activities including assisting in developing tourism plans for DDCs and VDCs. It also acts to coordinate all tourism related activities implemented in VDCs and Wards and gets involved in enhancing tourism products at different levels. Successful continuance of STDS could be instrumental to attract interest of development partners to finance national, district and village level ecotourism and pro-poor projects. Mid-term evaluators of TRPAP have found activities of STDS successful so far and indicated that this could be an innovative and commendable exercise to consolidate tourism related activities at the district level. Obviously, this Section could be a most effective medium to sustain best

practices of TRPAP and any other tourism projects. It could also be a means to replicate location specific models of tourism programmes in other districts. Furthermore, STDS could serve as an effective platform to establish linkages between the centre and rural areas thereby enhancing strong backward and forward linkages. Initiating monitoring, evaluation and supervision through this forum in the beginning could lead to the creation of a permanent mechanism to handle these activities at later stages.

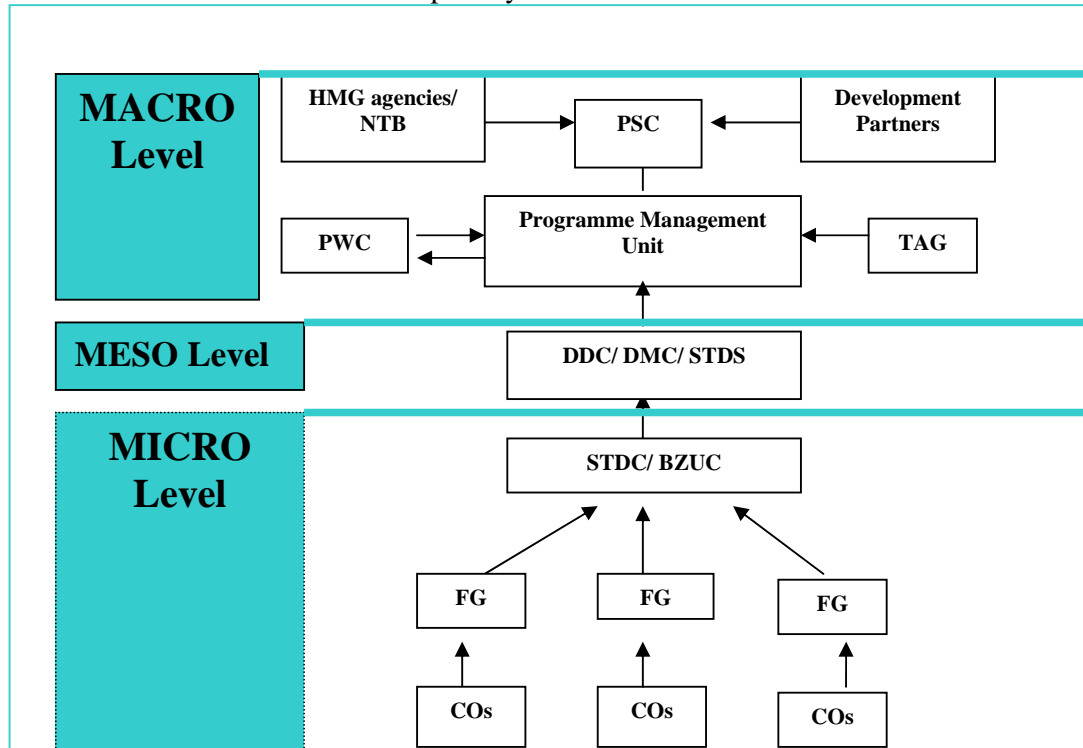
In order to ensure benefits to communities at the micro level, several functional groups are formed at village level for individual occupational engagements such as for poultry, vegetable farming, lodge management, and so forth. There could be any form of activity in the villages such as improvements of sanitation and hygiene, trail repairs, improved water supply, lodge management training, trekking guides training etc. Thus, to have a creative forum of a good integration of functional groups active in the localities and to supplement in coordination at grassroots level, STDCs, chaired by an independent local individual not associated with government or local bodies, and VDC Secretary as the ex-officio member are constituted. In order to sustain the Programme, grassroots level STDCs are given trainings to improve their capacity to extract benefits from tourism. However, VDC Secretaries should also be given appropriate trainings, as s/he could be an effective person to carry on all best practices during post-TRPAP period. Institutionalization of rural tourism has started in more than half of the programme VDCs from this year. It would be further enhanced if the recommendation of High Level Taskforce on Revitalizing Tourism Industry (HLTRTI) to establish VDC Tourism Development Cell is implemented. This Cell would be responsible for development, publicity and promotion of rural tourism.

In case of protected area and its buffer zones, the arrangement could be a Tourism sub-committee of the BZUC or a partnership between VDC and NGO instead of STDC, depending upon existence of such active groups and mechanisms to deliver similar management practices and benefits of tourism to the inhabitants. TRPAP has also created STDFs and STVFs at its programme districts and villages respectively to facilitate investment in pro-poor tourism activities.

Until TRPAP is in operation, the Programme funded VTA serves in STDC as ex-officio member. He/she is also engaged in integrating rural tourism and conservation by closely liaising with authorities of concerned protected areas. Among others, the VTA provides technical support to STDS and acts in close cooperation with the BZUCs and Development Council of concerned National Parks. The position of VTA and SMs are assumed to be absorbed in the DDCs after the end of the Programme period to ensure the continuity of the TRPAP achievements. Therefore, the appointment of SMs was done through DDC since its early stages.

In addition to the above institutional mechanisms, there is a need to honor the engagement of other players in the areas of conservation and tourism management. Hence, the extended role of partner institutions such as WWF, The Mountain Institute, KMTNC, American Himalayan Foundation, NMA and Trekking Agents Association Nepal (TAAN) should be encouraged and solicited by developing an efficient network at the district level. It would further enhance to carry on rural based tourism and conservation activities in a planned manner, avoiding duplications. Similarly, the forum of Sustainable Tourism Network should also be utilized for conducting policy debates, as it assumes membership from different sections of stakeholders including foreign partners' communities.

The institutional model adopted by TRPAP is summarized below



Ecotourism in DNPWC regulated areas are the exemplary models demonstrating how conservation and tourism could flourish through proper management. Tourism has created lively interfaces between nature, wildlife and human beings. Thus, building on the experiences under TRPAP, through its PMO, there is a need of institutionalizing a separate unit within the DNPWC to look after ecotourism in all of its areas. If need be, the same unit could also be assigned responsibility to oversee buffer zone related activities.

SOCIO-ECONOMIC IMPACTS OF TRPAP

Despite the adverse security situation in the country, TRPAP may most possibly be the only Programme, which has penetrated into politically fragile areas and groups to further its activities. Taplejung, Dolpa, and lower parts of Solukhumbu are disturbed than other TRPAP sites, but there also its activities, such as familiarization trips and social mobilization, are under progress. The local authorities, including the President of DDC of Solukhumbu, also backed this observation during interaction in Salleri. There are no evidences of physical or other forms of damages encountered by TRPAP on its property or personnel except a recent incident of November 2005 in Taplejung, which was confessed by rebellions as a serious misled action from their part. They released VTA and all other belongings without any harm and damages within few days of the incident. Otherwise, TRPAP enjoys good overall support of all key stakeholders at every level.

TRPAP and Communities

TRPAP aims to raise local community's awareness on the importance of conservation for sustainable tourism through social mobilization. Providing micro-enterprise trainings to

enhance local skills and attracting new local investors in tourism related activities, enabling community to derive maximum benefit from tourism by uniting them into COs and FGs are some major areas of concentration. TRPAP also emphasized coordinating local activities through grassroots STDCs, facilitating income-generating activities for local people through venture funds at districts and villages, which have larger positive impacts at the local level. Other important activities are improvements of sanitation and hygiene, trail repairs, improved water supply, lodge management training, and trekking guides training etc. The following table shows gender proportion of beneficiaries of TRPAP:

Table 11: TRPAP Communities

	Number	Members		
		Female	Male	Total
COs	698	7,365	6,871	14,236
FGs	191	1,183	1,368	2,551
Total	889	8,548	8,239	16,787

Source: TRPAP

TRPAP has assisted in establishing STDS in all programme districts. It has also constituted 27 STDCs and 10 BZUCs. Successful execution of STDC has led the Programme to transform the Committee's role to make it an independent tourism sub-committee within the VDC to develop and promote tourism products and develop infrastructures. As capacity enhancement and skill development are two major activities, TRPAP has been aggressively conducting training programs in subjects relating to income generation, environment, orientation, etc. Significant number of women and people belonging to STGs- incapable of feeding family from own land for whole year- have participated in training programs. Among others, trainings on handicraft, home-stay and Tourism and Environment Awareness Programme (TEAP) are popular among villagers. TEAP is intended towards spreading awareness of benefits and impacts of tourism on local culture, economy and environment. Local people have commonly believed that TRPAP has done excellently in community participation and skill enhancement in tourism activities.

TRPAP has made significant efforts to address the need of rural communities on physical infrastructure, local institutions and means, knowledge and opportunity to participate in tourism at the local level. It has sufficiently established linkages between key stakeholders contributing to enhanced level of coordination between micro and macro level. Though motivating illiterate ethnic minorities is a difficult task, it has succeeded in involving them in tourism support activities according to one's interest and ability.

TRPAP in Peoples' Eyes

Contributions of training and awareness programmes in changing livelihood and lifestyle are plenty in TRPAP districts. A resident of Kaule in Chitwan, falling in STGs, learnt making of commercial products from bamboo from training organized by TRPAP and utilized the acquired skill to make and sell bamboo products in the market, earning some extra income. Now he has cultivated bamboo in barren land for this purpose. A woman in Rasuwa turned out to be a trekking guide. There itself, another poor woman, who was financially incapable of growing seven children and sending them to school, started weaving caps to arrange education expenses of her children. Another poor woman from Rupandehi started utilizing products that were wasted, to produce handicrafts like dhaki, tea mats,

penholders, and bouquet holders for commercial purposes. According to one social mobilizer in Madhuvani VDC of Rupandehi district local inhabitants have become aware on children's schooling, health, sanitation, personal hygiene and social problems.

A dalit boy from Dolpa, who had studied only up to grade five, became a local guide and gradually developed fluent spoken English. When a teashop was running on loss, a poor woman in Solu started raising poultry after the training. She also started maintaining cleanliness in the teashop. Now, both ventures are operating profitably. A woman in Taplejung was happy to express that purchase of buffalo from the TRPAP loan initiated her family to make a fortune to improve livelihood. Now surplus milk is helping the family to educate their children and purchase books and school uniforms.

Briddim, in Rasuwa is now converted into a model tourism village through joint support of Canadian aid and TRPAP. Among a total 42 houses, nineteen are developed as home stay for tourists with adequate facilities. A separate Home-stay Management Subcommittee is made responsible for supplies and other managerial works. This Committee receives all tourists and offers hospitality. Folks gather with traditional colorful Tibetan costumes and greet them with local dances and religious rituals in the Gomba, located at centre of the village. Same rate prevails for overnight accommodation throughout Briddim. The Committee raises Rs 100 from each tourist to finance programmes of interest to the community and conservation. It has enabled unemployed youth to start portering and guiding and the use of local products like vegetable, egg, poultry, food grain, liquor, handicrafts get good prices. Locals are benefited from special training courses organized by TRPAP. Noteworthy achievement is also that people have now started using iron poles in place of wooden ones to protect forest environment.

Changes in Lifestyle and Livelihood of the Rural People

Investment of venture capital in the community has created landmarks in successful operation of TRPAP. COs and FGs are eligible to receive loan from this fund at concessional rate of interest. Soft loans amounting to Rs 9.4 million have been extended to 574 local members of the community to operate tourism enterprises until the third quarter of 2005. Such loans are preceded by vocational trainings to the communities. Loans are eligible for upgrading or starting new enterprises. Most of the entrepreneurial activities carried out are the small businesses as home-stay, small hotels and lodges, vegetable farming, livestock farming, tea/ retail/ provisional shops and several kinds of handicrafts.

Several exposure visits have been organized by TRPAP in three years, to areas having best practices such as ACAP, Sirubari, Pokhara, Sauraha etc. Such visits have helped open the horizon of traditional thinking of poor communities in their lifestyle and livelihood. In 2004 alone, 12 such visits were organized. There are numerous examples of positive impacts of such visits to communities such as a woman from Rasuwa started keeping her household clean, another one stepped into entrepreneurial venture, and yet another group started caring for local culture and encouraged to use it commercially.

APPA exercises have resulted noteworthy achievements in the area of capacity building. It has enabled rural communities to draft their own sustainable rural tourism plans for five years. Around 150 capacity enhancement training were conducted by TRPAP in 2004, benefiting 5,108 grassroots level community members. Among them, 37% were women and 2,355 persons representing STGs.

Programmes of TRPAP

In order to enhance the limited ability of community groups and private sector, special programs were launched with focus on skilled, able and entrepreneurial individuals to capacitate them for enterprise development.

In infrastructure support, TRPAP gets involved mostly in areas that prop up from community's demand during APPA exercises. It has been availing support in construction of multiple use visitors' information center, tourist signpost, hoarding board, community run hot showers etc. to facilitate tourist travel. In the environmental sector, support has been extended to distribution of dustbin, pushcart, improved stove, construction of incinerator, dumping site, public toilet etc. TRPAP has also supported micro hydro projects, biogas, back boiler, solar home system, toilet connected biogas, etc with the objective of saving the environment and promoting alternate energy. Other areas of TRPAP's involvement include, support in construction and maintenance of trails, bridges, culverts, museums, religious sites, maintenance of monasteries, viewpoints, porter shelters, resting places, campsites, welcome gates, community guesthouses, drinking water supplies and small irrigation schemes.

TRPAP has adopted a strategy of 'Marketing begins with product'. Therefore, the programs in early years were mostly concentrated in identifying and upgrading of potential tourism products. Due to it, people in the early years of the Programme had the feelings that TRPAP had significantly contributed in the areas of institutional development and capacity building but had done only little in enterprise development and market linkages, which are the potential components in helping poor entrepreneurs. Owing to it, TRPAP had upscaled its activities in identifying market linkages and product promotions since 2004/05 and has plans to focus in marketing and promotion during its remaining period too. In this regard, familiarization trips of media and tourism agencies, such as Nepal Association of Tour Operators, Nepal Association of Tour and Travel Agencies, were conducted in Lumbini. Similar trips were made to other Programme sites involving media and TAAN personnel. Few repeated familiarization trips were also conducted in some locations. Other forms of promotional activities arranged by TRPAP include, exhibition, publicity through print and audiovisual media, printing and distribution of posters, brochures, booklets, etc.

HLTRTI has suggested arrangement, on a continual basis, of better coordination of NTB and TRPAP programs that are presently under implementation in eleven different locations. These are the long-term programs related with heritage, human resource development and promotion of rural tourism. HLTRTI has also emphasized to encourage ecotourism and rural tourism based on natural resources.

Assessment of Development Partners and International Institutions

The Evaluation team has found that programs like home stay, promotion, and sale of locally made handicraft have developed as an ideal activity for the poor communities. Similarly, development and implementation of code of conduct for hygiene, establishing good organizational linkages with VDCs, Lumbini Development Trust and other organizations, gaining confidence of major stakeholder as TAAN and NMA are few noticeable achievements. Promotion of location specific tourism models developed for each Programme district is certainly a good beginning to step into professional mode of tourism development and promotion. It has also made progress in institutionalizing rural tourism development processes and establishing linkages with the central level. Being overwhelmed

by the achievement of TRPAP, the Evaluation Mission commented that ‘Certain rural communities in Nepal have earned real wealth through tourism and mountaineering – had there been TRPAP style self conscious planning and management of tourism development, with necessary international marketing linkages such benefits would have been substantially and more equitably distributed’.

United Nations Environment Programme (UNEP) and WTO, through their joint publication, have appreciated the performance of TRPAP recently. They have listed it as an exemplary Project among few others in the world, which have experiences of working with local communities in capacity building for sustainable tourism.

Lessons for TRPAP

Government led, area based sustainable structure of TRPAP has added strength in its performance. However, it would have been better had it harvested direct involvement of social development and conservation oriented CBOs and NGOs in its operation.

While attempting to respond to growing concerns of local communities, TRPAP has to realize that tourism development could be a means but not an end to reduce poverty without properly planned effective social mobilization. Effective social mobilization demands reasonable time and quality input. Such mobilization is crucial when activities are aimed to attract participation of poor and disadvantaged groups in tourism. For it, identification of tourism products, capacity enhancement and other services like market linkages, product promotion, training, credit etc has to be provided in an integrated manner. Similarly, distinctive procedures are needed for advancing activities, which aim to promote benefit to poor and disadvantaged groups, such as micro enterprises.

It is obvious that unless people observe opportunity of individual income they will not support the initiatives. Thus, location and culture specific special packages have to be implemented more sincerely to benefit poor, women and STGs. In this context, it is advisable to have at least few sustainable tourism development models developed with a strong gender focus. Similar selective models are needed for STGs.

One of the conspicuous lagging segments of TRPAP is social and economic empowerment of local people. It should be understood that increased number of women, ethnic minorities and STGs participation in any program alone does not signify progress in reducing the gap. It is necessary to have their bigger say in decision-making, increased access to economic activity and like opportunities provisioned by the law of the land.

LAPSES IN EQUITABLE DISTRIBUTION OF TOURISM INCOME

The nation’s priorities in tourism have been in increasing the number of tourists and improving quality of service. This sector is considered as a major source of foreign exchange earning and creation of employment. Policy makers and planners often emphasize also on its multiplier effects. Incentives are provided for investors in tourism establishments. Foreign direct investment is sought in big projects, especially hotels. However, matters like equitable distribution of tourism benefits and enlarging the base by including poor and disadvantaged groups had never attracted concerns prior to the Tenth Plan. Harnessing participation and equitable distribution of tourism benefits are more manageable in new locations than in running ones. Hence, extending tourism to newer areas helps attracting support of locals in

the programme, thereby contributing to sustainability. However, Nepal has a poor record in adding new sites for tourists. Analysis in this segment is restricted to aspects that have linkages with communities, distribution of income, livelihood and sustainability.

Tourism in National Plans

The Seventh Plan (1985-1990) had emphasized on bringing quality tourists. It dwelt upon expanding tourism infrastructure, creating employment opportunities, encouraging local production of consumable items, management of pilgrimage and historical sites. The focus was on extending tourism to the outskirts and newer areas, added aviation services to new districts in the mid western development region to reduce regional economic imbalances.

A separate Tourism Policy, 1995 was declared during the Eighth Plan (1992-1997). The Plan emphasized on encouraging high budget, cultural and religious tourists and lengthening their stay in Nepal. Incentives to reduce seasonality impacts, promoting trekking in remote areas, establishing linkages with local food and energy development programs for promoting sustainable rural tourism were other major programs.

The Ninth Plan (1997-2002) was specific on carrying out tourism activities based on environmental impact assessments in protected areas, balanced economic and social development and promotion of domestic tourism. The need of a code of conduct for private sector service providers was also highlighted

The Tenth Plan (2002-2007) has clearly stated in its objective to contribute to poverty reduction through increased people's participation in tourism related activities while ensuring effective promotion and sustainable development. Development of value based and quality tourism, retention of earning at local level, diversification of products, optimal utilization of existing potentials, establishment of regional tourism hubs, encouraging visitations to new areas, eco tourism as an over-riding guideline for the future growth of tourism activities are some of the major aspects in the Tenth Plan. Engagement of women and the ethnic minorities in delivering tourism services is prioritized. Development and conservation of heritage sites, managing air pollution, solid waste and air safety, expansion of road and air accesses and tourism facilitations are few other areas of concentration. The noticeable features of the Tenth Plan are the responsibility awarded to the rural communities to manage the recycled resources for socio economic development works as well as managing national and historical heritage sites for the benefit of tourism.

Policy Constraints

The first ever Tourism Policy 1995 distinctly aimed at expanding broad based tourism in the country. It incorporated income-generating activities at the central and rural levels in reducing regional imbalances, accommodated natural and human environments for the sake of tourism and also proposed linkages of tourism with agro-based and cottage industries. Furthermore, it envisaged mobilizing local communities to take part in tourism.

Nepal houses several unique culture and traditions in the unexplored rural areas, which have high potentials of commercialization through tourism development. This venture would especially benefit the rural poor and women. Despite increasing opportunities of utilizing culture as a niche product in Nepali tourism, Tourism Policy has not accorded required attention and preference in this aspect.

The Policy has considered only environmental protection as the means for sustainable tourism development. Emphasis on alternate sources of energy is overlooked. It also proposed implementation of international standard Tourism Environment Guideline and a Local Code of Conduct for business undertakings, which has yet to be materialized.

No specific approach is devised to reverse the trend of tourism, which has been mostly benefiting the already better off class of people at the centre or rural areas. Rural communities were picked to own and operate local tourism development programmes but could not be attained in the absence of proper institutional back ups and legal protections.

A mixed approach is adopted in recycling of certain portion of income raised from tourism to the same areas for supporting protection, promotion and development activities. The anomalies are already explained above.

Inclusion of local governance, involvement and mobilization of NGOs, CBOs and civil society in rural tourism are omitted. The Policy also fails to adopt a strategic vision to employ local expertise and skills, which would have mostly benefited the poor, women and ethnic minority. Though tourism has emerged as a strong off farm economic activity, rural areas have not succeeded in reaping justifiable returns from tourism. Thus, the Policy neither protected local interests nor addressed any substantial framework for helping STGs.

Listening to critics, rather than helping abject group of locals, tourism has widened the gap between rich and poor, especially in the non-urban areas. An International Centre for Integrated Mountain Development (ICIMOD) study of Annapurna region on income distribution has also revealed that substantial benefits from tourism go primarily to a small percentage of villagers who are restaurant and lodge owners.

The Policy has remained silent on cost-benefit aspects and establishing backward and forward linkages of tourism. Similarly, neither multiplier nor spillover positive effects of tourism have been addressed.

Tourism received priority in the Ninth Plan due to its potential of earning foreign exchange earnings and generating rural employment. It is estimated that about 122,745 direct employments (29 jobs per 100 tourists) is generated in Nepal from tourism. But, employment has been only loosely addressed in the Preamble and Objectives of the Tourism Policy without any concrete back ups in the main framework.

Legal Constraints

There are 33 Acts, Regulations and special Charters governed by MoCTCA, of which legislations with direct concerns with poverty and sustainable tourism is reviewed.

Absence of self-regulating code of conduct for tourism services has often helped undercutting their tariff. Such actions have not only negated income of business entities but also availed opportunities to tourists to save from estimated expenses. In other words, the country and stakeholders are both loosing.

In order to sustain local initiatives to upkeep tourism products and national heritages, develop social infrastructures and other development, and promotional works, HMG has to come forward with a legally protected system of recycling funds.

In case of group of trekkers, a major portion of tourism benefit remains in urban centres. It is obvious that lesser the local content lower the contribution to the local economy. Such endeavor neither contributes upliftment of income level nor helps locals favorably. Instead, it steals opportunities to increase local employment. Thus, there is an urgent need to have proactive provisions introduced in the Regulations and concerned Acts to encourage the use of local services and products.

In order to maintain stronger linkages and integrate individual activities guided by national objectives, existing Regulations have not reckoned any processes to establish relationships with non-governmental bodies.

Mountaineering Regulation consists of meager benefits to the poor, low wages and unequal insurance policies etc. Another important aspect for the improvement in this Regulation is about the handling of the recycled fund, which needs to be protected so that none of the intermediaries can intervene but become a part of the process.

NPWCA of 1973 has outlined management responsibilities but lacks to describe monetary liabilities of HMG for managing the protected areas. It resulted into promulgation of the CAMR, 2053 stipulating functions, roles and responsibilities of the institution, procedural framework related to managerial work plan and authority to collect revenue through grass-roots management committees. Even this Rule has failed to define authority of Institutions to collect special fees from tourists visiting specific areas, as UM regions.

LSGA, 2056 has authorized VDCs to levy tax on tourism services and commercial use of Natural Resources. Similarly, stating that the protection, promotion, extension and utilization of natural, cultural, historical and tourism heritage are the responsibility of respective DDCs, the Act has made DDCs authoritative to receive a portion of tourist entry fees collected by HMG, as sanctioned.

Lacking Statistics and Other Information

Statistics related with visitation of tourists is available only in case of Kathmandu and Pokhara. There is no information formally available on the movement of domestic tourists to any cities in Nepal. Obviously other pertinent information such as length of stay of a tourist, level of earning from tourism and direct and indirect employment generated from tourism are not available. Such lapses of data and information have made planning and programming work difficult for the districts. Thus, information on tourism benefits to specific locations, breakdown of income to different segments of the local populace, contribution on livelihood, impacts on environment and local economy are non-existent. Individual researchers normally draw estimates for their study purposes, which mostly differ from one researcher to another.

In view of the above, the augmentation on income and/or living standard, engagement in tourism related economic activity, revenue generated for the government or tourism establishments and other service providers are mostly not available. Had it felt necessary, compilation of village or district level data and information was manageable. Thus, how much and who have benefited from tourism remains as a quest in the districts.

Only few districts in the kingdom have equipped Information and Record Centre (IRC) in DDCs. Active IRCs have some of the basic statistics compiled in a professional manner. These Centers are instrumental in DDCs, like Chitwan and Solukhumbu, to produce

District Profile and District Periodic Plans. Chitwan Plan document has a separate chapter on tourism, formulated with many estimates and expectations. Their works are justified on ground of non-availability of authentic data and sources. Nevertheless, it is an exemplary effort of Chitwan, which has attracted other districts to produce individual plans.

Many districts do not have a complete list of their natural, cultural, archaeological and historical heritages, religious holy sites etc, which could be promoted for the purpose of tourism. Only few instances of community or non-governmental sector mobilized in managing those heritages prevail in Nepal. Involvement of local groups in such activities could have helped conserve and promote those sites generating reasonable economic vibrations in the villages thereby benefiting local inhabitants.

There is a dearth of professional service providers in districts for visitors. Apart from already crowded places, such as Kathmandu valley, Pokhara, Chitwan, Rupandehi, Solukhumbu, Langtang and Mustang, tourism private sector are rare in other areas. Even in those popular areas, Kathmandu based agencies have dominated business and exploit a major chunk of income. Thus, district level private sector and communities are not receiving their share on a judicious manner.

The undercutting in tariff due to unhealthy competition among tourism entrepreneurs exists in districts similar to the Kathmandu valley. Such unwanted actions take away benefits not only from direct seller but also from others, who are engaged in supplying necessities and providing services to the tourists. Thus, tourists save money, at the cost of Nepalese, by paying lowered tariffs. Lowered income from tourism business has been detrimental on the growth of private sector or enthusiastic groups of local people to engage in tourism.

FINDINGS AND RECOMMENDATIONS

HMG has taken several commendable actions in different periods, but they were mostly adopted on adhoc basis. In the absence of a clear-cut vision and distinct strategy to address long-term issues in a professional manner, the tourism sector has often times come across difficult stages needing crisis solutions. Such lapses have made tourism vulnerable to any kind of disturbances leaving behind major and often times irreparable losses. However, some of the major favorable fresh actions of HMG with elements of benefits to the communities and rural people include:

- i. Levying of entry fees for visitors on monumental sites with the intention of harnessing funds for maintenance and upkeep of heritages;
- ii. Opening of new rivers for rafting;
- iii. Opening of 175 mountain peaks for expeditions;
- iv. Occasional waiver of royalty for climbing of certain mountains;
- v. Allowing all restricted areas for tourist visitations. However, concerned authorities at several locations, e.g. Kangchenjunga area, are found to be unaware of it and behaving on conventional manner;
- vi. Addition of mountain peaks for NMA's management with a purpose to recycle revenue for operating the Mountaineering School; and
- vii. Removal of Trekking fees from all normal trekking routes.

In the midst of several best practices adopted during different periods of tourism development, there is a necessity to review policy and regulatory instruments to improve policy environment. At present, if tourism becomes incapable to help the neediest segment of the population and STGs, it cannot justify presence in rural areas. Thus, sustainability of tourism is assured only if it is fully owned by the inhabitants of respective destinations.

Based on the above evaluation, recommended major actions are summarized below:

Policy Improvement

Tourism policy demands for an overhauled review and rewritten set of provisions. Among others, new Policy is needed to clearly dwell upon the emerging areas of national and international importance of sustainable tourism and contributing to poverty reduction. In this context, HMG should consider the Pro-poor Tourism Policy draft, which has already been submitted to it by TRPAP. Of special significance are (i) increasing local content by optimally utilizing local expertise and skills, which would mostly benefit poor and STGs; (ii) reducing tourism income disparity among normal dwellers and better off families in urban as well as rural areas; and (iii) suitably harnessing multiplier benefits and its judicious dissemination among all stakeholders including grassroots communities.

Mobilizing communities in protecting environment and helping to develop alternate sources of energy and its uses should be the preferential considerations. In addition, (i) local governance, mobilization of NGOs, CBOs, communities and civil societies; (ii) employment; (iii) establishment of backward and forward linkage of tourism with the national economy; and (iv) cost/ benefit analysis should also receive appropriate attention in the new Tourism Policy. Particular emphasis should be given in the emerging areas of global tourist's interests such as culture and traditions in rural areas. Preservation of National and World Heritage Sites, frontier formalities and associated fees, domestic tourism, and attempts to reduce impacts of seasonality are other major areas that the Policy has to consider.

Tourism received priority in the Ninth Plan due to its prospects of earning foreign exchange and generating employment especially in rural areas. It is estimated that about 122,745 direct employment or 29 jobs per 100 tourists is generated in Nepal from tourism. But astonishingly, the employment component has been only loosely addressed in the Preamble and the Objectives of the existing Tourism Policy without any concrete back ups in its main framework. Thus, intensive care should be given to the issue of employment in the new Tourism Policy.

The exemplary model of TRPAP has contributed to guide development of tourism in the most desired areas of the present necessity. Its efforts on social inclusion and widening of the stakeholders in non-urban areas have garnered support from most of the rural people. Involvement of local bodies in district level tourism activities has created an excellent and amicable relationship among every strata of population. Thus, it would be highly appreciable to act immediately to upscale this Programme and extend to few more districts through second phase, which has yet to be explored. It is urgent because finding a new donor to replace DFID will certainly take some time as the newcomer needs to be convinced by the progress and prospects of this sector to suit with their development aid portfolio. As, DFID, the big partner of this Programme, does not have tourism sector in its agenda for future development aid, MoCTCA has to immediately act in this respect before the things start falling apart.

In the event that HMG is not successful in venturing extended development assistance for TRPAP, an exit policy, with appropriate transfer model of responsibilities, has to be framed immediately to facilitate STDU's gradual takeover. In this endeavor, TRPAP should also start working on handing over its works to concerned local chapters of CBOs or NGOs for its continuance so that the efforts made are sustained. Institutions like WEAN and other organizations have to be explored in this respect.

Voluntary engagements of students and trainees in TRPAP activities will have long-term benefits to continue searching for innovative practices. Excursion visits, thesis writings and other forms of formal and non-formal education practices should be incorporated in the future activities of TRPAP.

Cape Town Declaration 'Responsible Tourism in Destinations' of 2002 should be actively considered for all product development planning and activities. This Declaration has laid down guiding principles for economic, social and environmental responsibilities.

Updating Legal Documents

A perfect system of recycling of a fixed portion of tourism revenue to the same area has to be provisioned in concerned legal documents. These funds should be implemented through nongovernmental means, such as nongovernmental committees e.g. buffer zone committees; officially assigned Management Authorities e.g. KMTNC for ACA region etc. Such funds can finance upkeep of tourism products and developing or maintaining rural socioeconomic infrastructures, conservation etc.

A system of recycling of 95% of the tourism income is recommended. Out of this sum, 50% should be forwarded to the same district and remaining 45% to any other districts nominated by HMG. These funds could be channeled through DDCs, by opening a separate account in the name of Sustainable Tourism Development Fund. DDCs role will be limited only for supervision on the use of this fund. Sole responsibility of utilizing the fund should remain with nongovernmental mechanisms specified above, who have to follow guidelines set out by the District Council in this regard. However, the guidelines should entail that at least 50% of the fund received under this scheme should be compulsorily spent on tourism activities. The Tourism Act, Mountaineering Regulation, Buffer Zone Management Rule (BZMR) and CAMR have to be readjusted accordingly.

Existing regulatory instruments do not follow uniform procedures in sharing of revenue between Government and Management Authorities or other nongovernmental committees and institutions. Similar discrepancy also exists in the mode of collection of revenue. This endeavor has given rise to ambiguous situations demanding for early settlement. Thus, a system needs to be devised to have a single authority, preferably the above responsible nongovernmental institutions, to collect revenue and disseminate agreed portions of it to the concerned agency (ies) including the government. The growing concerns at the rural level to have their involvement in granting permits to the trekkers or climbers should also be amicably addressed without disturbing the smooth flow of tourists. Moreover, to the extent possible, NMA should adopt a mechanism to ensure representation of local authorities in its functioning. In view of making NMA more receptive in its actions, it needs to be made accountable to invest some of its revenue in the framework of recycling as proposed for the government funds in this report. Thus, NMA has to bear some of the environmental cost and promote responsible mountain tourism in the country. The Tourism

Act, Mountaineering Regulation, BZMR and CAMR and Articles governing NMA have to be amended accordingly.

The conflicts on Legal instruments such as LSGA, NPWCA, CAMR and Tourism Act and Regulations, should be reconciled and harmonized through cross-ministerial coordination. While doing so, provisions relating to bigger say of women, ethnic minorities and STGs in decision-making, increased access to economic activities and like opportunities should be incorporated in the corresponding Acts and Regulations.

Amended Tourism Act should also encourage use of local products and services. Similarly, environment friendly and other aspects like culture, heritage and traditional livelihood in rural and pristine areas, conducts of visitors have to be ascertained through mandatory provisions in the Regulations dealing with Trekking and Rafting.

Minimum wages and incentives for porters, sardars and guides along with facilities in kind have to be readjusted in the Regulations governing mountaineering, trekking, and rafting. These Regulations should ensure reasonable life/ accidental insurance schemes for porters and other supporting Nepali staffs. In this regard, implementing recommendation of HLTRTI's to establish a Porter Syndicate, preferably with a name as 'Porters Facilitation Consortium', with designated roles and responsibilities would be prolific. In addition, it is also recommended for all accommodation related establishments to cater spaces for porters in their premises or in any other community-operated facilities.

HMG should award additional incentives to encourage investments in rural and remote regions by provisioning such facilities in the concerned Acts.

Conflicts between Management Authorities, like ACAP, and communities on benefit dissemination of have to be settled legally, protecting the interests of both stakeholders.

Economic Activities

The noteworthy achievements and models adopted by TRPAP at the local level, which are mostly addressing the social inclusion prospects, are expected to attract interest and support of communities in the new districts as well. Thus, these could be the well-accepted guidelines for optimal use of proposed recycled funds in a more sustainable manner in new districts. As such funds, in any destination, cannot be assumed to be sufficient for undertaking overall activities envisaged by TRPAP, respective activities are needed to be prioritized accordingly. The inter-district exchange visits and sharing of experiences of logical programs suited in specific district endeavor have to be sorted. TRPAP, NTB and MoCTCA should support and facilitate such local initiatives.

Restricting entry to controlled areas by fixing number of visitors and attaching a high entry fee is a rudimentary system. Hence, conservation practices have to embody proper management schemes by involving active nongovernmental institutions. Subsequently, it should also be understood that, fewer number of visitors and groups, handled by Kathmandu based agencies, leave behind only little benefits at the rural level. TRPAP has experienced that around 5000 tourists are needed every year to develop a rural spot as a sustainable tourist destination, which is demonstrated from the instances of Dolpa, where the tourism has not grown as anticipated. Hence, present situation demands for more flexibility, so that the local inhabitants could earn their judicious share of benefit from tourism. Thus, the waiver of

above limitations and reduction or removal of entry fees will help promote those areas more robustly resulting into increased number of tourists attracted to visit the area.

People in new areas should be encouraged in developing home-stay pattern of accommodation initially following the Briddim model in Rasuwa. This does not demand high cost, whereas the direct beneficiaries are local villagers. Depending on the size of locality, such model could be implemented by creating local management group(s). Rural tourism should extend traditional life styles and offer conventional menus to visitors.

Nepalese have started to travel to local and foreign destinations. They are a good substitute to foreign tourists during off seasons in the country. Hence, NTB facilities should be used to promote domestic tourism, which will help converting Nepal as a year-round tourism country. In this context, government and non-government offices should be encouraged to introduce Leave Travel Concession schemes.

Viewing over the increasing trend of Indian visitors to Nepal, NTB should also pursue further to promote hill stations and pilgrimage sites in the rural areas and outskirts of the urban centres. The sites such as, Binayaks, Barahis, Changu Narayan etc, in the outskirts of Kathmandu, Mukti Chhetra, Baraha Chhetra, Tripura Sundari, Badi malika, Pathivara and similar holy sites of religious significance in the different parts of the country will contribute to not only developing the area but also helping poor inhabitants surrounding these sites.

Certain budget should be set aside annually for marketing Nepalese tourism products that help poor and ethnic communities residing in rural areas of the country. It is also recommended to introduce Satellite Accounting system in Nepalese tourism, which will benefit adopting forward-looking approaches in the overall development including new initiatives taken in the field of tourism management in the country.

DDCs should organize awareness programs on a regular basis to disseminate information to local people on the possible tourism benefits. It should also organize vocational and tourism related basic trainings, on formal and non-formal basis, to every sect of people, such as potential entrepreneur, ordinary person, poor, women or those falling among STGs. Depending upon tourist movements the frequency and repetition of training as well as refreshers have to be organized.

DDCs should facilitate backward communities in maintaining and commercially using their culture and establishing special cultural museum cum visitors' centers in their locality. It was popular in the TRPAP area of Chitwan hills. DDCs and other concerned governmental or non-governmental agencies should also come forward to handover management of natural, historical, cultural and religious sites to local communities. DDCs should be proactive to coordinate and harness cooperation of all concerned government organization like DOLIDAR in developing rural infrastructures.

Statistics and Information

Conduct detailed research to determine tourism's economic returns and types of income and employment generated at the centre and rural areas to maximize the potential to alleviate rural poverty in Nepal.

Mobilize STDS to develop benchmark of consumers' attitudes and trend. This exercise should be continued as required, but not exceeding a year, to update arrival of domestic and foreign visitors, length of stay, expenses, employment generated, breakdown of women and STG beneficiaries and similar basic information. Based on the evaluation, DDCs should develop products and integrate marketing activities accordingly.

Submission of monthly progress records should be made mandatory for tourism establishments. STDS should collect and compile such information.

Institutional Improvement

The tourism sector is deprived of exploiting benefits from the high level Tourism Council. Its meetings so far have only dwelt upon general matters. Obviously, the irregular meetings in large intervals normally do not produce benefits. Other imminent lacuna is the number of personalities and institutions represented from government and private sector in it. There have been few other associations created in the private sector since its implementation. Thus, a review of the membership and its function has become necessary. In this context, the duplication of representation by the Minister and Secretary from the same ministry should be avoided. Emphasis should be on representation by the Secretary than a minister as s/he is the real implementer. Some representation should also be drawn, on rotational basis, from important and tourism potential district's local bodies and CBOs.

There is no necessity of institutional rearrangements in the government sector. However, it should continue to play the role of a vanguard institution to guide and facilitate all stakeholders and beneficiaries through non-intervening approach. The present set up at the ministry level has to take NTB into confidence and use it as its extended arm to deal with implementation of HMG's policies and actions.

In order to ensure sustenance of TRPAP activities, reorganize the structure of NTB to deal with issues of poverty, gender, community, environment and overall sustainability of tourism and relationship with local bodies through STDU. Also, make this unit a permanent section in the NTB's organizational structure and equip it with adequate knowledgeable professional staff. Among others, as STDU is also supposed to lead an industry group responsible for developing educational awareness building programmes and collaborate with NTB's Marketing and Promotion Division. In fact, realizing the importance of the program, NTB has a concept to make STDU permanent but it would be even better to establish a higher-level structure of Sustainable Tourism Development Division as originally considered during the conceptualization of TRPAP. This exercise will help the Division to be efficient in dovetailing pro-poor tourism elements of product and education into marketing efforts. NTB should also have a forum like TAG on permanent basis.

Every DDC should establish a separate Section, like STDS in TRPAP districts. This Section will be responsible for helping formulation and implementation of village and district tourism plans, arranging awareness programs, facilitating skill enhancement training, small and medium sized enterprise development training, capacity building of the lower strata of population who are especially poor and deprived, etc. The youth will receive adequate attentions for being engaged in suitable tourism activities. STDS also facilitates to establish a liaison with the HMG, NTB, DDCs and the nongovernmental sector. The positions of VTA and/or SMs have to be absorbed in DDC after completion of TRPAP.

Concept of STDC, STDF, and STVF should be replicated in all non-TRPAP districts. Depending upon existing active institutional forums at the private or nongovernmental level, a sort of collaboration could also be sought. Tourism sub committees of BZUCs or a partnership between VDCs and NGOs also stands equally good instead of STDCs in specific locations. A Tourism Development Cell should also be established in all VDCs for development, publicity and promotion of rural tourism.

DDCs should assume a non-interfering role of a watchdog and facilitator in the area of tourism to provide guidance to local communities. These local bodies should also be availed capacity enhancement trainings.

The present PMO in DNPWC should be converted into a permanent Section to look after tourism and buffer zone management related issues.

As tourism has entered into new dimensions to engage broader sections of people and institutions in different locations, the role and approaches of the private sector also needs to be refined accordingly. Presently, the authenticity of the private sector's voice is found to be diluted due to several new Associations established in this sector, representing specific segment of their engagements. Hence, to further enhance their cooperation in the overall tourism activities, the time has come to think for establishing a separate Federation of all these Tourism related Associations, which also envisaged in the Tenth Plan.

Public Private Partnership in Equitable Distribution of Tourism Receipts

HMG should continue the role of a vanguard institution to facilitate, regulate and monitor tourism activities through active support of nongovernmental and private sector.

Utilize existing PPP modeled NTB to help private sector to formulate and implement codes of conduct for tourism establishments at the central level. The private sector service providers in rural destinations should also be pushed to formulate and implement similar local level Code of Conducts. NTB should harness support to prepare Tourism Environment Guideline to help promote environmental friendly responsible tourism in the country.

Legalizing the role of Buffer zone committees, KMTNC in ACA or similar forums to utilize the recycled Fund in socioeconomic activities is an exemplary model of PPP.

STDC, Tourism sub committees of BZUC or a partnership between VDCs and NGOs should also be used for retaining maximum level of tourism revenue at the local level. Through their initiations, location specific cooperatives should be established, which will guarantee supplies of required items for the visiting trekkers. It would not only ease Trekking Agents by getting relieved of carrying necessary stuff from urban cities but will also contribute in increasing income of local communities. There are numerous similar ventures adopted in local situations in the country, especially in the areas of capacity building, income generating activities, micro credit, gender development, social inclusion, etc. Thus, DDCs should encourage and patronize such cooperatives, which would help increase retain maximum amount of tourism income at the local level contributing to improve the livelihood of all segments of the local population.

Policy Action Matrix

Constraints	Recommended Actions	Indicators of Progress	Time frame	Responsible Agency
<i>Policy</i>				
Present Tourism Policy has overlooked the issues of sustainable development, poverty reduction, local content, income disparities, multiplier benefits, equitable dissemination of benefits, backward and forward linkages, cost/ benefit analysis, recycling of revenue, alternate energy, involvement of local bodies, NGOs, CBOs, civil societies and community, etc	Make an overall review of Tourism Policy 1995 and rewrite a new Policy.	Declaration of a new Tourism Policy	Short Term	MoCTCA, NTB
Professionalism in accounting is still lacking	Introduce Satellite Accounting system in Nepalese tourism.	Adoption of international practice	Short Term	MoCTCA, NTB and Private Sector
TRPAP is closing in a year	<ul style="list-style-type: none"> ◆ Upscale TRPAP activities, extend it to few more districts through second phase, or ◆ Draw an exit policy of TRPAP for STDU's gradual takeover. 	Processed for second phase or exit policy drafted	Immediate	MoCTCA
<i>Legal</i>				
Not all tourists honor environment, local culture, tradition and heritage	Insert Do's and don'ts for tourists in the Regulations concerned with Trekking and Rafting and implement it.	Inserted in the Regulation	Short Term	MoCTCA, NTB
Adequate fund is not available to sustain local initiatives to upkeep tourism products and national heritages, develop social infrastructures, other development and promotional works. HMG has adopted different types of arrangements in recycling of tourism income to the concerned areas.	Amend Mountaineering Regulation and other relevant Acts and Regulations to introduce a system of recycling of 95% of the tourism income. Out of it, 50% is allotted to the same district and remaining 45% is forwarded to other HMG nominated districts. These funds are channeled to non-governmental users through DDCs to spend in accordance to District Council's guidelines. A minimum of 50% of it has to be invested in tourism activities.	Mountaineering and other Acts, Rules and Regulations reconciled	Short Term	MoCTCA, DDCs and other GOs/NGOs

Constraints	Recommended Actions	Indicators of Progress	Time frame	Responsible Agency
The remuneration, incentives and other facilities to porters and other Nepali staff is inadequate. These staff does not get reasonable accommodation facilities during the trip.	<ul style="list-style-type: none"> ◆ Readjust incentives, benefits, and facilities such as insurance policies for porters, sardars and guides in mountaineering, trekking, and rafting Regulations. ◆ Establish 'Porters Facilitation Consortium' to deal with issues concerning porter services. ◆ Make mandatory provisions for Local lodges to provide resting spaces for porters in their premises or in any other community-operated facilities. 	<ul style="list-style-type: none"> ◆ Legal documents amended ◆ Consortium established 	Short to Medium Term	MoCTCA, NTB and Private Sector
NPWCA lacks describing HMG's monetary liabilities to manage protected areas and CAMR fails to define authority of the Institutions to collect special fees from visiting tourists	Award authority to the agencies, responsible for managing the area, to collect tourism revenue and to deposit the agreed share to all other institutions, including government agencies.	Amendment of necessary Acts	Short Term	MoCTCA and other GOs
Ambiguous and overlapping provisions are existent in different legal instruments.	The conflicts on legal instruments such as LSGA, NPWCA, Tourism Act, CAMR and other Regulations have to be reconciled and harmonized through cross-ministerial coordination.	Conflicting provisions are settled	Short Term	MoCTCA and other GOs
<i>Economic Activities</i>				
Comprehensive assessment of economic impacts of tourism at the national level is lacking.	Detailed research has to be commissioned to determine tourism's economic returns, its types and employment generated at the centre and rural areas.	Research report produced	Short Term	MoCTCA, NTB
Rigorous controlling measures are not desired in the present endeavor.	<ul style="list-style-type: none"> ◆ Waive the limit on number of visitor to controlled trekking areas ◆ Lower the higher entry fees to those locations ◆ Allow FITs to visit the controlled areas 	Limitation on tourist visit is waived and fee lowered	Short Term	MoCTCA,

Constraints	Recommended Actions	Indicators of Progress	Time frame	Responsible Agency
Poor can not spend on providing quality services to the tourists	New destinations should adopt home-stay styled accommodation	NTB to promote	Short to Medium Term	NTB and Communities
Best practices are normally forgotten	Replicate Briddim model of Rasuwa to new areas, especially in the poor people's locations.	At least one in all regions	Medium Term	NTB and Communities
<i>Statistics and other information</i>				
Only few but non dependable data are available with breakdown to corresponding activities.	Produce authentic data clearly denoting the income from individual services.	Availability of data and information	Short Term	NRB with support of NTB and Private sector
District level tourism information is almost non-existent except in few areas such as Pokhara, which also does not have all required information.	Carry out research to analyze basic tourism statistics such as length of stay, tourism earning, direct, and indirect employment generated etc.	Availability of statistics and information	Short Term	DDC
Lack of data has curtailed capacity of district level planning and management.	DDC conducts bench mark surveys to assess above statistics and few others like tourism's contribution on livelihood, impacts on environment and local economy, etc and updates it annually	Availability of survey results	Continual	DDC
<i>Institutional Improvement</i>				
The high level Tourism Council has almost become defunct	<ul style="list-style-type: none"> ◆ Re arrange the membership of the council by incorporating selected local bodies and CBOs on rotational basis. ◆ Conduct meetings regularly 	Tourism Council reorganized and meet regularly	Short Term	MoCTCA
Central level tourism administration lacks a forum for policy dialogue in tourism.	NTB establishes TAG on permanent basis.	TAG established	Short Term	NTB

Constraints	Recommended Actions	Indicators of Progress	Time frame	Responsible Agency
NTB lacks structure to sustain the best practices of TRPAP dealing with poverty, gender, community, environment, sustainability, local governance.	NTB reorganizes and makes the present set up of STDU permanent, preferably at the Divisional level.	STDU established	Short Term	NTB
Not enough domestic or Indian tourists visit rural areas	NTB persuades GOs and NGOs to introduce Leave Travel Concession schemes to promote domestic tourism and promotes hill stations and holy pilgrimage sites to attract Indian visitors.	Domestic and Indian tourists to rural areas	Short Term	NTB
Private sector Associations are plenty and their voices are diluted	Establish a Federation of Tourism Associations	Federation established	Medium Term	Private Sector
DDC lacks efficient manpower and institutional mechanisms to look after tourism development and management	Absorb the positions of VTA and SMs and also establish following setups, with preference in the high tourism potential districts: <ul style="list-style-type: none"> ◆ STDS ◆ Tourism Development Cells in VDC ◆ STDC or Tourism sub committees of BZUCs or a partnership between VDCs and NGOs ◆ STDF, STVF 	VTA and SMs are absorbed by DDCs. STDS, VDC Tourism Cell, STDC, BZUC, STDF and STVF are established and functioning	Short Term	DDC
Attractive sites of villages are not used for tourism purposes	Award the management and operation responsibility of historical and other sites in the villages to the local Communities	Sites managed by local communities	Medium Term	DDC
DNPWC is not properly equipped to deal with ecotourism and buffer zone related issues	Convert PMO into a permanent Section to look after tourism and buffer zone management related issues	PMO receiving permanency	Short Term	DNPWC

Constraints	Recommended Actions	Indicators of Progress	Time frame	Responsible Agency
<i>Public Private Partnership in Equitable Distribution of Tourism Receipts</i>				
Absence of self-regulating code of conduct has helped to grow unhealthy competition among tourism entrepreneurs. Similarly, Tourism Environment Guideline is not in place yet.	NTB should <ul style="list-style-type: none"> ◆ Pursue the Nepalese private sector to formulate and implement self-regulating code of conduct for business organizations at the central and local levels. ◆ Harness support in drafting Tourism Environment Guideline to help promote environmental friendly tourism in the country. 	Implementation of Code of Conduct and Tourism Environment Guideline	Short Term	NTB, DDCs and Private Sector
Local products and services are not adequately used in tourism.	<ul style="list-style-type: none"> ◆ Amend Tourism Act to encourage uses of local products and services. ◆ Create local cooperatives ensuring needed supplies to trekkers at the sites ◆ Patronize these Cooperatives through DDCs 	Tourism Act amended	Short Term	MoCTCA, NTB Private sector and local Communities
<i>TRPAP</i>				
Personal gain is the deciding factor for Poor, women and STGs to own any programmes	Implement selective sustainable tourism development models with strong gender focuses and separate models for STGs.	New Models are implemented	Short Term	TRPAP
Local people are not socially or economically empowered	Secure, through the regulations, local peoples bigger say in decision-making as well as increased access to economic activity and similar opportunities	Provisions are made in governing regulations	Short Term	TRPAP

Constraints	Recommended Actions	Indicators of Progress	Time frame	Responsible Agency
Insufficient works are done in enterprise development and market linkages	Focus in identifying marketing linkages and product promotion during the remaining period of the Programme.	focused Programs in marketing and promotion	Short Term	TRPAP
Participation of civil societies and nongovernmental agencies is not sufficient	<ul style="list-style-type: none"> ◆ Involve more social development and conservation oriented CBOs and NGOs in Programme activities. ◆ Before phasing out handover works to reputed organizations like WEAN for the sustenance of best practices 	NGOs, CBOs are more involved	Short Term	TRPAP
Participation of poor and disadvantaged groups in tourism is still not satisfactory	Identification of tourism products, capacity enhancement and services like market linkages, product promotion, training, credit etc has to be provided in an integrated manner.	integrated activities implemented	Short Term	TRPAP

Appendix 1: Terms of Reference

This assignment is equivalent to effective one-man month. The consultant should work in close coordination with NTB and MOCTCA, and establish adequate interactions with other stakeholders including other government agencies while conducting the study.

Task Details:

- ◆ Review the current gross foreign exchange earnings from tourism from different sources (and breakdown by geographical location to the best possible)
- ◆ Analyze the proportion of tourism revenue flowing back to local areas of origin and identify how tourism income can be retained at local levels to address rural poverty
- ◆ Analyze the process and institutional mechanism developed for pro-poor tourism development
- ◆ Analyze the socio-economic impact of TRPAP
- ◆ Identify legal, institutional, administrative, and policy constraints for equitable distribution of revenue
- ◆ Suggest policy improvements for equitable flow of benefits to local areas
- ◆ Identify prospects for public-private partnership including NGOs and CBOs for equitable distribution of tourism revenue to local area development
- ◆ Suggest policy-action matrix
 - constraints (legal, institutional, administrative, policy and others if applicable)
 - recommended policy improvements
 - activities
 - indicators of achievement
 - responsible agencies; and
 - timeframe (immediate, intermediate and long-term)

The paper should include an executive summary not exceeding five pages. The consultant will have to submit a draft report to the EPN Focal Unit within 30 days from the date of assignment and present the draft at the workshop organized by the Advisory Committee and EPN Focal Unit. The final report should be submitted within 2 weeks of the workshop incorporating all feedbacks from the workshop. One hard and one electronic copy of the draft and final report should be submitted to the EPN Focal Unit.

Appendix 2: Participants at Various Interactions

Participation at the Regional Workshop

Salleri, Solukhumbu, Nov 10-12, 2005

1. Dr. Champak Pokharel, Member, National Planning Commission, Kathmandu
2. Bhupal Kiranti, President, Solukhumbu DDC
3. Drona Pokharel, CDO, Solukhumbu
4. Madan Gimire, LDO, Solukhumbu DDC
5. Sungsup Ra, Senior Programs Specialist, ADB, Kathmandu
6. Bipul Singh, Economic Officer, ADB, Kathmandu
7. Surya Prakash Sharestha, Senior Governance Officer, ADB, Kathmandu
8. Kiran Prasad Dungel, Under Secretary, MoCTCA, Kathmandu
9. Mukunda Poudyal, Under Secretary, MoF, Kathmandu
10. Dibas Acharya, Section Officer, MoCTCA
11. Wilson Sharma, Officer, Nepal Tourism Board
12. Ram Sangharsa Thulung, Member, Solukhumbu DDC
13. Indra Kumar Rai, Member, Solukhumbu DDC
14. Dip Bahadur Karki, Member, Solukhumbu DDC
15. Gyanendra Jung Basnet, Member, Solukhumbu DDC
16. Kedar Nath Kafle, Member, Solukhumbu DDC
17. Maite Shrestha, Sub overseer, Solukhumbu DDC
18. Bhoj Narayan Rajbhandari, Computer Operator, Solukhumbu DDC
19. Paban Bhattarai, Secretary, Kangel VDC
20. Tara Nath Niraula, Secretary, Jubing VDC
21. Mohan Acharya, Secretary, Baku VDC
22. Ram Raj Pokharel, Secretary, Tingla VDC
23. Sagar Nath Chaulagai, Secretary, Kerung VDC
24. Ram Kumar Karki, Secretary, Taksindu VDC
25. Narendra Kumar Karki, Secretary, Pabai VDC
26. Pradhuma Neupane, Secretary, Nechatase VDC
27. Chitra Kumar Rai, Secretary, Salleri VDC
28. Ghanashyam Dahal, Secretary, Kanku VDC
29. Chakra B. Basnet, Secretary, Taksindu VDC
30. Achyutam Prasad Ghimire, Secretary, Basa VDC
31. Buddhi Kumar Rajbhandari, Secretary, NCP (UML), District Committee, Solu
32. Hari Raj Bhandari, Vice President, Young Star Club, Salleri
33. Gyanendra Shrestha, Secretary, Young Star Club, Salleri
34. Ngima Pakhrin, Project Manager, Young Star Club, Salleri
35. Mingma Norbu Sherpa, Tourism Planning Specialist, TRPAP, Kathmandu
36. Chetanath Kanel, Training Expert, TRPAP, Kathmandu

37. Mukunda Pokharel, Village Tourism Advisor, TRPAP/DDC, Salleri
38. Sange Tamang, Social Mobilizer, TRPAP/Kerung VDC
39. Kala Rai, Social Mobilizer, TRPAP/Kangel VDC
40. Chhoti Sherpa, Social Mobilizer, TRPAP/Beni VDC
41. Panchi Maya Magar, Social Mobilizer, TRPAP/Jubing VDC
42. Ratna Kumari Sharma, Social Mobilizer, TRPAP/Salleri VDC
43. Narayan Kumar Khadka, Social Mobilizer, TRPAP, Tingla VDC
44. Dharma B. Nepali, Social Mobilizer, TRPAP, Taping VDC
45. Dawa Tenji Lama, Social Mobilizer, TRPAP, Garma
46. Phuri Lama, TRPAP, Taksindu VDC
47. Ram Kumar Khadka, Chief, STDS, Solukhumbu DDC
48. Tirtha Raj Katel, Accountant, STDS, Solukhumbu DDC
49. Krishna Raj Poudel, Accountant, STDS, Solukhumbu DDC
50. Cheta Nath Kattel, Assistance Accountant, STDS, Solukhumbu DDC
51. Pasang Kaji Sherpa, STDS, Salleri
52. Sujendra Pradhan, President, STDC, Garma VDC
53. Hom Bahadur Shrestha, Member, STDC, Garma VDC
54. Kripa Bahadur Katuwal, Member, STDC, Tingla VDC
55. Chungwa Tsyehiring Lama, Teacher/Tourism Entrepreneur, Beni VDC
56. Gelbu Tsyehiring Sherpa, Tourism Entrepreneur, Beni VDC
57. Gelu Sherpa, Program Coordinator, Mountain Spirit
58. Kul Narayan Shrestha, Coordinator, Citizen Forum
59. Ram Kaji Rajbhandari, Social Worker, Salleri
60. Padam Prasad Bhusal, Rural Tourism Advisor, Namche
61. Damodar Sigdel, Industry Officer, Cottage Development Committee
62. Narendra Thapa Magar, Trekking Guide, Sagaramatha Samuha, Salleri
63. Ramesh Kumar Shrestha, Secretary, Chambers of Commerce and Industry, Solukhumbu
64. Dorje Jangbu Sherpa, Nepal Electricity Authority, Salleri
65. Bhim Lal Tamang, Salleri
66. Pusalata Banstola, Women Development Office, Salleri
67. Kalpana Rai, Salleri
68. Chingmar Sherpa, Salleri
69. Utam K. Basnet, Bahundi – 1, Kangel VDC
70. Krishna Adhikari, Reporter, RSS, Kathmandu
71. Bed Prasad Rai, Reporter, RSS, Kathmandu
72. Binaya Guragai, Reporter, Solu F.M., Salleri
73. Narayan Kumar Shrestha, Reporter, Nepal Samachar Patra, Salleri
74. Dipendra P Dhakal, Team Leader, EPN
75. Arun S. Rana, Associate Project Analyst, EPN

76. Rupak Shrestha, Computer Operator, EPN

Participation in the Interaction at NTB,
Kathmandu, November 21, 2005

1	Tek Bahadur Dangi	CEO
2	Subash Nirola	Tourism Products & Resources Development
3	Nandini Lahe Thapa	Tourism Marketing and Promotion
4	Aditya Baral	TM & P – PR & Publicity
5	Dhurba Rai	CS
6	Ujjwala Dali	TM & P
7	Sumit Baral	Information Management & Planning
8	Bimal Kandel	Information
9	Kalyan Bhandari	Revenue
10	Uday Bhattarai	TP&RD
11	Samir Bajracharya	IT
12	Rohini Prasad Khanal	US & Europe
13	Sanjeev P. Pandey	PR & Publicity
14	Deepak Raj Joshi	Training
15	Ranu Shah	Officer
16	Khadga Bikram Shah	Officer
17	Sharad Pradhan	Media Consultant
18	Gobinda Bista	Computer Technician
19	Mingma Norbu Sherpa	TRPAP
20	Hari Krishna Uprety	TRPAP
21	Jamuna Ulak	TRPAP
22	Ajaya Sthapit	HAN
23	Raju B. KC	RNAC

Participation at Advisory Committee Presentation
MoCTCA, Kathmandu, Dec 4, 2005

Members:

1.	Mr. Nagendra P. Ghimire, Acting Secretary, MoCTCA
2.	Mr. Shanker P. Koirala, Joint Secretary, MoCTCA
3.	Mr. Sohan S. Shrestha, Director General, DoLIDAR
4.	Mr. Basant R. Mishra, Chairperson, NATO
5.	Ms. Chhaya Sharma, Director, NCTTM
6.	Mr. Tek. B. Dangi, Chief Executive Officer, NTB
7.	Mr. Lila Nath Tripathi, SDE, DoR
8.	Mr. Bishwa P. Subedi, PD, NPC Secretariat

Invitees:

9.	Mr. Divas Acharya, Section Officer, MoCTCA
10.	Mr. Jharendra P. Chapagain, Section Officer, MoCTCA
11.	Mr. Dipendra Purush Dhakal, EPN Consultant
12.	Mr. Arun S. Rana, Associate Project Analyst, TA

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