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AND
SOUTH ASIA SUBREGIONAL ECONOMIC COOPERATION
TOURISM WORKING GROUP

TOURISM RESOURCE CONSULTANTS LTD, NEW ZEALAND
IN ASSOCIATION WITH
METCON CONSULTANTS PTE LTD, NEPAL

December 2004

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ABBREVIATIONS

ABTO	—	Association of Bhutan Tour Operators
ACAP	—	Annapurna Conservation Area Project
ADF	—	Asian Development Fund
ACT	—	Association for Conservation and Tourism
ADB	—	Asian Development Bank
ASEAN	—	Association of South East Asian Nations
APETIT	—	Asia Pacific Educational Training Institute for Tourism
ASI	—	Archaeological Survey of India
BBIN	—	Bangladesh Bhutan India Nepal
BIMST-EC	—	Bay of Bengal Initiative for Mult-Sectoral Technical and Economic Cooperation (formerly Bangladesh India Myanmar Sri Lanka Thailand—Economic Cooperation)
BPC	—	Bangladesh Parjatan Corporation
BZ	—	buffer zone
CAREC	—	Central Asia Regional Economic Cooperation
CBO	—	community-based organization
CI	—	Conservation International
DFID	—	Department for International Development, United Kingdom
DDC	—	district development committee
DMC	—	developing member country (of ADB)
DNPWC	—	Department of National Parks and Wildlife Conservation
DOA	—	Department of Archaeology
DONER	—	Department of Development of the North East Region
DOT	—	Department of Tourism
ECOSS	—	Ecotourism and Conservation Society of Sikkim
EIRR	—	economic internal rate of return
ENVIS	—	Environmental Information System for Ecotourism
EU	—	European Union
FDI	—	foreign direct investment
FICCI	—	Federation of Indian Chambers of Commerce and Industry
FIRR	—	financial internal rate of return
GEF	—	Global Environment Facility
GMS	—	Greater Mekong Subregion
HMTTI	—	Hotel Management and Tourism Training Institute, Bhutan
HRD	—	human resource development
ICIMOD	—	International Center for Integrated Mountain Development
ICIMOS	—	International Commission on Monuments and Sites
IDBI	—	Industrial Development Bank of India
IFC	—	International Finance Corporation
IITTM	—	Indian Institute of Tourism and Travel Management
IMF	—	International Monetary Fund
INGO	—	international nongovernment organization
INTACH	—	Indian National Trust for Arts and Cultural Heritage
JBIC	—	Japan Bank for International Cooperation
JICA	—	Japan International Cooperation Agency

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KCA	—	Kanchenjunga Conservation Area, Nepal
KCC	—	Khangchendzonga Conservation Committee, Sikkim
KEEP	—	Kehedi Ecotourism and Ecodevelopment Promotions
KMTNC	—	King Mahendra Trust for Nature Conservation
LDT	—	Lumbini Development Trust
LTO	—	local tourism organization
MBNPBZ	—	Makalu-Barun National Park and Buffer Zone
MFI	—	multilateral financing institution
MOCAT	—	Ministry of Civil Aviation and Tourism, Bangladesh
MOCTCA	—	Ministry of Culture, Tourism and Civil Aviation, Nepal
MOF	—	Ministry of Finance
MOT	—	Ministry of Tourism
MOU	—	Memorandum of Understanding
NATHM	—	Nepal Academy of Tourism and Hotel Management
NCD	—	Nature Conservation Division, Bhutan
NEC	—	North Eastern Council
NEDFI	—	North East Development Finance Corporation
NGO	—	nongovernment organization
NRI	—	non-resident Indian
NTB	—	Nepal Tourism Board
NTO	—	national tourism organization
OCR	—	Ordinary Capital Reserves
PAP	—	Protected Area Permit
PATA	—	Pacific Asia Travel Association
PIO	—	person of Indian origin
PPP	—	private-public partnership
PPT	—	pro-poor tourism
PRC	—	People's Republic of China
RCNP	—	Royal Chitwan National Park
RSPN	—	Royal Society for the Protection of Nature, Bhutan
SAARC	—	South Asian Association for Regional Cooperation
SABF	—	South Asia Business Forum
SADB	—	South Asia Development Bank
SADF	—	South Asia Development Fund
SAGO	—	South Asian Growth Quadrangle
SASEC	—	South Asia Subregional Economic Cooperation
SATTE	—	South Asia Tourism and Travel Exchange
SEDF	—	South Asia Enterprise Development Facility
SME	—	small and medium enterprise
STIDP	—	Second Tourism Infrastructure Development Program
SNP	—	Sagarmatha National Park
SNV	—	Netherlands Development Organisation
SPCC	—	Sagarmatha Pollution Control Committee
STDU	—	Sustainable Tourism Development Unit
STF	—	Sustainable Tourism Forum
STN	—	Sustainable Tourism Network
TA	—	technical assistance
TAAI	—	Travel Agents Association of India
TAAS	—	Travel Agents Associated, Sikkim

ABBREVIATIONS

TAR	—	Tibet Autonomous Region
TDC	—	Tourism Development Committee
TDP	—	Tourism Development Plan
TIF	—	Tourism Investment Fund
TFCI	—	Tourism Finance Corporation of India
TMI	—	The Mountain Institute
TOAB	—	Tour Operators Association of Bangladesh
TRC	—	Tourism Resource Consultants
TRPAP	—	Tourism for Rural Poverty Alleviation Program
TSF	—	tourism service fee
TWG	—	Tourism Working Group
UNDP	—	United Nations Development Programme
UNEP	—	United Nations Environment Programme
UNESCAP	—	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO	—	United Nations Educational Scientific and Cultural Organisation
UP	—	Uttar Pradesh
VDC	—	village development committee
VFR	—	visiting friends and relatives
WHS	—	World Heritage Site
WTO	—	World Tourism Organization
WTTC	—	World Travel and Tourism Council
WWF	—	World Wide Fund for Nature/World Wildlife Fund

NOTE

In this report, “\$” refers to US dollars

Map of the South Asia Subregional Economic Cooperation Subregion



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Executive Summary

Tourism is a priority sector in the South Asia Subregional Economic Cooperation (SASEC) program. At its second annual meeting, the SASEC Tourism Working Group (TWG) identified the preparation of a subregional tourism masterplan as a priority and requested support from the Asian Development Bank (ADB) to prepare the plan. TWG refined this request at its third meeting, agreeing that it should be a subregional Tourism Development Plan (TDP or “the Plan”), and that it should build upon existing tourism plans in each of the four SASEC countries: Bangladesh, Bhutan, India and Nepal. TWG also agreed that the Plan should establish a thematic framework for future tourism development, and that planning should start with two common themes: Ecotourism based on Natural and Cultural Heritage, and Buddhist Circuits.

This TDP is the result of ADB technical assistance (TA) implemented through an internationally recruited planning team working in close cooperation with the tourism ministries and national tourism organizations (NTOs) of the four SASEC countries. The Planning Team’s methodology emphasized in-country consultations with stakeholders at national workshops aimed at understanding individual tourism development agendas. Macro-level subregional analysis was also undertaken. The resulting ideas were consolidated, and then discussed with TWG and prospective development partners at a subregional workshop during the fourth meeting of TWG at Thimphu in Bhutan on 26 May 2004. TWG and development partners contributed to the programs and projects outlined in the TDP. The Thimphu workshop strongly endorsed the overall strategic directions and the specific projects in the Plan.

The TDP presents profiles of existing tourism patterns and the future tourism development agendas of the four countries. It then proposes core strategic directions for TWG that will build upon and add value to the national agendas. The core strategic directions include (i) tourism that is sustainable and contributes to the reduction of

poverty, (ii) branding that focuses on SASEC’s products and not on the SASEC subregion itself, (iii) initiation of joint marketing before the introduction of measures to ensure product quality, (iv) repositioning the subregion as a tourist-friendly destination, (v) facilitating the development of a more competitive tourism industry, and (vi) improving tourism links with neighboring countries. With these strategic directions in mind, TWG will embark on its own agenda of subregional activities. In the future, TWG will be open to the introduction by any interested stakeholder of new activities into the agenda.

As a framework for the initial activities of TWG, the TDP presents seven subregional programs and 23 projects. The programs begin with long-term, generic issues of concern to all countries: Coordinated Marketing, Enhancing Product Quality, Facilitating Travel, and Developing Human Resources. Two product-focused programs pick up the previously agreed product themes: Developing Ecotourism Based on Nature and Culture, and Developing Buddhist Circuits. The seventh program is aimed at the private sector: Enabling the Private Sector.

An eighth program is focused on the future role of TWG in fostering national projects in Key Areas. Conceived as focal areas for tourism sector development arising from TWG subregional programs, each of the 11 proposed Key Areas encompass portions of at least two countries and have growth potential of subregional significance. TWG will maintain a general strategic interest in tourism planning in the Key Areas, leaving the actual development projects to individual governments. The 23 subregional projects are presented under program headings. Financing and implementation arrangements are stipulated and potential development partners are identified. The Key Area program presents 33 projects for implementation at the national level.

These programs and projects will set the future agenda for TWG. A summary Development Matrix and Action Plan is included for use by TWG

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to track progress. Implementation strategies are outlined and roles are summarized. The aggregate cost of the 23 subregional projects is approximately \$25 million, while the aggregate cost of national projects in Key Areas is estimated at \$50 million. The total cost of the Plan is thus about \$75 million.

An economic and financial analysis of the subregional programs and projects yielded an estimate of their economic return of 35%. At the fourth TWG meeting, the four NTOs requested ADB's ongoing assistance to help coordinate and mobilize resources for implementation of the TDP.

INTRODUCTION





A. Background of the South Asia Subregional Economic Cooperation Tourism Development Plan

A subregional cooperation program is underway in eastern South Asia based on the establishment of a South Asian Growth Quadrangle (SAGQ), comprising Bangladesh, Bhutan, India, and Nepal. The Asian Development Bank (ADB) is supporting the participating countries through regional technical assistance (TA) aimed at establishing a country advisors group and sector working groups within the SASEC program. Tourism is one of the priority sectors. ADB's TA supports meetings of the SASEC Tourism Working Group (TWG). The TWG has met four times since 2001, most recently in May 2004 at Thimphu in Bhutan.

At its second meeting, TWG identified the preparation of a subregional tourism masterplan as a priority activity, and asked ADB for TA to support its preparation. The third meeting of TWG refined the proposal, agreeing that it should be a subregional tourism development plan that builds upon existing tourism plans in each of the four countries. It was also agreed that planning should start with two common themes: ecotourism based on the natural and cultural heritage of the subregion, and Buddhist circuits in the SASEC countries. Additionally, TWG agreed that the resulting plan should establish a thematic framework for future tourism development that would become the future agenda of TWG.

ADB was the Executing Agency for this TA. A contract for the TA was signed on 23 December 2003, and a Planning Team consisting of national and international consultants commenced work in January 2004. The work was undertaken on behalf of TWG and carried out in close cooperation with the tourism ministries and national tourism organizations (NTOs) of the four SASEC countries. Tourism Resource Consultants (TRC) of New Zealand led the Planning Team, in association with

METCON Consultants of Nepal. The Planning Team consisted of:

- (i) Les Clark—Tourism Planning Specialist and Team Leader
- (ii) Lisa Choegyal—Marketing and Product Development Specialist
- (iii) David Husband—Tourism Finance Specialist
- (iv) Faruque Hasan—Tourism Planning Specialist, Bangladesh
- (v) Sonam Tobgay—Tourism Planning Specialist, Bhutan
- (vi) MP Bezbaruah—Tourism Planning Specialist, India
- (vii) MB Shrestha—Tourism Planning Specialist, Nepal
- (viii) RS Pradhan—Tourism Economist

The work was scheduled over a period of 6 months. A Preliminary Draft Tourism Development Plan (TDP) was submitted to ADB on 22 May, 2004. The Planning Team's findings were discussed with key stakeholders at a subregional workshop hosted by TWG in Bhutan on 26 May 2004. The Team then submitted a Draft TDP to ADB on 4 June 2004. ADB's comments were incorporated and this Final TDP, which was submitted in August 2004.

B. Terms of Reference for Preparation of the TDP

The Terms of Reference (TOR) for the TA established the purpose of the planning work as: preparation, with active participation by the tourism sectors of the SASEC countries, of a SASEC Tourism Development Plan that will provide a thematic framework of programs and projects for the future subregional cooperation activities of the SASEC TWG. The SASEC TDP should contribute to the overall goal of achieving, through subregional cooperation, significant growth in tourism leading to overall economic growth and reduction of rural poverty in the SASEC subregion.

The TOR stipulated that the SASEC Tourism Development Plan should include:

- (i) a thematic framework of programs and projects for subregional cooperation activities of the SASEC TWG over the period 2004–2014,
- (ii) specific project ideas and concept plans for appropriate tourism development in Key Areas where tourism resources are shared by two or more countries, and
- (iii) project ideas for joint destination marketing.

The TDP does not aim to be a “masterplan.” Rather, it aims to complement the national tourism plans of the four member countries by identifying opportunities for subregional cooperation in tourism development and promotion that will be of mutual benefit. The essential rationale is that implementation of this Plan will result in a level and quality of tourism that is much higher than that achievable through the actions of the individual countries working alone.

C. Approach and Methodology

1. Overall Approach

The Planning Team’s overall approach was to emphasize in-country consultations with stakeholders, in order to obtain and understand government and industry views on how best to use subregional cooperation as a means for strengthening both intra-regional and international tourism. The essential strategy was to gain thorough understanding of the tourism development agendas of the four countries. This was achieved by research in each country by the national tourism planning specialists, followed by national stakeholder workshops hosted by the NTOs. In addition, the Team took a macro-planning perspective, seeking ways to foster tourism sector growth by analyzing tourism and development patterns of the SASEC subregion as a whole. The outcomes of these two approaches were merged.

The resulting ideas were consolidated, then discussed with TWG and its prospective development partners at a subregional workshop during the the fourth meeting of TWG in May 2004 at Thimphu.

2. Work Program

The Planning Team’s work was carried out in five phases as detailed below.

PHASE I: HOME OFFICE RESEARCH AND WORK PLANNING

Timeframe : 24 December 2003 to 25 January 2004.

Activities : Research, literature reviews, work planning, and preparation for workshops.

PHASE II: NATIONAL LEVEL CONSULTATIONS

Timeframe : 26 January to 16 February 2004.

Activities : An inception workshop in Nepal, followed by an intensive round of consultations in the four countries. In each country, key stakeholders were first consulted individually. With the NTO’s active assistance, national workshops were then convened. Public and private sectors of the tourism industry as well as various other concerned stakeholders were invited to interact with the Planning Team and to contribute ideas for the TDP. In the case of India, two national workshops were held, one in New Delhi and one in Kolkata. Appendix I contains details of the project ideas that arose at each national workshop. The schedule of national workshops is shown below.

- 29 January 2004, national workshop for Nepal, hosted in Kathmandu by the Nepal Tourism Board (NTB).
- 5 February 2004, national workshop for Bhutan, hosted in Thimphu by Bhutan’s Department of Tourism (DOT).



- 12 February 2004, national workshop for India, hosted in Kolkata by India's DOT.
- 15 February 2004, national workshop for Bangladesh, hosted in Dhaka by Bangladesh's Ministry of Civil Aviation and Tourism (MOCAT).
- 20 February 2004, national workshop for India, hosted in New Delhi by India's DOT.

PHASE III: INTEGRATION, FOLLOW-UP VISITS, ADDITIONAL RESEARCH, ANALYSIS, AND REPORTING

Timeframe : 17 February to 22 May 2004.

Activities : Visits and consultations associated with priority Key Areas arising from the workshops, completion of research, and preparation of the Preliminary Draft and Draft Final 3 Reports. Visits included participation at the South Asia Tourism and Travel Exchange (SATTE) in New Delhi from 25 to 27 March 2004. (See Appendix 1 for a report on the consultations at SATTE.) Five members of the Planning Team also visited Sikkim and North West Bengal over the period 26 April to 2 May 2004. The Ecotourism and Conservation Society of Sikkim (ECOSS) helped convene Planning Workshops in Gangtok on 29 April 2004 and in Siliguri/Bagdogra on 30 April 2004. Appendix 1 also contains details of the ideas that arose from the Planning Workshops in this phase.

PHASE IV: SUBREGIONAL CONSULTATION

Timeframe : 22 May to 31 June 2004.

Activities : The Team gathered for a Subregional Workshop with TWG in Thimphu, Bhutan from 26 to 28 May 2004. The Team then debated changes to the Draft TDP based on the results of the Workshop.

PHASE V: FINAL REPORT

Timeframe : 1 June to 31 July 2004.

Activities : Team Leader coordinated final changes to the TDP.

3. Key Features of the Methodology

Key features of the methodology utilized are outlined below.

- All previous SASEC tourism planning work was reviewed and built into the Team's deliberations.
- Existing subregional tourism markets, marketing, product demand and supply, cost and quality competitiveness, and constraints to tourism growth were analyzed.
- Existing national, state and district level plans, priorities, and institutional frameworks for tourism development were reviewed, with particular reference to the two agreed themes.
- National policies, laws, and regulations—across all sectors—that influence or are influenced by the economic, social, and ecological impacts of tourism development in the agreed themes were evaluated.
- Potential development partners were identified and consulted individually.
- Key tourism resources shared by two or more countries were identified and concept plans were prepared for their appropriate tourism development.
- A draft Program Framework with detailed project ideas was prepared early in the planning process and used for consultations with stakeholders, including prospective development partners, in order to help ensure a final output with wide acceptance.

- Cost-effective ways of promoting the agreed themes in both intra- and inter-regional markets through joint destination marketing were prepared in consultation with the subregion's tourism marketers.
- Project ideas were identified, according to agreed screening and selection criteria, for the development of physical infrastructure needed to facilitate tourism growth under the two agreed themes. Highest priority was accorded projects shared by two or more countries (these ideas are included in the Key Areas program).
- Human resource development (HRD) needs of government agencies, the private sector, individual entrepreneurs, and communities associated with the two themes were identified (one proposed project relates specially to training of trainers).
- Needs for improvements in tourism facilities at border crossings were identified, as were other improvements required to facilitate travel associated with the agreed themes (one proposed program relates to this).
- The proposed programs and projects include specific ways to address the need for subregional guidelines for tourism development, including criteria for a subregional code of conduct and good practice for the tourism industry. They also include ways to ensure sustainable development and management of tourism in protected areas, and ways to preserve and enhance the rights of indigenous people in tourism, with particular attention to the social impact of tourism on distinct ethnic groups living in border areas.
- Mechanisms, especially financial mechanisms, to facilitate private sector investment in tourism development associated with the agreed themes were developed, as were ways to link the private sector and communities (one proposed program relates to this).
- An action plan outlining the immediate sequence of steps required for implementation of the framework programs, a timeframe for implementation, and basic guidelines for each country's participation were prepared.
- Roles and procedures for TWG and other key players in the implementation process were recommended.

D. Acknowledgements

The Planning Team wishes to thank all those who participated in the study, as listed in Appendix 4. The considerable contribution to the preparation of the Plan by ADB's Project Officer Ms. Snimer Sahni is gratefully acknowledged. TWG members, SASEC NTO Focal Persons, and all senior officials of the SASEC NTOs generously gave time and enthusiastic support and made a major contribution by arranging and participating in the National Workshops. In this regard, the Team would specifically like to thank: Mr. B.M.M. Mozharul Huq, Mr. Md. Humayun Kabir, Dr. Mahbubur Rahman, and Mr. Mohammed Ahsanullah from Bangladesh; Mrs. Rathi Vinay Jha, Shri Amitabh Kant and Dr. V Venu from India; Mr. Lava Kumar Devacota, Mr. Shanker Prasad Koirala, Mr. Tek Bahadur Dangi and Mr. Subash Nirola from Nepal; and Dasho Karma Dorjee, Dasho Lhatu Wangchuck, Dasho Ugen Tshechub, and Mr. Thuji D. Nadik of Bhutan. The Team also gratefully acknowledges the prospective development partners who were consulted and went out of their way to participate in the study:

- Austrian Development Assistance, Bhutan
- Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMST-EC) (via Delhi and Thailand)
- Department for International Development (DFID), India, Nepal, and United Kingdom (UK)
- Ecotourism and Conservation Society of Sikkim (ECOSS)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Indian National Trust for Arts and Cultural Heritage (INTACH), New Delhi
- International Center for Integrated Mountain Development (ICIMOD)
- International Finance Corporation South Asia Enterprise Development Facility (IFC SEDF)
- Japan Bank for International Cooperation (JBIC), India and Nepal
- Lotus Tours (Buddhist circuit specialists), New Delhi
- Pacific Asia Travel Association (PATA)

- Royal Society for the Protection of Nature (RSPB), Bhutan
- SAARC Secretariat, Kathmandu and Chamber Tourism Council, Sri Lanka
- SATTE
- SNV (Netherland Development Organisation), Bhutan, Nepal, and the Netherlands
- Sustainable Tourism Network (STN), Nepal
- The Mountain Institute (TMI), Nepal, Sikkim, and Tibet Autonomous Region (TAR), People's Republic of China (PRC)
- Tour Operators Association of Bangladesh and Tour Planners, Dhaka
- United Nations Development Programme (UNDP), Bhutan, Nepal, and India
- United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Bangkok
- United Nations Educational, Scientific and Cultural Organization (UNESCO), Bangkok and New Delhi
- World Tourism Organization (WTO)
- World Wildlife Fund (WWF), Bhutan and Nepal

Section VI provides a discussion of implementation strategies for mobilization of resources, enhancement of the pro-poor benefits of tourism, and management of the impacts of tourism. The roles of TWG and its development partners as well as relationships with other regional groupings are also discussed in this section. Section VII presents a summary of the action-oriented aspects of the Plan in a Development Matrix and Action Plan, for use at TWG meetings.

Appendix 1 summarizes project ideas that arose during the consultation workshops held throughout the subregion. Appendix 2 describes the proposed Tourism Investment Fund. Appendix 3 presents the economic and financial analysis of benefits to SASEC from tourism, albeit in a general manner, as the proposed projects will need to be defined further. Appendix 4 describes the Key Area Tourism Development Concepts that are summarized in Section V.E. Appendix 5 contains a standardized form to be utilized for submission of project ideas to TWG. Finally, Appendix 6 lists people and organizations consulted during the planning process, and Appendix 7 lists data sources and reference material.

E. Format of the TDP

Section II of the Plan establishes the broad context for planning by examining the background to SASEC, presenting profiles of the four member countries, and providing an overview of world tourism trends. Section III provides a detailed examination of the SASEC tourism sector, analyzing tourism attractions and patterns as well as tourism development agendas, issues, and constraints in the subregion and in each of the four SASEC countries.

Section IV presents overall strategies for subregional cooperation in tourism, with emphasis on strategies that underpin the selection of TWG programs and projects. A comprehensive Tourism Development Framework for SASEC is presented in Section V, complete with a series of programs and projects at both subregional and national levels. This is the heart of the TDP and sets the future agenda for TWG.





THE PLANNING CONTEXT





A. Background of SASEC

1. Definition of the SASEC Subregion

For purposes of this Plan, the SASEC subregion is defined as Bangladesh, Bhutan, 13 of the North, East, and North East states of India (West Bengal, Bihar, Uttar Pradesh, Orissa, Jharkhand, Assam, Meghalaya, Manipur, Tripura, Mizoram, Nagaland, Arunchal Pradesh, and Sikkim), and Nepal. SASEC thus encompasses the Eastern Himalaya–Bay of Bengal subregion of South Asia.

Distinction is made in the analysis between the “SASEC subregion” as defined above, “SASEC countries” (Bangladesh, Bhutan, India, and Nepal), and “South Asia.” South Asia is normally used to refer to the seven countries of the South Asian Association for Regional Cooperation (SAARC) (Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka). However, when using WTO data, South Asia also includes statistics from Afghanistan and Iran. On the basis of Government

of India data, it has been estimated for the purposes of this Plan an average of 35% of all international tourists to India visit the 13 North, East, and North East states of India.

2. Genesis of SASEC

In 1997, SAARC member countries agreed to the formation of a subgroup termed the South Asian Growth Quadrangle (SAGQ), comprising Bangladesh, Bhutan, India, and Nepal. Goals for SAGQ included creation of an environment that would foster accelerated economic growth, improved infrastructure linking the four countries, and greater coordination of policies and projects. Cooperation was initially focused on sustainable utilization of natural resources (water and energy), trade and investment, transportation, and tourism. It was expected that initiatives in these areas would accelerate broader cooperation within SAARC. Initially, for a variety of reasons, little was achieved under the SAGQ framework.

Since 2000, ADB has taken a lead role in helping SAGQ move forward. Under its South Asia





Subregional Economic Cooperation (SASEC) Program, ADB is providing financial and technical support for subregional cooperation, as well as acting as a catalyst and “honest broker” to help build consensus among the four countries. ADB’s goals for the program include pro-poor benefits, broad-based stakeholder participation, growth of the private sector, and infrastructure development in rural and border areas. Operational principles of the SASEC Program emphasize practical results, private sector involvement, and inclusion of investment projects and projects for regulatory and policy reform.

Two sequential regional technical assistance (RETA) initiatives by ADB have helped establish working groups and an institutional framework in support of the SASEC Program. RETA 5936 helped member countries identify opportunities for subregional cooperation in the priority sectors of energy and power, transportation, tourism, environment, trade and investment, and private sector cooperation. RETA 6010 helped institutionalize the sector working groups and to consolidate progress achieved under RETA 5936.

Most working groups have met three times since 2001, and all have recorded agreement on a number of priorities for subregional cooperation. In the case of transportation, for example, the working group has called for a review of existing bilateral transit agreements, simplification of cross-border inspections, standardization of documentation requirements, and greater involvement of the private sector.

TWG has met four times and has agreed that its priorities should be improved access, joint destination marketing, new product development, consolidation of successful projects, and mobilization of resources for tourism investments. As noted in the Introduction, TWG called for preparation of this TDP with emphasis on highly practical subregional initiatives for tourism promotion, facilitation, and product development. Accordingly, the SASEC Program for 2003/04 included an advisory TA to support preparation of a tourism development plan for the subregion. At its fourth meeting, TWG hosted a subregional workshop as part of its participation in the final stages of the preparation of the TDP.

B. Profile of SASEC Countries

The four countries that comprise SASEC have a collective population of 1.2 billion and a combined GDP of approximately \$570 billion (Tables 1 and 2). Per capita incomes average about \$450, but vary widely from less than \$250 (Nepal) to over \$800 (Bhutan) (Table 3).

The more narrowly defined SASEC subregion is one of the world's largest areas of poverty, with a collective population of almost 600 million. Human Development Indices for this area are generally very low, and literacy rates are low (Table 4). Per capita incomes in the SASEC subregion average about \$300. Half the population lives on less than \$1 a day. On a purchasing power parity basis, however, per capita income is five to six times higher than these numbers suggest. GDP per capita levels in 2002, based on purchasing power parity estimates, were as follows: Bangladesh: \$1,720; India: \$2,570; and Nepal: \$1,353 (no data for Bhutan).¹

Fortunately, economic growth in the subregion is accelerating. For South Asia as a whole, GDP grew by 6.9% in 2003. It is expected to continue at this high rate or marginally higher during 2004 and 2005, assuming peaceful relations are maintained.² Sharply rising demand for imported goods in the People's Republic of China (PRC) combined with strong consumer expenditure in South Asia are fueling economic expansion in the subregion.

India's economy grew by 7.4% in 2003, and its industry and service sectors are growing by 10% annually. During the first quarter of 2004, India's economy expanded at an annualized rate of over 10%, more rapidly than that of the PRC and among the fastest in the world. India's economic growth rate is expected to continue to be very strong, in the 7.5 to 8% range, to 2006.

In part because their large neighbors are growing so rapidly, but also because of domestic reforms and better management, Bangladesh, Bhutan, and Nepal are also experiencing stronger economic growth. The Bangladesh economy grew

by 5.7% in 2003 and is expected to experience steady growth (about 6%) up to 2006. This is despite the impact on Bangladesh's garment industry of the phasing out of the Multifiber Agreement.

Nepal's economy has suffered a severe setback due to the security situation. Economic growth, however, has gradually recovered to 2.6% in 2003 and is projected to reach 4% in 2004. Five percent growth is expected in 2005, contingent on greater stability in the country. Bhutan's economy is growing at a rapid annual rate of about 8%, spurred by electricity exports to India and the recovery of its tourism industry.

The structure of the economies and of employment in the four SASEC countries is an important element in both international and subregional tourism. In India and Bangladesh the agriculture and industry sectors each account for about 25% of GDP, while the service sector accounts for about 50%. In Nepal, however, the agriculture and service sectors each account for about 40% of GDP, while the industry sector is relatively small, at 20% of GDP. Similarly, Bhutan's agriculture and service sectors are of major importance, each contributing 45% of GDP. Bhutan's industry sector, at only 10% of GDP, is very small.

More important than sector GDP shares are sector contributions to employment. For all four countries, agriculture is the dominant form of employment and the major source of household income. More than 70% of the population of the subregion is dependent on agriculture. In the case of Bhutan, 80% of the population depends on agricultural production. Consequently, less than 20% of Bhutan's population lives in urban areas, a proportion even less than that for the SASEC subregion as a whole.

Intra-SASEC trade and investment is extensive for Nepal and Bhutan but very limited for India and Bangladesh. For example, trade with India accounted for 60% of Nepal's exports and 43% of its imports in 2002. The figures are even higher, at 90%, for Bhutan. In contrast, imports and exports with Bangladesh, Bhutan, and Nepal accounted for less than 2% of India's total trade. Bangladesh exports very little to India, and imports from India account for only 13% of total trade. Intra-SASEC investment is low overall, but as in the case of trade, India is an important source of

¹ World Bank. 2003. World Development Indicator Database. Washington D.C.

² ADB. 2004. *Asian Development Outlook*. Manila.

Table 1: Total Area and Population of SASEC Subregion, 2002

Country	State	Area (km ²)	Population (million)
Bangladesh		147,570	131.2
Bhutan		46,658	0.7
India ^a		3,287,262	1055.0
	Arunchal Pradesh	83,574	1.1
	Assam	78,523	26.6
	Bihar	94,163	82.9
	Jharkhand	79,714	26.9
	Manipur	307,477	2.4
	Meghalaya	22,429	2.3
	Mizoram	21,087	0.9
	Nagaland	16,488	2.0
	Orissa	155,707	36.7
	Sikkim	7,214	0.5
	Tripura	10,491	3.2
	Uttar Pradesh	294,411	166.1
	West Bengal	87,853	80.2
Nepal		147,181	23.7
Total SASEC		3,628,671	1,210.6
Total Subregion		1,600,540	587.4

SASEC = South Asia Subregional Cooperation, km² = square kilometers.^a Population of states based on Census 2001.Source: Asian Development Bank. 2003. *Key Indicators*. Manila.**Table 2: Gross Domestic Product at Current Prices in SASEC Countries**
(\$ million)

Country	1990	2000	2001	2002
Bangladesh	37.2	45.5	45.4	47.2
Bhutan	0.3	0.5	0.5	0.6
India	306.0	450.1	476.5	516.8
Nepal	3.6	5.1	5.4	5.4
Total	347.1	501.2	527.9	570.0

SASEC = South Asia Subregional Cooperation.

Source: Asian Development Bank. 2004. *Key Indicators*. Manila.

Table 3: Per Capita Gross Domestic Product at Current Prices in SASEC Countries
(\$ million)

Country	1990	2000	2001	2002
Bangladesh	266.7	350.4	351.5	359.7
Bhutan	185.0	689.2	739.2	828.6
India	366.4	443.5	461.2	480.0
Nepal	194.2	223.0	231.1	226.8
Average	253.1	426.5	445.8	473.8

SASEC = South Asia Subregional Economic Cooperation.

Source: Asian Development Bank. 2004. *Key Indicators*. Manila.

Table 4: Selected Indicators for SASEC Countries, 2002

Indicator	Bangladesh	Bhutan	India	Nepal
Social				
Literacy Rate (%)	64	42	65	58
Life Expectancy (yrs)	58	66 ^a	65	59
Principle Language	Bengali	Dzonghka	Hindi ^b	Nepali
Main Religions (%)	Muslim 87 Hindu 12	Buddhist	Hindu 82 Muslim 12 Buddhist 1	Hindu 81 Buddhist 11 Muslim 4
Economic				
Currency	Taka	Ngultrum	Rupees	Rupees
Exchange rate, January 2004	\$=59.15	\$=45.7	\$=45.7	\$=74.1
GDP Growth Rate, real, 2003 (%)	5.7	7.7	7.4	2.6

SASEC = South Asia Subregional Economic Cooperation, GDP = gross domestic product.

^a Planning Commission. 1999. *Bhutan 2020—A Vision for Peace, Prosperity and Happiness*. Thimpu: Government of Bhutan

^b Plus 17 other main languages.

Source: Asian Development Bank. 2003. *Key Indicators*. Manila. (Except where noted)

investment in Nepal. Until recently, Bhutan's policy on foreign investment has been restrictive. These trade and investment relationships influence business travel and tourism more generally.

Tourism is part of the service sector. As discussed more fully in subsequent sections of this report, SASEC's share of world tourism is low

(less than 0.5%) and tourism contributes less than 1% to the aggregate GDP of the subregion. According to ESCAP's 2004 Economic Survey, tourism accounts for 2% of Bhutan's GDP and for 4% of Nepal's GDP. Tourism accounts for an estimated 3% of employment in India. Figures for Bangladesh are not available, but tourism's contribution to GDP is very small.



International visits to SASEC countries numbered 3.3 million in 2003 and foreign exchange earnings from tourism were only \$3.1 billion in 2002. For the SASEC subregion, international visits totaled about 1.5 million. These numbers are examined in more detail in Section III, where it is shown that they understate considerably the importance of tourism. They exclude both domestic tourism and the growing importance of intra-regional tourism via land routes (currently cross-border land travel by some SASEC nationals is not recorded in tourist arrival data).

Looking ahead to the year 2014, it can be anticipated that the subregion will continue to be transformed by sweeping economic, social, and geopolitical changes. SAARC is expected to mature into an effective regional grouping, and the South Asian Free Trade Area and South Asian Economic Union are evolving realities. With strengthening links to Association of South East Asian Nations (ASEAN) and East Asia, the prospect of an Asia Union is within the realm of possibility. SASEC will continue to be an effective subgroup, meeting the interests of the four member countries, just as the Greater Mekong Subregion (GMS) Program services

the interests of the six Mekong countries within the context of ASEAN and ASEAN plus three countries.

In this highly positive context, GDP per capita will likely more than double by 2014. Agriculture will continue to shrink in importance, but will remain the dominant source of employment. Rapid growth of the manufacturing and service sectors combined with the higher incomes available from jobs in these sectors could result in more rural areas being transformed into urban areas, with growing disparities between the two areas. With respect to trade, PRC, East Asia, Southeast Asia, and South Asia could well become the largest trade bloc in the world. These and other changes will encourage acceleration in the process of economic integration. These same changes will also require greater involvement of civil society in shaping and protecting its destiny.

The subregion is a rich diversity of peoples and cultures. Nepal well illustrates the diversity.

The National Census 2001 reports 103 castes/ethnic groups—mostly Indo-Aryan and Mongols—and 93 different languages—mostly Indo-Aryan and Tibeto-Burman, with Nepali being the official language, mother tongue of over 48 percent of the population. Fifty seven percent of the population are included in caste groups, 35 percent in ethnic groups and eight percent others, including Muslim and Christians. About 80 percent of the population follows the Hindu religion with the next largest groups being Buddhist (11 percent), and Muslim (4%). About 67 percent of the population originated from hill areas, 32 percent from the Terai and 0.7 percent from the Mountains.³

India and Bangladesh have an even richer diversity. Even in the case of Bhutan, social and cultural diversity is a hallmark.

Cultural differences within the nation are considerable, with each ethnic group making its own distinctive contribution to our living past. There are differences in folklore, myths, legends, dance, poetry, and crafts that together add richness to the nation's cultural tapestry.⁴

³ Nepal Resident Mission. 2004. *People and Livelihood Dimensions in Poverty Reduction Strategy in Nepal*. Information Paper No.4. Manila: ADB.

⁴ Planning Commission. 1999. *Bhutan 2020—A Vision for Peace, Prosperity and Happiness*. Thimphu: Government of Bhutan.

Population growth will be a continuing challenge. Over the period to 2014, the population of the four SASEC countries could increase to 1.4 billion, or 200 million more than the current level. The Eastern Himalaya–Bay of Bengal area could account for more than half of this increase. Family planning and education will be vital in reducing population growth, and in achieving the millennium poverty goals. Even Bhutan's population growth rate is of concern (footnote 4). Population control will also be essential for conserving the environment and creating better living conditions for all households. Urban and rural town planning will need to be strengthened to accommodate growing urbanization and to help attract more industry, including tourism.

In summary, the prospects for the subregion are highly favorable, but at the same time many challenges exist. Foreign investors are taking note of the favorable prospects and of the improving environment for investment. Still, the situation facing the business sector is far from optimal.

Frequent changes in policies, government intervention, complex regulatory provisions and licensing procedures, uncertainties concerning land title, corruption, security concerns, and other impediments bear most heavily on small and medium-sized businesses, which are the backbone of the tourism sector. Recent progress is encouraging, but a push is needed to reap the full benefits of more market-oriented, open economies.

Essential to growth and prosperity is peace and political stability in South Asia. The 2004 Islamabad Declaration and improving relations throughout South Asia provide a window of opportunity for advancing subregional cooperation. In this context, WTO projects that tourist arrivals in South Asia will grow by 6.2% annually up to 2020, compared with 4.1% growth worldwide (Table 5). The World Travel and Tourism Council (WTTC) projects that within the next 10 years the economic value of personal travel and tourism will swell to the equivalent of 5% of SASEC's combined GDP.

Table 5: World Tourism Organization Forecast of Inbound International Tourist Arrivals, World by Region
(million except where noted)

	Base Year 1995	Forecasts		Average Annual Growth Rate (%) 1995-2020	Market Share (%)	
		2010	2020		1995	2020
World	565.4	1,006.4	1,561.1	4.1	100.0	100.0
Africa	20.2	47.0	77.3	5.5	3.6	5.0
Americas	108.9	190.4	282.3	3.9	19.3	18.1
East Asia & Pacific	81.4	195.2	397.2	6.5	14.4	25.4
Europe	338.4	527.3	717.0	3.0	59.8	45.9
Middle East	12.4	35.9	68.5	7.1	2.2	4.4
South Asia	4.2	10.6	18.8	6.2	0.7	1.2
Intra-regional	464.1	790.9	1,183.3	3.8	82.1	75.8
Long-haul	101.3	215.5	377.9	5.4	17.9	24.2

Source: World Tourism Organization. 2000. *Tourism 2020 Vision*. Madrid.

C. World Tourism

1. Global Tourism Patterns

Tourism remains the largest industry in the world. However, global patterns of tourism have recently been greatly disrupted by the impact of the triple shocks of September 11, the SARS outbreak in Asia, and the war in Iraq. Overall, WTO reports that 2003 was the worst year on record for global tourism, as measured in terms of the decline in the number of people arriving as holidaymakers at international destinations. World international arrivals dropped 1.2% to 694 million, or nine million less foreign visitors than in 2002. The disruptions have bred a new kind of traveler, averse to long flights and to journeys planned in advance. They favor cheaper vacations arranged at the last minute (often over the Internet), and not too far from home. While security and safety remain an essential precondition for tourism to flourish, the economic situation in source markets is also a powerful influence in determining global patterns. The habit of holiday travel is deeply rooted, and markets are remarkably resilient.

Tourists are getting more and more experienced, although the amount of information on war threats, images of the sites after bomb attacks, and doubtful official suggestions has never before been so enormous. The biggest problem in the current situation of world tourism is uncertainty (WTO).

Table 6 shows subregional trends in international tourist arrivals since 1990, with a global average annual growth rate during the 1995 to 2003 period of 3.3%. Although representing only 1% of the world market, South Asia outperformed all other regions of the world in 2003 with 16.5% growth over 2002. In contrast, 2001 saw South Asia arrivals drop 4.5% from those in 2000. Arrivals in 2002 increased only 0.9% over 2001. In terms of average annual growth, South Asia achieved a rate of 7.7% during the 1995 to 2003 period, more than double the global average of 3.3% and outperforming all other regions except the Middle East.

By way of comparison, GMS data show that region recorded 16.5 million arrivals in 2002, a 72% increase over 1995 arrivals (9.6 million), with an average annual growth rate of 9.9%. The increase in arrivals in Cambodia has averaged 21% annually



Table 6: International Tourist Arrivals by Region, 1990 to 2003

Destination	International Tourist Arrivals (million)						Market Share (%)		Change (%) 2001- 2002	Average Annual Growth (%) ^a	
	1990	1995	2000	2001	2002	2003 ^b	1995	2003 ^b		2002- 2003 ^b	1995- 2003 ^b
World	455.9	550.4	687.3	692.6	702.6	694.0	100.0	100.0	2.7	(1.2)	3.3
Europe	280.6	322.3	392.7	390.8	399.8	401.5	58.6	57.8	2.3	0.4	3.1
Americas	93.0	108.8	128.0	120.2	114.9	112.4	19.8	16.2	(4.4)	(2.1)	0.4
Africa	15.0	20.0	27.4	28.3	29.1	30.5	3.6	4.1	2.8	4.9	6.6
Middle East	9.7	13.6	24.0	23.6	27.6	30.4	2.4	3.3	16.7	10.3	15.4
Asia/Pacific	57.7	85.6	115.3	121.1	131.3	119.1	15.6	17.2	8.4	(9.3)	4.9
South Asia^c	3.2	4.2	6.1	5.8	5.9	6.8	0.8	1.0	0.9	16.5	7.7

^a Tourism Development Plan Study Estimate.^b Provisional data.^c Afghanistan, Bangladesh, Bhutan, India, Iran, Maldives, Nepal, Pakistan, and Sri Lanka.Source: World Tourism Organization. 2004. *WTO Tourism Barometer*. Madrid.

since 1995. Even a small country like the Lao People's Democratic Republic (PDR) has experienced a dramatic increase in tourism, from 14,000 arrivals in 1990 to 736,000 in 2002. Southeast Asia, according to WTO data, suffered the worst of any region in the world in 2003 due to the SARS outbreak, registering a 15.4% drop overall in arrivals.

Volume alone, of course, does not paint the full picture. According to the International Labor Organization, 6.6 million, or one in 12 tourism jobs worldwide, have been lost in recent years. Economic recession and the effects of the poor performance of the tourism industry are still being felt. Many major destinations have suffered double-digit drops. The United States (US), for example, has seen international tourist arrivals fall 12% since 2000. Employment in the tourism industry there was down 5.8% with around 1.1 million jobs lost. All countries that usually attract North American visitors experienced steep declines in international tourism after September 11. Those that have recovered have succeeded in finding alternate markets. Long-haul travel has been one of the major casualties, resulting in increased appreciation of short-haul, regional and domestic markets.

2. Tourism Growth Projections

WTO predicts that the number international tourist arrivals will reach 1.6 billion by the year 2020 (Table 5), spending a total of \$2 trillion per year, or \$5 billion a day. This represents more than double the 694 million international tourist arrivals recorded in 2003, with projected expenditures nearly four times more than the \$474 billion spent worldwide in 2002. Tourism in Asia is projected to more than double by 2010, reflecting the growing strength of the PRC and India, the expected resurgence of Japan's economy, and the continuing sharp recovery of economies hurt during the Asian financial crisis.

Forecasts of inbound arrivals for individual SASEC countries show that by 2020 the leading countries will be India (8.9 million arrivals) and Nepal (just under 2 million). Bangladesh is forecast to grow to 415,000 arrivals by 2020. At 75%, South Asia has the highest ratio of long-haul arrivals to total arrivals of any region in the world. This is possibly due to discrepancies in data collection. Long-haul tourism in South Asia is predicted to grow to 85% of the total by 2020. Of the forecasted 18.8 million visitors to South Asia in 2020, WTO



predicts 2.9 million will be intra-regional visitors and 15.9 will be long-haul visitors.

WTO forecasts that South Asia will generate almost 17 million outbound tourists by 2020. The annual growth rate is expected to average 5.6% over the period 1995 to 2020, stronger than the global average of 4.1%. India is predicted to experience the most rapid growth in outbound tourists among South Asian countries between 1995 and 2020, with numbers increasing 5.7% each year to reach 6.7 million outbound tourists by 2020.

3. International Tourism Trends Relevant to South

a. Trend Towards Regional Grouping

South Asia is not alone in recognizing the benefits of subregional grouping to promote tourism. Motivated by reduced marketing budgets and tourism downturns, neighboring countries have been pooling their financial and human resources and establishing cost-effective regional joint marketing and promotion programs. Successful examples include the Agency for Coordinating Mekong Tourism Activities (AMTA), the Regional

Tourism Organization for Southern Africa (RETOSA), the Caribbean Tourism Organization (CTO), and the South Pacific Tourism Organization (SPTO). To combat the effects of SARS, the NTOs of Hong Kong, Singapore, and Thailand exhibited under one "Together in Asia" banner at the World Travel Market in London.

The subregional pooling of resources has a number of distinct advantages: limited budgets can be "stretched," market research can be shared, growth in destination awareness can be faster, media exposure can be greater, product positioning can be earlier, and penetration in target markets can be more rapid. Joint management of resources, cooperative security, and initiatives such as cross-border protected areas, are additional subregional tourism initiatives that present good opportunities for growth.

Government-led subregional tourism initiatives in South Asia, such as those under SAARC, have achieved only limited success to date. However, the industry's private sector has been working cooperatively throughout the subregion for decades, investing in tourism businesses and promoting intra-regional packages. South Asian travel magazines—both trade and consumer,



conferences (e.g. the Travel Agents Association of India [TAAI] and the Indian Institute of Tourism and Travel Management [IITTM]), and exhibitions (e.g. SATTE) have been successfully bringing together the travel industry for many years.

b. Domestic Tourism Trends

Fostering domestic tourism is widely recognized as a means of keeping tourism revenue at home, upgrading living standards, and achieving national social objectives. Tourism can contribute recreational, sport, leisure, and educational facilities to host communities, although a perception that tourism is only for foreigners often must be overcome. With the recent decline in long-haul travel, many destinations have come to rely on the domestic market, especially for niche products such as ecotourism and soft adventure.

A study this year of the economic multipliers of tourism in India, conducted by JPS Associates of India, found that the multiplier and poverty alleviation effects of domestic tourists are more significant than of foreign tourists, despite the higher spending of the latter. This was due to the greater number of domestic tourists and their

length of stay, which more than made up for their much lower daily spending.

Targeting domestic and intra-regional South Asian travelers will help create an awareness of the importance of tourism, and contribute throughout the year to the viability of businesses. Ecotourism and Buddhist circuits are attractive products for domestic markets. There is considerable political commitment in the subregion to the promotion of domestic tourism. Suitable products need to be identified and appropriate commercial channels of distribution organized, particularly within the radius of large population centers.

c. Quality and Price Sensitivity

Recent downturns in tourism have put pressure on prices, and consumers increasingly demand value for money when making holiday choices. Knowledgeable observers feel that the age of conspicuous consumption has passed and travelers are now more sensitized to the gap between rich and poor. This is particularly relevant to destinations such as South Asia. While a demand for ultra-deluxe products for special occasions will always exist, WTO maintains that value-for-money

has become critical in today's travel decisions. Competitiveness between destinations is such that tourists will choose destinations where they get the best quality experience for the best price. This trend emphasizes South Asia's need to position itself in the international marketplace as being a quality, value-added destination, delivering value for money across the spectrum of tourism services.

d. Independent Travelers

Free and independent travelers (FITs—i.e. not organized or pre-booked) are becoming more mature and are no longer limited to young budget visitors. FITs prefer a more flexible style of travel and demand an authentic experience. They get information from and make bookings on the Internet. The WTO reported in late 2003: "Do-it-yourself trips are becoming more common, particularly for mature and experienced travelers, vigorously stimulated by the possibilities offered by low-cost airlines and the Internet."

Independent travelers arrange their own flights and accommodations, then purchase excursions after arrival on a walk-in basis. Although some may not wish to spend substantial amounts on

accommodation, research shows that FITs pay well for unique ecotourism experiences and adventure activities. Long stays often compensate for low daily budgets.

There are opportunities to attract more independent travelers to South Asia if perceptions of the difficulties of travel can be corrected. Better information must be provided and the current product range must be expanded, highlighting security initiatives and facilitating internal travel. These travelers favor ecotourism, including trekking and adventure activities as well as Buddhist and cultural products. The wide use of English in the subregion is a strong competitive advantage.

e. Ecotourism Trends

The concept of ecotourism, a combination of ecology and tourism, emerged in the 1980s as a response to the unsustainable aspects of international tourism. By 1990 the International Ecotourism Society had been formed, defining ecotourism as "responsible travel to natural areas that conserves the environment and sustains the well-being of local people." The International Year of Ecotourism was organized by the United Nations



Environment Programme (UNEP) and WTO in 2002. A number of events, deliberations and seminars culminated in the Quebec Declaration, the benchmark for ecotourism that was forged at the World Ecotourism Summit in May 2002. Many destinations, including Bhutan and Nepal, formulated and published national ecotourism strategies to ensure that their styles of tourism brought benefits to local people and preserved the environment.

Although the term “ecotourism” is now widely used in conservation and tourism sectors, definitions vary widely. For the purposes of this Plan, a broad and inclusive definition has been used, borrowed from Bhutan’s National Ecotourism Strategy: “Styles of tourism that positively enhance the conservation of the environment and/or cultural and religious heritage, and respond to the needs of local communities.”

In 1995, the size of the ecotourism market was estimated at between 7% and 15% of the total market, or about \$50 billion globally. The WTO now estimates that ecotourism is increasing by 20% per annum, or some six times the growth rate of standard tourism, prompting NTOs and tourism operators to consider it seriously in terms of promotion and planning. Based on these projections, the ecotourism market may have represented up to 20% of total international tourism spending in 2003. Although the global market is difficult to quantify accurately, trends confirm strong consumer enthusiasm and awareness for sustainable styles of tourism.

SASEC countries, particularly Bhutan and Nepal, are firmly established as pioneers of ecotourism. South Asia is uniquely placed to build on this comparative advantage to spread tourism benefits to remote areas where there is minimal infrastructure. The relatively unknown states of



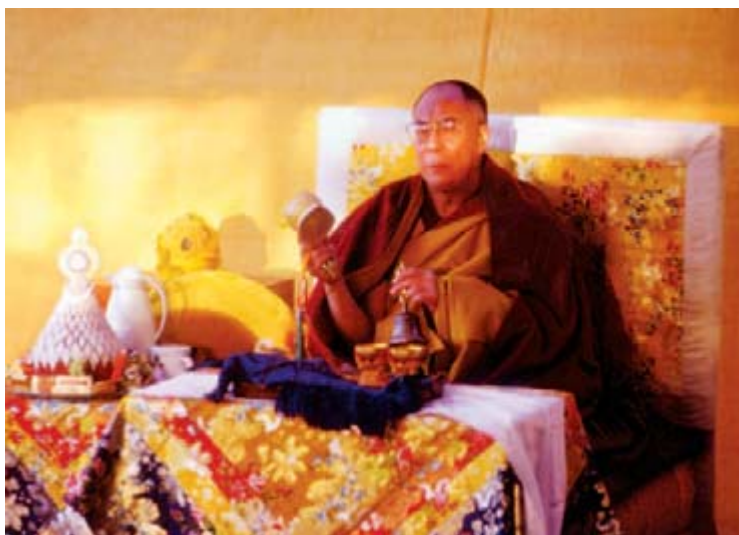
India’s North East are areas with particular potential in this regard.

f. Trends in Pilgrimage Travel

South Asia is uniquely positioned as the “Buddhist Heartland,” containing many of the world’s major Buddhist attractions. There are approximately 360 million Buddhists worldwide, about 6% of the global population. The enormous opportunity for Buddhist pilgrimage travel has been recognized in a number of international seminars, including those of UNESCO, UNESCAP, and the International Conclave on Buddhism and Spiritual Tourism hosted by India in February 2004. Nepal is actively targeting pilgrimage visitors to the major Buddhist attractions of Lumbini and Kathmandu Valley.

Buddhist tourists range across a spectrum, from pilgrims visiting the subregion's religious sites to long-stay visitors pursuing academic and religious studies. Western visitors undertake Buddhism studies and attend teachings arranged by monasteries and institutions, such as those in the Kathmandu Valley and the Namgyal Institute of Tibetology in Sikkim. Buddhist pilgrims are divided into followers of Theravada (Hinayana, or small vehicle), largely from Thailand, Myanmar, and Sri Lanka, Mahayana (great vehicle), largely from Nepal, Bhutan, and Sikkim, and the Vajrayana (diamond vehicle) sects that include Japan (Zen), TAR, PRC and northern Himalaya (Lama), and PRC (Chan). Monasteries and sites sacred to their respective traditions attract each group.

Traditional healing, Himalayan spas, yoga practices, and meditation appeal to broader, general interest visitors with an interest in "spiritual well being." These visitors are currently targeted in the "Incredible India" campaign. The subregion's spectacular Buddhist monuments attract visitors interested in sightseeing, particularly the "Living Buddhism" found in Nepal, Bhutan, and India—such as Arunchal Pradesh, Sikkim, Ladakh, and Dharamshala. The "Footsteps of the Lord Buddha"



circuit associated with the Buddha's life in what is now India and Nepal appeals to Buddhists from all over the world, especially those from Japan, Thailand, Sri Lanka, Taipei, China, Republic of Korea, and the PRC. When facilities are improved, general interest visitors will also be attracted to this circuit.

The history, iconography and art associated with Buddhism can be found in numerous important archaeological sites in Bangladesh, India, and Nepal. Some of these sites are listed below.

BANGLADESH: Paharpur, Mahastangar, Comila, Mainamati, and Ramu

INDIA: Madhya Pradesh (Sanchi), Maharashtra (Ajanta and Ellora), Sikkim (Rumtek, Tashiding etc.), Ladakh; Orissa (Khandagiri, Udaygiri, Ratnagiri and Lalitgiri), Arunchal Pradesh (Tawang); Tripura (Pilak. etc.)

NEPAL: Tilaurakot, Niglihawa, Gotihawa, Sagarhawa, Arorakot, Kudan, and Ramagrama.



ANALYSIS OF SASEC TOURISM



A. Tourism Patterns

1. Subregional Tourism Patterns

The SASEC subregion and the four SASEC countries experienced a surge in tourism arrivals in 2003, with increases of 19.2% and 15.7%, respectively, over 2002. As may be seen in Table 7, however, these encouraging increases represented only a partial recovery from the sharp drop in arrivals in 2002. Over the five-year period from 1999 to 2003, arrivals in the SASEC subregion declined an average of 3.8% each year. Arrivals in the four SASEC countries increased at an average annual rate of 1.3% during the same period.

During the 1995 to 2003 period, international tourist arrivals in all SASEC countries grew at an annualized average rate of 3.2%. This was close to the global average of 3.3% during the same period, but well below South Asia's average of 7.7% (Table 6). Bangladesh achieved strong average annual growth in arrivals from 1995, at 7.1%, but from a low base. Arrivals in Bhutan and India during the same period increased gradually, with annual growth averaging 3.9% and 3.7%, respectively, while Nepal arrivals decreased 1.5% on average over the period.

Fostering growth in tourism should be beneficial to all SASEC countries. Historically, however, governments have been slow in giving priority to the sector. Despite sharp improvements in 2003, South Asia's share of world tourism has been largely stagnant, amounting to 1% in 2003, up from 0.8% in 1995. The 1.5 million visitors to the SASEC subregion in 2003 represented only 0.2% of world tourism that year, and the four countries' total of 3.3 million arrivals represented only 0.5% of the world total.

As shown in Table 8, tourism earnings from international visitors totaled \$3.1 billion in 2002, equivalent to about 0.5% of aggregate GDP for the SASEC countries. The average earnings per tourist visit in SASEC countries are shown in Table 9. On a weighted average basis, earnings per tourist visit in 2002 for the four countries have been calculated at \$1,326.

These data, however, exclude domestic visitors and understate the importance of intra-regional tourism. To illustrate the significance of these components, India's Ministry of Tourism (MOT) says the country recorded 300 million domestic tourist arrivals in 2003, but this already large number rises to an estimated 550 million when visiting friends and relatives (VFR) and social visits are included.

Many intra-regional visitors, particularly land arrivals, are not recorded as tourist visitors although they conform with WTO criteria as such visitors. For example, an estimated 15,000 Indians visit Bhutan each year but are not counted as tourists. A large number of Indians visit Nepal by land, but only air arrivals are recorded (Table 10). Similarly, there is a significant amount of informal travel between Bangladesh and India that is not recorded. These "lost" arrivals are difficult to estimate, but industry perceptions place them as high as 5 to 10 million additional visitors annually. Even counting only the recorded arrivals from SASEC neighbors, intra-regional travel comprises a significant percentage of inbound visitors—on average almost 30% to SASEC areas, excluding Bhutan and not counting Indian arrivals.

Meaningful estimates of the purpose of international travelers' visits are also constrained by lack of data and differences in recording methods. Official NTO figures show that 65% of visits to Bangladesh were for "other" purposes, with only 19% for holiday and 16% for business. Visits to Bhutan were all (100%) for holiday, while 97% of visits to India were for holiday and 3% for business. Data for Nepal are probably the most accurate; they are recorded the purposes of visits as 62% holiday, 14% business, and 24% other in 2002. Overall, arrivals in the four SASEC countries are about 70% for holiday, 8% for business, and 22% for other purposes. These percentages should be viewed with caution, however, as visitor inputs are influenced by perceived visa difficulties. Further analysis, where statistics are available, is included in the country profiles below.

The fact remains that SASEC countries have low levels of international tourism, at least relative to their potential. There are extensive opportunities for growth, building on current and new markets.

As shown in Table 11, the main tourism source markets for SASEC countries are predominantly SAARC countries, followed by the UK and the US. Europe and North America are both traditional ecotourism markets and are likely to remain significant for SASEC, although it will be important to seek out specialist and niche market segments. In terms of new markets, there is potential to attract more visitors from Asia, particularly the countries with Buddhist connections such as Japan, Thailand, Sri Lanka, Taipei, China, the Republic of Korea, and the PRC. In 2003 there were more than 20 million tourists outbound from PRC alone, and this figure is expected to reach 100 million by 2020.

At the third TWG meeting in New Delhi in July 2003 it was agreed that SASEC priorities include joint marketing by the four NTOs to achieve clear product branding under the themes of ecotourism and Buddhist circuits. SASEC was not found to be an appropriate brand. It was agreed by TWG that target markets were

- (i) the strong intra-regional and domestic market segments within SASEC,
- (ii) short-haul markets with easier access and better connectivity, and
- (iii) long-haul markets for the longer term.

In terms of subregional air services, there are direct air links between seven cities in SASEC countries, currently comprising 144 flights per week and providing 21,351 round-trip seats. The trend in the subregion toward liberalizing air agreements and enabling private regional airlines offers opportunities for increased tourism.

Kathmandu and New Delhi act as air hubs in the region, with Kathmandu having the more direct SASEC regional connections. There are issues concerning national, regional, and domestic airlines in SASEC countries, however, that undermine their reputation for reliability. The safety record in Nepal is poor. Druk Air of Bhutan and most private airlines are not accessible by international reservations systems. The national carriers of Nepal and Bangladesh are heavily subsidized. Interlining facilities and ticket exchange agreements between national and domestic airlines in the region are weak or non-existent, leaving travelers dependent on only local bookings.

2. Tourism Patterns in Bangladesh

The Government of Bangladesh first recognized tourism as important industry with the framing of a National Tourism Policy in 1992. In



1999, tourism was declared a Thrust Sector, and tax exemptions and other benefits are given to the industry. While tourism has remained at low levels, revenue from tourism has grown an average of 26% per annum since 1995, reaching \$57 million in 2002 (Table 8). Growth in tourism arrivals averaged a healthy 10.4% increase each year from 1999 to 2003, but started from a low base (Table 7). Arrivals for 2003 totaled 244,509, of which about 37% came from SASEC countries (Table 12). Bangladesh is not well established in international tourist markets, reflecting limited promotional activities to date.

Only 18.6% (38,448 visitors) of foreign tourists arrived for leisure and recreational purposes in 2001. Others came mainly for business, official or VFR reasons. Bangladesh attracts very few backpackers and budget tourists due to complicated visa formalities and perceived difficulties of travel. The most dynamic element of the sector in Bangladesh is domestic and Indian tourism. Rapid growth in these market segments is helping to build infrastructure for possible future international tourism.

In Dhaka there are only two 5-star, one 4-star, and four 3-star hotels, with a combined total of 1,024 rooms. Forty-six international-standard guesthouses in the city have about 1,000 rooms. Two new 5-star hotels will be in operation in Dhaka by the end of 2004 and two more are under construction, anticipating an increase in the number of business and official visitors.

Hotel rates in Dhaka are high compared to neighboring countries, reflecting the high level of taxation imposed on hotels in Bangladesh. In

Table 7: Foreign Tourist Arrivals in the SASEC Subregion, 1995 to 2003
(Million except where otherwise noted)

	1995	1996	1997	1998	1999
Bangladesh	156,231	165,887	182,420	171,961	172,781
Bhutan	4,765	5,138	5,363	6,203	7,158
India, Total	2,123,683	2,287,860	2,374,094	2,358,629	2,481,928
Nepal	363,395	393,613	421,857	463,684	491,504
Total SASEC Countries	2,648,074	2,852,498	2,983,734	3,000,477	3,153,371
West Bengal	—	—	—	—	198,711
Bihar	—	—	—	—	76,389
Uttar Pradesh	—	—	—	—	822,150
Orissa	—	—	—	—	25,759
Jharkhand	—	—	—	—	—
Assam	—	—	—	—	604
Meghalaya	—	—	—	—	1,971
Manipur	—	—	—	—	277
Tripura	—	—	—	—	335
Mizoram	—	—	—	—	216
Nagaland	—	—	—	—	119
Arunchal Pradesh	—	—	—	—	48
Sikkim	—	—	—	—	8,554
Subtotal SASEC India States	—	—	—	—	1,135,133
Total SASEC Subregion	—	—	—	—	1,806,576

SASEC = South Asia Subregional Economic Cooperation, — = no data available or not calculated.

Note: The numbers of foreign visitors to Indian states include visitors who may visit more than one state, hence the number of foreign visitors to the states will exceed the recorded total.

^a Provisional for Nepal, Nagaland and Sikkim. Data unavailable for Arunchal Pradesh.

Source: National tourism organization statistics and Tourism Development Plan study estimates.

January 2004 the 42.3% tax on hotel bills was reduced to 29.4%, but this rate is still high compared to rates in hotels in India (10%), Malaysia (5.5%), and Thailand (11%).

Recent trends indicate visitor interest in cultural World Heritage Sites, such as the ruins of the famous Paharpur Buddhist monastery and the 15th century Shaat Gambus mosque Bagerhat.

Visitors to Paharpur numbered 86,704 in 2003, up significantly from 56,364 in 2002, of whom an estimated 700 were foreign visitors, reportedly mainly from Japan. Similar numbers visit the Buddhist site of Mahastangar.

More than 300,000 tourists are estimated to have visited the beach at Cox's Bazar in 2003. Most of these are domestic and Indian tourists, with less

2000	2001	2002	2003 ^a	Change 2002/03 (%)	Average Annual Growth 1999-03 (%)	Average Annual Growth 1995-03 (%)
199,211	207,199	207,246	244,509	18.0	10.4	7.8
7,559	6,393	5,594	6,267	12.0	(3.1)	3.9
2,649,378	2,537,282	2,384,398	2,753,029	15.5	2.7	3.7
463,646	361,237	275,468	320,000	16.2	(8.7)	(1.5)
3,319,794	3,112,111	2,872,706	3,323,805	15.7	1.4	3.2
197,061	284,092	529,366	705,457	33.3	63.8	–
73,321	85,673	112,873	60,820	(46.1)	(5.1)	–
848,000	795,000	109,464	140,972	28.8	(20.7)	–
23,723	22,854	23,279	25,020	7.5	(0.7)	–
–	2,979	2,244	3,223	43.6	–	–
5,954	6,171	6,409	6,402	(0.1)	240.0	–
2,327	2,390	3,146	6,304	100.4	55.0	–
429	183	221	257	16.3	(1.8)	–
0	0	0	3,198	–	213.7	–
235	152	259	279	7.7	7.3	–
451	920	657	1,000	52.2	185.1	–
2,044	323	187	0	(100.0)	(25.0)	–
10,409	31,028	8,566	7,800	(8.9)	(2.2)	–
1,163,954	1,231,765	796,671	960,732	20.6	(3.8)	–
1,834,370	1,806,594	1,284,979	1,531,508	19.2	(3.8)	–

than 10% estimated to be international visitors. Tourism is highly seasonal, with about one quarter of all visitors arriving during the cool months of December and January.

Bangladesh has begun to experience growth in ecotourism. The Sundarbans mangrove forest increasingly attracts both domestic and international visitors; they numbered 25,000 in

2003, of which about 5% or 1,250 persons were foreigners. Ethnic-based tourism around Chittagong was popular in the past, but instabilities in the tribal areas have caused a sharp decline. The signing of a peace treaty in 2001 has led to improvement in the peace and order situation, reviving hopes that ethnic-based tourism will recover.

Figure 1: Tourism Patterns in Bangladesh

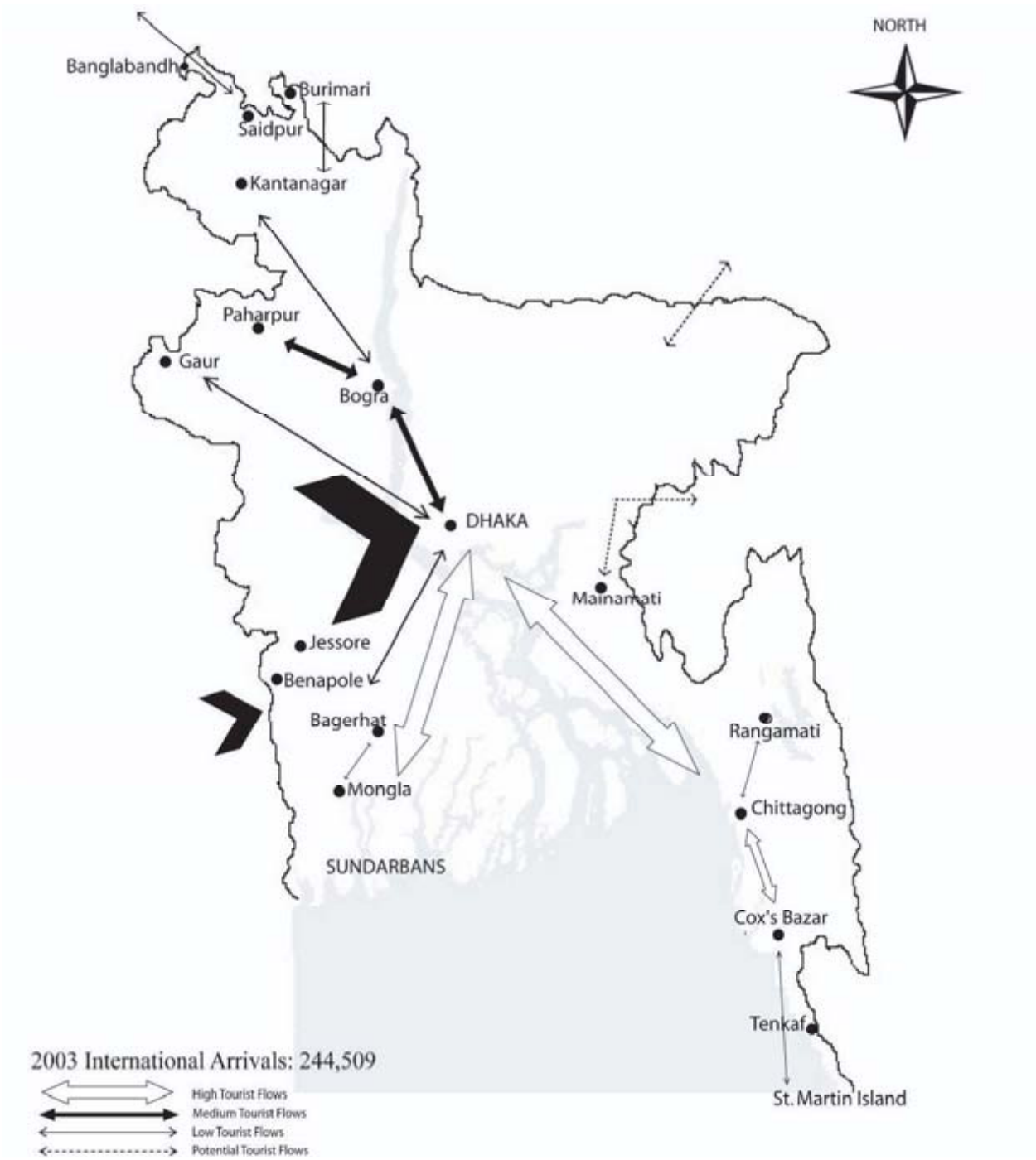


Table 8: Earnings from Tourism in SASEC Countries, 1995 to 2002

Country	1995	1996	1997	1998	1999	2000	2001	2002	Average Annual Growth 2002/95 (%)
				(\$ million)					
Bangladesh	20	34	42	51	50	59	49	57	26.4
Bhutan	5.88	6.52	6.55	7.98	8.88	10.49	9.19	7.98	5.1
India	2,583	2,832	2,889	2,948	3,009	3,168	3,042	2,923	1.9
Nepal	117	117	116	153	168	167	140	107	(1.2)
SASEC countries	2,726	2,989	3,053	3,160	3,236	3,404	3,240	3,095	1.9

SASEC = South Asia Subregional Economic Cooperation.

Source: National tourism organizations.

Table 9: Average Earnings per Tourist Visit, 1995 to 2002

Country	1995	1996	1997	1998	1999	2000	2001	2002	Average Annual growth 2002/95 (%)
				(\$)					
Bangladesh	128	205	230	297	289	296	236	275	16.4
Bhutan	1,223	1,269	1,221	1,286	1,240	1,389	1,438	1,425	2.4
India	1,216	1,238	1,214	1,250	1,212	1,196	1,199	1,226	0.1
Nepal	474	430	402	476	479	454	472	512	1.1

Source: National tourism organization statistics and national banks.

3. Tourism Patterns in Bhutan

Bhutan first opened to tourism in 1974, and the industry was privatized in the early 1990s. Arrivals increased from a low base of only 287 visitors in 1974 to a record 7,559 in 2000. In 2003 Bhutan received 6,267 arrivals, representing 12% growth over 2002 and an average annual growth of 3.9% from 1995 to 2003 (Table 7). Gross earnings were \$8.33 million in 2003, contributing \$2.88

million to Government revenue. Tourism accounts for about 5% of national revenue.

Growth was largely due to the relaxation of restrictions on the number of operating licenses issued to private sector travel agencies. By 2003, 133 tour operator licenses had been issued. Most agents are small-scale, however, and several have yet to become operational. The industry is dominated by a small number of large companies. Ten operators handled about 60% of all visitors in 2003.

Table 10: Intra-Regional Air Travel in SASEC Countries, 2002
(Number of arrivals except where noted)

From / To	Bangladesh	Bhutan	India	Nepal
Total Arrivals	207,199	5,594	2,384,398	275,468
Bangladesh	–	–	435,867	5,507
Bhutan	1,241	–	4,123	1,426
India	80,415	–	–	66,777
Nepal	4,159	257	43,056	–
SASEC Region	85,815	–	483,046	73,710
SASEC % of Total	40.3	–	20.3	26.8

SASEC = South Asia Subregional Economic Cooperation, – = no data available or not calculated.

Source: National tourism organizations statistics.

Table 11: Arrivals in SASEC Countries from Major Market Countries, 2002
(Number of arrivals, except where noted)

Country	Bangladesh	Bhutan	India	Nepal	Total	Percent of Total
SAARC Countries	97,192	–	612,785	84,986	794,963	27
United Kingdom	28,905	519	387,846	21,007	438,277	15
United States	13,622	1,913	348,182	17,518	381,235	13
Canada	3,603	–	93,598	3,747	100,948	3
France	2,589	192	78,194	13,376	94,351	3
Japan	7,325	893	59,709	23,223	91,150	3
Germany	3,297	346	64,891	15,774	84,308	3
Malaysia	3,706	–	63,784	2,777	70,267	2
Australia	3,409	214	50,743	7,159	61,525	2
Italy	2,112	177	37,136	8,057	47,482	2
Republic of Korea	6,511	–	29,374	8,798	44,683	2
Netherlands	4,159	197	31,669	8,306	44,331	2
Israel	–	–	25,503	6,286	31,789	1
PRC	6,681	–	15,422	8,715	30,818	1
Thailand	3,997	46	19,647	4,694	28,384	1
Switzerland	1,621	164	21,606	3,352	26,743	1
Spain	2,524	68	19,567	5,267	27,426	1
Belgium	795	22	13,945	2,847	17,609	1
Austria	87	92	13,801	3,140	17,120	1
Denmark	1,248	–	10,230	2,040	13,518	0
Others	13,836	751	386,766	24,399	463,042	16
Total	207,246	5,594	2,384,398	275,468	2,909,969	100

PRC = People's Republic of China, SAARC = South Asia Association for Regional Cooperation, SASEC = South Asia Subregional Economic Cooperation, – = no data available.

Source: National tourism organizations statistics.

Table 12: Visitor Arrivals from SASEC Countries in Bangladesh, 1997 to 2003
(Number of arrivals except where noted)

Country	1997	1998	1999	2000	2001	2002	2003
Total Arrivals in Bangladesh	182,420	171,961	172,781	199,211	207,199	207,246	244,509
From: Bhutan	959	441	730	1,010	1,263	1,241	1,228
India	61,606	57,937	62,935	74,268	78,090	80,415	84,704
Nepal	5,296	4,799	4,733	4,481	4,280	4,159	3,904
Total SASEC Arrivals	67,861	63,177	68,398	79,759	83,633	85,815	89,836
SASEC as % of Total	37.2	36.7	39.6	40.0	40.4	41.4	36.7

SASEC = South Asia Subregional Economic Cooperation.

Source: Bangladesh Parjatan Corporation.

Figure 2: Tourism Patterns in Bhutan

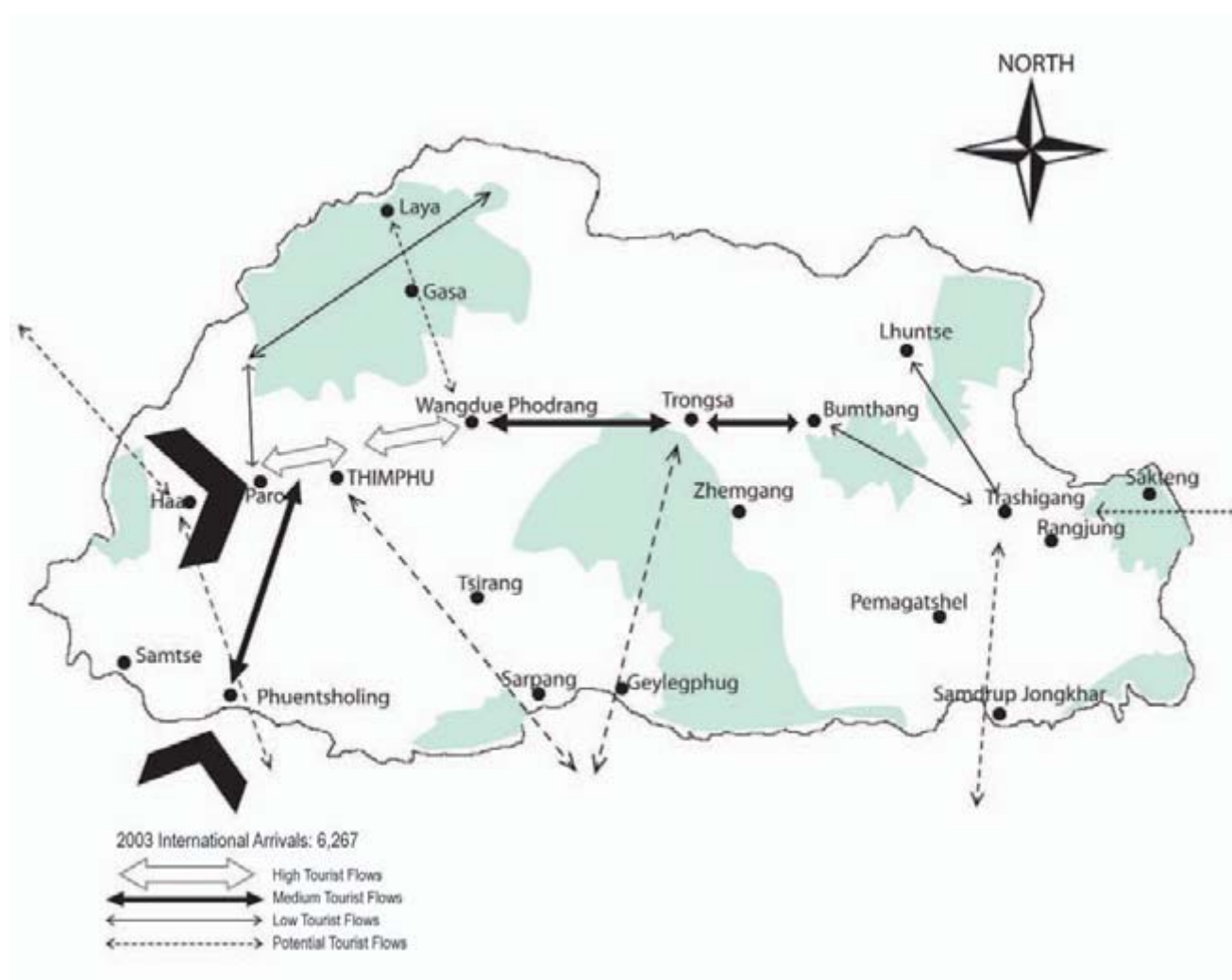


Table 13 shows that Bhutan traditionally has a high dependence on the North American market, which accounted for 40% of all visitors in 2000. That share declined to 31% of the total in 2003 as arrivals dropped following September 11. Europe is strengthening as a source market, and in 2003 accounted for 38% of all arrivals. The number of Japanese visitors, characterized by their short stay, has declined in recent years, accounting for 15% of arrivals in 2003.

Currently, there are 13 approved trekking routes, many of which are interconnected. In terms of the ratio of trekkers to cultural visitors, trekkers have been declining sharply in recent years, their share down to 7% in 2003 as compared to 36% in 1996. Cultural tours mostly follow the Paro, Thimphu, Punakha/Wangdue Phodrang tourist

triangle, a pattern unchanged since the 1970s. Less than 35% of visitors ventured beyond this route in 2003, reflecting short stays, a lack of marketing, and undeveloped tourism infrastructure.

Another reason for the apparent low number of arrivals is that visitors from Bangladesh and India are not recorded, making it difficult to assess the importance of intra-regional tourism in Bhutan. Industry perceptions are that an estimated 15,000 Indians visit Bhutan annually.

Tourist visits are concentrated in the high season, which includes March, April, May, September, October, and November. More than 80% of tourists arrive during these six months, leaving hotels, transport facilities, and other tourism infrastructure with very low capacity utilization rates during the other six months.

Table 13: Number of Visitor Arrivals in Bhutan by Nationality, 1996 to 2003

Nationality	1996	1997	1998	1999	2000	2001	2002	2003	Change 2002/03 (%)
United States	963	910	1,471	2,122	2,754	2,149	1,913	1,806	(5.6)
Japan	1,211	1,173	1,032	1,102	875	1,038	892	952	6.7
Germany	722	533	520	574	662	414	346	496	43.4
United Kingdom	358	642	686	646	595	681	519	605	16.6
France	331	229	366	236	399	287	192	288	50.0
Netherlands	131	234	370	362	359	180	197	179	(9.1)
Canada	57	89	82	149	194	197	166	121	(27.1)
Australia	71	121	64	131	179	138	214	165	(22.9)
Taipei, China	32	83	135	179	175	44	40	90	125.0
Italy	242	186	218	276	156	192	177	331	87.0
Spain	49	33	109	118	141	73	68	77	13.2
Switzerland	161	186	170	296	137	170	164	177	7.9
Austria	156	156	270	197	131	128	92	152	65.2
Belgium	77	75	95	107	95	76	22	104	372.7
Thailand	181	140	19	71	92	36	46	66	43.5
Others	396	573	596	592	615	590	546	658	20.5
TOTAL	5,138	5,363	6,203	7,158	7,559	6,393	5,599	6,267	12.0
TREK	1,851	746	1,343	830	926	468	357	438	23.7
CULTURE	3,287	4,617	4,860	6,328	6,633	5,925	5,242	5,829	11.2

Source: Government of Bhutan

The average length of stay is about 8 days, with the longest stays (23 days) recorded by special interest groups, such as bird watchers and religious study groups. Repeat visits are very low in number. There are 57 hotels in Bhutan with 1,013 rooms. A survey conducted in 2001 indicated that the hotel sector was employing over 1,000 staff, but about 180 of these were non-nationals. In 2001 there were 224 cultural guides and 87 trekking guides. About 50% of trekking guides are also registered as cultural guides, so there is a pool of about 263 cultural guides. Some are fully employed by tour operators; some are kept on monthly retainers and some work freelance. Cultural guides are licensed after a basic two-week entry-level training course. Overall professional standards are not considered high, especially in light of the advanced knowledge of many of the tourists. Nonetheless, guides are generally rated excellent for their cooperative, caring, and friendly attitudes.

4. Tourism Patterns in India

In 2003 India received a record 2.8 million foreign visitors, 15.5% more than in 2002. India's share of world tourist arrivals in that year, however, was only 0.38%, the same share as in the early 1990s. From 1995 to 2003 international arrivals in India grew at an average annual rate of 3.7%. The annual rate of growth during the 1999 to 2003 period, however, was only 2.7% (Table 7), in contrast to the world average of 3.3%. Whereas the PRC is now ranked among the world's top five tourism destinations, India still ranks around 40th. The past decade has been difficult for India, reflecting sanctions imposed by Western countries due to nuclear tests, and security concerns due to the war with Pakistan, the Afghan War, the Iraq War, the terrorist attack on India's Parliament, riots in Gujarat, and other developments. Since October 2002, however, there has been a revival in tourism, due to significant policy changes and increased commitment from the Government of India.

The length of stay for foreign visitors to India averages about 21 days, which is among the highest in the world. Consequently, India's share of world tourism receipts was 0.62% in 2002, or almost double its share of total world tourism visits. Tourism receipts (foreign exchange earnings) for

India amounted to \$2.9 billion in 2002 and \$3.6 billion in 2003.

The recent surge in the Indian economy has increased tourism. The number of Indian nationals traveling abroad surged to an estimated 5 million in 2003, up from 4.1 million in 2001. As noted earlier, India received over 300 million domestic tourism arrivals in 2003. A major inbound market for India is the significant population of persons of Indian origin (PIOs) with foreign passports, estimated by FICCI to number about 22 million and spread over 110 countries. Less easy to monitor are non-resident Indian (NRI) nationals, who also account for a very large volume of VFR and business traffic.

India's main source markets are Europe, South Asia and North America, which accounted for 31%, 26%, and 19%, respectively, of tourist arrivals in 2002 (Table 11). Bangladesh alone accounted for 436,000 tourist arrivals in 2002, or 18% of the total. The UK is also a significant market for India. Other source markets of significance include Sri Lanka, France, Japan, Germany, and Malaysia. New Delhi is the main port of entry; Kolkata accounts for less than 5% of arriving visitors.

As shown in Table 14, intra-regional arrivals in India from SASEC countries are increasing in importance, contributing more than 20% of all arrivals in 2002. The true number is likely to be much higher when overland cross-border traffic is included. Seasonality is not marked and tourism is spread fairly evenly throughout the year. One third of foreign visitors to India combine that visit with visits to other countries in Asia, notably Nepal. Culture is the main attraction for the non-business, non-VFR visitors, according to a DOT India exit survey.

Of particular relevance to the TDP, an average of about 35% of foreign visitors to India visit the 13 North, East, and North East, states (Table 7). In addition, these states received almost 90 million domestic visits in 2002, most notably to Uttar Pradesh and West Bengal.⁵

When only the eight North East states are considered, however, foreign arrivals are low, averaging only 19,000 annually over the last 5 years. In 2003 only 25,240 foreign tourists visited the eight

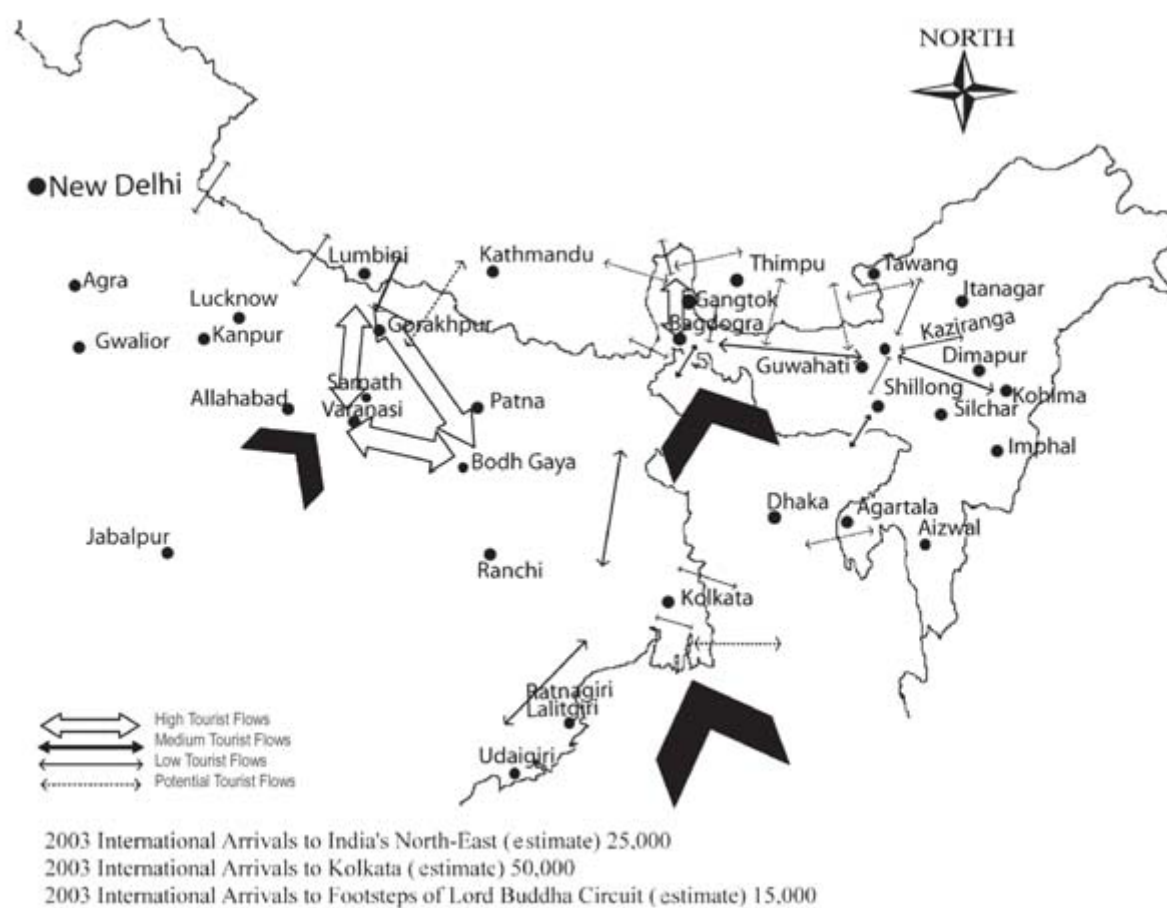
⁵ MOT. 2002. *Domestic Tourism Study*. New Delhi: Government of India.

Table 14: Number of Visitor Arrivals from SASEC Countries in India, 1997 to 2002

Country	1997	1998	1999	2000	2001	2002
Total Arrivals in India	2,374,094	2,358,629	2,481,928	2,649,378	2,537,282	2,384,398
From: Bangladesh	355,371	339,757	414,359	414,437	431,312	435,867
Bhutan	2,318	2,915	3,896	2,893	3,517	4,123
Nepal	43,155	38,199	25,859	38,801	41,135	43,056
Total SASEC Arrivals	400,844	380,871	444,114	456,131	475,964	483,046
SASEC as % of Total	16.8	16.1	17.2	17.2	18.7	20.3

SASEC = South Asia Subregional Economic Cooperation.

Source: Government of India.

Figure 3: Tourism Patterns in India

North East states, up 30% from 2002, but down dramatically from the 41,167 in 2001. This drop reflected declines in international arrivals in Sikkim, from 31,028 in 2001 to an estimated 7,800 in 2003. Sikkim's main international markets are Europe, US, UK, and Japan. Domestic tourism has been more stable to the North East, with just over two million domestic arrivals in the eight states in 2003. Sikkim is successful in attracting high-yield domestic market segments as well as trekkers, youth training groups, and adventure enthusiasts.

5. Tourism Patterns in Nepal

Total arrivals for 2003 are provisionally estimated at 320,000. During the first four months of 2004, air arrivals showed convincing growth of 48% over the same period in the previous year, with foreign arrivals registering 51% growth. Nepal's international visitor arrival numbers have fluctuated sharply over the past decade, however, and declined on average at an annual rate of 1.5% from 1995 to 2003. Arrivals peaked in 1999 at nearly a half million foreign visitors. But significant drops in 2001 and 2002 brought arrivals down to 1991 levels, with Indian visitors falling to less than half earlier levels, and foreign (third country non-Indian) tourist arrivals down by 43% during the same period. Recovery occurred in 2003, with growth of 23% in air arrivals and 16.2% in estimated total arrivals, fueled by growth in Indian arrivals. Nevertheless, tourism in Nepal remains vulnerable to the continuing uncertainties of the conflict.

Visitors by air from India traditionally account for about a third of all arrivals in Nepal. Table 15 shows the recent significant growth of intra-regional arrivals from SASEC countries. As can be seen in Table 16, other important markets for Nepal tourism remain Japan, Europe, and the US despite recent disruptions. Asia and the subregion represent significant emerging markets for Nepal, particularly the PRC. Asia grew from 51% of total arrivals in 1999 to 57% in 2002.

While news of the insurgency has of course had a negative influence on tourism, a number of recent events have had positive effects, including (i) the Mount Everest Golden Jubilee celebrations in May 2003; (ii) the opening of 50 new trekking peaks, 123 new mountaineering peaks, and 5 new rivers for

rafting; (iii) the issuing of free visas for SAARC and, PRC citizens; (iv) waiving the need for liaison/environment officers on restricted area treks; (v) promotions in Indian and Asian pilgrimage market segments, and; (vi) the availability of discounted package tours from India.

Holiday and pleasure are the main purposes of travel to Nepal, accounting for 40% of arrivals in 2002, followed by treks and expeditions at 22%, business at 6%, and pilgrimage at 5%. Visitors desiring treks, expeditions, and pilgrimage have been increasing faster than other market segments in recent years. Arrivals and length of stay suffered in 2002 when trekkers could not move around the country due to the security situation. Trekking since 2003 has been limited almost exclusively to Annapurna, Langtang, and Sagarmatha. The longest staying visitors are from Australia, Denmark, Canada, Netherlands, Switzerland, Germany, and the UK, with an average length of stay of 16 days, mostly for trekking. The overall average length of stay dropped from 12 days in 2001 to 8 days in 2002, but the majority of visitors stay for only 2 to 3 nights. Foreign exchange receipts from tourism more than doubled during the period 1991 to 1999 from \$59 million to \$168 million. Since then tourism earnings have declined with decreasing visitor numbers. In 2002 Nepal earned \$106.8 million from tourism, representing average spending per day of \$65. Rupee income from the significant number of subregional visitors is not counted in tourism foreign exchange receipts.

Visitors to Nepal mostly arrive by air (about 80%) at the country's only international airport in Kathmandu. Land entry points open for foreigners are at Sunauli, Kodari, Kakarbita, Mahendranagar, Birganj, Nepalganj, and Dhangadhi. NTB is establishing Tourism Service Centers at key crossing points along the Asian Highway in Nepal. Some 22% of all arrivals visit Pokhara, Nepal's second destination after Kathmandu, mostly by air from Kathmandu.

In 2002, Nepal had 37,616 beds in 943 hotels, 60% of which were in the Kathmandu Valley. The supply of hotel beds has far exceeded demand, resulting in low occupancy rates—less than 40% on average. Present hotel bed capacity could accommodate well over one million visitors annually.

Table 15: Number of Visitor Arrivals in Nepal from SASEC Countries, 1997 to 2003

Country	1997	1998	1999	2000	2001	2002	2003 ^a
Total Arrivals by Air	421,857	463,684	491,505	463,646	361,237	275,468	265,600
From: Bangladesh	6,206	6,004	10,003	9,365	7,742	5,507	4,049
Bhutan	1,129	1,078	1,608	1,454	1,523	1,426	–
India	133,438	143,229	140,661	95,915	64,320	66,777	87,066
Total SASEC Arrivals	140,773	150,311	152,272	106,734	73,585	73,710	91,115
SASEC as % of Total	33.4	32.4	30.9	23.0	20.4	26.8	34.3

SASEC = South Asia Subregional Economic Cooperation, – = no data available or not calculated.

^a Preliminary

Source: Nepal Ministry of Culture, Tourism and Civil Aviation and Nepal Tourism Board.

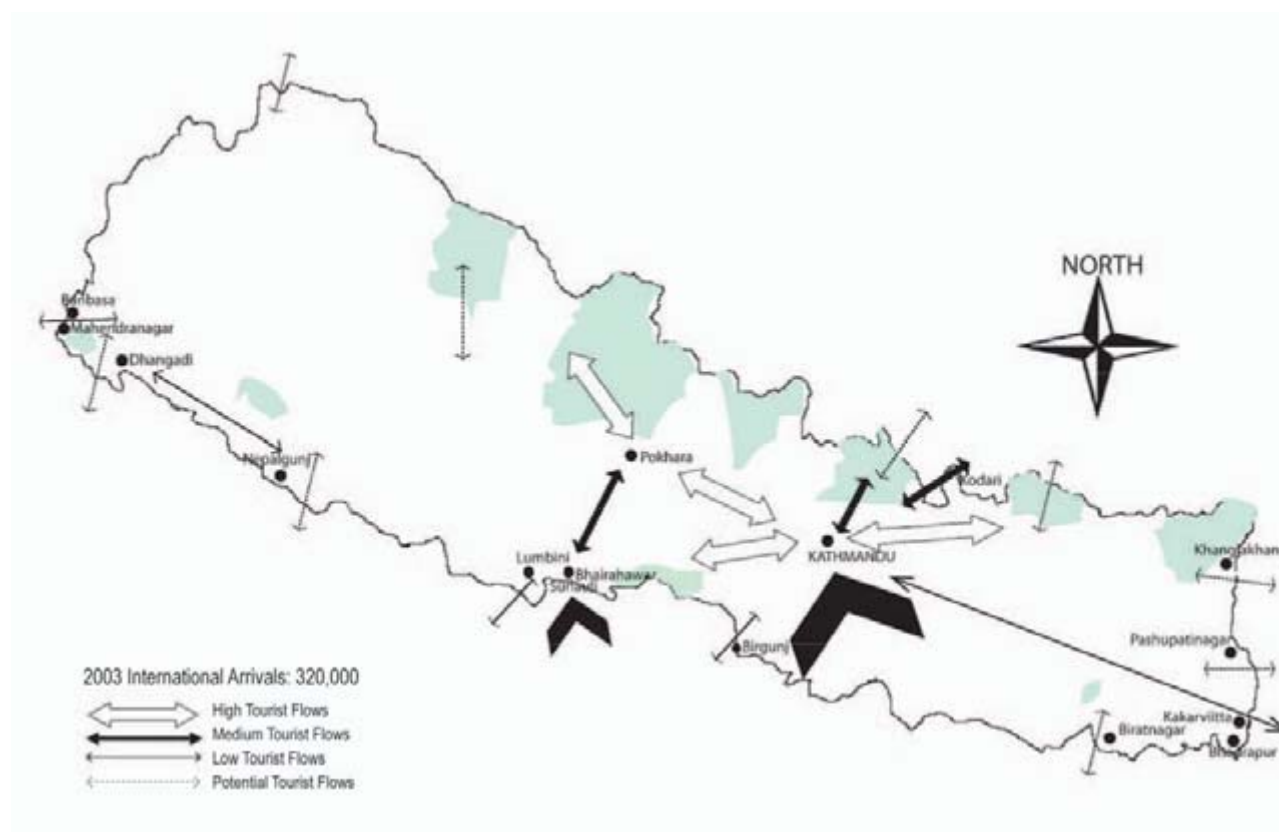
Figure 4: Tourism Patterns in Nepal

Table 16: Number of Visitor Arrivals in Nepal by Nationality, 1996 to 2003

Country	1996	1997	1998	1999	2000	2001	2002	2003 Air Arrivals Only	Change 2002/03 Air Arrivals Only (%)
India	122,512	133,438	143,229	140,661	95,915	64,320	66,777	87,066	33
Japan	28,923	35,038	37,386	38,893	41,070	28,830	23,223	19,551	9
United Kingdom	29,466	29,998	35,499	36,852	37,765	33,533	21,007	19,260	11
United States	25,155	30,056	35,902	39,332	40,442	32,052	17,518	16,675	8
Germany	24,963	22,374	23,862	26,378	26,263	21,577	15,774	12,648	0
France	19,913	21,573	21,992	24,490	24,506	21,187	13,376	13,213	26
Sri Lanka	5,758	4,021	11,031	12,432	16,649	9,844	9,805	924	(7)
Republic of Korea	5,255	5,543	2,786	5,098	8,880	11,568	8,798	–	–
PRC	–	–	–	5,638	7,139	8,738	8,715	4,418	27
Netherlands	8,718	9,214	14,403	17,198	16,211	13,662	8,306	5,641	5
Italy	10,258	11,034	12,864	12,870	11,491	8,745	8,057	6,190	5
Australia	9,720	10,227	11,132	11,873	12,189	10,455	7,159	6,060	5
Israel	6,477	8,143	7,538	7,412	8,078	7,411	6,286	3,597	3
Bangladesh	5,489	6,206	6,004	9,262	8,731	7,742	5,507	4,049	11
Spain	8,658	8,621	8,832	9,370	8,874	5,897	5,267	6,407	80
Thailand	4,855	3,499	3,280	5,917	8,709	5,312	4,694	–	–
Canada	5,480	6,245	7,136	7,578	8,590	7,068	3,747	3,603	20
Switzerland	6,961	10,630	6,644	8,431	6,230	5,649	3,352	2,859	8
Austria	4,163	3,986	4,603	6,377	5,221	4,164	3,140	2,620	7
Belgium	5,495	5,033	5,483	5,513	5,406	4,803	2,847	2,114	(10)
Malaysia	2,630	3,654	2,597	2,835	3,486	3,787	2,777	–	–
Denmark	4,454	4,322	4,781	4,577	4,847	3,854	2,040	2,014	9
Others	48,310	49,002	56,700	52,517	56,954	41,039	27,296	46,691	71
Total	393,613	421,857	463,684	491,504	463,646	361,237	275,468	265,600	23

PRC = People's Republic of China, – = no data available or not calculated.

Source: Ministry of Culture, Tourism and Civil Aviation and Nepal Tourism Board.



B. Tourism Development Agendas

1. Subregional Tourism Development

South Asia does not have a history of successful subregional cooperation in tourism. In January 2004, however, at the SAARC Summit in Pakistan, 2005 was designated South Asia Tourism Year. Additionally, the dramatic decision was taken to relocate the SAARC Tourism Working Group base to Sri Lanka. Tourism also featured prominently as a major component of the recent Plan for Regional Integration and Free Trade in South Asia, and the Islamabad Declaration states: "Development of tourism within South Asia could bring economic, social, and cultural dividends. There is a need for increasing cooperation to jointly promote South Asia as a tourism destination inter alia by improved air links."

The TOR for the SASEC TDP calls for building on existing policy, planning, and marketing priorities. Thus the foundation of the TDP is that

TWG will seek at all times to complement tourism activities in the four countries, as well as those initiated by SAARC and BIMST-EC.

2. Tourism Development Agenda of Bangladesh

a. Policy and Plans

The Industrial Policy of 1999 identified tourism as a Thrust Sector. Prior to that, the National Tourism Policy of 1992 recognized tourism's contribution to poverty alleviation. The beaches of Cox's Bazar and Kuakata along with the Sundarbans forest are to be established as Exclusive Tourist Zones. Eleven eco-parks have also been established across the country.

In 2003, the MOCAT examined the possibility of establishing a National Tourism Board, following the private-public partnership approach of Nepal's NTB. Ecotourism has been given high priority in the National Environmental Policy and in tourism policy and programs. Plans and priorities in the national Tourism Development Plan for 2003 may be seen in Table 17.

Table 17: Bangladesh Tourism Development Plan Priorities, 2003

Plans	Priorities	Responsible Institutions
Development of Sundarbans as ecotourism product.	Ecotourism.	Ministry of Environment and Forest, Ministry of Civil Aviation and Tourism, and Bangladesh Parjatan Corporation.
Sundarbans Biodiversity Conservation Project.	Sustainability aspects of the Sundarbans and alternate income generation for the people surrounding the mangrove forest.	Department of Environment.
Construction of a Marine Park and Ecotourism Development at St. Martin Island.	Sustainability of the Island.	Ministry of Environment and Forest and Ministry of Defense.
Establishment of an eco-park at Sithakunda, Chittagong.	Plantation of trees and conservation of flora and fauna—an ecotourism project.	Ministry of Environment and Forest.
Integrated Coastal Zone Management Plan.	Conservation and optimum uses of marine resources, enhancement of alternate livelihood, and poverty reduction and ecotourism.	Ministry of Water Resources, Water Resources Planning Organization, Project Development Office-Integrated Coastal Zone Management Plan, and Ministry of Civil Aviation and Tourism.
A masterplan was prepared in 1988 in which suggestions for the development of Buddhist relics sites were given.	Conservation of Buddhist relics and Buddhist circuit tourism.	Ministry of Culture, Department of Archeology, and Ministry of Civil Aviation and Tourism.

Source: Government of Bangladesh

To attract foreign and local investment, the Government has floated tenders for the establishment of 5-star hotels and other tourist facilities. In addition, the Bangladesh Parjatan Corporation (BPC) is now seeking to develop its vacant land on a build-operate-transfer basis, and management of hotels is being transferred to local and foreign investors on a lease basis in an effort to improve administration and financial management and to develop public-private partnerships. A strategy for developing the ecotourism potential of

the Sundarbans has recently been developed, including the leasing of accommodations owned by BPC to private sector entrepreneurs.

b. Marketing Strategy

Historically, the Government has not given high priority to tourism, and the industry has generally overlooked the importance of marketing. BPC was formed in 1973 as the national tourism organization to provide administrative and

regulatory support to the tourism sector and to engage in promotional activities. Due to funding constraints, however, it has been unable to achieve much in the area of marketing.

BPC has published brochures, CDs, and posters and established a website for international markets, but the material needs to be upgraded. A number of brochures have been published in Bengali for the domestic and Indian market. Initiatives have been taken to translate some brochures into Arabic and Japanese languages. Bangladesh attends international tourism events, such as the World Travel Mart in the UK, International Tourismus-Borse (ITB) in Berlin, the Travel and Tourism Fair (TTF) in Kolkata, Japan Association of Travel Agents (JATA) in Japan, and the PATA Travel Mart. As a member of BIMST-EC, Bangladesh is now taking part in joint marketing efforts with other member countries to develop tourism in the subregion.



c. Human Resource Development

Founded in 1974, the BPC's National Hotel and Tourism Training Institute (NHTTI) received technical and financial assistance from UNDP until 1996. The NHTTI has trained about 19,000 persons in six subject areas: front office and secretarial operation, travel agency and tour operation, food and beverage services, housekeeping and laundry operation, and bakery and pastry production. BPC is currently endeavoring to upgrade the school and international accreditation is being sought. Two private universities are now offering an internationally recognized four-year course in tourism: a Bachelor of Science in Tourism and Hospitality Management. The Department of Environment provides training in ecotourism to its staff and other relevant personnel.

Bangladesh, however, urgently needs to upgrade the hospitality sector by training trainers in tourism marketing, planning, and management. For ecotourism products, Bangladesh needs training in planning, site development, management, and conservation.

3. Tourism Development Agenda of Bhutan

a. Policy and Plans

Tourism is a priority sector in Bhutan's Ninth Plan 2003-2007. While the guiding policy will remain "high value, low impact," tourism growth is now actively encouraged as a revenue earner and rural employer. Tourist arrivals are projected to reach 15,000 by 2007, when gross earnings should exceed \$21 million and Government revenues from tourism are expected to reach \$8 million.

Ninth Plan goals relevant to tourism include:

- Assist in the diversification of the national economic base and stimulate other economic sectors through the multiplier effect.
- Develop and strengthen the private sector.
- Generate foreign exchange, increased incomes for the industry, and revenue for the Government.
- Increase jobs and employment opportunities in the sector.

- Facilitate appropriate development and growth of tourism infrastructure through active private sector participation.
- Increase awareness of Bhutan and its unique identity and generate international goodwill and positive public relations.
- Encourage and facilitate increased community participation in tourism activities.
- Improve tourism and travel related skills and knowledge through vocational training, education, and capacity-building programs.
- Generate awareness and commitment of all stakeholders to a pristine and unspoiled environment.
- Create an international image as a “high value, low impact” but value-for-money tourism destination.



Programs include strengthening the capacity of Bhutan's DOT with adequate manpower and financial resources, and preparation of a tourism development plan (masterplan) with assistance from the Austrian Government. Bhutan has a national ecotourism strategy that was published in 2002.

Government policy strategists are considering the benefits of higher number of tourists. Higher numbers would support improved hotel facilities and amenities. Diversified and enhanced tourism products could increase the average length of stay (currently 7 days) and encourage off-season tourist flows, thus contributing to employment, household income, and foreign exchange earnings.

Druk Air, the national carrier enjoys a monopoly servicing Paro, Bhutan's only airport, with connections to Bangkok, Dhaka (temporarily suspended), Gaya (seasonal), Kathmandu, Kolkata, and New Delhi. Druk Air's seat capacity will double with the acquisition of two Airbus 319s in late 2004.



b. Marketing Strategies

Some marketing functions have been devolved from DOT to the Executive Committee of the Association of Bhutan Tour Operators (ABTO), which receives some funding from the Tourism Development Fund. Cost-effective marketing strategies include:

- Establishing a high quality destination image.
- Reprinting popular existing brochures and developing new destination brochures, information leaflets and other promotional materials, and establishing a website.
- Participating in select tourism fairs and festivals as a platform for promotion and exchange with the private sector.

- Establishing information counters at Paro Airport and Phuentsholing.
- Joint marketing as a subregional agenda to help Bhutan gain a wider reach and help ease the financial burden.
- Tapping into intra-regional travel, especially the huge market in India, to help offset dependence on foreign travelers who are more sensitive to security and other problems in the region.
- Support of market positioning, product development activities, including
 - (i) preparation of a tourism resource inventory prior to the development of new products, and
 - (ii) enhancement of existing tourism products and development of new products, with an emphasis on culture, nature, and adventure using Bhutan's competitive advantages. Efforts will be made to encourage community participation.
- Construction of wayside amenities on all tourist sections of national highways.
- Development and promotion of existing trekking trails and related tourism infrastructure.
- Review of all tourism related public infrastructure and plans for their improvement.
- Standardization and certification of tourist accommodations, with special emphasis on developing eastern Bhutan.
- Investigation of the potential of a second airport in Bumthang, which would greatly facilitate travel to the east.

C. Human Resource Development

Because Bhutan seeks to position itself as a high value destination, human resource development is vital. The establishment of a Hotel Management and Tourism Training Institute (HMTTI) is an important priority to improve overall service standards, especially in view of the increasing number of unemployed youth in Bhutan.



Building local capacity and training guides are considered a priority in the industry. Together with HRD programs, improvement of tourist accommodations and related services will also be an important associated activity. Encouraging private sector investment in the industry is key to the Government's policy of making the private sector the engine of growth. With the recent arrival of two quality international hotel chains in Bhutan (Aman Resorts and Coma Hotels), training skills within the hotel sector will be upgraded.

4. Tourism Development Agenda of India

a. Policy and Plans

India's Tenth Five-Year Plan 2002–2007 set explicit targets for key indicators of human development. These are to reduce the poverty ratio by 5%, to provide additional employment and universal primary school education, and to increase the literacy rate to 75%. The Tenth Plan redefines the role of government in the context of a strong and vibrant private sector, and emphasizes the provision of infrastructure. Balanced growth among all states is emphasized. With regard to tourism, it targets 4.3 million international visitors by 2007. By 2010, India is targeting an ambitious five million international visitors and 400 million domestic tourists.

To achieve this, the Government has increased by five times the allocation to MOT during the Plan period. Economic liberalization policies have led to high growth and relaxed foreign exchange regulations, resulting in strong growth in outbound travel. The award winning "Incredible India" market branding has successfully positioned India as a top destination. Civil aviation liberalization, including charters, has improved regional access.

The objectives of the National Tourism Policy emphasize the following elements as key to tourism development:

- an institutional framework that is government-led, private-sector driven, and community welfare oriented,
- a deep-rooted relationship between tourism and cultural assets,



- sustainability as the guiding principle, and
- development of ecotourism in its broader context, and rural tourism as a means of employment generation, eradication of poverty, skill development, craft development, and environmental upgrading.

The Constitution of India clearly defines the responsibilities of the Government and the States within the country's federal structure through the Central List, the State List, and the Concurrent List. As tourism is a multidimensional activity, it is not mentioned in any of the Lists, resulting in ambiguity about the roles of the Center and State governments. There is a long-standing demand to make tourism a subject in the Concurrent List.

The institutional framework for tourism development varies from state to state. Each has a department of tourism that is either independent or combined with another department, and assisted in almost all states by a development corporation. Uttaranchal is the only state having a tourism development board with private sector participation. A few states such as Kerala have developed advisory councils for peoples' participation at product and grass-root levels, but most states lack such mechanisms. As part of ecotourism activities at local

Figure 5: India’s North East



levels, there is scope for applying the Rio sustainable development Local Agenda 21, which calls for global action involving local communities.

Government tourism development is financed through both the Plan Budget of MOT, and Plan allocation to the states directly by the Planning Commission. Recently, significant increases in funding to MOT reflect the priority being accorded tourism.

In 1998 MOT formulated its Ecotourism Policy and Guidelines, covering India’s ecotourism resources. The Policy also contains operational guidelines and delineates the responsibilities of government authorities, developers, operators and suppliers, visitors, host communities, and nongovernment organizations (NGOs). Some states, such as Uttaranchal, have formulated ecotourism guidelines to take care of their special features. Others focus on ecotourism as part of overall tourism policy, and have adopted the central guidelines. The eight states of India’s North East

receive a special development grant from the Government of India budget and are recognized as ecotourism leaders. Sikkim has won national environmental and ecotourism awards.

Among the various measures undertaken for ecotourism and the environment is the Himalayan Tourism Advisory Board, a consultative mechanism composed of experts that formulates coordinated, sustainable practices for the states of the Himalayan region.

b. Marketing Strategies

The general approach of the Government to tourism development is based on selective masterplans in designated areas. All the areas selected for development are relevant to ecotourism and Buddhist circuits. Five-fold increases in budgets for tourism promotion have enabled MOT to have a positive impact with its international and regional marketing activities, particularly its recent

highly successful and award winning “Incredible India” campaign.

In SASEC areas selected, the market positioning is: Eastern region: Buddhist circuit; Northern region: Himalaya; and North East Circuit: ecotourism and Buddhism.

Of the eight priority areas selected for promotional and product development activities in the Tenth Plan, six focus on ecotourism and product development: (i) cultural tourism, (ii) ecotourism, (iii) development of Himalayan tourism, (iv) adventure sports tourism, (v) development of ethnic tourism, and (vi) pilgrim and spiritual tourism.

c. Human Resource Development

The Tenth Plan and the National Tourism Policy 2002 state that employment generation is one of the main objectives of tourism. The National Tourism Committee Report (1988) mentions 26 sectors where employment is directly or indirectly affected by tourism, with hospitality, travel, and tourism having the most relevance to HRD planning needs. Other priorities need to consider both domestic and foreign tourists, the use of both direct and indirect employment opportunities, and specific needs to upgrade the quality of services.

India has well-established institutional arrangements for HRD, both for the hospitality

sector and the travel and tourism sector. Though the present capacity is primarily in the government sector, it is expected that by 2006 the private sector will account for 55% of tourism training.

In summary, the present state of HRD in tourism is:

- The National Council for Hotel Management and Catering Technology was established in 1982 as the country's apex regulatory and monitoring body for hospitality management education.
- Twenty-one Institutes of Hotel Management and Catering Technology all over the country offer three-year degrees in Hotel Management and diploma courses in a large number of other disciplines.
- Fourteen Food Craft Institutes provide craft-level training.
- IITTM was established in Gwalior in 1982 as the umbrella institution, with five chapters to “develop and promote education, research and training in travel and tourism.”
- The Indian Institute of Skiing and Mountaineering was set up in 1962 to provide training in adventure sports.
- The National Institute of Water Sports at Goa was established in 1990 to provide training in water sports and safety standards.



- The training of guides is controlled by government at three levels: regional-level guides are trained by the Central Government; state-level guides are trained by state governments; and local-level guides are trained under the control of the local administrations.
- Many Indian universities have travel and tourism management courses. A 1999 survey estimated that 13 universities and 45 colleges had tourism courses at post-graduate levels.

Despite this capacity for training, there is a mismatch between demand and supply, with a recent MOT survey estimating the need for 50% more trained personnel to meet the needs posed by projected increases in arrivals by 2005. The present HRD training also applies only to the organized components of the sector, i.e. accommodation and travel services. Indian tourism includes an enormous unorganized sector that supplies vital services to visitors without the use of trained personnel. DOT has a Capacity Building Program targeted at improving these services.



5. Tourism Development Agenda of Nepal

a. Policy and Plans

Nepal's Tenth Plan 2001–2006 recognizes the tourism sector's ability to contribute to the national economy through increased opportunities for income generation and employment. That Plan contains the following objectives:

- (i) promotion of the tourism sector with a view to achieving sustainable development and contributing to poverty alleviation,
- (ii) increase peoples' participation in the conservation of historic, cultural, religious, and archaeological heritage, and
- (iii) establishment of a standard airport and aviation service for domestic and international flights.

To achieve these objectives, the Tenth Plan has identified three priority areas: marketing and product development, tourism facilitation, and infrastructure development. Activities and indicators are delineated in Table 18, with their relevance to the twin themes of ecotourism and Buddhist circuit.

The Tenth Plan also set goals for Nepal tourism, some of which are quantitative:

- Achieve 7.2% annual growth in tourist arrivals with 516,000 visitors by 2006.
- Lengthen average visitor stay to 13 days.
- Increase foreign exchange earnings by 7.9% annually to \$205 million, with earnings better distributed to rural areas.
- Increase employment opportunities.
- Increase seat capacity on international flights.
- Enhance domestic tourism.
- Enhance the contribution of tourism to the economy by 3%.

The Ministry of Culture, Tourism and Civil Aviation (MOCTCA) oversees the implementation of these national objectives. NTB, a public-private partnership, coordinates all activities relating to product development, marketing, and promotion in national and international markets.



b. Marketing Strategies

The Government is keen to promote tourism as a source of foreign exchange income, employment, and poverty alleviation through the distributive effects of rural tourism. Market promotions position Nepal as “Mount Everest and More,” with a prominent focus on attracting regional visitors since the collapse of long-haul markets. Pilgrimage tourism is a feature of NTB’s recent promotions.

Strategies for regional promotion include free visas for tourists from SAARC countries and from the PRC (announced in July 2003), and for all tourists visiting Nepal for 3 days or less. A single entry visa fee of \$10 for 15 days is designed to appeal to Sri Lankan pilgrims visiting Lumbini. NTB roadshows and marketing activities in Japan and Thailand, and the recent production of a pilgrimage brochure and a Buddhist Circuits CD, promote Lumbini, Kathmandu Valley, Buddhist sites and the more remote attractions, such as Thyangboche Monastery and the Khumbu.

To encourage Hindu pilgrimage tourism from South India, discounted economy packages were promoted in 2003 with great success. There are good

prospects in other parts of India for the promotion of pilgrimage visits, as the Hindus of India consider visits to Pashupatinath temple in Kathmandu, Muktinath in Mustang and many other holy Hindu pilgrimage sites as spiritually important.

c. Human Resource Development

The Nepal Academy of Tourism and Hotel Management (NATHM) was established in 1972 as the Hotel Management and Tourism Training Center (HMTTC) under MOCTCA with support from UNDP and ADB. It has provided training in the hotel, travel, and trekking sectors to 17,300 students. Twenty-six private sector institutes have been set up to supplement the efforts of NATHM. In addition, the Council for Technical Education and Vocational Training (CTEVT) offers basic courses in hotel management at the Lete and Pokhara training centers.

Nepal is presently self-sufficient in tourism training. In order to upgrade the quality of services, however, there is a need to coordinate the quality and standard of courses offered by different institutes so that they can be termed “centers of excellence” in the subregional context.

Table 18: Nepal Tenth Plan Priorities, 2001 to 2006

Plans and Priorities	Activities	Immediate Indicators	Institutional Framework	Relevance to theme
Tourism marketing and product development.	Promotional activities focused in regional markets. Development and conservation of national heritage/ religious sites. Promote Ecotourism.	Increase number of promotional activities. - Follow World Heritage guidelines - National heritage sites developed and conserved. - Improve infrastructure and physical structures - New destination opened - Increase tourist activities in national parks and nature conservation areas.	MOCTCA NTB MOCTCA DOA NTB MOCTCA	Both Buddhist circuits Ecotourism
Infrastructure development.	Develop infrastructure and institutions for ecotourism. Manage solid waste and pollution. Manage air safety.	Air services at ecotourism areas. Enhanced Infrastructure and institutions for ecotourism developed. Dumping sites/ incinerators established. Air pollution standard improved. Strengthen air safety standards.	MOCTCA NTB MOLD MOLD Municipalities MOPE CAAN	Ecotourism Ecotourism
Tourism Facilitation	Simplify Immigration system. Expand transportation facilities for tourism. Accessibility of information. Promote quality of tourism services.	Visa issuing simplified. Domestic air services enhanced. Number of international connections and carriers increased. Tourism service standards strengthened and monitored.	MOH MOCTCA MOPPW NTB	Ecotourism

DOA=Department of Archaeology, MOLD=Ministry of Local Development, MOPE=Ministry of Population and Environment, MOH=Ministry of Home, CAAN=Civil Aviation Authority of Nepal, MOCTCA=Ministry of Culture, Tourism and Civil Aviation; and MOPPW=Ministry of Physical Planning and Works.

Source: National Planning Commission. 2003. *The Tenth Plan (2002-2006)* (Summary). Nepal.



C. Tourism Attractions

1. Attractions of the Subregion

The SASEC subregion contains the world's highest mountain, the eastern Himalayan range, the largest mangrove forest, the longest sea beach, internationally recognized biodiversity "hotspots," and unrivalled cultural diversity. It is uniquely well endowed with tourism resources, attractions and products that suit the ecotourism and Buddhist circuit themes.

The subregion, particularly Nepal and Bhutan, is internationally acknowledged as "ecotourism pioneers" and home to practitioners who have decades of experience, models, and case studies at their disposal. Examples include the Annapurna Conservation Area Project (ACAP), the Sagarmatha Pollution Control Committee, Bhutan's National Ecotourism Strategy, the current Tourism for Poverty Alleviation Program (TRPAP) jointly funded by DFID, UNDP, and the Netherlands Development Agency (SNV), and several award-winning private sector operators.

The subregion boasts many of the world's major Buddhist sites, particularly those directly associated with the life of Lord Buddha. These are the goals of pilgrimages from all over the world. In addition, the subregion's ancient monasteries, "sacred landscapes," and hidden valleys (*beyuls*) attract visitors interested in living Buddhism in the Himalaya.

2. Tourism Attractions of Bangladesh

a. Overview

Although visitor attractions in Bangladesh are not yet well known in tourism circles, Bangladesh offers some premier Buddhist sites. Additionally, there are sites with ecotourism potential, both in the Sundarbans and amidst the ethnic peoples of the Chittagong Hills.

b. Buddhist Circuits

The ruins of Paharpur Monastery lie 300 kilometers (km) (a 5.5 hour drive) north of the capital city of Dhaka, covering an area of 11 hectares. It is the largest known Buddhist monastery south of the Himalaya. Dating from the 8th century, this immense quadrangular monastery has 177 monastic cells enclosing a courtyard, and is dominated by a lofty central pyramidal stupa. A



cultural World Heritage Site, UNESCO has been providing technical and financial assistance to Bangladesh to implement a masterplan for its preservation. A site museum houses the finds excavated from the area.

About 2.5 hours (114 km) from Dhaka by road, Mainamati was the seat of a Buddhist civilization that flourished between the 7th to 12th centuries. Excavations on an isolated, 18 kilometer-long spur of a dimpled low hill range known as the Lalmai Mainamati Range have revealed 52 ancient sites dotting the hills, most of them Buddhist monasteries, temples, and stupas. Excavations have also yielded a rich collection of stones and bronze sculptures of Buddha, various gods and goddesses, coins, royal copper plate grants, terracotta plaques, jewelry, pots and pans, and other miscellaneous objects of daily use. These finds are on display at the site museum.

The 3rd century BC city of Mahastangar is the earliest documented urban civilization in Bangladesh, situated 240 kilometers northwest of Dhaka. “Mahastan” means “a great place.” This spectacular archaeological site with its fortified citadel is an imposing landmark in the region and was recently excavated by a Bangladeshi-French team. The ruins of this ancient city are spread over a semicircle of about 8 kilometers in radius. After its destruction by a great fire, this city was abandoned in the 15th century. Buddhist ruins, such as Govinda Bhita, the stupa of Gokul Medh, and the monastery of Vasu Bihara surround the fortified city.

c. Ecotourism Based on Nature and Culture

The 15th century Shaat Gambus Mosque at Bagerhat is a cultural World Heritage Site. This mosque with 77 domes is the most magnificent and the largest brick mosque in Bangladesh. The stately fabric of the monument, serene and imposing, stands on the eastern bank of a vast water tank. Khan Jahan, a saint ruler, laid the foundations of the affluent city of Khalifabad, now known as Bagerhat, in the middle of the 15th century, with the mosque at its center. Bagerhat is 368 kilometers from Dhaka.

Kantaji Hindu temple was built in 1752. It is located near Dinajpur town, which is 405 kilometers north of Dhaka. The temple is a three-story structure resting on a slightly curved and raised plinth of sandstone blocks. Unfortunately, all the ornate towers of the temple collapsed during an earthquake at the end of the 19th century. The temple walls are beautifully embellished with exquisite terracotta plaques portraying mythological stories from Hindu epics, as well as contemporary social scenes and scenes showing favorite pastimes.

The Sundarbans, the world’s largest mangrove forest, is situated on the coast of the Bay of Bengal in the southwest corner of Bangladesh. The area of the forest is about 10,000 square kilometers, of which 62% is in Bangladesh and 38% in the Indian State of West Bengal. Hundreds of rivers and canals intersect the Sundarbans, home of the world famous Royal Bengal Tiger. Spotted deer, barking deer, wild boar, rhesus monkeys, monitor lizards, estuarine crocodiles, and pythons can also be seen. A natural World Heritage Site, the Sundarbans contains 14 of the world’s 35 mangrove plant species. The best way to see the Sundarbans is from a cruise boat. Residents of the Sundarbans are not yet benefiting from tourism or contributing to its conservation, a challenge that must be overcome.

Thirteen colorful ethnic tribes live in the Chittagong hill tracts, part of the Arakan-Yoma range in southeast Bangladesh. One of the tribes, the Cooky, still maintains a primitive lifestyle. These people are Mongoloid. While some of them are animists, most are Buddhists and have built beautiful monasteries.

The longest unbroken ocean beach in the world is at Cox’s Bazar. This shark-free beach is 120 kilometers long and slopes gently down into the blue waters of the Bay of Bengal. The wide beach is endowed with golden sand and attracts more than 300,000 visitors annually, mainly domestic and Indian visitors. Cox’s Bazar is 422 kilometers by road from Dhaka, and 152 kilometers from the port city of Chittagong. It is also connected to Dhaka and Chittagong by air.

3. Tourism Attractions of Bhutan

a. Overview

Bhutan has a pristine environment with spectacular mountain scenery and a network of national parks with rare and endangered species. Its population is small, but its people are warm and friendly with a rich, living culture. Bhutan offers a unique tourism product.

b. Buddhist Circuits

Bhutan maintains a strong, living Buddhist tradition and culture. Its fortresses (*dzongs*), temples, and monasteries (*gompas*) are active institutions that also constitute the major tourism attractions of the country. Bhutan portrays living Buddhism in the Himalaya in a vibrant, flourishing way that is in keeping with the middle path philosophy of Lord Buddha's teaching. Traditional lifestyles outside of Thimphu are well preserved and offer an insight to Bhutanese culture. Local festivals and rituals are thriving and are big attractions for visitors. In more remote areas, good examples of these festivals and rituals may be seen in Jambay Lhakhang Drup and Ura in Bumthang district. Bhutan's DOT is presently making an inventory of local festivals in an effort to lengthen the season from the main *Tsechus* of Paro (March and April), Thimphu (September and October), and Punakha (January and February). Bhutan has strong appeal for visitors studying Buddhism and its values.

c. Ecotourism Based on Nature and Culture

The natural environment in Bhutan is exceptionally well preserved, with 70% of the land set aside as forest cover. Eight protected areas cover one quarter of the country. Bhutan's 13 approved treks are wilderness experiences with few villages and unclimbed peaks. Although the shorter treks, particularly the Jomolhari Trek and Drukpath, are the most popular, the Lunana Snowman Trek is the icon adventure product and defines the Great Himalayan Trail in Bhutan. The flora and fauna attract specialist market segments such as bird



watchers. Helicopters would make outdoor adventure activities, such as fishing, mountain biking, river rafting, and kayaking in remote areas more accessible for visitors. Mountaineering is not permitted in Bhutan.

A major resource for tourism is always the attitude of the host community, and Bhutanese generally view tourism very positively. Conservation of the natural and cultural environment will improve if locals are more actively involved in tourism benefits.

Complementary activities are becoming available, enhancing the visitor experience and improving the prospects for off-season tourism. These include museums, historic monuments, craft shops, and open-air markets, as well as music and dance facilities. Repeat tourism will also increase as Bhutan's tourism sector matures and broadens in scope.

4. Tourism Attractions of India

a. Overview

There is great potential for strong growth in tourism given India's unique endowments of biodiversity, forests, rivers, mountains, monuments, and culture. The challenges lie in successfully preserving and presenting these attractions in their authentic form, and making them accessible and appealing to domestic and international markets.



The National Tourism Policy of India outlines the nature of India's tourism product: wide variety, something for every season, tradition, civilization, and modernity. The core attractions work well with the SASEC themes and can be summed up as a unique cultural heritage, widely divergent biodiversity and ecotourism, and a spiritual experience unlike anywhere else.

b. Buddhist Circuits

All three aspects of the Buddhist circuit subthemes—Footsteps, Living Buddhism and Art and Archaeology—are most prominently present in India.

India has three of the four most holy sites in the Footsteps of the Lord Buddha circuit. Bodh Gaya is recognized as a World Heritage Site, with the magnificent Mahabodhi temple and many others. Sarnath, outside Varanasi, is hallowed as the deer park where Buddha preached his first sermon and set in motion the "wheel of the dharma." Kushinagar, the place of Mahaparinirvana, has remains of many monasteries dating from the 4th to 11th century. In addition, there are numerous holy places associated with the travels of Lord Buddha in the area, including Rajgir, Vaishali, and Sravasti.

Although data for visitor arrivals at individual monuments shown in Table 19 reveal some inconsistencies, it is estimated that about 50,000 domestic and 15,000 foreign persons travel the circuit annually, visiting four or more sites; many more visit individual sites when there are important

festivals and teachings. Tourism operators estimate that between 6,000 to 7,000 foreign visitors travel the circuit in packaged groups each year, the rest travelling as FITs. Analysis of arrival patterns at the Indian sites show that international tourist arrivals have been almost constant or declining marginally from 1999 to 2002, except at Bodh Gaya. Arrivals there have doubled since 2000, reflecting the development of nearby Gaya Airport. Some visitors arrive via Patna and Lucknow airports. Domestic tourism has been either constant or declining except for at Vaishali and Kushinagar.

Sikkim, Ladakh, and parts of Arunchal Pradesh have some of the most prominent examples of living Buddhism. Sikkim has 107 monasteries, four sacred caves blessed by Guru Rinpoche, the tallest statue of Guru Rinpoche, and 29 sacred lakes.

Some of the finest examples of Buddhist art and culture are to be found in the great Rumtek and Pemayangtse monasteries in Sikkim. The Tawang monastery in Arunchal Pradesh, situated at 3,400 meters, is one of the largest in India. Udaygiri (84,000 visitors in 2001), Lalitgiri (23,000 visitors), and Ratnagiri (8,910 visitors) in Orissa are examples of ancient centers of Vajrayana Buddhism that were prominent until the 12th century.

Buddhist traditions spread beyond the SASEC subregion to wider areas of India, covering states as far flung as Ladakh, Andhra Pradesh, Himachal Pradesh, and Tripura. Buddhist World Heritage Sites in Ajanta, Ellora, and Samchi supplement the attractions of the core Buddhist circuit.

Table 19: Visitors to the Footsteps of the Lord Buddha Sites, 2002
(Number of visitors)

	Domestic	International
Vaishali	85,084	15,065
Rajgir	624,301	16,182
Bodh Gaya	94,950	65,270
Kushinagar	181,346	11,067
Sravasti	60,500	15,200
Sarnath (2001)	2,097,246	123,639
Lumbini (Nepal)	80,000	28,000

Source: State statistics, site custodians and the Lumbini Development Trust, Nepal.

c. Ecotourism Based on Nature and Culture

The SASEC subregion of India is prime territory for ecotourism. India's national tourism policy states: "ecotourism should be made a priority tourism product for India with the focal points located in the Himalaya and North East States." The circuit selected for development in the North East by the Government has appropriately been called the Ecotourism Circuit and promoted as "Undiscovered Paradise". An MOT report sums up the North East product."

The rich natural beauty, serenity and exotic flora and fauna of the area are invaluable resources for the development of ecotourism. The region is endowed with diverse tourist attractions and each State has its own distinct features. These attractions and the people of the region constitute the tourism resources at large.

Ecotourism and adventure activities are suitable for many parts of India. Opportunities stretch from rolling hills of Darjeeling and Kalimpong, and Meghalaya—known as "Scotland of the East," to the high mountains in Arunchal Pradesh and Sikkim, and across the Dooars plains to the beaches of Orissa and West Bengal. Huge, swift-running rivers that are ideal for such recreation as white water rafting and fishing, intersect the entire region. Dams associated with hydro installations also offer water-based tourism possibilities. Darjeeling and Assam are household

names in much of the world, and there are opportunities to exploit this high profile and further promote tourism based on tea as an add-on for general interest markets. Sikkim recently received an award by Green Indicators 2004 as the state doing most to protect its natural heritage. Each year about 2,000 foreign trekkers enjoy 10 designated treks in Sikkim.

India is known worldwide for its extensive wildlife, flora, and fauna that have been attracting international visitors for decades. The mangrove forests of the Sundarbans World Heritage Site in West Bengal attract about 50,000 domestic and 2,000 foreign tourists annually. Other attractions include the tiger reserve of Manas with its golden langur monkeys, the rare hornbills in Nagaland, and one-horned rhinos in Kaziranga National Park. The latter received 15,988 domestic and 831 foreign visitors in 2003. A "necklace" of world class protected areas in India link the subregion, including Jaldapara, Kaziranga, Manas Kanchenjunga, Pabitora, and Jim Corbett National Park. Orissa has beaches where turtles breed after crossing thousands of kilometers of ocean.

India is also renowned for its incomparable culture and historic monuments. The Taj Mahal in Agra is India's and SASEC's single most popular attraction, drawing about two million visitors annually. The cultural mosaic and ethnic variety available in the country is an anthropologist's delight. India is a melting pot of

hundreds of tribes who preserve their heritage and blend with modern traditions in a unique way. Majuli in Assam is the largest river island in the world and also the seat of the great Vaishnavite culture. West Bengal has some of the fine attractions associated with their French and British heritage. There are strong ethnic links between the little known North East States and South Asia and Southeast Asia.

5. Tourism Attractions of Nepal

a. Overview

Nepal's major attractions are the majestic Himalayan Mountains, cultural and artistic treasures, its friendly people, spectacular pilgrimage sites, and some of the richest ethnic and natural biodiversity in the world. Almost 20% of Nepal's land is designated as protected areas, with the lowland Royal Chitwan National Park considered one of the world's best wildlife viewing experiences. Nepal is the world's only Hindu kingdom, and home of Lord Buddha's birthplace at Lumbini.



b. Buddhist Circuits

Lord Buddha Prince Siddhartha was born in Lumbini in 623 BC. Lumbini is situated in the lowlands of southwest Nepal, close to the Indian border at Butwal and Bhairawa. Lumbini is a major attraction of the Footsteps of the Lord Buddha Circuit. There are seven associated Buddhist sites nearby, including Tilaurakot Kapilavastu (27 km west), Niglihawa, Gotihawa, Sagarhawa, Arorakot, Kudan, and Ramagrama. The Lumbini Masterplan was designed by the Japanese architect Kenzo Tange and approved by UNDP and the Government in 1978. Administered by the Lumbini Development Trust, some of the infrastructure requirements in the Masterplan Area are still incomplete due to a lack of resources. There are a number of new monasteries supported by Buddhist countries. Although archaeological excavations are not permitted in Nepal, a special case was made at Lumbini, and a modern building now protects the site. This building is adjacent to the pillar erected by Emperor Ashok Maurya in 249 BC, which authenticates the exact spot where Queen Maya Devi gave birth to Lord Buddha. Lumbini is recognized in Nepal as being of great importance as a destination for both Buddhist and non-Buddhist visitors, but it has yet to realize this potential.

About 80% (85,000) of the 108,000 visitors to Lumbini are from India and Nepal. Of the 28,000 international visitors, 60% are from Buddhist countries such as Japan, Sri Lanka, Thailand, the Republic of Korea, and PRC. Many connect Lumbini



with other sacred sites in India and enter overland from India via the border crossing at Sunauli. Other visitors to Lumbini fly from Kathmandu to Bhairawa Airport, or drive via Chitwan or Tansen and Pokhara.

Of the 10 World Heritage Sites and monument zones in Nepal, 3 are dedicated to Buddhist culture: Lumbini, Bodhnath, and Swayambhunath. Many of these sites are sacred to both Buddhists and Hindus. NTB is promoting the 15 Buddhist pilgrimage sites in and around the 20 kilometer radius of the Kathmandu Valley as a major Buddhist circuit. Kathmandu is the home of Vajrayana Buddhism. Many new monasteries and centers of Buddhist learning in the Valley attest to the fact that Nepal is one of the most vibrant centers of Buddhism. In the northern Himalayan belt, Tibetan Buddhism of the Mahayana school is widely practiced, attracting visitors to spectacular mountain retreats and many monasteries, such as Mustang and Dolpa, and Thyangboche, Chiwong, and Thupten Choeling in Solukhumbu.

c. Ecotourism Based on Nature and Culture

Nepal's cultural attractions include Kathmandu Valley's unique palace squares and temples, thousands of shrines, arts, history, and hospitable mountain people. Bhaktapur, a *Newar* community, is a living model of community-managed urban conservation. Another feature of Nepal is the many colorful religious festivals that dot the calendar. The friendliness of Nepal's ethnically diverse people attracts many repeat visitors.

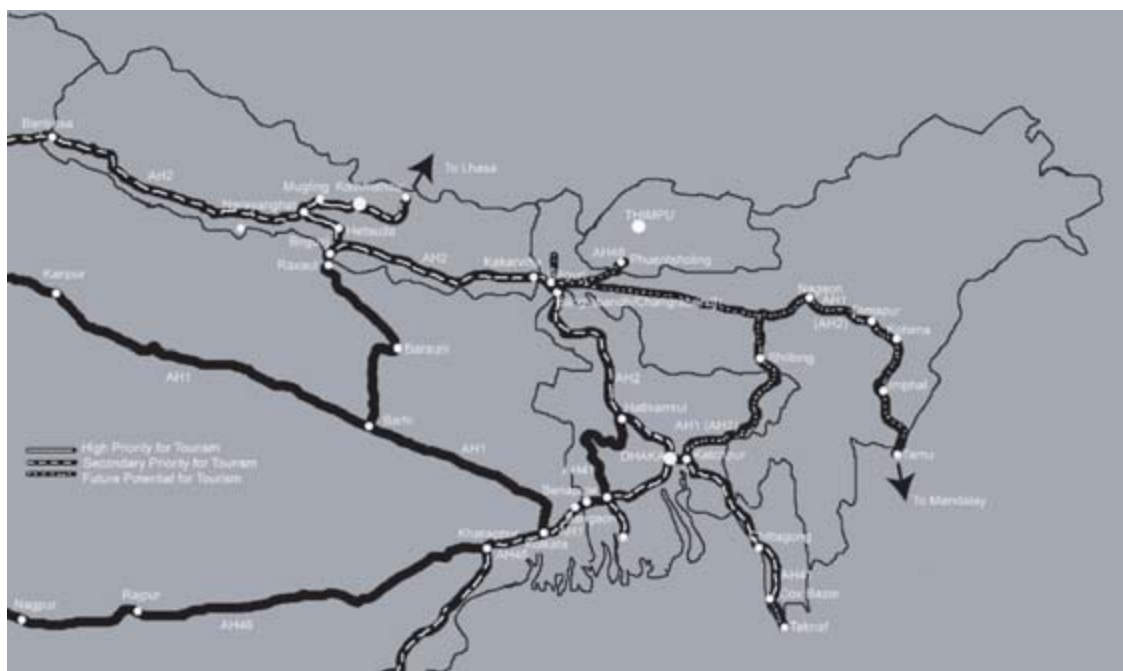


The Nepal Himalaya boasts 8 of the world's 14 8,000-meter peaks either within or on its borders, including Mount Everest, the highest of them all at 8,848 meter. More than 100 expeditions attempt to climb peaks every year. Trekking is the single largest market segment of visitors to Nepal. The record year was 1999, when over 120,000 trekkers visited the country. Nepal's experience as the "inventor" of Himalayan trekking since mid-1960s, and the numerous projects designed to spread benefits to local people, places Nepal as leader of the field; this is evidenced by its many ecotourism case studies.

Nepal is the only South Asian country to be ranked in the world's top ten best adventure tourism destinations. The Everest Base Camp trek is acclaimed as one of the best journeys of a lifetime. In addition to trekking and mountaineering, Nepal offers river sports, mountain biking, paragliding, and bungee jumping.

6. The Asian Highway in SASEC

About 4,500 kilometers of the Asian Highway connect the SASEC subregion from east to west and north to south. There are a number of sections of importance to subregional tourism along its network, providing access and linkages to gateways, interesting sites, and Key Area attractions. In general, the tourism sector of SASEC advocates continued advancement of the Asian Highway concept. Continued advocacy is required to promote new border openings and visitor services in areas of the Asian Highway.

Figure 6: Asian Highway Network in the SASEC Subregion

Stretches of the Asian Highway (AH) of current primary importance to tourism are:

- New Delhi to Agra (AH1), recognizing Delhi as a gateway and the Taj Mahal as a major SASEC attraction, and
- The north-south corridor linking Nepal with India, from Kathmandu to the border crossing at Raxaul/Birganj (AH2), to linkages via Narayanghat to Royal Chitwan National Park on the Footsteps of the Lord Buddha circuit.

Stretches of the Asian Highway of secondary importance for tourism include:

- east-west linkages from New Delhi via Banbasa to Nepal's Terai attractions and Narayanghat (AH2),
- the section from Kathmandu north to Lhasa in Tibet Autonomous Region (TAR), PRC (AH42),
- access from East Nepal through Kakarbita to Bagdogra/Siliguri in India and on via Banglabandh/Changrabandha to Dhaka, via Paharpur, in Bangladesh (AH2),
- kolkata south to the tourism sites of Orissa (AH45),

- kolkata to Dhaka (AH1), providing links to the Sundarbans Key Area via Mongla, and
- links from Dhaka to the tourism sites of Chittagong and Cox's Bazar (AH41), for regional visitors.

Asian Highway network sections with potential tourism importance in the future include:

- stilwell Road, from India's North East, linking Dimapur, Kohima, and Imphal with Mandalay in Myanmar (AH1/AH2),
- sections from Dhaka, Bangladesh to India's North East via Shillong, (AH1 AH2), when tourism flows improve,
- onward links from Bangladesh via Cox's Bazar and Teknaf into Myanmar (AH41),
- road improvements from Bagdogra/Siliguri via Phuentsholing to Thimphu (AH48),
- potential road improvements from Bagdogra/Siliguri north to Darjeeling and Gangtok, Sikkim, recognizing that the opening of the Nathu La into the PRC will increase trade and tourism traffic to Kolkata, and
- potential links from Bagdogra/Siliguri, opening up access to India's North East through the Dooars and Assam with improved roads.

D. Issues and Constraints

1. Subregional Issues and Constraints

Today's tourism environment is characterized by intense competition between the major international destinations, and competition is likely to increase. At the same time, there is greater recognition by almost all national governments of the importance of job creation, foreign exchange earnings, and the other substantial benefits associated with tourism. Despite an impressive range of attractions, the countries of SASEC are generally not achieving the full potential of benefits from tourism.

Security problems threaten tourism sustainability in Nepal and in parts of India and Bhutan. Bangladesh has a poor tourism image abroad. Bhutan's low tourism numbers are a reflection of its high-end tourism policy. Importantly, in the context of this Plan, all SASEC countries have significant infrastructure weaknesses, especially road, rail, air, electricity, water, sanitation, and telecommunications infrastructure. Similarly, all SASEC countries share concern about the standard of their tourist services, particularly customs and immigration procedures, health and hygiene facilities, attitudes toward hospitality, and the dearth of tourist information.

Recognition is now widespread that the barriers to visiting SASEC countries and the constraints to investing in their tourism industries

need to be addressed as a necessary complement to destination marketing. Border formalities, including visas and permits, are among the most significant barriers (Table 20).

Travel procedures can be exceptionally complicated and restrictive in much of the SASEC subregion for both international and intra-regional visitors. Specific complications include inconvenient currency restrictions between and within the four countries, lengthy processes and other entry formalities for some entry visas, requirements for Inner Line and Protected Area Permits (PAP) for Arunchal Pradesh, Mizoram, and Nagaland in India's North East, and trek permits and various other restrictions on internal travel. Some restrictions vary by nationality. For example, although visas for India are gratis for Bangladeshis, they are still restricted and difficult to secure. Of the four SASEC countries, only Nepal offers visas on arrival for international visitors and free visas to nationals from SAARC countries and from the PRC.

Visa and permit issues involve matters of national security. Western countries are now tightening their entry regulations in response to international terrorism. Consequently, it is not reasonable to assume that these issues can be resolved through tourism advocacy. For years TWG has failed to make much headway on visa issues despite their stated intentions. Priority should be given to the provision of better information and improvements in processing of applications. A recent BIMST-EC report on existing visa and entry formalities concluded that visas are

Table 20: Current Visa Requirements for Travel in SASEC Countries

From / To	Bangladesh	Bhutan	India	Nepal
Bangladesh	—	Gratis	Gratis	Gratis
Bhutan	Gratis	—	Not needed	Gratis
India	Gratis	Not needed	—	Not needed
Nepal	\$22	\$30	Not needed	—
Non-SAARC countries	Reciprocal	\$20	Various	\$30 to \$50

SAARC = South Asia Association for Regional Cooperation, SASEC = South Asia Subregional Economic Cooperation.



...necessary for safety, social and political reasons as well as immigration control. As such, it is not so much visa requirements that are the impediments. The problems lie in the availability of information about visas, the ease of issuance and the speed at which they are processed.

SASEC should be guided by this conclusion. The dissemination of accurate information by the travel trade and on official websites is critical to clarify the mysteries of SASEC travel processes.

The recent growth of regional and private airlines throughout the subregion is starting to address air access and connectivity constraints. This improvement needs to be matched by improvements in visitor facilities and services. Specifically, major improvements in wayside amenities for road travel are required in all countries. There are infrastructure problems at border crossings, compounded by surly officials and tortuous border processes. There is widespread perception that intra-regional visitors may be subjected to rudeness from taxi drivers, shopkeepers, and airport staff. Visitor information is lacking in all countries.

Concern about these impediments is widespread in the SASEC tourism industry. Solutions will not be found easily. A long-term program of action to gradually reduce impediments, remove barriers and improve connectivity between SASEC countries is required to coincide with improvements in destination marketing.

In summary, the major common constraints to tourism growth in the SASEC subregion include:

- (i) issues of security and safety,
- (ii) weaknesses in tourism infrastructure,
- (iii) deficiencies in tourist information and services, especially at borders, and
- (iv) the complexities of border formalities, including those for visas and permits.

2. Issues and Constraints in Bangladesh

The tourism industry in Bangladesh faces a number of constraints and problems, both national and international. A fundamental constraint on the industry has been the lack of interest in tourism shown by policy makers. Historically, priority attention has gone to other sectors, and tourism largely has been ignored. Another of the industry's most substantial obstacles is that Bangladesh is often projected in foreign media as a country of only floods and cyclones. Even the normal floods necessary for the country's agricultural sector generate negative publicity. This poor national image presented by the media affects adversely international tourism. The problem is compounded by the inadequacy of international promotional activities, resulting in poor awareness of Bangladesh's tourist products.

Visitor services in Bangladesh are also inadequate. The lack of information for tourists, especially about lesser-known ecotourism and Buddhist circuit attractions, is but one example. Wayside amenities on the main highways are lacking and urgently required, and infrastructure is inadequate in many other areas. While the road and airport network is not excellent, it is adequate to facilitate tourism movement. Accommodation and transportation facilities for foreign tourists, however, are inadequate. Infrastructure at the border posts used by tourists is very weak and seriously inadequate.

In 2003 the issuing of visas upon arrival was halted, thus stopping many international tourists from visiting the country. Further, the visa processing at Bangladesh missions abroad is expensive and often not tourist-friendly. Strict border and airport immigration and customs formalities hamper the tourist industry. There is a

shortage of skilled personnel throughout the tourism sector, in part due to the lack of adequate training facilities. Training is urgently needed for officials at border posts.

3. Issues and Constraints in Bhutan

The Government of Bhutan is concerned that large numbers of visitors entering the country could adversely impact Bhutan's unique and delicate cultural heritage. Environmental conservation is another concern. The current low volume of tourists reflects the high daily fee and government policy of encouraging high value, low impact styles of tourism. Backpacking styles of tourism are not desired. The tourism market is highly seasonal, contributing to low hotel occupancy rates (20%, on average), poor earnings, and modest standards of facilities, services and amenities. Bhutan has an unfocused destination branding, much of it created by travel agents outside Bhutan rather being the result of a cohesive strategy. A destination marketing and branding exercise is required to take charge of creating the desired destination image.

Poor air services and the poor state of the road network compound difficulties of access. Bagdogra in West Bengal, India has been identified as a potential international hub for the region that could service Bhutan, northern Bangladesh, and eastern Nepal, as well as serving as a gateway for North East India. Upgrading Bagdogra Airport to international status would also provide the opportunity for Bhutan's Druk Air to go regional and utilize increased seat capacity when its two new Airbus 319s arrive in late 2004.

European, North American, Japanese, and other foreign tourists are required to pay in advance \$200 per day for their visits (\$165 per day in the off season). Of this amount, \$55 accrues to the Government in the form of a royalty. Apart from visitors from India and Bangladesh, who may enter freely and are not recorded as tourists, visas for visitors from other countries are issued only in connection with packaged tours.

Security problems at the border with India have restricted access to parts of southern Bhutan. Tourism marketing is weak. ABTO and the private sector lack resources, and the Government generally plays a passive role. Visitor services are inadequate.



There is a lack of modern health services and general emergency provisions. Telecommunications services are weak and credit cards are not in general use, limiting bookings on the Internet.

Another constraint to growth of the sector has been Bhutan's conservative foreign investment policy. In 2001, however, the Government allowed for the first time two international hotel chains to invest in Bhutan with majority (60%) share holdings. This signals a more open policy to foreign investment as well as continued support for high-end tourism policy. Both hotel chains will offer high-cost (\$700-plus per night), high-quality service in facilities located across the country. Legislation necessary to create an environment conducive to investment is lacking. Contradictions in tourism policy discourage investment in tourism. An example of this is the moratorium on construction of new hotels and guesthouses recently imposed in Thimphu and Paro.

4. Issues and Constraints in India

The government has been slow in giving priority to the sector. Tourism products are poorly maintained and there is concern about safety and security. Further, the infrastructure is weak and taxation of the industry is high. Until the "Incredible India" campaign, marketing and information were inadequate. Exit surveys indicate that tourists rate facilities as [sic] average or poor.⁶

National Tourism Policy summarizes the main constraints as low government priority—recently

⁶ The Indian Express. 2004. 7 January.



(redressed to some extent)—the poor quality of environment around products, the quality of facilities and services such as roads and hotels, and security, safety, and health concerns. In a recent survey of 200 countries, WTTC found that India is not among the most competitive tourist destinations in terms of price, openness, infrastructure, technology, human resources, and social development. In fact, India does not compete with such countries as Laos PDR, Gambia, the PRC or Indonesia in terms of price due to the lack of low-priced, good-quality rooms.

In quality of infrastructure, WTTC ranked India 89th worldwide, significantly behind leaders like Australia, Sweden, and Canada. A great deal needs to be done to improve tourism infrastructure. An example is tourist road travel in India, where there are three main difficulties: low quality driving experience, lack of wayside amenities, and lack of facilities for tourists at borders. Other areas of concern highlighted in the survey were visa

requirements, taxes on international trade, and the impact of tourism on human development.

India's Tenth Plan admits that initiatives taken by the state have so far failed to yield the desired results. India's share of international tourist arrivals is only 0.38%. Training capacity in the hospitality and travel sectors remains inadequate to meet the HRD needs created by increased tourist arrivals, and public awareness of the benefits of tourism continues to be inadequate.

Air connections between attractions are improving, but remain a constraint. While state capitals are connected, tourist destinations are often very difficult to access quickly. While some parts of the Buddhist Circuit may be accessed via Gaya Airport, for example, onward air links to other parts of the Circuit are limited.

Tapping the vast tourism potential in India's North East region and reversing current negative trends is dependent on enhanced relationships with the mainstream Indian travel industry. Rules governing the Protected Area Permit (PAP) need to be better understood by the travel industry, and the process needs to be liberalized in order to attract more than the current low level of international visitors to the eight states of the North East.

Attempts are underway to rationalize, at both central and state level, all of the legislation and regulations relating to tourism, environment, forest, ecology, and wildlife. It is reported that there are as many as 70 of these at the Center, many promulgated before independence. Tourism operators report that the complexity of the legislation is a constraint to development.

Improved travel connections are vital to attracting international visitors and to realizing the huge potential for domestic tourism, an estimated 2.1 million visitors in 2003. Under the new industrial package for the North East, the Government has sanctioned eight road and bridge projects under the North East Council with a total outlay equivalent to over \$57 million. It has also cleared construction and extension of existing highways, covering a total of 1,962 kilometers. A sum equivalent to more than \$22 million has been earmarked for these highways. A follow-up equivalent to over \$2.2 billion, dedicated to socio-economic development of the North East and Sikkim, was announced in 2000.

5. Issues and Constraints in Nepal

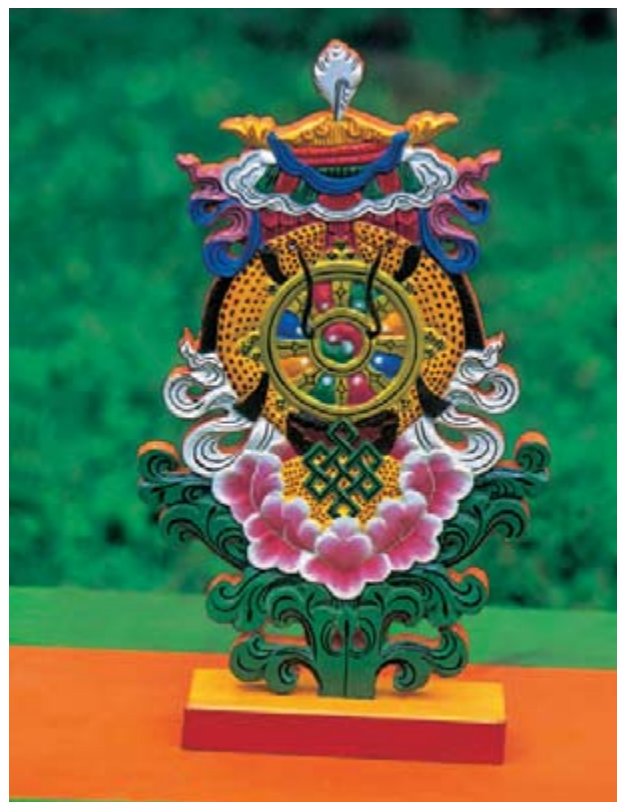
Security concerns are the main constraint to expanding the tourism industry in Nepal. The Maoist insurgency, the Palace incident, and subsequent political upheavals have generated an unfavorable image for Nepal, even though tourists have never been targeted in the conflict. Many governments have issued advisories recommending their nationals to avoid travel to the country. Strikes and demonstrations disturb visitors' movement. High-end travel to Nepal has declined, with the result that revenue from tourism has fallen in the face of the recent strong recovery in tourism numbers. Tourism activity in Nepal is now limited by the security situation to the traditional circuits of Kathmandu, Pokhara, Lumbini, and the protected areas of Chitwan, Sagarmatha, and Annapurna. New trekking routes and cultural and Buddhist circuits need to be developed to diversify the product and attract new market segments and repeat visitors.

Kathmandu has become a major air hub of South Asian tourism and a gateway to Lhasa and Bhutan. Despite recent political uncertainties, Kathmandu hosts many regional headquarters, such as ICIMOD, UNICEF, and SAARC. With direct air access from Pakistan, the Middle East, Europe, and Japan, Nepal's liberal open skies policy is likely to contribute further to consolidating its regional position. Nepal's poor aviation safety record, however, has raised the concern of the traveling public and the tourism industry.

The weakness of the national carrier, Royal Nepal Airlines (RNAC), has hampered the tourism industry. At present, 12 international airlines connect Kathmandu to 22 cities from Amsterdam to Osaka with 88 flights and 18,619 seats weekly. This represents a decline from 15 airlines connecting 26 cities with 91 flights and 18,914 seats in June 2000. Nepal currently holds air agreements with 33 countries. A 20% rebate on landing fees at Kathmandu's international airport (30% at domestic airports) was announced in 2003 to attract more flights. PIA resumed services from Karachi in January 2004, Qatar and Gulf Air increased flight frequencies, and Thai International expanded its daily capacity with larger aircraft. Air Sahara from India and three Nepali airlines (Necon Air, Shangri-la and Cosmic Air) are planning regional routes.

The limited national road network has placed heavy dependence on air transport for visits to Nepal's interior. Currently seven airlines provide regular domestic service to 32 of Nepal's 45 airports, and helicopters service over 125 airstrips in the remote mountain regions of the Himalaya. Low fares to rural airstrips undermine airline viability in some areas. The majority of regional visitors uses surface transport, but is constrained by poor road conditions and disorganized border facilities. Driving a vehicle cross-border requires special permits from Nepal and India. Tourism operators report that this constraint discourages them from packaging and selling Nepal-India cross-border itineraries, such as extending the Footsteps of the Lord Buddha circuit to Kathmandu.

Other constraints include under-resourced marketing and promotion, weak infrastructure (airports, roads, hospitals, and communications), pollution in Kathmandu, environmental degradation, the high level of illiteracy, and the poor quality of services. HRD is needed to enhance quality and competitiveness. Seasonality is still a problem, with severe under-utilization of hotels during the June to September monsoon period.





STRATEGIES FOR SUBREGIONAL COOPERATION IN TOURISM





A. Previous Decisions of TWG

The strategic decisions made by TWG at its third meeting in New Delhi on 30–31 July 2003 are outlined below.

On the need for a SASEC Tourism Development Plan, TWG agreed that:

- Project proposals need to be integrated into a subregional plan.
- Stand-alone tourism projects should be included in country programs, while projects that involve subregional cooperation should be considered under the SASEC program.
- A masterplan is not needed. Any further planning should build on existing masterplans available within each country.
- Planning should identify and develop bankable projects and sources of funding.
- The planning exercise should result in a roadmap and timeframe for implementation. Consideration should also be given to a development finance facility/fund to foster private sector participation in SASEC tourism initiatives.
- The resulting plan should
 - (i) build on previous TWG reports,
 - (ii) integrate existing national and state plans and priorities,
 - (iii) establish a thematic framework for future development,
 - (iv) help set the TWG agenda,
 - (v) outline an implementation program, and
 - (vi) present an action plan for promoting subregional tourism in South Asia.

On the basic strategic objectives for subregional cooperation in tourism, TWG agreed they should

- develop a cooperative spirit among the tourism industries of the subregion,
- contribute to sustainable economic growth,
- use ecotourism as a tool to reduce poverty,
- generate employment opportunities, and
- facilitate private sector investment in tourism.

On marketing themes, TWG agreed:

- The previous theme of “Experiencing and Discovering Spirituality of SASEC Subregion” theme could be misunderstood.
- NTOs should cooperate to develop complementary products, and focus on the need to offer different experiences to potential tourists.
- There is a need to identify unique and differentiated products (“only in South Asia”).
- Subregional tourism development planning should start with two common programs:
 - (i) Ecotourism based on Natural and Cultural Heritage, and
 - (ii) Buddhist Circuits.
- SASEC is not appropriate as a “brand”, and “South Asia” (or other appropriate names) will be used instead. While the initial effort will be confined to four countries under the SASEC program, other countries in South Asia (for example, Sri Lanka) may be included at a later date.

On target markets, TWG agreed that

- long-haul markets should be kept in mind for the long-run,
- development of essentially the same infrastructure will be needed for both short-haul and long-haul tourism markets,
- a blend of numbers and yield targets is needed,
- growing economies are in the short-haul markets, with easier access and better connectivity, and
- branding is an important aspect of targeting.

On overall priorities for tourism development projects, TWG agreed they should

- improve access and facilitate travel by air, road, rail, and river,
- pursue joint destination marketing,
- stimulate new product development,
- build on previous successful projects, and
- mobilize resources for implementation.



Resources from the private sector will be a key factor, and efforts should be made to work with other partners, such as NGOs.

On the need for a regional tourism forum similar to the Mekong Tourism Forum, TWG agreed that:

- To be successful, such a forum needs to have regular participation by all governments and NTOs at a high level, by key players in the tourism industry, and by international buyers.
- Alternatives should be considered, such as industry and media links through an event associated with each TWG meeting. SASEC could be presented at international travel trade events. Initially, associating with an existing event could do this.

On the need for a SASEC secretariat, TWG agreed:

- A SASEC secretariat should not be perceived as competing with the SAARC secretariat. Instead, a beginning should be made by
 - (i) using joint marketing initiatives, with India in the lead,
 - (ii) identifying other activities needing coordination,
 - (iii) identifying a nodal person in each country for coordination,

- (iv) seeking financial authority for annual contributions as needs grow, and
- (v) using the proposed ADB-financed TA to support coordination.

B. Core Strategic Directions

After listening to the Planning Team's analysis and recommendations at its fourth meeting in Bhutan on 26 May 2004, TWG adopted the following four catchwords to express its immediate strategic approach.

CONVERGENCE. TWG will operate by finding convergence of interests among stakeholders rather than by imposing a subregional agenda.

CONNECTIVITY. TWG will be an advocate better connectivity between SASEC countries as a means to foster tourism linkages.

COORDINATION. TWG will advocate partnerships between the public and private sectors of the subregion's tourism industries as a means to coordinate tourism development.

CONSERVATION. TWG will ensure conservation of the authenticity of the natural and cultural resources on which tourism is based.

The sources of ideas for the subregional programs and projects contained in the SASEC Tourism Development Framework (Section V) were (i) the previous decisions of TWG listed above, (ii) the results of the national and subregional workshops, (iii) the Planning Team's analysis of common elements in the four tourism development agendas, as summarized above, and (iv) the Planning Team's macro-view assessment of the SASEC tourism sector's needs.

It is in the nature of subregional cooperation that a rigid structure of overall goals and objectives is not appropriate. Tourism sector goals and the objectives of the individual countries should take supremacy. TWG must be free, at each meeting if necessary, to find a new consensus among

participating countries. Only at the project level should goals and objectives be fixed.

Nevertheless, it will be an advantage if TWG evolves over time a firm sense of collective strategic directions. To assist this process, the initial projects in the Framework are grouped into programs. These programs are envisaged as long-lasting strategic thrusts. Whereas individual projects will be conceived, implemented, and completed, the programs will go on.

C. Broad Strategies

Underpinning the selection of programs are some broad strategies that evolved out of the Planning Team's analysis of individual country agendas. They are suggested as common threads on which to base TWG programs that explain the rationale for the SASEC Tourism Development Framework. It is envisaged that TWG will regularly revisit and fine-tune these statements.

1. SASEC Tourism should be Sustainable and Contribute to the Reduction of Poverty

This is a foundation strategy that all SASEC countries share. TWG's primary challenge is to develop and implement subregional projects that will promote tourism growth, while at the same time ensuring pro-poor results and meeting the criteria of sustainability. In this regard, TWG will be conscious of the styles of tourism that it promotes. In the first instance, ecotourism based on natural and cultural heritage and tourism based on Buddhist Circuits are appropriately pro-poor focused, and can be sustainable if well managed.

2. Branding should focus on SASEC's Products and not on the Subregion Itself

This strategy is supported by all four countries. There is strong agreement that joint marketing should focus initially on two product themes: Ecotourism based on Natural and Cultural Heritage, and Buddhist Circuits. SASEC programs based on these product themes should be

integrated, in the sense that marketing and product development is linked and combined. Other product themes may be added in future.

3. Joint Marketing will be Initiated before Introducing Measures to Ensure Product Quality

There is broad agreement to first initiating joint marketing activities before seeking consensus on product quality. A mutual concern for product quality will evolve naturally once the four countries start joint marketing. Work on subregional product quality control measures, such as codes of conduct and subregional tourism development guidelines, should start immediately, but implementation should follow rather than lead joint marketing.

4. Reposition the Subregion as a Tourist-Friendly Destination

There is a widespread concern that tourist source markets perceive SASEC as a "difficult" destination, and this impression needs to be overcome if tourism is to grow. In addition to marketing programs promoting SASEC's products to niche markets, other programs should aim at facilitating travel through such means as streamlining and simplifying visa and other border procedures, improving general security and transport safety, and improving public tourism services—such as customs, immigration, and tourist information services.

5. Facilitate the Development of a more Competitive Tourism Industry

The individual tourism industries of the four countries must become more internationally competitive. TWG should work to raise tourism industry standards in the subregion. This can be achieved through human resource development in the industry and in associated public services. Fostering private-public sector cooperation, reforming tourism regulations, and facilitating technology transfer through associations with foreign operators will also help. Encouraging investment, including foreign direct investment, is

essential in this regard, as are facilitating dialogue between tourism and other sectors, improving banking and credit card services, and enabling “on line” booking through the Internet.

6. Improve Tourism Links with Neighboring Countries

There is widespread enthusiasm for intra-regional tourism, particularly in light of recent major fluctuations in inter-regional markets. TWG programs should emphasize intra-regional tourism by building on flows from growing regional markets (e.g. India, Thailand, and the PRC), and through cooperation to improve regional information flows. Increasing the number and status of international border crossings, developing networks to identify best practices, promoting cross-border packages, and linking infrastructure planning with tourism development (e.g. road amenities, view points) will also contribute to expansion of intra-regional tourism.

D. Additional Principles

The programs and projects included in the SASEC Tourism Development Framework set TWG on a course to follow the strategic directions outlined above. Over time TWG will develop and clarify these strategic directions.

TWG will be open to the introduction of new projects by interested stakeholders. Appendix 5 contains an example format for submitting project ideas to TWG. The primary criterion for accepting a project idea will be adherence to the strategic directions outlined above. TWG will regularly update its SASEC Tourism Development Framework, integrating selected new projects.

Several other criteria are needed to facilitate the TWG process for selecting projects. The following criteria, based on procedures adopted by subregional groupings elsewhere, are suggested. Once again, TWG should adjust these criteria as they see appropriate.



- (i) SASEC tourism projects should benefit two or more member countries (the “two plus” criterion).
- (ii) Consensus should apply, or there should be at least a no objection agreement from all countries.
- (iii) Community participation should shape all area-based projects and contribute to the implementation process.
- (iv) Projects should contribute to cultural understanding and harmonious relations among SASEC countries.
- (v) Projects should emphasize practical pro-poor results and sustainability.
- (vi) Projects should make maximum use of national tourism-related infrastructure (e.g. roads, airports, etc.).
- (vii) Financing of tourism-related subregional infrastructure investments should be based on the share of benefits, and not simply on national costs.
- (viii) Tourism projects should be fully integrated with subregional initiatives in other sectors, especially transportation and environment.
- (ix) Subregional tourism projects should be consistent with SAARC goals and objectives.

SASEC TOURISM DEVELOPMENT FRAMEWORK





A. Structure of the Framework

The programs of the Tourism Development Framework are divided into four categories. This tiered structure has been devised to make the nature and focus of each program as clear as possible.

1. Generic Programs

Generic, or crosscutting, programs are based on common, ongoing elements in the tourism development agendas of the four countries. They provide the essential rationale for ongoing subregional cooperation in the medium to long term.

Program 1: Coordinated Marketing. While most marketing activities will continue to be undertaken by the individual NTOs, developing a routine of coordinated marketing is in the interests of all four countries. In some instances, coordinated marketing will extend to joint marketing on agreed common themes. Initially, the focus will be on promoting ecotourism and Buddhist circuits, and fostering intra-regional travel.

Program 2: Enhancing Product Quality. Once the four NTOs start marketing together, a natural consequence will be stronger common interest in each other's product quality. Such interest is not yet strong. This program should evolve over time as mutual trust and confidence grows.

Program 3: Facilitating Travel. All NTOs and national tourism industries see value in subregional efforts to facilitate cross-border tourist travel. There is also agreement that a subregional approach to cross-border issues will complement bilateral approaches. Few border issues are under the immediate mandate of the NTOs. One driving rationale of this program will be that NTOs should collaborate to develop means of convincing other government agencies to act on cross-border issues important to tourism. All programs will build on SAARC's initiatives in this regard.

Program 4: Developing Human Resources. The lesson from past experience is that subregional support for national level training is likely to be more successful than seeking to enforce subregional training standards and curricula. Tourism training institutions in all four countries, both public and private, have expressed the need for development assistance. Training for non-tourism personnel who are on the front line dealing with visitors is also important.

2. Programs Focused on Product

These are programs for the medium term. They will include projects designed to enhance existing cross-border tourism products or develop new products. They will be integrated, in that they will link marketing with product development. Initial projects are based on the TWG themes of ecotourism and Buddhist circuits. Later, other themes may be added. Joint efforts on product-focused development planning for the two initial themes will provide frameworks for the development of national projects. These programs will support and further enable private sector operators who have been packaging and selling combinations of SASEC countries for decades. The programs will balance response to market demand with recognition of the need for careful resource management and involvement of local people in tourism benefits to ensure long-term sustainability.

Program 5: Developing Ecotourism based on Nature and Culture. Marketing and product quality are key elements in the rationale for a medium-term, integrated program to develop ecotourism based on nature and culture. Three integrated (i.e. marketing coupled with product development) planning projects are envisaged, based on subdivisions of the main theme. If successful, these will proceed into phased implementation. An important component of this program is advancing professional standards in ecotourism in South Asia, with the aim of making leadership in this field into a comparative advantage.



Program 6: Developing Buddhist Circuits. Marketing and product quality are also key elements in the rationale for a medium-term, integrated program to develop Buddhist circuits. Three integrated (i.e. marketing coupled with product development) planning projects are envisaged here also, again based on sub-divisions of the main theme. The program builds on the strong interest in Buddhist circuits in source markets and the marketing momentum of individual NTOs. The sub-themes recognize the different types of Buddhist pilgrims who are attracted to the region, and the projects seek to expand the current markets and attract new market segments in the future.

3. Programs Focused on the Private Sector

The private sector propels the tourism sector and must be central to subregional cooperation. There are consequently two main thrusts to this program: first, enabling the private sector, and second, fostering public-private partnership. Projects in this program will be designed to foster the private sector as a means of promoting growth in tourism. In the early stages, projects will be aimed at actively engaging the private sector with TWG.

Program 7: Enabling the Private Sector. This program will aim to overcome barriers to private sector participation in tourism. While an early conclusion is that the subregion is not overly constrained by lack of financing, establishment of a Tourism

Development Fund is suggested as a means of targeting assistance to the private sector for the rapidly expanding rural tourism associated with ecotourism and Buddhist circuits. A second element of the program will be fostering public-private partnerships in the marketing and development of SASEC tourism.

4. National Projects in Key Areas

The need is emerging for combining and coordinating national projects. For this reason, the SASEC Tourism Development Plan outlines national project ideas listed under Key Area headings. TWG will maintain an active interest in the development of Key Areas. While most tourism development projects in Key Areas will be implemented on a national basis, TWG will from time to time initiate joint (bilateral or multilateral) projects aimed at promoting coordinated tourism planning.

Program 8: Key Areas. Key Areas are conceived as focal areas for tourism sector development arising from TWG programs fostering subregional growth in tourism. Key Areas must overlap at least two countries of SASEC. The Key Areas approach has strong support in all four countries. The selected Key Areas have been identified as having cross-border elements and tourism potential of subregional significance, especially for ecotourism and Buddhist circuit products. Development in some Key Areas is feasible now. For others, radical



changes in security, access, and permit procedures will be required. TWG will maintain a simple tourism development concept plan for each Key Area and will guide and monitor national developments in these areas.

B. Generic Programs

1. Program 1

Coordinated Marketing

Project 1.1. *Joint Marketing to Brand and Promote Ecotourism and Buddhist Circuits*

Rationale

Joint marketing presents the strongest rationale for subregional cooperation in tourism. The desire to brand and promote ecotourism and Buddhist circuit products is shared among all four NTOs. While most marketing activities will continue to be undertaken by the individual NTOs in accordance with national strategies, it is widely accepted that joint marketing on these two product themes will produce a whole greater than the sum of the parts. Accurate positioning and a strong

brand identity for these product themes will make a significant contribution to subregional tourism growth. Providing accurate information to the world travel industry will help overcome security concerns in the market place.

Branding and promotion will focus on the two product themes and not on the subregion itself. Wherever a locator is necessary, "South Asia" or "Eastern Himalaya" will be used rather than "SASEC", thus complementing other regional initiatives, e.g. those of SAARC. Branding and promotion will be aimed at increasing awareness in the regional and world travel industries of the ecotourism and Buddhist circuit attractions of the subregion. Marketing activities will brand the subregion as a premier Ecotourism Pioneer and Buddhist Heartland destination. Individual NTO's branding strategies and tourism development values will be taken into consideration, ensuring that the subregional positioning will complement national approaches. Buddhist target market segments will recognize the difference between the Theravada, Myanmar, and Mahayana sects.

Scope

The four NTOs will contribute to a SASEC Tourism Marketing Fund, which will be used to support a joint marketing campaign on the two product themes. The campaign will aim at the tourism industry associated with both inter- and intra-regional travel to SASEC. International agencies associated with tourism development

projects will be asked to assist the Fund as a means of increasing tourism demand in all of SASEC. Industry partners will be sought for elements of the campaign, and the subregion's leading tourism marketing agencies will be invited to contribute.

In style, the campaign will echo the "Incredible India" campaign and capitalize on that campaign's marketing muscle. FICCI has agreed to assist by renaming its proposed "Destination SAARC" conference, scheduled for September 2004, as "Destination South Asia," and by providing a platform at the conference for the campaign launch. Follow-up promotions will be focused on SATTE. The essential strategy will be to reach target industry segments through the established international tour operator networks of the NTOs, and through their representative offices in source markets. Targets are likely to be elements of the travel industry in source markets of priority to all SASEC countries that influence travel patterns in high-yield, special interest markets both in and outside the region, as well as those of persons of South Asian origin not resident in the region.

Each NTO will select destinations and products to be depicted. India will coordinate the creative elements, including photography and compilation of images. A range of internet-based collateral material will be produced and distributed via a well promoted website. Other collateral suitable for trade shows and market seminars also will be produced, such as promotional brochures, posters, and CD ROMs. Logos will be designed. Six sub-themes will be recognized:

- (i) Trekking in the Himalaya.
- (ii) Tourism in Ganga-Brahmaputra (especially culture and wildlife).
- (iii) Adventure Tourism in South Asia.
- (iv) Footsteps of Lord Buddha.
- (v) Living Buddhism in the Himalaya.
- (vi) Buddhist Art and Archaeology in South Asia.

The four NTOs will be given opportunity to approve all campaign concepts.

Benefits and Impacts

Through the economies of scale of joint marketing, South Asia will be positioned as an ecotourism and Buddhist circuit destination in both inter- and intra-regional markets. Destination awareness of the subregion will be improved, resulting in increased demand and tourism growth generating employment, investment, and other benefits to rural areas. Increased regional traffic will help cushion downturns in long-haul arrivals. Greater demand will focus private sector attention on enhancing existing products and investing in new products. Unique aspects and individual differences in each country will be emphasized. Care will be required to avoid mismatches between the brand images and the realities of deliverable products; this will generate mutual concern about product standards. Potential negative impacts will include the perception that tourism uses culture as a commodity.

Success in this project will develop and sustain ownership of subregional cooperation in tourism by the participating NTOs. Using the "Incredible India" quality and style will reinforce its success, strengthen the subregional product image, and add value to the campaign from India's perspective. Individual NTOs will each undertake monitoring and evaluation of the SASEC marketing activities, reporting results at each TWG meeting. In addition, market research will be commissioned after 5 years to gauge the penetration of brand awareness within the industry, to assess the impact of the campaign on subregional tourist flows, and to re-evaluate subregional target markets.

Estimated Cost

The estimated project cost is as high as \$5 million. At least \$100,000 will be required for the SASEC Tourism Marketing Fund in order to start the campaign. It is expected that an initial contribution of \$10,000 will be made by each NTO.

Financing Arrangements

The NTOs have each appointed a Nodal Person to take responsibility for implementation of this project. Subject to budget confirmation, all

NTOs have also agreed to make a one-time contribution of \$10,000 to establish the SASEC Tourism Marketing Fund. The assistance of development partners, industry partners, and the industry will be sought to start the campaign. The Government of India has agreed to assist with the initial production of collateral material by underwriting any shortfall between contributions to the Fund and actual production cost.

TWG subsequently will arrive at a formula for modest, proportional, annual contributions to the SASEC Tourism Marketing Fund. The formula may take into account relative promotional budgets, visitor numbers, and the range of products in each country. In addition, a SASEC Marketing Alliance of development and industry partners will be established, consisting of organizations willing to support efforts to heighten demand for tourism in the subregion. Potential SASEC Marketing Alliance members include JBIC, ADB, PATA, SATTE, and FICCI. Airlines and other large private sector tourism operators together with one or more selected advertising agencies are also seen as potential members. Some Alliance members may contribute in kind, others through funding for dedicated purposes.

Implementation Arrangements

At the fourth meeting of TWG in May 2004, NTOs agreed that India will take the lead in the implementation of this project. Initial NTO contributions to the Fund will be confirmed by 30 June 2004 and transferred to DOT India soon after. NTOs have each appointed a Nodal Person to collect content for the six themes, including written descriptions and high quality images and footage. ADB was asked to assist in the collection and integration of content. The deadline for the initial collection of content is 30 June 2004. DOT India will coordinate and commission the creative work, including the production of collateral material, involving the Nodal Persons in all key decisions. The campaign will be launched at FICCI's Destination South Asia event in September 2004. Follow-up promotions will occur at SATTE in March 2005 and at other marketing events in the subregion where regional and international buyers are gathered. DOT India will co-ordinate other promotional activities,

including reaching out to the international industry through the international tour operator networks of SASEC NTOs and SASEC country representative offices in source markets.

Project 1.2. Regional Marketing with SATTE

Rationale

Rather than forming a Tourism Forum as a means for industry networking, as occurred in GMS, there is an opportunity in SASEC to build on relatively strong existing subregional industry networks and networking events. Established 10 years ago, SATTE is a substantial event and mart for showcasing the regional industry. Its organizers support further regionalization of the event.

At the fourth meeting of TWG in May 2004, NTOs agreed that SATTE is an appropriate venue to reach SASEC's target intra-regional markets through the promotion of SASEC product brands to the regional tourism industry. SATTE could also be used as a platform to reach non-resident South Asians; as previously mentioned, PIOs alone are estimated to number about 22 million. After the SAARC Islamabad Declaration, the timing is right for SASEC tourism to capitalize on the current wave of cooperation and feelings of pride about South Asian identity. The objective of this project is to plan and implement a marketing campaign that will establish the identities of key SASEC products, themes, and brands at future SATTE events throughout the subregion.

Scope

Regional marketing of Bhutan, Bangladesh, India, and Nepal (BBIN) ecotourism and Buddhist circuit products will be undertaken at SATTE. This will be accomplished through an alliance of SATTE Marketing Committees, one in each country convened by the NTO and comprising public-private partners. SATTE organizers will consult with these Marketing Committees and assist in preparing a marketing strategy focused on an annual SASEC presence at SATTE. NTOs and national industries will provide in-kind support for intra-regional marketing activities, such as

promotion of ecotourism and Buddhist circuit products, dissemination of brand image collateral, familiarization trips for targeted media and tour operators, and a campaign to reach non-resident BBIN nationals. Once a strong working relationship has been established, TWG will cooperate with SATTE organizers and SATTE Marketing Committees in a plan to rotate the site for subsequent SATTE around the subregion.

Benefits and Impacts

This project will contribute to the brand identity of SASEC's product themes. Intra-regional promotion and product branding will heighten demand, increase sales, and ultimately result in employment growth and other benefits to poor, rural areas from tourism. Public-private partnership processes and interaction will result from the SATTE Marketing Committees. Increased tourism awareness will engender a pride in South Asian natural and cultural attractions and an increased sense of South Asian identity will be achieved.

Estimated Cost

Total project cost is estimated at up to \$1 million, with an estimated \$10,000 required for project start up.

Financing Arrangements

SATTE organizers will be asked for advice on the level of funding required and for creative ideas for mobilizing funds. Marketing collateral generated under Project 1.1 will be available for promotions at SATTE. SATTE organizers will contribute executive expertise. Further financial and in-kind support will be generated through the combined efforts of the NTOs, led by DOT India, and SATTE in persuading the subregional industries to participate. Eventually, SASEC participation in SATTE will be self-funding through the combined efforts of NTOs and national industries.

Implementation Arrangements

India will be the Project Leader. NTOs will convene the public-private SATTE Marketing Committees by 31 August 2004. SATTE executives will consult with the Marketing Committees and assist them in preparing national and subregional marketing strategies based on a regular SASEC presence at SATTE and including a "proud of being South Asian" element. The four SATTE Marketing Committees and SATTE organizers will jointly mobilize in-kind support and sponsorship. SASEC product promotions will be arranged for SATTE 2005 and thereafter annually. The collateral produced under Project 1.1 will be made available by DOT India. Post-SATTE media and tour operator familiarization trips to subregional destinations will be organized in cooperation with the SATTE Marketing Committees. An MOU will be drawn up requiring SATTE emphasis on attracting buyers for SASEC products to SATTE events. ADB will provide a sample MOU from the Mekong Tourism Forum.

Project 1.3. *Harmonizing Arrival Statistics*

Rationale

SASEC countries feel the need for a more accurate picture of international and intra-regional



travel. Currently, intra-regional arrivals in SASEC countries are not counted in accordance with WTO norms. One result of this is that tourism in the subregion may be greatly undervalued. Each country wishes to develop its own system to collect statistics for intra-regional arrivals, but agree there are merits to addressing this need on a subregional basis. Accurate statistics are needed to determine the extent and measure the impacts of subregional tourism. This will assist the development of national and subregional planning and marketing strategies as well as the management of the impacts of tourism growth.

Scope

This project requires the assistance of an international agency. The project will involve needs assessments and the design of appropriate new statistics gathering methods at national levels, followed by training of NTOs and other concerned agencies, possibly at the subregional level. The aim is to ensure that each country has appropriate procedures to collect useful and accurate arrival data for both international and intra-regional visitors, and that the procedures are complementary across the subregion. Another outcome of the project will be to identify further training needs of NTO research departments in SASEC countries.

Benefits and Impacts

Better data gathering will provide a more accurate picture of travel in the subregion for tourism planning, marketing, and management, and for comparison with international visitor patterns. An incidental outcome may be a change in the world ranking of the SASEC region in terms of tourist arrivals.

Estimated Cost

The estimated cost of the project is \$200,000.

Financing Arrangements

WTO has offered to assist this project, subject to the NTOs ratifying the SASEC Tourism Development Plan. NTOs agreed at the fourth meeting of TWG in May 2004 to accept the WTO offer

and to seek WTO advice on funding arrangements, including possible cost-sharing options. In-kind support from NTOs and other government agencies is assumed.

Implementation Arrangements

Bangladesh will be the Project Leader and will take this project forward in liaison with WTO. Implementation is envisaged as a stand-alone TA project, mobilized by WTO in cooperation with the NTOs and other concerned government agencies, using WTO expertise.

Project 1.4. Events Calendar



Rationale

Cultural events and religious festivals are established attractions in SASEC. From a tourism perspective, however, they are undervalued and poorly coordinated. Effective marketing could assist NTOs and event organizers in attracting visitors, managing these events, and increasing their contribution to local economies. Promotion of these events and festivals also would address seasonality problems, common in SASEC, by extending the season's shoulder periods.

Scope

A calendar of cultural, sporting, religious, and village festivals and events will be produced for SASEC. The calendar will be developed in print, as



an illustrated fold-out brochure and map, and also in a form suitable for posting on websites. It will be distributed to tour operators more than one year in advance, as necessary for tour planning. The process of developing and distributing the events calendar will involve public-private partnerships and involve wider stakeholders in addition to the tourism industry.

Producing a coordinated events calendar is a relatively simple task as many calendars for national, state, and local levels events are already published. The events calendar will be printed in brochure form and posted on-line with links to all major websites of the subregion.

Benefits and Impacts

Distribution of the events calendar will promote new products, help spread tourism benefits, and achieve brand awareness. The calendar will facilitate tour planning, promote tourism awareness, and extend the season's shoulders. The public-private partnership approach will forge relationships. The calendar's distribution will generate regional and international demand and thus contribute to the sustainability of the individual events. Pilgrimage and cultural tourism will be stimulated. Other potential benefits include fostering professionalism in event management, promoting pride in and

respect for traditional culture, and increasing subregional understanding.

Estimated Cost

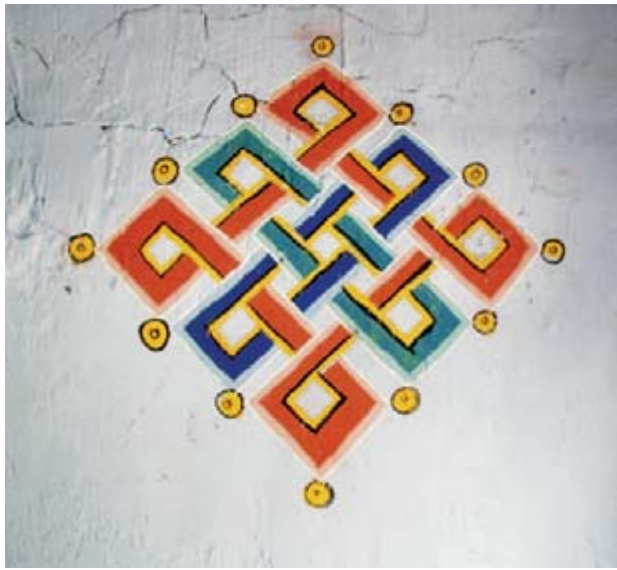
Estimated project cost is \$50,000.

Financing Arrangements

DOT India has undertaken to underwrite this project as an integral part of Project 1.1. Future funding for the events calendar is envisaged through a combination of commercial sponsorship and in-kind support organized by NTOs and coordinated by DOT India and SATTE.

Implementation Arrangements

NTOs agreed at the fourth meeting of TWG in May 2004 that implementation of this project will be led by DOT India, with assistance from SATTE. SATTE's assistance will be sought on commercial aspects, including establishing commercial sponsorships on an ongoing annual basis. DOT will develop the event calendar based on inputs from all NTOs, which are due on 30 June 2004. ADB will assist by approaching TWG development partners and requesting their assistance with the calendar. Agencies such as JBIC, UNESCO, WTO, and UNDP,



as well as other organizations with interests in culture, religion, pro-poor initiatives, community development, and tourism, will be asked to find ways to contribute to the calendar.

2. Program 2

Enhancing Product Quality

Project 2.1. *Product Standards and Industry Codes of Conduct in Ecotourism and Buddhist Circuits*

Rationale and Objectives

The product-focused branding proposed in Program 1 requires more than merely a consistent approach to marketing. Critically, branding must also involve a consistent commitment to product delivery and product quality. While the prospect of the four countries joining together in a common Product Development Strategy is something for a future Plan, there is immediate and common interest in product standards.

Individual NTOs have started to develop standards and industry codes of conduct in tourism. In the case of Nepal, the Sustainable Tourism Network (STN) has been formed with the aim of keeping standards high through sharing lessons

learned, increasing cooperation and partnership, creating awareness, contributing to understanding, and encouraging best practices. Sikkim is well advanced with codes of conduct and reports that the process of developing guidelines can be as important as the result..

As SASEC tourism industries begin marketing together, it will become increasingly more palatable to address the issue of product standards and codes of conduct on a subregional basis. A lesson from a previous SAARC tourism HRD initiative is that regional standards are not easily imposed. Rather, they need to evolve from within the industry. Nevertheless, the outcome needs to be consistent, workable, and effective product standards and industry codes of conduct, benchmarked on international best practice.

The proposed Sustainable Tourism Forum (STF) (Project 5.4) will provide an ideal opportunity to promote a product standards agenda at the subregional level. By including development and promotion of subregional product standards as part of the fundamental rationale for the STF, the scene will be set for an ongoing process of evolving subregional standards, with participation by the individual national industries. Such a process is required if regional standards are to succeed. There is an immediate perceived need for benchmarking and regional guidelines. The industry generally appreciates that in the longer term, regional standards and regional certification programs will be possible.



Scope

A multi-faceted project is envisaged to stimulate subregional debate on product standards at the STF, and then capture the results. The project will steadily and systematically advance the cause of unified subregional standards and codes of conduct. The program will address host and guest relationship issues and the need to sensitize visitors so they respect the culture of host communities. Rather than focussing on negative examples, the project will showcase the cultural and traditional wealth of the subregion as a means of stressing the importance of its preservation. Annual targets will be set and reports of progress will be made to TWG. STF will be a major platform for communicating with the industry.

Benefits and Impacts

The process of sharing lessons learned will be recognized by the industry as of immediate benefit. It will take longer for subregional approaches to standards and industry codes of conduct to be accepted and embraced. Acceptance will come as a subregional consciousness develops in the tourism industries of SASEC as a by-product of joint marketing. STF will also contribute to raising consciousness by creating partnerships between the national industries and the NGO community. Medium-term benefits of this project will include enhanced consumer information for prospective

visitors, coupled with improved product quality. This is expected to lead to enhanced yield and greater consumer satisfaction. As visitors and potential visitors become aware of the standards and codes, it will affect their choices. Above all, this project will make a significant contribution to the sustainability of SASEC tourism.

Estimated Cost

The estimated cost of this project is \$1 million.

Financing Arrangements

Development agencies active in the subregion will be canvassed for ways to fund individual components of this project. Ideally, the project will be supported by a loose alliance of national industry organizations and international NGOs (INGOs). This alliance, formed in the style of Nepal's STN, will come together each year to meet with TWG and to participate in STF. For the rest of the year the development partners will act independently or in smaller groupings on components of the project, with funding arranged from their own sources. The project will be spread over several years and the membership of the alliance will grow over time. On UNESCO's advice, an approach will be made to the Nordik World Heritage Foundation to seek its interest in this project.

Implementation Arrangements

At the fourth meeting of TWG in May 2004, NTOs agreed that Nepal would be project Leader. NTB, with ADB's assistance, will canvass interest in this project among agencies associated with ecotourism and concerned about standards of tourism resource management. UNESCO, ICIMOD, SNV, TMI, WWF, and ECOSS have all expressed keen interest in involvement. ICIMOD is developing a project of its own on ecotourism standards. UNESCO has for the past 3 years been implementing a major inter-sectoral project on "High Mountain Ecotourism in Central Asia and the Himalaya." TMI, WWF and SNV are all active in the subregion and agree in principle to cooperating with TWG in this project.

3. Program 3

Facilitating Travel

Project 3.1. *Eastern Himalayan Caravan*

Rationale

Based on an idea from GMS, this project will create an event, or series of events, featuring an overland “caravan” of four-wheel-drive vehicles exploring and celebrating the potential of new cross-border tourist routes. The primary objective will be to help NTOs illustrate the tourism potential of the routes. A secondary objective will be to raise the profile of Key Areas in the eyes of the region’s travel media.

Scope

Caravans of four-wheel-drive vehicles, organized by the subregion’s tourism private sector, will travel “trail-blazing” routes on existing, but not well-traveled roads. The regional travel media will be invited. NTOs and, in the case of India, state-level tourism authorities, will host the caravan and arrange “flag-waving” activities. One trial route envisaged is from Paro to Phuentsholing, Gangtok, Nathu La, Darjeeling, Pashupatinagar, Ilam, Kakarbita, Bagdogra, Siliguri, Banglabandh, Dhaka, Sylhet, Shillong, Kaziranga, Kohima, Bomdila, Tawang, and Guwahati.

While one of the aims will be to attract participants from the international tourism industry and travel media, the first caravans may be restricted to South Asian participants if absolutely necessary for reasons of visa and border regulations.

Benefits and Impacts

These events will provide the subregion’s NTOs and local tourist organizations (LTOs) with a subtle means to draw the attention of concerned government agencies to the tourism potential of cross-border travel. The tourism sector will contribute to exposing misconceptions about regional security. South Asia’s travel media will be exposed to some of SASEC’s “hidden” tourism



resources. Tour operators from the four countries will have shared a constructive, positive experience. The ultimate goal is the easing of border formalities. Although four-wheel-drive vehicles will be used, the caravan will remain on existing roads in order to avoid negative environmental impacts.

Estimated Cost

The total estimated cost of the project is \$100,000.

Financing Arrangements

The project will be largely self-financing. Individual vehicles will be sponsored and/or individual participants will pay their own way. NTOs and tour operators will combine to seek sponsorship for hosting activities.

Implementation Arrangements

NTOs agreed at the fourth meeting of TWG in May 2004 that Bhutan would lead this Project. The private sector, NTOs and LTOs will implement the project in the name of TWG. National and state-level tourism authorities will coordinate travel authorizations and hosting arrangements. Ten to fifteen four-wheel-drive vehicles will take part. Bhutan will initiate the process by finding a willing champion and commercial sponsor (such as a



regional tour operator, fuel company, car dealership or commercial bank) in whose name invitations for participation will be issued.

PATA and SATTE have indicated interest in involvement in promoting the project. The pioneers of the GMS caravans have offered to sponsor vehicles, if possible. Bhutan will stimulate interest in this project among a core group of private sector tourism operators. The cooperation of the tourism offices in India's North East States, of all SASEC NTOs, and of South Asia's travel media will be sought. ADB will assist in coordination.

Project 3.2. *Bagdogra Tourism Gateway and Hub Planning Study*

Rationale

Establishing Bagdogra in Siliguri, West Bengal, India as an international airport will have significant implications for SASEC tourism, providing convenient access to many of the subregion's key

existing and potential tourist destinations. There is strong support for this concept from tourism stakeholders in India, particularly in Sikkim and West Bengal, and in Bhutan and Nepal. The tourism industry in these regions sees a Bagdogra hub as essential.

Given its central location, establishing international connections will position Bagdogra as a primary hub for the tourist areas of Darjeeling, Kalimpong, Dooars, Sikkim, and other North East States. Bagdogra will also play an important role as a back-up hub for key tourism destinations in Bhutan, northern Bangladesh, and eastern Nepal. The imminent prospect of an overland tourist route from Bagdogra to TAR, PRC via the Nathu La adds to its significance.

With strong existing links to Delhi, Guwahati, and Kolkata, an improved airport at Bagdogra will also facilitate intra-regional circuit travel. Much of the airport infrastructure is already in place. A planning study is required to establish the feasibility of opening Bagdogra as an international airport. While the Government of India should lead

this study, TWG is in a unique position to facilitate and assist in the international tourism sector components of the study. The aim will be to prepare the case of the tourism sector for the development of an international gateway to SASEC at Bagdogra. The combined resources of BBIN will be used to build the case from a subregional tourism perspective. The SASEC Transport Working Group will be asked to participate in the study. The results of the study will be submitted to concerned agencies of the Government of India.

Scope

SASEC's national and regional airlines and airport managers as well as the umbrella tourism organizations of SASEC will be encouraged to participate with the members of TWG and SASEC's Transport Working Group in the design and oversight of a joint, subregional Bagdogra Tourism Gateway and Hub Planning Study. The Study will focus on defining the potential tourism benefits of developing Bagdogra as a gateway and hub. The Study will include stakeholder workshops, analysis of tourist demand, and the canvassing regional carriers about their willingness to initiate services to and from Bagdogra. The economic impacts of opening Bagdogra as an international tourist gateway and hub will be assessed. The study will be carefully synchronized with India's Tenth Plan, and will take into account the security situation in North West Bengal. Options for mobilizing financial resources will be another important element of the study.

Benefits and Impacts

The perspective of the subregional tourism industry on the prospect of an international gateway and hub at Bagdogra will be clarified. By exploring the tourism implications of a gateway and hub at Bagdogra, new and innovative tourism patterns will be conceived for the central area of SASEC—especially Bhutan, Sikkim, and other North East States, eastern Nepal, and northern Bangladesh. These new patterns will complement proposed subregional joint marketing and provide improved visitor access to the subregion. Project outputs may lead to the establishment of a rationale for one or

more national projects for tourism infrastructure improvement at Bagdogra or elsewhere in central SASEC. The tourism private sector in the subregion will have good reason to engage with TWG. Additionally, an operational link will be forged between TWG and the SASEC Transport Working Group.

Estimated Cost

The estimated cost of the project is \$100,000.

Financing Arrangements

The Government of India has offered to fund and implement this Study as a subregional exercise. DOT India will coordinate the Study with assistance as required from key stakeholders, including interested development agencies such as JBIC and ADB. Subregional tourism industry groups and interested transport operators will be asked for in-kind assistance. Funding arrangements for any resulting airport improvements may include private sector participation.

Implementation Arrangements

NTOs agreed at the fourth meeting of TWG in May 2004 that DOT India will implement the Study, which will be completed by 31 January 2005. Implementation arrangements will include oversight of Study progress by transport and tourism officials from SASEC governments. Airlines of the subregion and interested development partners, such as JBIC and ADB, will be actively involved at key stages of Study planning. ADB will assist DOT India in consulting key stakeholders, including TWG and SASEC Transport Working Group members, during preparation of the Study TOR. ADB will also approach the SASEC Transport Working Group on behalf of TWG, seeking recognition of this Study in its future agenda.

The Study's methodology will be considered a pilot for other planning for downstream projects arising from the SASEC tourism sector's subregional initiatives. The TOR will also include analysis of how such planning should take place in the future. JBIC has suggested that an effective governance structure for SASEC development projects is required. JBIC envisages an

organization that is non-government in structure, but with a wide mandate for implementation and a high degree of flexibility in its operation. The TOR will also include analysis of this suggestion.

Project 3.3. *Reducing Impediments to Subregional Travel*

Rationale

Travel in much of SASEC is perceived as “difficult” due to constraints imposed by security, permits, and travel connections. Measures are needed to stimulate international travel to the subregion by reducing barriers for international and regional tour operations. Such barriers include

- inadequate information about security realities, travel connections, border issues, visa requirements, currency, and permit application procedures available to international tour operators in target markets,
- inadequate trade support material on how to sell South Asia, especially for areas in SASEC that are lesser known,
- lack of easily available information about the lesser-known ecotourism and Buddhist circuit attractions in the subregion,
- lack of information centers at tourism gateways and hubs to facilitate travel,
- complex and slow processing of permit requirements for certain tourist areas, particularly in North East India and Bhutan,
- difficulties crossing borders due to permit requirements, no signage, untrained officials, etc,
- lack of basic facilities at border points that contribute to the comfort and feeling of welcome of visitors (such as at Banglabandh/Changrabandha, Phuentsholing/, Kakarbita, Rexaul/Birganj, Sunauli, Gauriphanta, etc.), and
- lack of reservations and interlining facilities and ticket exchange agreements between national and domestic airlines in the region.

This project brings into focus the ongoing agenda of TWG to take a macro perspective of SASEC tourism in order to identify ways of removing all forms of impediments to travel to and within the subregion. In this regard, NTOs customarily act as

advocates on behalf of their respective tourism industries for the removal of impediments. An appropriate role for TWG is therefore to support NTOs in this regard by identifying where impediments exist and suggesting mutually beneficial ways of overcoming them.

The first priority of TWG in this respect will be to improve cross-border travel throughout the subregion. In this regard, removing impediments means addressing key problem areas such as border formalities, visas and permits, airline access, currency use, and tour operator regulations. In the longer term, TWG will turn its attention to monitoring tourist flows to and within the subregion and to making strategic suggestions on the future directions of SASEC tourism growth. TWG recognizes that many of these issues are political in nature and implementation of this Project will take time. Further, many impediments to travel will be appropriately dealt with in the wider forum of SAARC.

Scope

As with Project 3.4 below, this project will be one of the long-term items on the TWG agenda. The project’s emphasis will be on identifying problems and suggesting ways to address them, and will thus be a means of generating more projects. For example, a study of impediments to travel in a certain area of the subregion may identify the need to improve border facilities. If this need can be addressed on a subregional basis, TWG may initiate a project and seek funding.

This project will be implemented as a series of studies, workshops, and seminars on the topic of impediments to travel and connectivity to and within the subregion. Subregional experts will conduct the studies. International agencies will be asked to contribute to the studies and to convening the workshops and seminars.

An idea for the long term is a “South Asian Traveler” facilitation system that would assist the travel of identified, pre-booked groups. The groups would be made to feel welcome at airports and border crossings through special hosting arrangements organized by NTOs. International tour operators arranging these groups would receive training on how to sell South Asia,



especially the lesser-known areas such as parts of Bangladesh, eastern Bhutan, India's North East, and Nepal's remote areas. The realities of security, travel connections, visa, and permit applications would be explained and strengths highlighted, such as the fact that the English language is widely spoken. TWG will seek sponsorship and coordinate production of educational material for websites, brochures, and CDs. PATA also will be asked for assistance in this and in distribution of the resulting information to key tour operators using its chapters in source markets.

Benefits and Impacts

Removing impediments to cross-border travel and improving connectivity to and within the subregion will make fundamental improvements in the attractiveness of the subregion to tourists and in the viability of tourism industries. When viewed from a macro viewpoint, considerable constraint to travel exists within the subregion, particularly the many instances of poor or lacking connectivity. TWG interventions to improve access and connectivity will be a fundamental complement to product development and tourism marketing. In the longer term, realization of the South Asian Traveler

facilitation system could create a strong and informed network of international tour operators to sell the region and introduce streamlined travel facilitation processes.

Estimated Cost

The project's estimated cost is \$250,000. In the longer term, implementation of the South Asian Traveler facilitation system would cost an estimated \$1 million.

Financing Arrangements

TWG will ask multilateral and bilateral donors to assist with funding studies and the convening of workshops and seminars on impediments to travel and connectivity to and within the subregion. TWG will seek UNESCAP advice on prospective sources of funds. Where practicable, workshops and seminars will be scheduled around TWG meetings or other events at which TWG members are gathered. When the time is judged right to introduce the idea of the South Asian Traveler facilitation system, a lead sponsor will be sought from within the agencies willing to be development partners of SASEC tourism.



Implementation Arrangements

NTOs, at the fourth meeting of TWG in May 2004, agreed that India would lead implementation of this project. To begin, DOT India will ask UNESCAP to assist TWG by commissioning studies and convening workshops and seminars on impediments to travel and connectivity to and within the SASEC subregion. ADB will contribute by examining the processes being followed in this regard by other groupings, such as GMS and BIMST-EC.

Project 3.4. *Asian Highway Improvements Advocacy*

Rationale

Twenty-three Asian nations have signed a treaty for implementation of the Asian Highway, a modern version of the ancient Silk Road that once linked Asia with Europe. The Asian Highway is aimed in part at helping landlocked countries gain routes to seaports. As the Asian Highway progresses it will have implications for SASEC tourism; the Asian Highway vision includes practical measures such as unifying signage and improving border facilities.

Travel in the SASEC subregion, even within established tourism patterns such as the Footsteps of the Lord Buddha circuit, is greatly constrained by bad roads, poor linkages, and minimal wayside amenities. Further development of the Asian Highway in the subregion has the potential to improve road access to many key tourism destinations, including important ecotourism and Buddhist sites. Because road travel brings tourists to remote rural communities, realizing the tourism potential of the Asian Highway through SASEC will greatly enhance opportunities for pro-poor tourism. It is consequently important that TWG find ways to support the Asian Highway concept through SASEC.

Scope

This long-term project will involve TWG acting as the voice of SASEC tourism in support of tourism-related improvements on SASEC stretches of the Asian Highway. TWG will become an advocate and facilitator for any project that will further the interests of the tourism sector and enhance tourism's role in delivering pro-poor benefits through improvements in the Asian Highway.

Initially, there will be discussions between TWG, the SASEC Transport Working Group, JBIC,

ADB, and UNESCAP. At each TWG meeting, reports will be heard from NTOs, transport sector officials, and UNESCAP about progress in Asian Highway improvements. At the same time, tourism project ideas associated with the Asian Highway will be tabled for TWG endorsement and support. Any project that TWG supports will be given a project number and added to the TWG list of programs and projects.

JBIC is currently involved with initiatives in Thailand and Uttar Pradesh involving the development of roadside visitor stations that would provide convenience and information facilities to travelers. This concept, called *Michi no Eki* in Japan, involves community participation in the planning phase. The actual facilities are jointly owned by the agency administering the road and the local authority. Subject to the success of current trials in India, JBIC believes this concept could be applied to other tourism-focused areas of the Asian Highway in SASEC. JBIC also has experience with the Industrial Village concept. Under this concept, assistance is provided to communities to build centers for the production and sale of handicrafts, and for the promotion of tourism in and around their villages. In cooperation with JBIC, TWG will monitor progress of the introduction of the *Michi no Eki* concept in South Asia and, where appropriate, advocate its application to portions of the Asian Highway in SASEC.

Benefits and Impacts

Improved roads and roadside facilities in the subregion will enhance comfort and convenience, thus encouraging more visitors to travel by road. Improvements in roadside facilities also will promote regional mobility, enhance ecotourism in remote areas, and encourage pilgrimage trips along Buddhist circuits. By supporting the Asian Highway concept on a subregional basis, TWG can enhance the rationale for transport sector projects and foster new tourism industry linkages. Poor communities along the Asian Highway will have greater opportunities to participate in tourism. In the medium term, TWG will support the development of subregional tourist routes. In the long term, visitors from intra-regional markets will be encouraged to travel the subregion by road, thus

increasing roadside business and other benefits of tourism in remote areas.

Wherever there is the prospect of increasing tourism flows at sensitive sites, some impacts could be negative. TWG needs to maintain an active interest in ensuring that improvements in the management of tourism resources keep pace with tourism development.

Estimated Cost

The total estimated cost of the project is \$250,000.

Financing Arrangements

Japan has been a major source of financial assistance for the development of the Asian Highway. Future financing of Asian Highway projects is also expected to come from the larger participating nations and from international development banks. JBIC has indicated willingness to assist TWG in this tourism-related project, with potential joint participation of ADB. TWG will ask for JBIC assistance, focusing initially on developing a SASEC version of the *Michi no Eki* community-based roadside facilities concept.

UNESCAP has programs of its own promoting tourism on the Asian Highway, such as tourism on inland waterways and tourism associated with poverty alleviation. UNESCAP will be a long-term development partner in this project.

Many SASEC countries already have projects underway on stretches of the Asian Highway funded by various sources, including multilateral and bilateral agencies. Wherever tourism infrastructure is being upgraded, TWG will ask the implementing agency to set aside funds to assist TWG in its advocacy role under this project. Such infrastructure projects will benefit from TWG support in coordinating the subregional tourism industry input into the planning process.

Implementation Arrangements

At the fourth meeting of TWG in May 2004, NTOs agreed that DOT India would lead implementation of this project. Initially, JBIC will

be asked to assist by exploring the use of the *Michi no Eki* community-based roadside facilities concept in South Asia. JBIC has signaled that its assistance will be subject to a commitment by TWG to developing an effective governance structure for SASEC development projects (see Project 3.2).

DOT India, on behalf of TWG and assisted by ADB, will establish working links to the SASEC Transport Working Group, ensuring that tourism projects with transport elements are fully understood by the Transport Working Group. Joint Working Group meetings will be undertaken from time to time.

In addition to general collaboration, UNESCAP has agreed to assist TWG in tracking overall progress of the Asian Highway through SASEC, where relevant to tourism. UNESCAP has asked SASEC NTOs to lobby their ministries of transport as the SAARC region is currently in the process of setting priorities for projects upgrading the Asian Highway.

DOT India will coordinate, on behalf of TWG, SASEC tourism industry inputs to the planning process for projects upgrading tourism infrastructure on the Asian Highway.

reach down to local institutions and furnish in-service training for local operators and guides.

APETIT was formed in 1997 to foster regional cooperation in HRD in tourism across Asia and the Pacific. APETIT's objective is to promote cooperation in HRD in the tourism sector among tourism education, training, and research institutes, national tourism organizations, and tourism trade organizations. Assisted and convened by UNESCAP, APETIT works by sharing information, resources, and expertise at the regional level through networking and cooperative activities. One of its founding principles is that more advanced institutions will assist those less advanced through training exchanges of various kinds.

At the fourth meeting of TWG in May 2004, UNESCAP agreed to assist TWG by helping arrange APETIT assistance to tourism training institutions of the subregion, with the objective of training trainers and generally facilitating the process of upgrading SASEC's HRD in tourism. A major benefit of such assistance would be that it is expected to foster subregional coordination in training standards. This prospect received strong endorsement at all stakeholder workshops during the preparation of this Plan.

4. Program 4

Developing Human Resources

Project 4.1. *Encouraging The Network of Asia Pacific Education and Training Institutes in Tourism (APETIT) to Collaborate with South Asia*

Rationale

The major tourism training institutions in SASEC countries require technical support, while some, such as Bangladesh, need funding support for refurbishment of training facilities. There is also a widely perceived need for more training of the subregion's trainers in the basic skills of tourism so they conform with international best practice levels. For ecotourism and tourism on Buddhist circuits, the training provided trainers needs to

Scope

UNESCAP will convene meetings to establish procedures for developing and overseeing project components. Studies assessing national tourism training capabilities are envisaged, covering such areas as identification of the needs and opportunities for technical assistance and other interventions through APETIT. Phased implementation of the project would follow. Where institutions require upgrading, APETIT could assist with the determination of needs and with project oversight.

Benefits and Impacts

By working with APETIT on a subregional basis, the training institutions of SASEC will develop stronger links with each other. Ultimately, functional links will develop to the point where the idea of "centers of excellence" in tourism training throughout SASEC and beyond (i.e. BIMST-EC and



SAARC) can be realized. APETIT interventions will improve standards of training, the benefits of which will be upgraded skill levels of workforces in national tourism industries. Fulfilling training needs within the subregion will diminish the need for travel outside the region for training, generating savings in foreign exchange.

Estimated Cost

The total estimated cost of the project is \$1 million. Seed funding of at least \$25,000 will be required to support Bangladesh's participation in this project.

Financing Arrangements

ADB has a regional TA in the pipeline for HRD in SASEC tourism. TWG has requested that some of this TA be tailored to support the early stages of this project. The advice of UNESCAP will be sought on all matters concerning the project, including its financing.

Some national training institutions currently receive bilateral assistance. NTOs will consider seeking allocation of some of these bilateral funds to subregional projects, utilizing APETIT coordination. The Austrian Government has expressed interest, for example, in participating in this project as a component of its assistance to Bhutan's Hotel and Tourism Management Training Institute. With the assistance of APETIT members from developed countries, additional bilateral assistance will be sought.

Wherever upgrading of infrastructure is required, multinational development agencies will be asked to assist.

Implementation Arrangements

NTOs agreed at the fourth meeting of TWG in May 2004 that Bangladesh would lead the project. Bangladesh will seek UNESCAP views before implementation arrangements are developed. The Meeting also agreed that an early priority would be to establish links with the large number of APETIT

members within SASEC countries. All of the five areas of APETIT activities are of interest to TWG for this project, i. e. information management, communication links, training and advisory services, sharing experiences, and research and development.

Project 4.2. *South Asian Host*

Rationale

This project aims to implement “good host” training to encourage friendliness, increase awareness of tourism, and foster attitudes of “neighborliness” in officials and others who are among the initial, “front line” contacts in SASEC by tourists. It is vital that visitors, especially intra-regional tourists, feel welcome. Initial contacts have a significant influence on visitors’ perceptions in this regard.

Scope

“South Asia Host” courses would train airport immigration, customs and security staff, transport workers (taxi, bus, and train), and staff of small hotels, restaurants, and cafes. Ideas will be borrowed from the “good host” programs of such countries as Canada and New Zealand, and from India’s relevant experience.

It is envisaged that one or two international “good host” training specialists would lead a team of trainers from SASEC countries to provide trial on-site courses in selected gateway cities. If the initial trial round of South Asia Host training is successful, subsequent courses could be offered elsewhere on a user-pays basis. Possible venues include Siliguri, Dhaka, Kathmandu, Kolkata, New Delhi, Paro, and Thimphu.

Benefits and Impacts

Through improved awareness and competency, trainees will deliver higher levels of visitor service and visitor satisfaction. Downstream benefits will include greater subregional understanding, increased subregional friendliness, increased tourism flows, and associated benefits to local economies. This project is complementary to

the subregional joint marketing project and a key starting point for sustainable destination management.

Estimated Cost

The total estimated cost of the project is \$500,000.

Financing Arrangements

TWG will respond to interest in this project from funding agencies. Once the project is underway, NTOs would promote the idea of user-pays arrangements with concerned front line agencies and the private sector. If the trial courses are successful, training will continue on a commercially sustainable basis.

Implementation Arrangements

NTOs agreed at the fourth meeting of TWG in May 2004 that Bhutan would lead this project, and that the project is not an immediate priority. The need that this project addresses requires commitment at the national level and efforts by individual NTOs. NTOs agreed to document case studies of their experiences relevant to the perceived need for this project for the next TWG meeting in February 2004.

A subregional approach will only be possible with the identification of a donor willing to coordinate with the individual NTOs, in that the project would be implemented through them. The donor would be asked to assist by providing one or two experienced persons to lead a team of trainers. Sponsorship and user payments would cover costs not picked up by the donor, assisting agencies, and NTOs. India’s experience with its Capacity Building Program would be tapped.

Project 4.3. *Training for Travel Media*

Rationale

It is desirable that TWG activities get underway quickly with some relatively simple projects that can be expected to quickly yield positive, tangible

results. The tourism and travel media play a vital role in tourism. Industry magazines and newsletters enhance communication within the industry and, crucially, link sellers with buyers. SASEC tourism needs effective industry media. While many good travel industry magazines exist, subregional standards of journalism and travel writing could be improved. This project envisages a customized training course in travel trade writing for tourism and travel journalists of the subregion.

Scope

A single one-week course with about 25 participants is envisaged at a venue within the subregion.

ADB's proposed regional TA on HRD in tourism could contribute to funding this project. PATA has indicated an interest in being associated with this project.

Benefits and Impacts

If successful, this project will boost the confidence of TWG. It will make a direct contribution to an important aspect of tourism in the subregion, upgrading the skills of travel writers and focusing other media on travel issues. It will also bring the activities of TWG and its development partners to the attention of the media. In the longer term, the travel industry, potential visitors, and current visitors will benefit by being better informed by the travel media.

Estimated Cost

The total estimated cost of this project is \$50,000.

Financing Arrangements

A sponsor will be sought to cover the cost of providing the required trainers and to assist with the venue. A charge for each participant will cover the remaining costs of the venue and have the effect of engaging employers in the project. NTOs asked ADB at the fourth meeting of TWG in May 2004 to consider whether its proposed regional TA on HRD in tourism could contribute to funding this project.

Implementation Arrangements

At the fourth meeting of TWG in May 2004, NTOs agreed that Nepal would lead this project. NTB will approach PATA and then report, with an implementation proposal, to NTOs by e-mail before 31 July 2004. Subject to further consultation with PATA and ADB, it is envisaged that implementation will involve two or three experienced travel journalists from the Asian region. They will design and implement a course aimed at promoting professionalism in all aspects of travel and tourism journalism.

Project 4.4. *Project Management Training for NTOs and LTOs*

Rationale

Another project with potential for prompt implementation and results is Project Management Training for NTOs and state or local tourism organizations (LTOs). The rationale for this project is that TWG programs for subregional cooperation in tourism will be more successful the more competent are NTO and LTO managements and their contributions to those projects. Subregional cooperation will be enhanced by the training course itself through the joint participation of NTO and LTO personnel.

Scope

A 10-day course is envisaged, with 10 to 15 participants. The course could be designed and implemented by a respected management training institution from the subregion with public sector orientation. Study tours could be included to destinations in the subregion where attractions and management issues are similar among SASEC countries.

Benefits and Impacts

This project would boost the capacity and readiness of NTOs and LTOs to participate in subregional cooperation projects. It will create networks useful for the implementation of

cooperative projects and generally improve the efficiency of NTOs and LTOs in SASEC.

Estimated Cost

The total estimated cost of the project is \$500,000.

Financing Arrangements

One major sponsor will be sought that supports an early start of subregional cooperation in tourism. At the fourth meeting of TWG in May 2004, NTOs asked ADB to consider inclusion or support of this project in its proposed regional TA on HRD in tourism. Also at this meeting, WTO offered its support of the project with technical expertise.

Implementation Arrangements

NTOs agreed at the fourth meeting of TWG in May 2004 that Nepal would be the project leader. NTB will take responsibility for working with the sponsoring agencies to arrange the course on behalf of TWG. The target date for implementation is December 2004.

C. Product-Focused Programs

1. Program 5

Developing Ecotourism Based on Nature and Culture

Project 5.1. *Integrated Project on Trekking in the Himalaya*

Rationale

Tourism associated with the majestic mountains of the Himalaya is the focus of this project. At present, trekking areas in SASEC are constrained by access, security and, importantly,



lack of marketing. One critical need is for marketing to promote Himalayan trekking and to position it as one of the best examples of activity-based tourism in the world. Strategic planning is required for this, and to incorporate means of improving the self-esteem, dignity and livelihoods of mountain people.

“The Great Himalayan Trail” concept has strong stakeholder support in the subregion, both as a marketing and rural development concept. The concept will be used to link marketing and product development of lateral trekking, a break from “up and back” treks in favor of opening up circuits into new valleys. This will bring ecotourism benefits to poor rural communities in valleys currently neglected by popular trekking routes. Within this framework, opportunities exist for new cross-border treks linking established treks in Nepal, Darjeeling, Sikkim, and Bhutan.

Scope

First developed in Nepal, The Great Himalayan Trail is both a marketing slogan and a theme to stimulate new trek areas and cross-border products. Subregional cooperation opportunities arising from this concept include the potential for new border crossings and joint promotion of trekking in the Himalaya. The central vision is that new trekking routes will eventually link SASEC countries. Local guides, homestays, and managed campsites will involve and benefit local communities.

The project will involve negotiating and implementing joint strategies for marketing and



development of The Great Himalayan Trail. The practicalities of facilitating cross-border treks will be considered and agreed by concerned authorities. Plans for facilitating trekking, including providing security and safety, will be prepared and implemented in partnership with the trekking industries of the three countries. Local government authorities, INGOs, and other development agencies already active in these areas will be asked to coordinate and assist implementation, especially by assisting in the preparation of village communities for tourism. A brochure and map promoting the various sections of the route will be prepared. Documentary films of The Great Himalayan Trail will be encouraged.

There are a number of options for routes linking Nepal, India, and Bhutan that combine driving with trekking. The Great Himalayan Trail may be considered to extend the length of Nepal, linking the world famous trekking areas of Annapurna and Sagarmatha. In central SASEC, the Great Himalayan Trail stretches from Tserang to Yalung (Kanchenjunga Conservation Area [KCA], Nepal), over Kanglakhang (5,560 meters) to Pangding, Dzongri, and Gochela to Yuksam roadhead in West Sikkim. From Yuksam, one may either drive via Ravangla to Gangtok, or trek to Gangtok via Thangsing, Labdang, Tashiding, Ralang, Meanam, Dzongu, Mangan, and Phodong. From Gangtok, the Nehru Trek route is taken via Nathu La to Chumbi Valley in TAR, PRC to Phari and Ha. The trail then follows established Jomolhari and Snowman trek routes in Bhutan, leading via Trashiyangste and Sakteng to Tawang Monastery in Arunchal Pradesh and via Bomdila and Kaziranga to Guwahati in Assam.

When permissions has been obtained, the three key features of cross-border interest along the Great Himalayan Trail in the SASEC subregion will be:

- (i) Cross-border trekking trails combining East Nepal's KCA and Khangchendzonga National Park. A variety of routes using the Chiwa Bhanjyang and Kanglakhang trek passes link Kanchenjunga Base Camps in Nepal with Uttare and Yuksam in West Sikkim (see Key Area 3).
- (ii) The new Nehru Trek covering three countries. First made famous by the late Indian Prime Minister Nehru's journey, this route starts in Gangtok, Sikkim and goes via Tsomgo Lake and the Nathu La to the Chumbi Valley (hot springs) and the historical trading towns of Phari and Jomo in TAR, PRC, then to Ha Valley and Paro in Bhutan. Originally an historic trail for the mule trade, opening the Nehru Trek will create a new signature adventure product. It may be undertaken all year round, and there are onward tourism linkages with Lhasa (see Key Area 9).
- (iii) East Bhutan to Arunchal Pradesh from Trashigang, the eastern end of Bhutan's Snowman Trek. The trail proceeds east through Sakteng Wildlife Sanctuary to the important Buddhist Tawang Monastery and Bomdila in Arunchal Pradesh, India (see Key Area 9).

Benefits and Impacts

Promoting the Great Himalayan Trail concept will in itself produce development benefits by heightening awareness of and demand for trekking in the Himalaya. Creating a model for lateral trekking will have implications throughout the Himalaya. Providing market linkages for the various community-based tourism development projects in Nepal, Sikkim, and Bhutan will produce benefits for each project. Overall, this project will help place South Asian ecotourism at center stage in world tourism.

Whereas Himalayan trekking is mainly associated with the grandeur of the high mountains,

other treks may develop a new focus on jungles, ethnic peoples (such as in the Chittagong area of Bangladesh), heritage villages (such as in Mon and Tuensang Districts of Nagaland), and other cultural areas.

In order to avoid negative consequences, the project will employ state-of-the-art approaches to environmental, social, and cultural impact issues, with particular focus on high standards of water and waste management practices. New trek developments will be well controlled, government-approved and clearly focused on raising the self-esteem, dignity, and livelihoods of mountain people.

Estimated Cost

The estimated total cost of the project is \$2.5 million. An annual budget of approximately \$100,000 will be required to initiate the project.

Financing Arrangements

One or more regional or linked national TA initiatives will be sought from multilateral agencies to provide frameworks for planning. INGOs and bilateral agencies supporting ecotourism will be asked to cooperate and pool their resources to seek funding so as to be able to contribute on either a subregional or national basis. Physical infrastructure works will be implemented at the national level through government funding, with or without loan financing.

Implementation Arrangements

NTOs agreed at the fourth meeting of TWG in May 2004 to seek proposals from a range of development agencies to assist in the coordination of this project. SNV, TMI, WWF, ICIMOD, and ECOSS have all previously expressed interest. Because there will be a need to coordinate a wide range of stakeholders in Nepal, India, and Bhutan, and because UNDP is highly experienced in this field, NTOs agreed to ask UNDP Nepal to play a coordinating role. NTOs agreed that Nepal would lead this project and approach UNDP on behalf of TWG.

Initial implementation is envisaged as a series of linked TA projects, implemented in association with an alliance of INGOs and bilateral development agencies active in these areas. One possibility is that UNDP Nepal could integrate The Great Himalayan Trail concept into the Nepal-based Tourism for Rural Poverty Alleviation Program (TRPAP), and develop linked projects in the Himalayan regions of India and Bhutan through its representative offices in those countries. Airport upgrading coupled with the rural tourism training modalities of ADB's shelved Nepal Ecotourism Project could also be adapted to this project. As envisaged in the Nepal Ecotourism Project, experienced ecotourism development agencies active in these areas, such as TMI, WWF, ICIMOD, SNV, and ECOSS, could coordinate implementation of the software components. In the long term, whenever remote airport redevelopment or other infrastructure needs arise in areas not threatened by security problems, a loan project could be prepared. The planned SASEC Integrated Product Development Plan (Project 5.5) will influence future implementation strategies.

Project 5.2. *Integrated Project on Ecotourism in Ganga-Brahmaputra Basin*

Rationale

Just as the Mekong River provides the notional link between the various tourism products of GMS, many of which are not river-based, so too could the Ganga-Brahmaputra river basin be developed as an integrating theme for rural tourism in large areas of SASEC characterized by poverty.

The Ganga-Brahmaputra basin could combine evocative river-based tourism images with tourism opportunities based on world-class wildlife and ethnic cultures. The key objectives of this project are cooperation in overcoming barriers to tourism, and joint tourism promotion in order to heighten demand. The project's ultimate objective is to reduce poverty. The private sector will be encouraged to follow with new travel products. National and local authorities will be encouraged to develop infrastructure and facilities.

Scope

The geographic scope of the project could ultimately include all the landscapes associated with the Ganges, Brahmaputra, and Teesta river systems, linking such famous reserves as the Sundarbans forests of Bangladesh and India to the Manas national parks in Bhutan and India and the Royal Chitwan National Park in Nepal. Joint marketing will focus on establishing images with particular emphasis on tourism based on world-class wildlife and ethnic cultures. These might include tigers in the Sundarbans, other rare wildlife species, orchids and other unique flora, ethnic tribes, handicrafts, village tourism, barges on the Brahmaputra River, paddle steamers, tea, nature, silk, fishing, and religious celebrations such as the Brahmaputra festival. The target of promotions will be the regional tourism industry and international buyers with a demonstrated interest in South Asia. Barriers will be overcome and infrastructure development will be carried out through coordinated advocacy activities.

A key starting point will be to promote and expand upon the new cruising products on the Brahmaputra River. As it progresses, this project will reflect a strong ecotourism theme, including concern for environmental conservation and for local communities' benefit from and participation in tourism. Wildlife is a major competitive product, and river-based products are a major complementary theme. Opportunities will be sought to develop new, distinctive and innovative tourism products, including snow holidays, tea tourism, and circuits linking world heritage sites.

Benefits and Impacts

Benefits will be measured in terms of improvements in the convenience of travel, heightened levels of awareness among relevant elements of the tourism industry, private sector investment in associated tourism products, and whether a tourism development agenda is adopted by further infrastructure projects. New products will be created that will attract new market segments, increase tourist numbers, and spread the benefits of tourism.

Estimated Cost

Total cost of the project is estimated at \$2 million. An annual budget of approximately \$100,000 will be required to initiate the project.

Financing Arrangements

SASEC NTOs, plus the state tourism offices of India's North East will establish arrangements for joint promotions (see Project 1.1), some of which will be allocated to this project. Through DOT India, other appropriate agencies in India will be asked to assist.

Development partners will be sought, including all Indian agencies associated with development of the country's North East, plus national and international conservation, wildlife, and ecotourism organizations. Sponsors will be sought for an annual project coordination meeting.

For projects associated with India's North East, the Department of Development of the North East Region (DONER) and national projects (such as the UNDP-MOT Village Tourism Program) will be harnessed. State tourism development agendas will be coordinated and funds mobilized through sources at the state level and from international development agencies.

Where larger infrastructure facilities are required, needs will be communicated to the relevant SASEC Working Group.

Implementation Arrangements

At the fourth meeting of TWG in May 2004, NTOs agreed that India and Bangladesh would jointly lead this project, inviting Bhutan and Nepal to join once it is underway. Joint marketing efforts will be led by NTOs and coordinated within Projects 1.1 and 1.2. Product development strategies will initially build on the experience of the cruises recently begun on the Brahmaputra River. The planned SASEC Integrated Product Development Plan (Project 5.5) will influence future strategies for projects such as this that focus on ecotourism based on nature and culture.

Annual project coordination meetings will be hosted every second year by one of India's North East States. Bangladesh, Bhutan, and Nepal will alternate as host in the other years. Development

partners will be asked to assist in coordination by attending the biannual project coordination meeting.

Project 5.3. *Integrated Project on Adventure Tourism in South Asia*

Rationale

Adventure Tourism is the third sub-theme that completes the range of ecotourism in SASEC. From the soft adventure of village-based tourism, through cultural trekking, to the high adventure of rafting and mountaineering, this sub-theme is appropriate to selected products throughout the subregion. The project is focused mainly on marketing and developing professionalism, and is aimed at those elements of the world travel industry specializing in adventure travel—at whetting their appetite for the products of South Asia. It will also attract South Asian youth and student markets, thus fulfilling national social objectives, fostering regional understanding, and providing off-season business. Corporate groups engaged in building teams will be targeted as a rapidly growing market segment for adventure tourism.

Scope

A portion of the SASEC Tourism Market Fund (see Projects 1.1 and 1.2) will be set aside for promotion of adventure tourism. This project will establish a South Asian Network of Professional Associations of Adventure Tourism Operators. This Network will provide advice and assist in promotional activities. Additionally, the Network will undertake initiatives aimed at building professionalism, including forming new professional associations of adventure tourism operators where none exist. More generally, the Network will advocate adventure tourism and support its interests, such as the protection of free-flowing rivers of present or potential use for adventure tourism in the subregion.

The project will include the promotion of new adventure tourism destinations in the subregion, allowing lesser-known areas to benefit from the downstream effects of tourism. Such areas might

include the Mon and Tuensang Districts of Nagaland, Arunchal Pradesh, and other areas in North East India. The project will also champion the development of a subregional facility for training in adventure tourism.

Benefits and Impacts

The demand for adventure tourism in the subregion will grow. This will result in improvements in professionalism, confidence, and standards in the adventure tourism industry. Intra-regional and inter-regional professional links will be enhanced. New products will be created in SASEC that will attract new adventure segments and spread tourism benefits to remote rural areas.

Estimated Cost

The total estimated cost of the project is \$2 million. An annual budget of approximately \$20,000 will be required to initiate the project.

Financing Arrangements

At the fourth meeting of TWG in May 2004, the Government of India agreed to fund the initial stages of this project in conjunction with its ongoing support for the International Institute for Adventure Sports in Sikkim. Joint promotion of adventure tourism will be implemented under Projects 1.1 and 1.2. India, assisted by as many development partners as possible—such as bilateral agencies already active in the subregion, will foster the formation of the South Asian Network of Adventure Tourism Operators. The Network itself would be self-supporting, except where its activities are supported by a project funded by TWG.

Financing for subprojects initiated and championed by the Network will be sought on a case-by-case basis.

Implementation Arrangements

NTOs agreed at the fourth meeting of TWG in May 2004 that India would lead this project. DOT India will coordinate the process of establishing the Network, assisted by the International Institute for

Adventure Sports in Sikkim, NTB, and ECOSS. The Network will meet once every year in conjunction with the Sustainable Tourism Forum (see Project 5.4). STF will be a major platform for advocacy. The Network will provide means for those developing adventure promotions under Projects 1.1 and 1.2 to communicate with the industry.

Implementation arrangements for subprojects initiated by the Network will be designed on a case-by-case basis in collaboration with the funding agencies. The planned SASEC Integrated Product Development Plan (Project 5.5) will influence future implementation strategies for this project.

Project 5.4. *South Asia Sustainable Tourism Forum*

Rationale

When the program for tourism cooperation in GMS began, there was a need for radical improvement in communication between the private and public sectors in most sectors of the region's economy, including tourism. Out of this need came the Mekong Tourism Forum. Requirements for such improvement in SASEC are not so broad. In SASEC, it is a widely recognized that the government agencies, NGOs, and INGOs managing ecotourism projects need to collaborate more effectively with all stakeholders in the tourism industry, particularly the private sector. While ecotourism activities of the public sector and those of the private sector are each highly regarded in their respective circles, there is often a gulf between the two sectors. Bridging this gulf would be a very effective way to cement South Asia's leadership in world ecotourism. Under this project, a Sustainable Tourism Forum (STF) would be created for this purpose. The Forum would be a think-tank and, ultimately, a showcase for South Asian ecotourism.

Subject to further refinement, the objectives of the South Asia STF will be to

- provide a forum for communication between public and private sectors,
- close the gap between ecotourism projects and the private sector tourism industry,

- help coordinate various regional initiatives in ecotourism,
- project a South Asian identity and engender pride in the subregion's ecotourism achievements,
- introduce international best practice and standards in ecotourism,
- deal with common issues concerning subregional sustainable tourism,
- provide a venue for joint product planning and marketing,
- foster cooperation among SASEC countries, and
- invite, from time to time, participation by other regional bodies, such as SAARC and BIMST-EC.

Scope

An STF would be held every year in conjunction with the TWG meeting. The venue would rotate around the subregion with TWG meetings. The task of organizing STF would rotate as well. The host NTO would convene an STF Organizing Committee to coordinate arrangements for convening STF immediately prior to the TWG meeting. In every aspect, STF would be a partnership between the subregion's private sector tourism operators and those who use tourism as a development tool. STF would be a seminar at which topical issues could be addressed. It would also be a showcase of the subregion's ecotourism products.

There has been strong stakeholder endorsement of STF as a way to link NGOs and resource managers with the private sector travel industry. Also strongly endorsed is the long-term prospect of STF becoming a showcase for sustainable tourism based on the natural and cultural heritage in SASEC.

Benefits and Impacts

A partnership would be forged and strengthened between the subregion's tourism private sector and government agencies, development agencies, INGOs, and NGOs engaged in ecotourism activities in the subregion. Ecotourism (broadly defined) projects would have a platform at which to establish market links with the tourism industry and to check the viability of

their products. Responsible and sustainable practices would be encouraged in the tourism industry. Good and bad lessons could be shared and subregion-wide problems addressed by bringing regional representatives together. Pro-poor tourism techniques would be advanced. The subregion's new ecotourism products would be introduced to the industry. Over time, STF would help establish South Asia as home to the world's best in ecotourism.

Estimated Cost

Total project cost is estimated at \$200,000. Annual sponsorship of approximately \$10,000 will be required.

Financing Arrangements

Seed sponsorship of a gradually diminishing amount—similar to ADB's initial support for the Mekong Tourism Forum—is envisaged for the first four events. Subsequently, the aim will be for STF to become self-supporting through multiple sponsorship arrangements.

At the fourth meeting of TWG in May 2004, NTOs agreed to invite interest in developing this project concept further. Invitations will go to ICIMOD, SNV, TMI, WWF, ECOSS, the Environmental Information System for Ecotourism (ENVIS) Chapter in Sikkim, and STN and UNDP's TRPAP in Nepal.

Implementation Arrangements

NTOs also agreed at the fourth meeting of TWG in May 2004 that Nepal would lead this project and, with ADB's assistance, approach potential development partners. If one or more development partners can be found, their key roles will be to assist the host NTO to convene an STF Organizing Committee in advance of STF, and then to assist the Committee. The development partners and the Committee will arrange and promote the event jointly. The planned SASEC Integrated Product Development Plan (Project 5.5) will influence future implementation strategies of this project.

Project 5.5. *SASEC Integrated Product Development Plan for Ecotourism Based on Nature and Culture*

Rationale

At the fourth meeting of TWG in May 2004, the representative from WTO suggested that an SASEC Integrated Product Development Plan for Ecotourism Based on Nature and Culture should be prepared to coordinate all the projects under Program 5. Such a Plan could assess the ecotourism products of the subregion in a more detailed way than was possible in the SASEC Tourism Development Plan study. NTOs agreed to make the preparation of this Plan a project within Program 5, provided the other proposed projects in Program 5 progress as planned.

Scope

The SASEC Integrated Product Development Plan for Ecotourism Based on Nature and Culture is conceived as an integrated picture of the product development needs and opportunities across the subregion. NTOs specifically requested that the Plan should not be a masterplan. The Plan could identify ecotourism product development projects, both subregional and national, for implementation under the guidance of TWG.

Benefits and Impacts

The benefits of such a Plan would include integration of SASEC's ecotourism product development activities with WTO international activities in ecotourism and sustainable livelihoods, including the WTO-led Sustainable Tourism for the Eradication of Poverty (STEP) Program. Its value to TWG would include systematic identification of ecotourism product development needs and opportunities across the subregion.

Estimated Cost

The total estimated cost of the project is \$500,000.



Financing Arrangements

WTO has offered to approach UNDP New York on behalf of TWG to seek funding for the Plan. This offer was made subject to ratification by SASEC NTOs of the final report of the SASEC Tourism Development Plan, and a request from all four SASEC governments that WTO to prepare the project Plan.

Implementation Arrangements

Implementation of the Plan will be by WTO in cooperation with TWG and SASEC NTOs.

2. Program 6

Developing Buddhist Circuits

Project 6.1. *Footsteps of Lord Buddha*

Rationale

There is opportunity and urgent need for joint tourism planning and marketing by India and Nepal of the major sites associated with the life of the Lord Buddha on the premier Buddhist Heartland circuit (Key Area 2).

Destinations on the circuit are Rajgir, Nalanda, Bodh Gaya, and Vaishali in Bihar. In Uttar Pradesh circuit destinations are Sarnath, Kushinagar, and

Stravasti. In Nepal, Lumbini with its seven surrounding sites, including Kapilavastu, are destinations on the circuit. Lumbini and Bodh Gaya are cultural World Heritage Sites. The circuit receives an estimated 50,000 visitors annually, and many more visit individual sites during festivals and teachings (Table 19).

The circuit is currently constrained by security in Bihar and Uttar Pradesh. Inadequate air links, bad roads, and poor rail connections are also constraints. Major potential exists to extend the circuit to include Kathmandu—currently included in only 10% of packages—and to expand its appeal to new markets, including sightseeing and general interest segments. Improvements needed include language interpretation for visitors, site management and beautification, border facilities at Butwal, wayside amenities, as well as other infrastructure on the Asian Highway. Market research and surveys are needed for analyses similar to those in the NTB Lumbini Visitors' Survey 2004. Local communities and Buddhist custodians need to be engaged in visitor management.

Based on JBIC experience in Uttar Pradesh, it is clear that conservation standards are also in need of very urgent attention, although preservation is the primary focus of some existing management systems.

Scope

This project will introduce a tourism element into the management and planning of sites on the Footsteps of the Lord Buddha circuit. Joint planning by Nepal and India, integrating conservation and tourism for the circuit, will lead to the identification of individual national projects. Joint tourism planning for the sites should involve a wide range of stakeholders including DOT India, the Archaeological Survey of India (ASI), the State Governments of Bihar and Uttar Pradesh in India, NTB Nepal, Nepal's Department of Archaeology, concerned District Development Committees in Nepal, the Lumbini Development Trust, various Buddhist societies, ADB, JBIC, JICA, UNDP, other development organizations active in the areas, tourism and transport operators in SASEC and in source markets, custodians and monasteries at the sites, and the local communities. Planning should also involve projects already underway, such as the

JBIC-supported site development projects in India and the forthcoming ADB-supported infrastructure interventions at Lumbini in Nepal.

Coordinated market research and ongoing visitor monitoring is envisaged at each site. Marketing work under this project will complement the branding and promotion activities envisaged in Projects 1.1 and 1.2. Other project activities will focus on improving on-site interpretation and visit planning information, integrated on-site signage, the training of local guides, and tourism awareness training for surrounding villages. The introduction of international best practice in the management and development of heritage sites and religious circuits would be fostered.

Benefits and Impacts

The rationale for productive national projects will be established based on sound market research and analysis. Some initial project ideas are presented under Key Area 2. A sensible tourism development agenda will be introduced into site and visitor management, with emphasis on improving accessibility and problem solving. Regional and international market demand will be stimulated, including that in new tourist market segments. The visitor experience will be improved with a seamless approach to tourism management and interpretation based on international best practice. More tourism benefits will reach surrounding communities. All stakeholders, including custodians, the wider Buddhist community, and local people will become aware of the importance of tourism.

Estimated Cost

The total estimated cost of the project is \$2.5 million.

Financing Arrangements

At the fourth meeting of TWG in May 2004, the Government of India offered to coordinate TWG interests with JBIC, an organization with relevant experience in the Uttar Pradesh Buddhist circuit. JBIC has expressed interest in cooperating with this project in collaboration with ADB. Agencies

concerned with conservation and development will be encouraged to support joint marketing activities promoting sustainable management systems.

Implementation Arrangements

At the fourth meeting of TWG in May 2004, NTOs agreed that DOT India would lead this project. An India-Nepal Coordination Committee would be formed to facilitate the project. Joint tourism planning and promotional activities would be led by DOT India in close consultation with NTB and key stakeholders such as custodians, Buddhist societies, and the tourism private sector of the two countries.

The Committee's aim will be to identify specific development needs linked to proven tourist flows and joint marketing strategies. A regional TA project will be requested jointly of JBIC and ADB. Overseen by the Committee, this project will undertake a series of tourism planning studies resulting in the preparation of national development projects at Buddhist sites and associated tourism sites.

JBIC will be encouraged to explore the application of its *Michi no Eki* tourist facilities on portions of the Asian Highway that link the Footsteps of the Lord Buddha sites. UNESCO has expressed willingness to be associated with any SASEC project dealing with development where sustainability is an issue. UNESCO has wide experience in managing and mitigating the effects of tourism on sensitive areas.

Project 6.2. *Living Buddhism in the Himalaya*

Rationale

There is strong consensus in Bhutan, India and Nepal supporting a cooperative initiative aimed at heightening awareness of the Living Buddhism attractions and improving the quality of the Living Buddhism tourism products in the subregion through marketing, product development, and training. Foremost among the reasons for support of such an initiative is the desire to attract a broader spectrum of visitors, both international and regional, and to lengthen the stay of visitors from current Living Buddhism markets.

Scope

The focal points of Living Buddhism are the following sites: 15 key pilgrims places in Kathmandu Valley and the Nepal Himalaya (Thyangboche, etc.); Dharamshala, base of the Dalai Lama; Sikkim (Gangtok, Rumtek, Pemayangtse and Tashiding Monasteries, Guru Rinpoche caves, tallest statue, and the sacred lakes, etc.); Arunchal Pradesh (Tawang); and the great monasteries of Ladakh and Bhutan. Many sites are spectacular, important from a religious perspective, and heavily used during festivals and teachings. Currently, Living Buddhism sites attract Buddhist pilgrims and *dharma* students from all over the world, special interest segments such as trekkers, those seeking peace and well being in Himalayan spas, meditation and yoga courses, and general interest sightseers.

Joint marketing activities by NTOs will attract more visitors and broaden the current market segments, benefiting from the branding and promotion activities outlined in Projects 1.1 and 1.2. Joint planning for visitor services will involve a wider range of stakeholders at each site, including NTOs, local authorities, Buddhist societies and custodians at the sites, UNESCO, other development organizations, tourism operators, and local communities.

A subproject to develop codes of conduct will improve the visitor-host relationship and more accurately prepare visitor expectations. A subproject for training trainers in best practice techniques will aim at improving the training of local guides and site interpreters. These interventions will lead to greater benefits from tourism by local communities and custodians. A study of international best practice in religious circuits and heritage sites will assist in the development of codes of practice for SASEC.

The Namgyal Institute of Tibetology in Sikkim is a model institute in the subregion and will be used as a focal point for project activities such as the training of guides.

Benefits and Impacts

Expected benefits include growth in demand, lengthened stays, and greater awareness of the tourism potential of Living Buddhism sites. New

products and new circuits, carefully segmented to match market interests, will be developed and existing ones improved. Guest-host codes of conduct will help minimize insensitive behavior and other negative impacts of tourism. Improved community awareness of the potential benefits from tourism will result in improved care for sites and pride in shared culture.

Estimated Cost

The estimated cost of the project is \$2 million.

Financing Arrangements

Existing NTO budgets may be harnessed for promotional, coordination, and advocacy activities. Funding will be sought from donor agencies, especially bilateral donors with links to source markets. The cooperation of airlines and major operators interested in Buddhist circuits will be sought. International development agencies with proven interests in cultural sites, including UNESCO, will be approached for collaboration.

Implementation Arrangements

At the fourth meeting of TWG in May 2004, NTOs agreed that Bhutan would lead this project. Bhutan will liaise with the Namgyal Institute of Tibetology in Sikkim and prepare a strategy for a joint campaign to promote Living Buddhism tourism. The strategy will involve individual NTOs undertaking coordinated implementation programs and working with relevant Buddhist associations, custodians, concerned government agencies, and other stakeholders. Development partners will be asked to contribute overarching joint planning studies. Development agencies with proven skills in linking cultural issues, community development, and tourism will be approached to foster donor interest and assist implementation. Guide training in cultural interpretation based at the Namgyal Institute of Tibetology in Sikkim will be a major activity. A training scholarship and exchange scheme will be tailored to the needs of the subregion's cultural guides and to the objectives of donors' country programs.

Project 6.3. *Buddhist Art and Archaeology in South Asia*

Rationale

With the current global interest in Buddhism, there is a need to bring South Asia's lesser-known Buddhist art and archeology, as well as its architecture, caves and artifacts, to the attention of world tourism in a positive way. In addition to the well-known Footsteps of the Lord Buddha circuit, many other ancient Buddhist sites could be developed and interpreted for visitors. The quality of visitor services and facilities at SASEC's Buddhist art and archeology sites needs to improve if additional regional and international visitors are to be attracted.

Joint action is needed, on a subregional basis, to position the ancient Buddhist sites of SASEC so they appeal to general sightseeing and cultural groups as well as to pilgrims and other special interest groups. Some sites are constrained by access, and by the lack of accommodations and visitor facilities. In all cases there is a parallel need to ensure proper conservation management of site art and archaeology. Inventory and protection strategies need to be developed based on international best practice. Where practicable, local communities and custodians may be brought together in joint, integrated conservation and community development strategies, using tourism as the community development tool. The overall aim of TWG will be to focus planning, advocacy, and coordination activities on visitor services and facilities at Buddhist art and archeology sites.

Over the last 3 years UNESCO has been implementing a project on Cultural Survival and Revival in the Buddhist Sangha: Documentation, Education and Training to Revitalize Traditional Decorative Arts and Building Crafts in the Buddhist Temples of Asia. The goal of this project is to build capacity among traditional local caretakers, including Buddhist custodians and lay community members, to undertake the preservation of intangible culture heritage in primarily Buddhist regions. Provided that synergies continue to exist, TWG will implement this project exclusively by coordinating and encouraging the four NTOs to support the UNESCO Project.

Scope

The scope of this TWG project will match UNESCO's activities in SASEC under its just-mentioned project for Cultural Survival and Revival in the Buddhist Sangha. TWG will encourage and support UNESCO in its activities in SASEC countries.

TWG will encourage UNESCO to focus on sites in Bangladesh (Paharpur, Mahastangar, Comila, Mainamati, and Ramu); India—Madya Pradesh (Samchi) and Maharashtra (Ajanta and Ellora); Sikkim (Rumtek, Tashiding, etc.) and Ladakh; Orissa (Khandagiri, Udaygiri, Ratnagiri, and Lalitgiri); Arunchal Pradesh (Tawang); Tripura (Pilak etc.); and in Nepal (Tilaurakot, Niglihawa, Gotihawa, Sagarhawa, Arorakot, Kudan, and Ramagrama). There are also relevant sites in Myanmar, TAR, PRC, Sri Lanka and beyond. It should be noted that Footsteps of the Lord Buddha sites are not included here, but are included in Project 6.1. Similarly, the Living Buddhism sites of Bhutan and Nepal are covered in Project 6.2.

TWG will advocate joint planning of visitor services and facilities at key Buddhist sites. TWG will seek to ensure the participation of a wide range of stakeholders, including NTOs, archaeological authorities, state and district governments, UNESCO, INTACH, museums, trusts, other development organizations, tourism operators in SASEC and in source markets, Buddhist societies and custodians at the sites, and local communities. Advocacy and coordination activities will involve ensuring that the tourism agenda is included in plans for development of any site. Joint marketing by NTOs will include coordinated market research and visitor monitoring at each site, and will benefit from the branding and promotion activities in Project 1.1 and 1.2. Sub-themes may evolve—for example Buddhist caves or architectural themes. Efforts will be made to attract filmmakers, book publishers, and the media to cover these attractions. Other joint activities are likely to focus on improving visitor interpretation, local guide training, homestays, handicrafts, and tourism awareness training for custodians and the surrounding communities. Training activities in local communities aimed at enhancing their benefits from tourism, and to overcome accommodation constraints, will use proven



ecotourism techniques developed in the SASEC region. Coordinated inventory and preservation strategies will be advocated.

Benefits and Impacts

The project will lead to greater awareness in the tourism industry of Buddhist art and archaeological products in SASEC countries, and a more systematic approach to conservation and preservation of the sites. Local, national, and subregional pride in historical traditions, cultural heritage, and shared history will be enhanced, as will visitor experience, tourism flows, and local benefits. Potential negative impacts of increased tourism will need to be addressed and minimized.

Estimated Cost

The total estimated cost of the project is \$1.5 million.

Financing Arrangements

TWG will join with UNESCO in efforts to attract multilateral agencies such as UNESCAP, the International Commission on Monuments and Sites (ICOMOS), and the European Union (EU) to assist. Bilateral donors such as France and Italy have demonstrated interest in heritage preservation. The Government of Norway is currently assisting UNESCO. Buddhist circuit source markets such as Japan, Republic of Korea, Taipei, China, and Thailand, Buddhist organizations, other international development agencies, NGOs, trusts (such as INTACH), and museums will be asked to play a part, however small, in this project.

Implementation Arrangements

At the fourth meeting of TWG in May 2004, NTOs agreed that India and Bangladesh would lead this project. DOT India and BPC will liaise with UNESCO and help undertake an assessment of planning, marketing, and training needs. Potential

subproject sites will be identified, giving priority to Key Areas and those with links to tourism flows. This assessment will be used as a prospectus to attract further donor interest. Sites with donor-assisted projects already in place will be asked to coordinate with UNESCO and TWG. Inventory and preservation activities will be encouraged through relevant archaeological departments. NGOs and INGOs will be asked to assist with tourism awareness and community training activities.

D. Programs Focused on the Private Sector

1. Program 7

Enabling the Private Sector

Project 7.1. *Tourism Investment Fund*

Rationale

Lack of finance is not a major constraining factor within the tourism industry. Generally, worthy projects have relatively little trouble in securing financing from development and commercial banks and other sources. The Tourism Finance Corporation of India (TFCI) acts in direct support of the industry in India. In India's North East, the North East Development Finance Corporation and TFCI provide financing for individuals, and the North Eastern Council (NEC) has funding mechanisms for local government. In some cases, however, small and medium-sized investors have more difficulty in securing financing, especially if they lack assets as collateral. This is a systemic problem, not limited to the tourism industry.

The most obvious need relates to subregional tourism projects. Regional cooperation initiatives raise special problems, for they entail two or more countries. Commercial banks may be reluctant to consider foreign exchange and other risks these entail, and multilateral lateral financing institutions (MFIs) have no lending instrument that applies

jointly to two or more developing countries. Further, regional cooperation initiatives frequently require policy, regulatory, and other supportive changes by central and state governments. Without such changes, including infrastructure support, tourism investments may yield disappointing returns and fail to be sustainable.

In light of these considerations, various options have been reviewed and assessed in Appendix 2, including:

- (i) A SASEC Tourism Investment Fund (TIF), a private sector venture capital fund with minority equity participation by governments and MFIs.
- (ii) A SASEC Tourism Development Facility, a subsidiary of a bank or other financial facility in the subregion (possibly the TFCI), supported by a loan from ADB.
- (iii) A SASEC Tourism Development Loan from ADB to governments of the subregion, relent to development banks, and in turn to tourism investors.

Neither the Tourism Development Facility nor the Tourism Development Loan concepts were deemed persuasive, in part because they would overlap with existing financing (e.g. development banks). In that a substantial loan from ADB for tourism would compete with other uses, it is not apparent that member countries would favor these options. Further, these options entail directed lending, which runs counter to the private sector as the driving force for the tourism industry.

The SASEC TIF concept merits further assessment and development with potential investors. By pooling the equity of influential tourism investors in the subregion, and by encouraging equity participation by governments and MFIs, the proposed SASEC TIF would help finance new investments in tourism facilities, including bankable infrastructure projects. Because of the scale and importance of the Fund, it could be persuasive in encouraging SASEC member governments to improve policy and regulatory factors critical to expanding the tourism industry on a sustainable and competitive basis. Possible expansion of the concept to SAARC would be considered.

Scope

The TIF would be active throughout the subregion and, when fully established, could expand its operations to SAARC member countries. It could commence operations on a relatively small scale, with initial capitalization set at \$20 million, building to \$100 million over 5 years, and to a further \$100 million over 10 years. With co-financing, the Fund could be a major factor in helping to develop the tourism industry in the subregion.

Benefits and Impacts

The TIF is expected to act as a catalytic force in facilitating new tourism investments, including infrastructure, and to help create a more positive environment for investment. In these ways, the TIF is expected to contribute to increasing tourism arrivals and extended stays, leading to new employment opportunities in poor areas, increased tourism revenues to governments, as well as other benefits.

Estimated Cost

The estimated cost of the project is \$500,000.

Financing Arrangements

The TIF is expected to be majority owned by private investors. Governments and MFIs would be invited to take equity positions. The initial \$500,000 is needed to develop the concept and to identify the founding shareholders.

Implementation Arrangements

At the fourth meeting of TWG in May 2004, NTOs agreed that India would lead this project in collaboration with ADB. Further assessment and development of the concept is required in consultation with potential investors. Venture capital experts in the subregion will be tasked to determine interest in the TIF.

Project 7.2. Public-Private Partnerships

Rationale

Throughout the tourism world, tasks such as destination marketing are increasingly undertaken by partnerships between the public and private sectors. The application of this concept to SASEC countries has very strong stakeholder support. While only Nepal has an institutionalized version of a public-private partnership (PPP) in the form of NTB, each of the other NTOs already has some means of sharing decision-making with the private sector.

This project idea is based on the notion that TWG will itself become a model PPP and a champion of the PPP cause. It is envisaged that TWG will take an advocate's position in ensuring that tourism's private sector is not marginalized, that SASEC's various tourism institutions are continually strengthened, and that tourism sector reforms are undertaken. The first focus of TWG advocacy will be to ensure that national and state governments and their industry partners support the SASEC TDP.

Scope

At the outset, private sector participants will be invited to TWG meetings. Initially, the best way to attract the private sector will be to adopt projects that have an immediate and positive impact. Ideally, the tourism industries will become long-term partners with TWG. Beyond this, TWG could practice the idea of PPP in its project implementation modalities, and from time to time opportunities may arise for TWG to play an advocacy or brokering role in the formation of new PPP institutions.

Benefits and Impacts

PPPs in tourism combine the smart and nimble thinking of the private sector with the power and responsibility of government. When focused on a task such as destination marketing, a PPP will act with more confidence and focus than either sector acting alone.

Estimated Cost

Total estimated cost of the project is \$500,000.

Financing Arrangements

To be discussed between PATA and ADB.

Implementation Arrangements

NTOs agreed at the fourth meeting of TWG in May 2004 that NTB should lead this project, as it is itself a model of PPP. PATA also is an organization based on the PPP concept and is frequently an advocate for this cause. PATA has indicated interest in standing alongside TWG in implementing this project.

This circuit potentially offers a chain of premier wildlife viewing opportunities in poor and undeveloped parts of Nepal and India, part of the WWF Terai Arc Landscape Conservation Project. Improved roads and border facilities would encourage travel operators to package this circuit when security improves.

This is a long-term program. Implementation of national projects is dependent on resolution of the current conflict.

Ideas for National Projects

- 1.1. Dhangadi Airport improvements
- 1.2. Border crossing facilities and wayside amenities in Far West Nepal
- 1.3. Wayside amenities in Uttar Pradesh

E. Key Area Programs

1. The Role of TWG in Key Areas

TWG will maintain a supportive oversight of national projects in the Key Areas and promote cross-border planning and coordination. A summary of the Key Areas is presented in this section. Appendix 4 contains Key Area Tourism Development Concepts and additional details about ideas for national projects.

2. Key Area Program Outlines

Key Area 1. *Bardiya and Suklaphanta to Dudwa National Parks*

Program Outline

There is major potential for a tourism circuit based on wildlife viewing linking the protected areas of Royal Bardiya National Park and Royal Suklaphanta National Park in Nepal with Dudwa National Park in India. The circuit also extends to Jim Corbett National Park and Nainital. Poor roads, difficult border crossings, and security issues are the main constraints to development of this circuit.

Key Area 2. *Buddhist Sites, Lumbini to India*

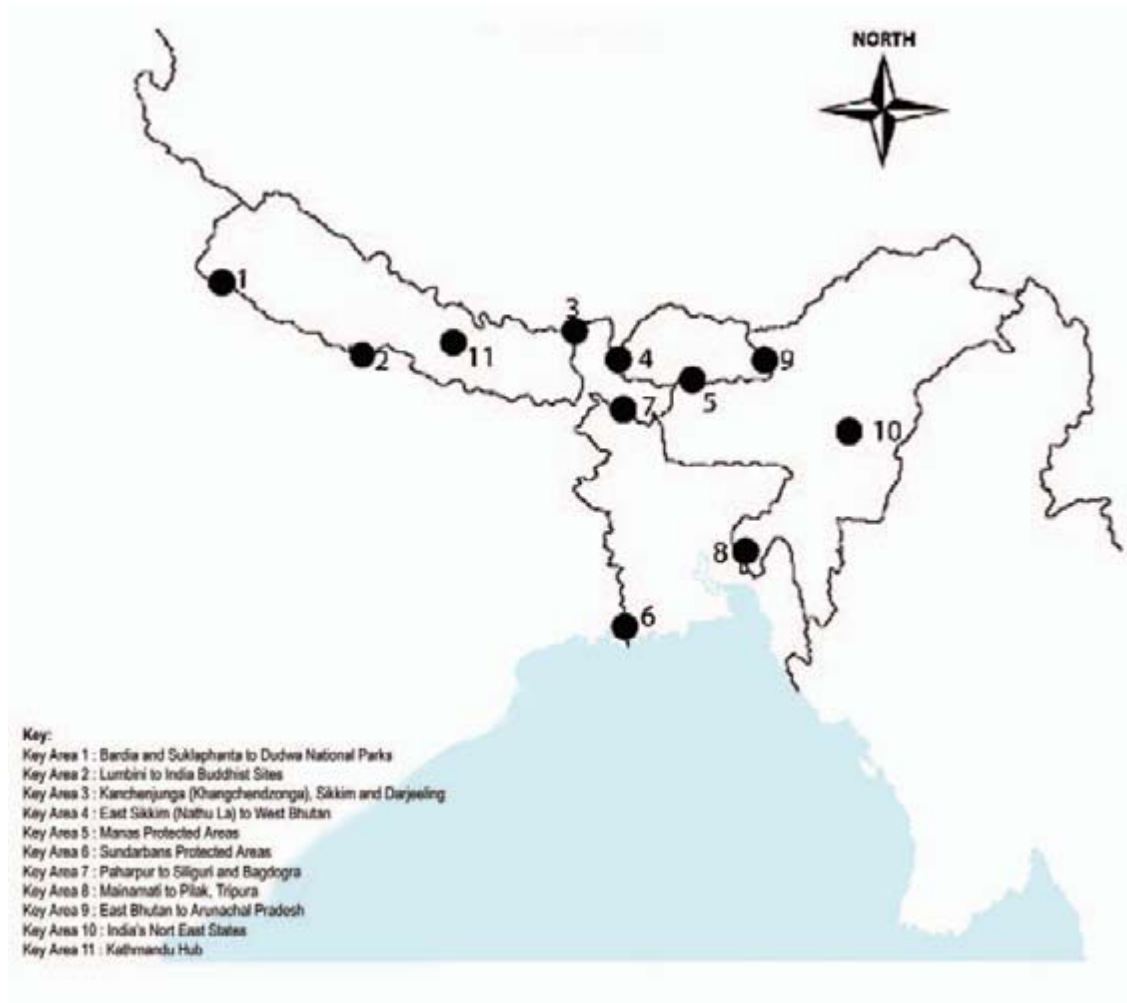
Program Outline

The Footsteps of the Lord Buddha circuit is already very popular, appealing to many segments of the Buddhist pilgrim market. The circuit includes the destinations of Lumbini, Kapilavastu, and other associated sites in Nepal. In India, the circuit includes Kushinagar, Nalanda, Rajgir, Bodh Gaya, and Sarnath.

To take advantage of current market growth, the Footsteps of the Lord Buddha circuit needs to be developed further and positioned as the iconic Buddhist product. This is the key product for positioning SASEC as the Buddhist Heartland, with the power to attract the growing market segments of international pilgrimage and spiritual visitors from all over the world.

Ideas for National Projects

- 2.1. Road improvements on the circuit in India
- 2.2. Wayside amenities on the circuit in India
- 2.3. Visitor facilities and interpretation in Bihar and Uttar Pradesh
- 2.4. Improved visitor facilities in Nepal
- 2.5. Bhairawa Airport improvements
- 2.6. Water supply infrastructure improvements at Lumbini

Figure 7: Key Areas

Key Area 3. *Kanchenjunga (Khangchendzonga), Sikkim and Darjeeling*

Program Outline

There is good potential to tap into and expand the already strong ecotourism flows in Sikkim and Darjeeling by developing cross-border trekking and other tourism linkages between the KCA in Nepal and Khangchendzonga National Park in Sikkim. The opening of Bagdogra Airport as an air hub for the SASEC subregion, with international and regional connections, has the potential to facilitate access to Key Area 3 and to positively impact tourism, especially in Sikkim, Darjeeling, Bhutan, and East Nepal.

Coordinated subregional marketing of Sikkim as an ecotourism destination could help restore its previously strong international tourism flows. Cross-border treks on the sacred landscape of Mount Kanchenjunga (Khangchendzonga) (8,589 meters), shared by East Nepal, West Sikkim, and TAR,PRC, could present a unique ecotourism-adventure product when security improves and border restrictions ease. The development of Bagdogra Airport to international status and improvements at Tinglejung Airport would ensure better access. The Kanchenjunga regional ecotourism park concept, linking Nepal, India, and the PRC for a common trans-boundary conservation strategy has the potential of tackling common problems more effectively and helping to promote controlled tourism for the mutual benefit of the parties involved.

Ideas for National Projects

- 3.1. Road improvements and wayside amenities in Nepal
- 3.2. A program of ecotourism improvements in the KCA
- 3.3. An Ecotourism Plan for West Sikkim
- 3.4. A visitor management strategy for North West Bengal

Key Area 4. *East Sikkim (Nathu La) to West Bhutan*

Program Outline

Good potential for tourism development is one result of the newly opened Nathu La Road from Sikkim to the Chumbi Valley in TAR, PRC. The cross-border, three-country “Nehru Trek” offers Buddhist-oriented adventure trekking, linking it to the recently opened Ha areas and the existing Samchi to Paro trek in western Bhutan. Permit constraints need to be overcome.

In the longer term, there is exciting potential for reopening the historic trade trail to create a new three-country trek, first made famous by the late Prime Minister Nehru (see Project 5.1).

Ideas for National Projects

- 4.1. Tourism Awareness Program in Sikkim
- 4.2. Wayside amenities in Sikkim

Key Area 5. *Manas Protected Areas*

Program Outline

The World Heritage Site, the Manas national parks on both sides of the border between India and Bhutan, has excellent tourism potential. The Manas protected areas could be a showcase for the subcontinent’s wildlife tourism. Current security constraints need to be overcome. Opening the land border at Gelephu would create ecotourism circuits within Bhutan (Zhemgang). Manas has the potential to be a world ecotourism model.

Access from Bhutan is either by road via Trongsa, or via rafting trips down the Mangde Chhu and Damgme Chhu rivers. Elephant-back safaris can be arranged from Tingtibi with potential for crossing into the Assam grasslands in India to view wildlife there. Boat trips and river cruises could join the Brahmaputra River, offering river recreation and fishing. Well-planned, sustainable tourism in this Key Area has the potential of providing alternative livelihoods for current poachers, who could become instead guardians of the protected area. Other benefits include handicrafts. There is a rich tradition of cane culture and locals use cane art as a livelihood. Sustainable management of cane harvesting and the introduction of better design, quality control, and marketing of cane products could benefit surrounding communities.

Ideas for National Projects

- 5.1. A joint Ecotourism Strategy for the Manas protected areas in Bhutan and India
- 5.2. A handicraft program based in India

Key Area 6. *Sundarbans Protected Areas*

Program Outline

The Sundarbans mangrove forest, a World Heritage Site, may be visited from both Bangladesh and India. Strong flows of domestic visitors come from Dhaka, and particularly from Kolkata. Opportunities exist for joint marketing, the sharing of responses to conservation management issues, and careful introduction of new ecotourism circuits combining the two countries.

Tourism can play an important role as a tool for sustainable livelihood and can reduce current destructive dependency on the fragile environment. In the Sundarbans, more involvement of the local community in tourism activities is essential to reduce current unsustainable pressure on the forest. More direct and indirect employment needs to be created through tourism. Possibilities include local guides for river cruises, bird and wildlife viewing, honey collection, and services in tourist camps. To ensure that local communities enjoy the benefits of tourism, they require training and other efforts to build

capabilities. Tourism development in the Key Area offers exciting opportunities for cooperation and experience-sharing by conservation managers, NGOs, and the tourism industry at the proposed STF.

Ideas for National Projects

- 6.1. Joint Sundarbans Ecotourism Strategy
- 6.2. Village tourism homestay and jungle camp program in Bangladesh
- 6.3. Community-managed conservation interpretation center in the Indian Sundarbans
- 6.4. Community-managed conservation interpretation center in the Bangladesh Sundarbans

Key Area 7. *Paharpur to Siliguri and Bagdogra*

Program Outline

The land border between India and northern Bangladesh at Banglabandh means that the Buddhist circuits of Paharpur can be promoted from the north using the Bagdogra and Guwahati gateways. The lack of tour operator awareness, poor roads, limited accommodations, and security are the constraints to this potential.

Paharpur monastery and its surrounding sites are iconic products in the positioning of the SASEC subregion in Buddhist art and archaeology market segments. They provide insight into ancient Buddhist architecture and culture. Opportunities in adventure and ecotourism circuits will open up with the link to the PRC via the Nathu La. Potential connections between the Sundarbans and Darjeeling, Sikkim, TAR, PRC, and Bhutan are included in these opportunities. As a response to the West Bengal transport corridor south from Bagdogra to Kolkata, it is desirable for Bangladesh to develop a tourism corridor linking its ecotourism and Buddhist sites.

Ideas for National Projects

- 7.1. Wayside amenities between Bagdogra and Paharpur to Dhaka
- 7.2. Paharpur Monastery excavations

Key Area 8. *Mainamati to Pilak, Tripura*

Program Outline

Developing the Mainamati to Pilak Key Area will establish a new Buddhist circuit product in SASEC. There is also ecotourism potential in some of the unique forests in both India and Bangladesh that protect the endangered *Chashma*, or spectacled monkey. To develop the Mainamati to Pilak Buddhist Circuit, cooperation will be needed between the Government of Bangladesh, the Government of India, and the State Government of Tripura. Marketing and promotion is also required, and permits and cross-border protocols need to be rationalized. The private sector can be encouraged to develop accommodations at Agartala. Some excavated sites at Mainamati are located in a cantonment area and need to be opened to the public.

Ideas for National Projects

- 8.1. Excavations at Mainamati in Bangladesh
- 8.2. Visitor amenities at Mainamati in Bangladesh
- 8.3. Visitor amenities at Pilak, Tripura in India

Key Area 9. *East Bhutan to Arunchal Pradesh*

Program Outline

The opening of the land border east of Trashigang and Sakteng at the eastern end of the Great Himalayan Trail will create new adventure trekking links with Arunchal Pradesh (Tawang Monastery and Bomdila). Community-based styles of tourism will bring benefits to remote eastern Bhutan and India's North East. These opportunities will be further extended by re-opening the Samdrup-Jongkhar road crossing.

When border conditions and security issues change, this area offers new adventure trekking, ecotourism, and Buddhist circuit possibilities for SASEC. Once border agreements are in place, trek routes in currently unexplored areas, maps, guides, and publicity information will need to be provided in partnership with resource managers, local authorities, and the private sector. Tourism has the

potential of providing supplementary livelihoods for the benefit of people in these remote areas. The area is fragile, and careful planning and management will be required to ensure that ecotourism is used as a development tool to protect its natural and cultural resources.

Ideas for National Projects

9.1. Adventure Trekking

Key Area 10. *India's North East States*

Program Outline

Good opportunities with a strong pro-poor rationale are available to promote the “unexplored” North East of India. The ecotourism products of the North East, initially in Assam, Arunchal Pradesh and Nagaland, will produce some of the iconic features of SASEC tourism. With particular emphasis on cultural, ethnic, and adventure products, and careful recognition of their protected-area status, these little-known destinations require improvements in tourism awareness, air linkages, and security.

The North East has the potential to play a leading role as the premier ecotourism destination in India. Building on Sikkim's success, and exploiting resources made available by the development subsidy from the Government of India, the North East can be developed and marketed in an integrated manner. This will require aggressive marketing and an awareness campaign supported by the Government of India. It will also require the development of organizational links with the private sector to ensure cooperation. Travel facilitation and capabilities within the region will need great improvement if the tourist inflow is to be sustained.

Ideas for National Projects

- 10.1. North East Marketing Strategy and Action Plan
- 10.2. Wayside amenities and tourist road improvements
- 10.3. Village homestay program in the North East
- 10.4. Handicrafts program in the North East
- 10.5. Inventory of cultural and natural sites
- 10.6. Trekking opportunities study

Key Area 11. *Kathmandu Hub*

Program Outline

Kathmandu is used as a hub by many airlines in the subregion. This, coupled with Nepal's focus on ecotourism and Buddhist circuit product, and the future potential for growth in regional airlines, warrant special attention to the Kathmandu Valley as a key area.

For Kathmandu to be positioned as an air hub linking the SASEC subregion's major ecotourism and Buddhist circuits, air safety and the confidence of air travelers in Nepal's carriers need to be improved. South Asian Host training to improve the visitor experience at Kathmandu's international and domestic air terminals would also be desirable.

Restoring the major World Heritage Sites attractions of Kathmandu Valley to international recognition will support Nepal's branding.

Ideas for National Projects

- 11.1. Air traffic safety project
- 11.2. Visitor Services Management Plan for World Heritage Sites of Kathmandu

IMPLEMENTATION ARRANGEMENTS





A. TWG and Its Development Partners

1. Guiding Principles

a. Cooperation as a Process

Regional cooperation is a process that requires long-term commitment. TWG will regularly update the SASEC Tourism Development Framework. The Development Matrix and Action Plan also will be maintained as a summary of the Framework. By updating and redistributing these forms periodically, TWG will help SASEC tourism stakeholders see how their individual actions can complement TWG's programs and be complemented by the actions of others.

b. Consultation and Inclusion

Tourism authorities, the private sector, and potential development partners have been deeply involved and widely consulted during the preparation of this Plan. The Planning Team has endeavored to widen the range of stakeholders to include, for example, resource managers and private sector tourism operators. It is envisaged that TWG will continue the process of inclusion and consultation. Major tourism stakeholders, especially those from the private sector, should be routinely invited to attend TWG meetings.

c. Ownership

It is essential that TWG is not dominated by any one stakeholder or group of stakeholders. In particular, great care should be taken to avoid implementation of the Plan that is donor-driven. Just as programs and projects already included in individual country tourism agendas were included in this Plan, so TWG should continue to ensure that all its activities remain immediately relevant to member countries. This will encourage member governments to take ownership of the SASEC Tourism Development Framework, and development partners to play a supporting role.

d. Maintaining Momentum

TWG already experienced difficulty in maintaining momentum between meetings, an inherent problem in subregional cooperation. Unlike governments and government institutions, institutions established for purposes of subregional cooperation usually do not possess the means to directly implement and enforce their decisions. For TWG projects, an NTO Project Leader has been assigned to each project and, where possible, at least one development partner has been designated for assistance. TWG must give particular attention to project implementation arrangements to ensure successful implementation.

2. Institutional Issues

a. Ministerial Leadership

Under the auspices of the wider SASEC Program, Tourism Ministers and Secretaries should meet on a regular basis to review progress in implementing the SASEC Tourism Development Framework, and to consider modifications or new dimensions of the Plan. The leaders of tourism in all four countries need to fully engage with TWG and take ownership of its programs.

b. TWG Meetings

The location of TWG meetings should rotate around the subregion in an order agreed by TWG. In the short term, meetings will be convened with assistance from an ADB Secretariat based in Manila. The host NTO will arrange the meeting venue, assist with accommodations, and provide associated hospitality. The host government will chair the opening and closing sessions of the meetings it hosts.

c. SASEC Focal Persons

Each NTO has assigned one or more Focal Persons to be the point of contact for all SASEC matters. All SASEC correspondence to NTOs should be directed through, or at least copied to, the Focal Persons. In order to get implementation of the TDP

underway, in the immediate future ADB will telephone regular progress reports and circulate summary e-mails to Focal Persons.

d. Project Nodal Persons

Project Nodal Persons will be assigned at TWG meetings. In some cases, a project may require a Nodal Person in each NTO to coordinate its implementation. At the fourth meeting of TWG in Bhutan on 26 May 2004, for example, four Nodal persons were assigned to Project 1.1. Joint Marketing to Brand and Promote Ecotourism and Buddhist Circuits. Project Nodal Persons will copy all correspondence to their Focal Person.

e. Coordination with other SASEC Working Groups

TWG should coordinate with the SASEC Transport Working Group and the SASEC Environment Working Group, in order to ensure promotion of complementary activities and to avoid overlap. TWG will support environmental programs related to tourism. TWG will foster programs that complement and generate demand for transport infrastructure. TWG will be an advocate for the tourism sector's interests when transport priorities are decided. Matters associated with large-scale transport infrastructure will be referred to the SASEC Transport Working Group.

f. SASEC Tourism Secretariat

TWG has decided it is premature to establish a full-fledged SASEC secretariat at this juncture. The Planning Team endorses this view. TWG decisions at its third meeting in this regard are reflected in the Tourism Development Plan. Coordination will be achieved through the combined efforts of NTO Project Leaders, the Focal Persons, and Nodal Persons in each country, and one or more development partners. Once TWG has established a track record demonstrating success, the NTB's proposal for a Secretariat and Tourism Center in Kathmandu should be re-examined.

3. The Role of Development Partners

a. General Criteria for a Development Partner

Beyond attendance at TWG meetings, individual development partners will define their own role and level of commitment. The best partnerships are those based on convergence of interests. Thus the ideal development partner will be one whose interests are served by implementation of the projects in the TWG Framework. While the TWG agenda will not be donor-driven, development partners nevertheless will be encouraged to be explicit about their own agendas in regard to SASEC tourism, so that coinciding interests can be explored.

Development partners will be invited to suggest projects that fit in the TWG agenda. This process will function best when a partner has been associated with TWG for some time, and project ideas derive from full knowledge of TWG activities. There is room at TWG meetings for implementing agencies as well as funding agencies. An important function of TWG will be to facilitate the convergence of interests of funding and implementing agencies to produce good project ideas compatible with the SASEC Tourism Development Framework.

b. Central and State Authorities

Central and state authorities will be welcome as development partners. As such they need a clear understanding of the essential supportive role they play in designing, refining, and implementing the TDP. Public sector responsibilities in tourism range from the functions of government tourism agencies to regulating tourism and managing natural and cultural resources. Public sector provision of transport linkages, urban planning, and essential services also support the tourism sector. Carrying out these responsibilities in an effective and efficient manner is critical to strengthening the foundations for tourism, on which the private sector builds. TWG will encourage clarification of the respective roles of the public and private sectors in tourism promotion, facilitation, and product development.

Included in the SASEC Tourism Development Framework are 11 national programs that will require careful planning and management by national and state agencies. Community-based tourism will be important for the delivery of pro-poor benefits of tourism. Jobs, income opportunities, and the revenue from tourism need to accrue locally, providing community members with the incentive and opportunity to manage their own resources. Sustainable tourism means that tourism facilities must be maintained and continue to deliver benefits. Implementation of the Tourism Development Framework will require decision-making structures and lines of authority that reach to the most senior levels. Some projects in the Tourism Development Framework have fundamental implications for the way individual governments address tourism development. The governments of SASEC countries need to be willing to experiment with new approaches.

c. Private Sector Organizations

The private sector is a core development partner. Organizations representing private sector interests can play a very important advisory role for TWG. Major industry players, such as airlines and hotel chains, will be welcome. As the SASEC tourism agenda takes shape, companies will find it worthwhile to maintain close contact with TWG. This is what happened in GMS.

The private sector plays the dominant role in providing services for tourists, and can help finance infrastructure facilities. Private sector businesses, especially small and medium enterprises, provide guides, accommodations, transport, restaurants, entertainment, and shopping services. SASEC countries need to recognize the importance of the private sector and encourage its participation at TWG meetings.

TWG will champion the cause of partnerships between the public and private sectors for tourism planning and development. TWG will seek to use or create such partnerships for the identification and implementation of its projects. TWG will favor projects that have strong backing from the private sector, especially those where the private sector participates in implementation.

The key to attracting private sector development partners is projects perceived as relevant and yielding immediate benefits. TWG will seek to have such projects underway at all times.

d. The Donor Community

The donor community is the third major development partner. As discussed previously, official development assistance to SASEC countries was more than \$4 billion in 2003. Most of this assistance was in the form of loans, but a considerable amount was in the form of grants. INGO assistance was also very considerable, especially in the Himalayan region. Traditionally, tourism has not been a priority sector in development assistance. Only recently have development agencies realized the great potential of the sector for employment, income generation, and poverty reduction.

The Tourism Development Framework has been designed as a series of separate but related programs. This will facilitate, among other things, participation by development agencies with specialized expertise and interests. The framework has been prepared after consultation with many development agencies. Their participation in the further refinement and elaboration of the Framework should be encouraged. Broad-based support by many development agencies will be required for the TDP to succeed.

As part of its strategy of inclusion, TWG will encourage donor agencies to identify those elements of the Framework they can best support, and encourage their input in project design and implementation. TWG will encourage donors to work closely with the governments, communities, and private sector representatives most directly associated with these elements, and to seek out convergent interests. The Development Matrix and Action Plan is a tool that will assist all parties to keep track of projects and participants.

The financial requirements for the proposed Development Framework are somewhat flexible. Aggregate public sector financial requirements will approximate \$75 million over a 5-year period, while private sector investment will need to be about \$100 million over a 10-year period. Many of the projects

are small scale and highly suitable for INGO support. Other projects are moderate in size and suitable for support by bilateral donors. Larger infrastructure projects could be supported by loans from MFIs.

NGOs and donor agencies will first have to be convinced of the merit of the SASEC Tourism Development Framework. SASEC NTOs should be at the forefront in advocating support of the Framework by those agencies active in their country.

B. Mobilizing Resources

1. Indicative Financial Requirements

As should be clear from the description of the programs and projects included in the Tourism Development Framework, there is both a public and private dimension to resource mobilization. At this juncture, however, it is difficult to quantify what is required and what is possible in terms of resource mobilization. What follows is an indicative outline.

For Programs 1 to 7 and the 23 projects included in these programs, it is estimated that the overall resource requirement will be approximately \$25 million over a 5-year period. For the 11 Key Area programs, an aggregate amount of \$50 million is estimated, again over a 5-year period, for infrastructure, for upgrading sites, and for other requirements. In total then, resource mobilization requirements will approximate \$75 million. A breakdown by program and project is shown in Table 21.

As noted in Table 21, many projects entail only small financial requirements, suggesting they could be implemented by SASEC governments (national and state) in partnership with the donor community and the tourism industry. Creating Bagdogra Airport as an international hub, for example, is simply a question of authorization; no new infrastructure or other upgrading is required. Similarly, small-scale public infrastructure investments—for such things as historical site preservation, water supply systems, essential road and airport improvements, helipads, highway amenities, campsites, and

trails—are required along the Asian Highway and to develop the Buddhist circuits and ecotourism projects.

Separate from and additional to the resource requirements shown in Table 21 are investments that can be expected to be met by the private sector, such as for the provision of tourism-related facilities—e.g. refueling and repair stations, hotels, motels, restaurants, mini groceries, shops, and recreation centers. This investment is assumed to amount to about \$10 million a year over the next 10 years.

The proposed SASEC Tourism Investment Fund (TIF), discussed in more detail in Appendix 2, will help finance new investments in tourism facilities. It will also work with governments for the improvement of infrastructure facilities and the policy and regulatory environment related to tourism. Initial support to establish the TIF is estimated at \$500,000 to engage a team of venture capital experts drawn from the subregion. These experts will develop the concept more fully and draw together the founding shareholders. Once fully operational and capitalized, the TIF may be able to mobilize some \$200 to \$300 million in private public sector financing for tourism-related investments. Co-financing could further augment this amount. Initially, of course, the scale of resource mobilization by the TIF would be much more modest.

2. Marshaling Financial Support by Showing the Benefits

Resource mobilization should be facilitated by the strong economic and financial returns and the pro-poor benefits expected from the TDP.

a. Economic Return from Subregional Tourism Initiatives

Applying ADB Guidelines for the Economic Analysis of Projects, the economic return from the proposed subregional tourism initiatives is estimated to be in the order of 35%, or well above the social opportunity cost of capital.⁷ The high rate of return reflects the following:

Table 21: Tourism Development Plan Program and Project Financial Resource Requirements
(\$ million)

Program	Estimated Cost
Generic Programs	
Program 1. Coordinated Marketing	
Project 1.1. Joint Marketing to Brand and Promote Ecotourism and Buddhist Circuits	5.00
Project 1.2. Regional Marketing with SATTE	1.00
Project 1.3. Harmonizing Arrival Statistics	0.20
Project 1.4. Events Calendar	0.05
Program 2. Enhancing Product Quality	
Project 2.1. Product Standards and Industry Codes of Conduct in Ecotourism and Buddhist Circuits	1.00
Program 3. Facilitating Travel	
Project 3.1. Eastern Himalaya Caravan	0.10
Project 3.2. Bagdogra Gateway and Hub Planning Study	0.10
Project 3.3. Reducing Impediments to Subregional Travel	0.25
Project 3.4. Asian Highway Improvement Advocacy	0.25
Program 4. Developing Human Resources	
Project 4.1. Encouraging APETIT Activities in SASEC	1.00
Project 4.2. South Asia Host Program	0.50
Project 4.3. Training for Travel Media	0.05
Project 4.4. Project Management Training for NTOs and LTOs	0.50
Product-Focused Programs	
Program 5. Developing Ecotourism Based on Nature and Culture	
Project 5.1. Integrated Project on Trekking in the Himalaya	2.50
Project 5.2. Integrated Project on Ecotourism in Ganga-Brahmaputra	2.00
Project 5.3. Integrated Project on Adventure Tourism in South Asia	2.00
Project 5.4. South Asia Sustainable Tourism Forum	1.00
Project 5.5. SASEC Integrated Product Development Plan for Ecotourism	0.50
Program 6. Developing Buddhist Circuits	
Project 6.1. Footsteps of the Lord Buddha	2.50
Project 6.2. Living Buddhism in the Himalaya	2.00
Project 6.3. Buddhist Art and Archaeology in South Asia	1.50
Programs Focused on the Private Sector	
Program 7. Enabling the Private Sector	
Project 7.1. Tourism Investment Fund	0.50
Project 7.2. Public Private Partnerships	0.50
Sub-Total Programs 1-7	25.00
Key Areas Programs	
Key Area 1. Bardiya and Suklaphanta to Dudwa National Parks	
Key Area 2. Lumbini to India Buddhist Sites	
Key Area 3. Kanchenjunga to Sikkim and Darjeeling	
Key Area 4. North East Sikkim (Nathu La) to West Bhutan	
Key Area 5. Manas Protected Areas	
Key Area 6. Sundarbans Protected Areas	
Key Area 7. Paharpur to Siliguri and Bagdogra	
Key Area 8. Mainamati to Pilak, Tripura	
Key Area 9. East Bhutan to Arunchal Pradesh	
Key Area 10. India's North East States	
Key Area 11. Kathmandu Air Hub	
Sub-Total for Key Areas	50.00
Total	75.00

SASEC = South Asia Subregional Economic Cooperation, SATTE=South Asia Tourism and Travel Exchange, APETIT=Asia Pacific Educational Training Institute for Tourism, NTO = national tourism organization, LTO = local tourism organization.

Source: Tourism Development Plan Study

- The increase in tourism arrivals prompted by the subregional initiatives. The analysis is based on the assumption that the combined effect of Programs 1 to 7, the 11 national Key Area programs, and the Tourism Investment Fund lead, over a 10-year period, to a significant increase in tourism arrivals in the subregion.
 - As shown in Table 22, subregional initiatives are expected to boost the annual growth rate in tourism arrivals to 7.5% by 2014, versus a 6% growth rate in the absence of such initiatives. (WTO projects that tourist arrivals in South Asia will grow by 6.2% annually to 2020, compared to 4.1% worldwide).
 - The difference in the growth rates between the “with TDP” and “without TDP” is small at first, reflecting the fact that it takes time to finalize and implement subregional initiatives. Programs 1 to 7 and the national area programs are assumed to be phased in over a 5-year period, while the TIF is expected to become fully operational and capitalized over a 10-year period. In parallel to the latter, private sector investment of \$10 million annually is assumed. Nonetheless, by 2014 the cumulative increase in the number of tourists to the subregion as a result of the initiatives could be almost 740,000. Further, the incremental number of tourists would continue to mount beyond 2014.
 - Political stability and continued rapid economic progress will be vital to realizing these growth rates. SASEC countries have ambitious targets and the growth rates assumed here are slower than these targets would imply, indicating conservative projections. After 2014, it is assumed that growth in tourism arrivals will moderate somewhat.
 - The growth in tourism arrivals generates jobs and additional spending, raising incomes and helping to reduce poverty. Additional jobs in the tourism sector create additional jobs in other sectors (e.g. agriculture, construction, handicrafts), resulting in a multiplier effect.
- Unemployment and underemployment in the subregion is high, reducing the real economic cost of labor and increasing the economic value of job benefits.
- As shown in Table 23, it is estimated that over the period to 2014 the Tourism Development Plan would generate about 265,000 additional jobs (direct, indirect, and seasonal) in tourism and related industries. By 2014, the TDP would result in 135,000 incremental jobs annually.
 - The average cost per job created would be less than \$700. Since the bulk of costs are borne by the private sector, the average cost to the public sector per job created would be less than \$300.
 - Other effects of the subregional tourism initiatives could include increased length of stay and increased daily tourist expenditures. On average, foreign visitors to the subregion spend on \$78 per day and stay 17 days, for a total expenditure per tourist visit of almost \$1,326. Even holding these factors constant over the projection period, tourism expenditure in the subregion is projected to increase by \$280 million annually by 2014.⁸
 - Increased tourism results in increased revenues to national and state governments. About 15% of the \$1,326 average expenditure per foreign visitor to the subregion accrues to national and state governments through various forms of taxation (value-added tax [VAT], hotel taxes, visa and trekking fees, airport landing fees, etc.). Conservatively, by 2014 approximately \$40 million in increased revenues should accrue annually to national and state governments in the subregion. By some estimates, the benefit to governments would be as high as 20%, in which case more than \$50 million annually in additional revenues would result from the incremental tourism arrivals to the subregion.
 - Importantly, Increased tourist arrivals would also add to foreign exchange receipts, of relevance to maintaining macroeconomic stability.

⁷ Twelve percent in real terms is the rate used generally by ADB in evaluating the economic viability of projects. The social opportunity cost of capital may be as low as 10% if, as in the case of the TDP, there are substantial unquantifiable economic benefits associated with the project).

³ Length of stay and daily tourist expenditures were held constant, in 2003 dollar terms, in the case of expenditures, throughout the projection period. Length of stay is already high, reflecting high VFR visits, while daily expenditure averages have been depressed by erosion of the high-end market. The average spending per foreign tourist per day in 2002 was \$93 for Bangladesh, \$180 for Bhutan, \$108 for India, and \$63 for Nepal. On a weighted average basis, expenditure per day in the subregion is \$78.

Table 22: Projected Growth in Tourism Arrivals in the SASEC Subregion

Year	Base Case Increase (%)	Base Case (No. Tourism Arrivals)	Increase with TDP (%)	With TDP (No. Tourism Arrivals)	Incremental Increase in Tourism Arrivals
1995–2003	3.20				
2005	5.10	1,596,259	5.25	1,598,537	2,278
2006	5.20	1,679,264	5.50	1,686,457	7,192
2007	5.30	1,768,265	5.75	1,783,428	15,163
2008	5.40	1,863,752	6.00	1,890,433	26,682
2009	5.50	1,966,258	6.25	2,008,586	42,328
2010	5.60	2,076,368	6.50	2,139,144	62,775
2011	5.70	2,194,721	6.75	2,283,536	88,814
2012	5.80	2,322,015	7.00	2,443,383	121,368
2013	5.90	2,459,014	7.25	2,620,529	161,514
2014	6.00	2,606,555	7.50	2,817,068	210,513

Cumulative Incremental Increase in Tourism Arrivals Resulting from TDP**738,627**

SASEC = South Asia Subregional Economic Cooperation, TDP = Tourism Development Plan.
Source: TDP Study

Table 23: Incremental Employment Generation in the SASEC Subregion by 2014
(Number of jobs)

	Without TDP	With TDP	Incremental Employment
Direct Tourism Employment in 2014 ^a	744, 730	804,877	60,147
Indirect Employment in 2014 ^b	930,912	1,006,096	75,183
Total Direct and Indirect Employment in 2014	1,675,642	1,810,973	135,330

Total Cumulative Employment Generation 2005-2014**265,000**

SASEC = South Asia Subregional Economic Cooperation, TDP = Tourism Development Plan, VFR = Visiting friends and relatives.

^a Based on subregional data, it is assumed that 3.5 foreign tourist arrivals result in one additional job in the tourism industry. Domestic and intra-regional tourism have a much lower employment impact (reflecting the high degree of VFR travel and low expenditures).

^b Based on subregional data, it is assumed that the direct to indirect employment multiplier effect is 1.25. This takes account of leakage (about 50%) resulting from imports for tourist goods, profit transfer, expatriate labor earnings, and other factors.

Source: TDP Study

- Properly designed and implemented, subregional tourism initiatives will generate yet further economic benefits, such as cultural benefits (from protection of historic sites) and environmental benefits (from more sustainable use of national parks and protected areas). Importantly, improvements in tourism facilities and services designed to attract greater numbers of foreign and regional tourists will also induce greater domestic

tourism. Cultural, environmental, and other such benefits are difficult to quantify and have not been included in the economic analysis.

- Sensitivity analysis shows that the finding of a high economic return is most vulnerable to the assumed increase in tourism arrivals, and to the degree of delay in implementing the proposed programs and projects.

A more detailed discussion of the economic analysis is available in Appendix 3.

b. Financial Return from Subregional Tourism Initiatives

Again, at this stage of project identification it is not possible to do a project-by-project financial analysis. Rather, an indicative financial internal rate of return (FIRR) has been calculated for the TDP collectively. Key assumptions include:

- A time frame of 20 years.
- Incremental tourist receipts and costs expressed in constant prices.
- Indicative infrastructure investment costs, excluding price contingencies and interest during construction or upgrading. Public sector infrastructure investments are assumed to be distributed over the 2005–2009 period, while private sector investment in tourism facilities (\$10 million annually) is distributed evenly over the 2005–2014 period.
- The weighted average real cost of capital is assumed to be 5%, in real terms, as per the Guidelines for the Financial Governance and Management of Investment Projects Financed by ADB. Following these guidelines, the real cost of capital of each component of the project's capital structure is calculated, after which a minimum rate test is applied. If the financial cost of capital of any component is less than 4%, then 4% is used in its place. Therefore, the weighted average cost of capital (WACC) should not be less than 4%. As it was not possible to do a project-by-project analysis, the WACC was assumed to be 5%. The rate abstracts from inflation but includes a country-risk element.

The estimated FIRR is approximately 16%, or much higher than the weighted average cost of capital. The overall Plan, therefore, should be highly attractive to the public and private sectors.

The sensitivity analysis again shows the critical relationship between Plan implementation and incremental growth in tourism arrivals. It is very difficult to evaluate the assumed relationship (1.5 percentage points by 2014); survey work and further analysis may be desirable to test the relationship. As in the case of the economic analysis, the length of stay and tourist expenditures per day were held constant at the 2003 levels. Clearly, increasing these significantly increases the FIRR.

A more detailed analysis of the financial returns of TDP is provided in Appendix 3.

c. Pro-Poor Benefits

Tourism is a labor-intensive industry and should be an area of comparative advantage for the subregion, contributing importantly to poverty reduction. If, as expected, subregional cooperation in tourism promotion, facilitation, and product development leads to a significant increase in tourism, the income and employment effects will also be significant.

In addition to the direct employment effects (60,000 incremental jobs in tourism by 2014), the indirect employment effects would more than double the job benefits. Proactive measures will be needed to help ensure this outcome. For example, farmers in the region will need to respond to increasing demand for high quality meat, poultry, eggs, fish, fruit, and vegetables. Market information and extension services will be important in making the connection between increased tourism and new agricultural opportunities.

The tourism sector, especially trekking and mountaineering, provides economic opportunities for landless and marginal farmers' households along the tourism value chain: porter, construction, brick and stone making, wood processing, handicraft, employment in restaurants and guesthouses, small-scale commercial vegetable, potatoes and livestock (footnote 3).

Strategies to maximize linkages with other local industries (e.g. construction, handicrafts, and garments) are needed to ensure the benefits of tourism are shared widely.

The poor should be major beneficiaries of the TDP, in part because it will help reduce unemployment and underemployment in the subregion. Unemployment in West Bengal is 15%, and 8 to 10% in Assam, Bihar, and some other North, East, and North East States of India. Underemployment is serious throughout the subregion, including, Bhutan, contributing to low labor productivity. Per capita incomes in the Eastern Himalaya average less than \$300, and half the population lives on less than \$1 a day. As noted previously, however, per capita incomes in purchasing power parity terms are five to six times higher than when expressed in US dollar terms calculated on the basis of exchange rates.

The combined direct and indirect employment effects of subregional cooperation in tourism promotion, facilitation, and product development would contribute to lowering the number of unemployed. However the number of unemployed is very high over the projection period, hence the contribution of the TDP to lowering unemployed overall will be marginal. But the TDP would slow the growth in the number of unemployed—by 5% by 2014, and by 10% by 2024. The national area programs outlined in the TDP encompass some of the poorest inhabitants of the subregion. Further, the contribution of increased tourism to national and state government revenues will help strengthen education, health, and other services fundamental to breaking the poverty cycle. In these and other ways, increased tourism is expected to play an important role in poverty alleviation.

3. Funding Options

a. National and State Budget Resources

As noted earlier, many of the projects included in Programs 1 to 7 of the Tourism Development Framework are modest in scope and scale. National and state governments, in cooperation with the tourism industry, should be able to implement these relatively easily. Examples include joint marketing, harmonization of arrival statistics,

support for the Eastern Himalayan Caravan, the South Asian Traveler facilitation system, and the South Asia Host Program. Components of the national area programs should be amenable to cost recovery.

Public infrastructure investments included in the TDP pose a greater challenge, especially in light of the difficult fiscal circumstances of SASEC countries. The combined fiscal deficit of the Central and State Governments in India was 10% of GDP in 2002 and 2003. The Central Government deficit in 2003 was 4.5% of GDP.⁹ Despite strong economic growth, revenues have lagged and the quality of expenditure has weakened.¹⁰ The situation in the North, East and North East States of India is particularly difficult, prompting the Government of India to introduce new industrial packages and other support. The North East Development Finance Corporation is the primary financial institution established for financing development in the North East of India. Tourism is included in its lending portfolio, and it has also focused on regional cooperation for development of the region.

Nepal's situation has been badly affected by the insurgency and political disturbances. Despite this, however, its fiscal position is relatively strong. Revenues have increased due to VAT and customs receipts, while expenditures have dropped because development expenditures for health, water, power, and other services have dropped sharply due to security problems. Nepal's fiscal deficit is currently about 3% of GDP.¹¹

Bangladesh's fiscal position has improved considerably over the past 2 years, reflecting better control of expenditures, increased revenues, the closure of loss-making state enterprises, and an overall economic growth rate approaching 6%.¹² Progress on the economic front has been strong. Still, the fiscal deficit is about 5% of GDP and great care must be exercised to maintain macroeconomic stability.

Bhutan's fiscal deficit as a percentage of GDP is also in the 5% range despite strong revenues (18% of GDP), reflecting electricity exports to India.

⁹ UNESCAP. 2004. *Economic Survey*. Bangkok.

¹⁰ Government of India. 2002. *Economic Survey 2002-2003*. New Delhi.

¹¹ ADB. 2004. *Asian Development Outlook*. Manila.

¹² International Monetary Fund. 2003. *Bangladesh Development Forum*. Dhaka.

Commissioning of the 1,020 MW Tala hydropower facility in 2006 will boost Bhutan's revenues considerably.

In general, SASEC countries have little leeway for financing new programs. Nonetheless, the rate of return on investment in tourism is high and member governments should coordinate to allocate additional resources in support of the sector. Bhutan and Bangladesh, however, are advised to follow the policy of India, and not allow taxation of the sector to undermine its international competitiveness. Under recent economic reforms, India has eliminated the luxury hotel tax and aviation fuel tax. Bangladesh has reduced to 29.4% its combined service charge, supplementary duty, and VAT related to hotels, but this rate is still very high compared to India, Malaysia, and Thailand. Greater priority should be assigned to the sector, in cooperation with the donor community and the private sector.

b. Development Assistance

Development assistance to SASEC countries is considerable, and an important potential source of support of the TDP. In the case of Bhutan, assistance in 2002 amounted to \$86 per capita, one of the highest in the world. On an aggregate level, official donor assistance to SASEC countries was more than \$4 billion in 2002. India alone received \$3.6 billion in loans (\$3.3 billion) and grants (\$300 million) in fiscal 2001/02. (the figures refer to disbursements, not commitments.)¹³ Most donor assistance has been loans in support of infrastructure investments and structural policy reform. The World Bank has recently agreed to increase substantially its lending to India in order to help maintain rapid economic growth.

Some support, albeit limited, has been in direct support of the tourism sector. More important has been assistance that impacts tourism, but has been extended on more broad-based development grounds. To illustrate, ADB's loan of \$210 million for the Subregional Transport Connectivity Project in 2004 will strengthen subregional transport links along the West Bengal

Transport Corridor stretching from Haidia Port in the Bay of Bengal to Siliguri in northern West Bengal via Kolkata. ADB loan assistance to the four SASEC countries exceeds \$2 billion annually, and technical assistance amounts to almost \$20 million yearly. Technical assistance for subregional cooperation alone has averaged about \$3.5 million annually. Loan and technical assistance for Nepal's tourism sector totaled \$30 million. The total amount of ADB loans to India and Bangladesh in 2003 was \$1,532 million and \$532 million, respectively. Technical assistance to India in the same year amounted to \$14.7 million. Both India and Bangladesh also were recipients of substantial assistance from ADB's private sector operations.

As further illustration of donor assistance to the tourism sector, the International Finance Corporation (IFC) in 2004 extended a \$10 million loan to the Bhutan Tourism Corporation Limited to assist in the construction of a series of high-end resorts in the country. The South Asia Enterprise Development Facility, which is managed by IFC, is commencing assistance to Bhutan through training programs for the banking sector in an effort to strengthen its lending capacity for small businesses. Another member of the World Bank Group, the Foreign Investment Advisory Service, is commencing work with the Government of Bhutan to help create a more positive policy and regulatory framework for private investment. Such initiatives contribute to strengthening the environment for development of the tourism industry.

Donor assistance for tourism has sometimes been given low priority because of the view that tourism is private sector driven and therefore not the proper focus for public financing. Further, the crosscutting nature of the sector complicates the organizational assignment of tourism sector projects in donor agencies. As emphasized in Program 7 of the TDP, however, public-private sector partnership is essential. Many tourism initiatives, in fact, require a blend of public and private investment. Private investment in a tourism opportunity may hinge on public infrastructure investment or regulatory or policy changes (e.g. a cross-border crossing facility). Similarly, public investment or regulatory and policy changes in support of tourism may need to be accompanied by private sector investment to ensure their viability.

¹³ Government of India. 2002. *Economic Survey 2002*. New Delhi: World Bank. 2003. *Global Development Finance*. Washington D.C.

Some donor agencies view assistance to the tourism sector as generating few benefits for the poor—even exacerbating poverty by driving up land and food prices, degrading the environment, and compromising cultural values. Such concerns feature in the ICIMOD approach to community development. The key is community involvement and attention to backward linkages, so as to maximize the local benefit of tourism expenditures. As demonstrated in the Lao PDR, in particular its ecotourism projects in its northern provinces, tourism can become a major industry while avoiding, with imaginative measures, the pitfalls of unregulated growth. TMI, WWF, and SNV have been leaders in community-based tourism in SASEC countries.

Regional cooperation in tourism is a mutually beneficial opportunity for SASEC countries. After all, the objective is to increase the volume and quality of tourism throughout the subregion. Donor assistance is needed to help realize the potential.

Consultation with donor agencies should continue. SASEC meetings of Ministers and senior officials should include representatives of the donor community, both to convey the importance of regional cooperation in tourism and to seek the participation of donors in formulating and implementing appropriate programs and projects. TWG should be at the forefront in strengthening involvement of the donor community.

To the extent possible, grants should be sought in support of area-based planning, training and other initiatives that do not generate revenues and the means for repayment. To the extent possible, concessional financing should be sought in support of tourism-related infrastructure projects. A small shift in donor assistance in favor of tourism would yield impressive returns. In addition to grants and loans for tourism initiatives, policy-based loans in support of a more conducive investment climate for the private sector are important. As highlighted during the Bangladesh Development Forum 2003, it is vital to remove the bureaucratic and administrative roadblocks facing the private sector.

c. Private Sector Participation

Private sector participation is addressed in other sections of this report as well as in Programs 7.1 and 7.2 and in Appendix 2. Since the private sector is seen as the driving force for growth of the tourism industry, the requirement for strong private sector involvement in resource mobilization is apparent. The private sector must be convinced that participation is in its best interests. The TDP thus has projects specifically designed to foster greater involvement of the private sector:

Project 1.1, Joint Marketing to Brand and Promote Ecotourism and Buddhist Circuits, and Project 1.2, Regional Marketing with SATTE, have direct relevance for private sector operators associated with ecotourism and Buddhist circuits. Public-private partnerships will be formed and strengthened as a result of the formation of SASEC Marketing Committees.

As private sector recognition of the value of TWG programs grows, its representation at TWG meetings should be encouraged. Airlines and large, subregional operators have valuable perspectives to contribute. PATA should be asked to champion the association of the private sector with TWG programs, particularly in public-private partnerships.

Further consideration is required of the TIF, envisaged as a venture capital and management fund whose shareholders would include highly influential tourism investors in the subregion. The scale and ownership of the TIF is designed to make it a powerhouse for financing new tourism investments. The TIF is also designed to help convince national and state governments to support private sector investments with complimentary investments in infrastructure, and with policy and regulatory changes. The TIF is seen as a potential major factor in development of the sector. It could also be a partner in co-financing tourism-related infrastructure projects.

Greater openness to foreign investment is another important means of engaging the private sector and mobilizing resources for tourism. To date, there has been relatively little foreign investment in the subregion, although this is starting to change. Foreign direct investment (FDI) forms only 0.4% of total capital formation in Nepal,

among the lowest in the world. A UN Conference on Trade and Development study puts Nepal's FDI stock at about \$100 million. According to the study, FDI has been deterred by political instability and the inability of successive governments to meet their commitments to foreign investors. Restrictions on the licensing of foreign companies for consultancy services, travel agencies, audit, law, carpets and handicraft production, and other service-sector areas hinder the operation of foreign firms. FDI in India in 2002 was \$3.5 billion, compared to \$46.8 billion in PRC.¹⁴

d. The Banking Sector

The banking sector should be considered in conjunction with the private sector. Governments in the subregion are in the process of privatizing several state banks. For example, the Industrial Development Bank of India (IDBI) has been partially privatized; the Ministry of Finance currently retains 58% of the shares but further divestiture is planned. The two major state banks of Nepal, which account for 60% of total bank assets, will be privatized once their financial positions improve. The IDBI is an important source of funds for the tourism sector in India. The Nepal Industrial Development Corporation and the Bhutan Development Finance Corporation are owned by their respective governments. Both corporations have been important supporters of the tourism sector. Mixed performance has led to greater emphasis on strict commercial practices. The banking sector in Bangladesh is now subject to much tighter oversight by the Central Bank, and financial intermediation generally has improved considerably in recent years.¹⁵

Although small in relation to the IDBI, the Tourism Finance Corporation of India (TFCI) is of particular interest, as it was established in 1992 specifically to meet the loan requirements of the tourism industry in the country. Over 500 projects have been financed to date. In 2000–2001, TFCI granted loans amounting to more than \$820 million, and disbursed over \$1.1 billion, reflecting the phased support associated with loan agreements from previous years. Most loans are for the construction, expansion, or renovation of hotels, especially 5-star and 3-star hotels. Loans are also granted for heritage sites, amusement parks, restaurants, and tourist cars/coaches. There may be merit in considering extending the operations of TFCI to other SASEC countries. TFCI management is interested in this possibility, but this would require amendment of the TFCI charter.

Financing problems facing the tourism private sector do not appear to be unique to the sector, but in common with those facing the private sector as a whole. Field interviews and workshops indicated that there is ready capital available for worthy tourism projects. However, complex regulatory provisions and licensing procedures, as well as uncertainties concerning land title, corruption, and other impediments bear most heavily on small and medium-sized businesses, which are the backbone of the tourism sector. This is part of the rationale for establishing the Tourism Investment Fund. It is also part of the rationale for the call in January 2004 by SAARC Heads of State for an assessment of whether a South Asian Development Bank (SADB) should be established, with a mandate to support public and private sector joint ventures and regional cooperation initiatives.

¹⁴ ADB. 2003. *Key Indicators*. Manila.

¹⁵ International Monetary Fund (IMF). 2003. *Report to the Bangladesh Development Forum 2003*. Washington D.C.

C. Public-Private Partnerships

1. TWG Commitment to Public-Private Partnerships

From its outset, TWG has emphasized public-private partnership as of utmost importance for development of the tourism sector. As concluded during the second meeting of the TWG in 2002, successful subregional cooperation in tourism development depends to a great extent on

- (i) proper physical infrastructure facilities, such as transport networks, power facilities, airport facilities, and pollution control,
- (ii) soft facilities, such as relaxation of visa requirements and cross-border travel facilities, and
- (iii) customer-led or demand-led facilities.

The private sector plays the dominant role in providing services for tourists, and can be an important partner in helping to finance infrastructure facilities. It should also play an important advisory role in establishing infrastructure priorities and the appropriate policy and regulatory framework.

2. Core Objectives of PPP

Competition in world tourism is intensifying. The consumer is becoming more knowledgeable about tourist destinations and travel options, and more demanding about the products and services. Further, growing deregulation and privatization globally are amplifying market forces, exemplified, in many ways, by the Internet.

In response to these and other developments, the business environment in SASEC countries should be strengthened. A stronger partnership between the public and private sectors is needed to facilitate identification of the hindrances and barriers to investment in the industry, and to guide policy, regulatory, and institutional reforms.

Core objectives for public-private partnership in tourism development include

- (i) establishment of a complementary relationship between the public and private sectors,
- (ii) creation of an environment conducive to private sector investment in the tourism industry,
- (iii) mobilization of the financial and technical resources necessary to fulfill the TDP,
- (iv) deployment of public infrastructure and other facilities in support of tourism, in an efficient and effective manner,
- (v) implementation of the TDP in a manner that is demand led rather than supply driven,
- (vi) improvement of the overall competitiveness of tourism in the subregion, and
- (vii) enhancement of the pro-poor benefits of the TDP.

3. Institutional Means for PPP

The SASEC Program includes a Trade, Investment and Private Sector Cooperation Working Group. The work of this Group, however, focuses on trade and investment. The mandate of TWG is to nurture PPP in the tourism sector.

The fulfillment of this mandate by TWG will necessitate considerable dialogue, following the examples of the Nepal Tourism Board and the Tourism Development Committee in Bhutan. While in India and Bangladesh there are few formal institutions for linking the private and public sectors, nonetheless, NTOs in these countries have advisory councils or some other means of sharing information and decision-making with the private sector. There is merit in a subregional mechanism facilitating public-private sector dialogue and partnership, and TWG is well positioned to be that mechanism.

a. The South Asia Sustainable Tourism Forum

The proposed Sustainable Tourism Forum (STF) would be held every year in conjunction with the TWG meeting. This would be a partnership between private sector tourism operators,

government, and NGOs involved in ecotourism projects. STF would strengthen market linkages and promote sustainable practices. Over time, STF will establish the subregion as home to the world's best in ecotourism.

b. The SASEC Tourism Investment Fund

The SASEC TIF is also designed to leverage private-public sector partnership (Appendix 2). The TIF is envisaged as having capitalization of \$100 million and 50 shareholders, including eminent private sector tourism interests from each of the four SASEC member countries. Governments are expected to have minority stakeholder positions in the TIF, as are MFIs (possibly ADB). Essentially, TIF operations are expected to impact tourism by financing private sector investment in tourism facilities that will increase both the stock and diversity of SASEC tourism products. Its operations also are expected to encourage governments to improve infrastructure facilities as well as the policy and regulatory environment for tourism. These latter improvements are expected to encourage wider private sector participation in the tourism industry. The TIF would also participate with national, state, and local governments in financing public infrastructure in support of selected private sector tourism investments. The TIF will take a minority equity position in private sector tourism projects and in bankable tourism infrastructure projects.

4. PPP Initiatives in the Context of SAARC

SASEC initiatives to promote public-private sector partnership should take account of other regional cooperation initiatives that are potentially overlapping. It may be desirable at some juncture to extend the proposals for PPP in SASEC to SAARC member countries.

a. South Asia Business Forum

The South Asia Business Forum (SABF) is composed of four partner Chambers of Commerce from SASEC countries. SABF has Business Facilitation Cells in each country and a Trade and

Investment Policy and Procedure Review Council. The objectives of SABF include:

- (i) to focus on opportunities for enhancing trade and investment through greater private sector cooperation,
- (ii) identification of bottlenecks and policy reforms that, if acted upon, would enhance trade and investment,
- (iii) to liaise with the government and other bodies,
- (iv) participation in international meetings and exhibitions,
- (v) to act as a forum for subregional discussions, and
- (vi) to carry out an annual forum.

b. SAARC Tourism Working Group

SAARC was first established in 1985. In 1991, a technical committee on tourism was established to make recommendations for tourism promotion and facilitation. In 1997, the committee recommended simplification of visas procedures, special airfares, and direct air links between the capitals of SAARC member countries. A SAARC Tourism Council of industry representatives was established in 1999 and mandated to promote tourism in South Asia. Although it prepared a Strategic Plan for Developing Tourism in South Asia, the Tourism Council was found to be ineffective—in part because it lacked public sector representation. In 2001, a Working Group of senior tourism officials was formed. At its meeting in 2003, the Working Group made recommendations for

- preparation of promotional material,
- use of information technology (e.g. websites) to promote the subregion,
- a focus on sustainable development of ecotourism (best practices),
- emphasis on human resource development (teaching modules),
- cooperation with other international and regional tourism organizations, and
- emphasis on participation by the private sector.

These recommendations were endorsed by SAARC in July 2003. For a variety of reasons,

however, there has been little progress to date in fulfilling past commitments and agreements.

The recent SAARC Summit (4 to 6 January 2004), however, moved the agenda forward. In February 2004, the SAARC Tourist Working Group met in Colombo to consider progress and to spur implementation. SAARC Chamber Tourism Council participants called for a revised strategic plan to 2010 to develop tourism in South Asia. It also called for the establishment of a SAARC Tourism Information Network and for regional seminars, training workshops, and tourism fairs.

To the extent that a revitalized SAARC begins to show results, it could assist SASEC member countries in forging a strong public-private sector partnerships. Clearly, SASEC initiatives to promote public-private sector partnerships should be pursued in the context of SAARC developments.

5. Public-Private Development Roles

The tourism sector necessarily involves a mix of linkages of public and private sector interests (Table 24). Tourism development in SASEC member countries is thus importantly dependent on a close and positive working relationship between governments and the tourism industry. Regional cooperation can and should contribute to building this relationship.

D. Enhancing the Pro-Poor Benefits of Tourism

1. Principles of Pro-Poor Tourism

The SASEC subregion is one of the poorest in the world. Between a third and a half of the population live below the poverty line. Clearly, it is important that development initiatives in the SASEC subregion be designed in a way that maximizes pro-poor benefits.

In addressing pro-poor tourism, it is useful to distinguish between international, intra-regional and domestic tourism. Desired results in each case may be summarized as shown below.

International tourism can:

- Generate substantial economic benefits in a country in terms of increased employment, income, foreign exchange earnings, and government revenue. Tourism can be a catalyst for expansion of other sectors of the economy for a wider distribution of benefits.
- Contribute to the development of sustainable tourism that does not result in environmental, socio-cultural or health problems, but that presents a desirable image of the subregion to the world.

PRO-POOR TOURISM

Pro-Poor Tourism (PPT) is tourism that results in increased net benefits for poor people. PPT is not a specific product or niche sector but an approach to tourism development and management. It enhances the linkages between tourism businesses and poor people, so that tourism's contribution to poverty reduction is increased and poor people are able to participate more effectively in product development. Links with many different types of 'the poor' need to be considered: staff, neighboring communities, land-holders, producers of food, fuel and other supplies, operators of micro-tourism businesses, craft-makers, other users of tourism infrastructure (roads) and resources (water), etc. There are many types of pro-poor tourism strategies, ranging from increasing local employment to building mechanisms for consultation. Any type of company can be involved in pro-poor tourism – a small lodge, an urban hotel, a tour operator, an infrastructure developer. The critical factor is not the type of company or the type of tourism, but that there is an increase in the net benefits that go to poor people.

Ashley, C. and D. Roe, 2003.

Working with the Private Sector on Pro-Poor Tourism.

Table 24: Public and Private Sector Tourism Development Roles

Government Regulatory Role	Government Facilitating Role	Private Sector Role
Official support for a SASEC or SAARC visa, and visa-free entry for tourists from key markets. Introduce longer-term multiple-entry visas. Reduce barriers to cross-border tourism development and encourage foreign investment. Improve general security and transport safety.	Raise awareness about the need to protect environmental, cultural, and historical resources and how to prevent HIV/AIDs. Identify options for industry funding of such measures. Facilitate the development of subregional tourism networks to provide multi-country tourism packages.	Private investment in nature, history, and culture-based tourism, eco-tourism, leisure-based tourism, and other tourism activities.
Improve service standards of key officials (immigration, customs, and tourism).	Work with private sector to monitor progress in improving service standards of tourism officials. Prepare and distribute promotional material to encourage tourism.	Develop tourism business associations to help address industry issues and concerns, and to mobilize funding for tourism promotion and development.
Reform regulations that restrict: (a) the number and/or scope of tourism service providers at all levels; (b) the transfer of skills and knowledge by foreign trainers; (c) private investment in vocational training; and/or (d) domestic and foreign investment in tourism. Facilitate appropriate private sector	marketing, including tourism “events,” to raise the profile of the subregion, building on existing tourism brand awareness (e.g. “Incredible India”) and tourism initiatives. Actively promote cross-border tourism networks and resolve barriers to the development of such networks.	tourism operators with offices in the subregion. Public investment in support
infrastructure (e.g. customs and immigration). Invest in public infrastructure basic to	Increase number of domestic and foreign supporting and facilitating tourism: roads, telecommunications, energy, water supply, and health services. Increase number of small tourism service providers.	Improve transportation safety (road, air, sea, rail) and access
(open skies policy). Establish new international checkpoints, and increase air links. subregion. Facilitate private investment in tourism related vocational and language	Provide access roads from main transport links to tourism attractions in the training. Reflect the increasing demand for appropriately skilled labor in tourism-	
related services in plans for education and vocational training. Ensure that other infrastructure planning is linked to efforts to develop tourism.	encourage initiatives that maximize community benefits from tourism. Develop rural villages, towns and urban centers to provide the basic services to	
Increase community awareness of social risks and benefits of tourism, and attract domestic and foreign tourists and investment in tourism. Annual meetings between national and state/provincial leaders, tourism	industry representatives, and relevant NGOs to address priority issues. SASEC = South Asia Subregional Economic	

Cooperation, SAARC = South Asian Association for Regional Cooperation, NGO = non-government organization.

Source: Tourism Development Plan Study

- Contribute to the conservation and enhancement of the environment, biodiversity, scenic places, archaeological and historic sites, cultural traditions, and ethnic identities.

Domestic and intra-regional tourism can

- Provide opportunities for people in the subregion to pursue recreational activities and learn about their country's and region's natural, historic, and cultural heritage.
- Beneficially redistribute economic benefits, especially from higher income urban areas to lower income rural areas.

The TDP addresses the core factors bearing upon pro-poor benefits, largely from the perspective of international tourism, but recognizes that intra-regional tourism is growing rapidly and will be increasingly important.

2. Distributing the Benefits of Tourism

The SASEC TDP focuses on areas that are among the poorest in South Asia. Only the 13 North, East, and North East states of India are included in the TDP, which are states contiguous to the neighboring countries of Bangladesh, Bhutan, and Nepal. In this way, the Plan identifies a logical subregion where the mutual interests of the four countries can be pooled to expand the volume and quality of tourism.

Tourism is a highly labor-intensive, relatively low-skill industry that is ideally suited to all stages of development. The TDP capitalizes on these characteristics by presenting a wide range of highly practical program and project initiatives. Joint marketing will bring the attractions of the subregion to the attention of tourists around the world, and their interest in visiting the subregion will be better facilitated. Further, the rich array of Buddhist circuits, ecotourism, and other products envisaged by the TDP will encourage longer stays and greater benefits to local residents. Longer stays enable tourists to reach remote areas, often the pockets of most severe poverty.

Further, the TDP engages the private sector as the key driver in developing the tourism industry.

By encouraging and facilitating the private sector to take the lead in investing in new tourism facilities, and reserving for government the role of providing infrastructure and key public services (e.g. visas, customs, and marketing) in support of the tourism industry, limited budgetary funds can be conserved. In turn, this will help governments meet other expenditure responsibilities, including quality health and education services that are so critical to breaking the poverty cycle.

3. Employment Generation

Section VI.B.2. and Appendix 3 provide analyses of the economic and financial benefits expected in SASEC from TDP initiatives and increases in tourism. They show a gradually increasing spread between the “with TDP” and “without TDP” scenarios. The projected annual tourism growth rate by 2014 is placed at 7.5% with TDP initiatives, versus 6.0% without such initiatives. Over the 10-year period an incremental 740,000 tourists arrivals are expected with TDP initiatives.

The employment effects of this incremental number of tourists are expected to be considerable. On average, 3.5 additional international tourists result in one additional direct job in the tourism industry and 1.25 indirect jobs in related industries (e.g. agriculture, construction, etc.). On this basis, the projected 740,000 additional tourism arrivals will create some 265,000 jobs during the period up to 2014. By 2014, incremental employment could reach 135,000 annually. While the overall cost per job generated would be about \$700, most of this cost would be borne by the private sector. Cost to the public sector per job generated would be less than \$300.¹⁶

Given the size of the population of the SASEC subregion, at almost 600 million, and the degree of unemployment (some 20 million currently) and severe underemployment, it cannot be expected that TDP initiatives will make a significant impact

¹⁶ Methodology Note. Financial requirements for the TDP are estimated at \$175 million, \$100 million of which will be private sector investment in hotels, restaurants, recreation centers, refueling and repair stations, etc. Dividing the number of jobs generated (265,000 over the period to 2014) into \$175 million yields \$660 per job generated. From a public sector perspective, the cost is \$75 million divided by the number of jobs, yielding \$283 per job generated. It could be argued that these calculations understate the cost of job generation, for a job generated in Year One will continue in each subsequent year. On the basis of incremental job generation in 2014, the overall cost per job would be \$1,300, and the cost to the public sector is \$555.

on overall employment prospects in Bhutan, Bangladesh, Nepal and the 13 North, East, and North East states of India; but it will help slow the growth in unemployment (see Appendix 3).

4. Promotion of Local Products

The employment and income effects of the TDP will depend to some extent on the degree to which the proposed programs and projects act as a catalyst in promoting the use of local products. It should be kept in mind, however, that the TDP is not a masterplan for the subregion. Rather, it identifies subregional initiatives for tourism promotion, facilitation, and product development.

Building on these subregional initiatives, there are many actions that national, state, and local governments could and should take to strengthen pro-poor benefits. In particular, greater effort should be made to link tourism to the all-important agriculture sector. The livelihoods of nearly 80% of the population in the subregion are in the agriculture sector, many only at subsistence level. Market information and rural road access to tourist destinations in the subregion will be vital to help farmers respond to increasing demand from tourists for high quality meat, poultry, eggs, fish, fruit, and vegetables. Improved extension and research services will also be important in making the connection between increased tourism and new agricultural opportunities.

Governments in the subregion will also need to remove impediments to the private sector, so it can respond effectively and efficiently to new opportunities arising from increased tourism. The charge is often made that trekking and other forms of low-budget tourism result in few, if any, benefits to local residents. This may reflect the lack of local products meeting international standards, hence the use of imported products by tourists. Land tenure uncertainties, among other problems, compound the difficulties of obtaining micro-finance, slowing agricultural diversification into cash crops and high valued-added products. Restrictions on foreign investment in the handicraft and carpet industry hamper the adaptation of design and quality to meet tourist demand.

The TWG role in this area should be to advocate styles of tourism that distribute the benefits of tourism widely and allow governments the opportunity to implement pro-poor and livelihood programs associated with tourism development. Another important role for TWG is as a champion of best practice in such programs. The agenda of the Sustainable Tourism Forum, for example, should include examination of best practice in such areas as participatory processes and gender equity in village-level tourism development. The subregion is using the best known approaches in many of these areas. The aim of TWG should be world leadership in all aspects of ecotourism and pro-poor tourism.

E. Managing the Impacts of Tourism

Subregional Guidelines and Codes of Conduct

Tourism authorities and industry associations in the subregion are currently debating guidelines and codes of conduct as a means of achieving sustainable outcomes. There are opportunities for SASEC to benchmark with best practice and learn from the experience of other parts of the world in ecotourism and religious circuits. In India, DOT is currently preparing a study of best practices in 12 states. ICIMOD is proposing a study to correlate and rationalize current codes of conduct in use in South Asia. Sikkim is well advanced with codes of conduct, and reports that the process of developing guidelines can be as important as the results.

The adoption of “green” guidelines and benchmarking is one of the more visible initiatives for sustainability within the tourism industry, although universally accepted criteria are yet to be agreed upon. Some examples of existing codes of conduct include:

- Code of Ethics and Guidelines for Sustainable Tourism (Tourism Industry Association of Canada),

- Code of Sustainable Practice (Tourism Council Australia),
- Environmental Codes of Conduct for Tourism (UNEP),
- Sustainable Tourism Principles (WWF and Tourism Concern), and
- Code for Environmentally Responsible Tourism (PATA).

Project 2.1 addresses the issue of subregional standards. Standards are recommended to be tailored to specific South Asian industry needs rather than imported from elsewhere. The process of forging a South Asian industry Code of Conduct could in itself provide valuable opportunities for subregional cooperation. The proposed STF, with all the various stakeholders represented, will be the ideal forum for developing and agreeing on criteria and guidelines.

The PATA code for environmentally responsible tourism is representative of existing codes, in terms of content. The code is directed at PATA members, who are urged to adopt various general measures related to environmental and social sustainability. Acceptance of the code is regarded as an indication that a member is committed to working toward sustainable outcomes, without obligating members to meet specific objectives or deadlines. Thus the codes are primarily a form of moral persuasion that can be expected to garner a high level of corporate support. The emphasis on self-regulation implicit in most of these codes is based on the principle that demonstration of good practice by the industry will pre-empt the need for government to impose regulations, and leave the industry with more control over its operations. Under the PATA code, members are urged to:

- Adopt the necessary practices to conserve the environment, including use of renewable resources in a sustainable manner, and conservation of non-renewable resources.
- Contribute to the conservation of any habitat of flora and fauna, and of any site whether natural or cultural, which may be affected by tourism.
- Encourage relevant authorities to identify areas worthy of conservation, and to determine the level of development, if any, that would ensure those areas are conserved.
- Ensure that community attributes, cultural values, and concerns, including local customs and beliefs, are taken into account in the planning of all tourism-related projects.
- Ensure that environmental assessment becomes an integral step in the consideration of any site for a tourism project.
- Comply with all international conventions in relation to the environment.
- Comply with all national, state, and local laws in relation to the environment.
- Encourage those involved in tourism to comply with local, regional, and national planning policies, and to participate in the planning process.
- Provide the opportunity for the wider community to take part in discussions and consultations on tourism planning issues insofar as they affect the tourism industry and the community.
- Acknowledge responsibility for the environmental impacts of all tourism-related projects and activities, and undertake all necessary responsible, remedial, and corrective actions.
- Encourage regular environmental audits of practices throughout the tourism industry and encourage necessary changes to those practices.
- Foster environmentally responsible practices, including waste management, recycling, and energy use.
- Foster in both management and staff, and in tourism-related projects and activities, an awareness of environmental and conservation principles.
- Support the inclusion of professional conservation principles in tourism education, training, and planning.
- Encourage an understanding by all those involved in tourism of each community's customs, cultural values, beliefs, and traditions and how they relate to the environment.
- Enhance the appreciation and understanding by tourists of the environment through the provision of accurate information and appropriate interpretation.
- Establish detailed environmental policies and/or guidelines for the various sectors of the tourism industry.

F. Relationships with Other Regional Groupings

Regional cooperation is a means to an end, leading to better international relations, deeper economic ties, and the peace, security, income, and employment that these can generate. Regional cooperation is about mutually beneficial outcomes, where individual and collective benefit is greater than what can be achieved when countries act alone. Regional cooperation for tourism promotion, facilitation, and product development well illustrates the case. By pulling together, the number of tourism arrivals and length of stay can be greatly increased, to the mutual benefit of the cooperating countries.

1. Relevant Regional Groupings

a. SAARC and SASEC

Logically, the first circle of regional cooperation should be neighboring countries, especially neighbors that have no long-standing serious tensions. SASEC countries fit this model well. As SASEC is a subgroup of South Asia, the next circle of regional cooperation should be SAARC member countries as a whole. In addition to Bangladesh, Bhutan, India, and Nepal, SAARC member countries include the Maldives, Pakistan, and Sri Lanka. SASEC tourism initiatives should complement those of SAARC and, where desirable, be extendable to all SAARC member countries. Many of the programs included in the TDP are of this nature, such as joint marketing, product standards, the host program, and private-public sector partnership initiatives.

The Islamabad Declaration, issued at the conclusion the SAARC Summit in January 2004, included a commitment to the formation of the South Asian Free Trade Area (SAFTA) and a recommitment to a South Asian Economic Union. The Heads of State also called for an assessment of whether a South Asian Development Bank (SADB) should be established, with a mandate to support public and private sector joint ventures and regional cooperation initiatives.

Regarding tourism, the Islamabad Declaration stated:

Development of tourism within South Asia could bring economic, social and cultural dividends. There is a need for increasing cooperation to jointly promote tourism within South Asia as well as to promote South Asia as a tourism destination inter alia by improved air links. To achieve this and to commemorate the twentieth year of the establishment of SAARC, the year 2005 is designated as South Asia Tourism Year, for the success of which each member would individually and jointly organize special events.

The Islamabad Declaration reflects the improvement of relations between India and Pakistan. There is an opportunity to move the regional cooperation agenda forward, and cooperation in tourism promotion, facilitation, and product development offers quick results with a relatively small resource commitment.

The SAARC tourism agenda includes simplification of visa procedures and direct air links between the capitals of SAARC member countries. At its July 2003 and January 2004 meetings, SAARC's Tourism Council agreed to joint promotional material, improved use of websites and other means to promote the region, sustainable ecotourism, human resource development, networking with other international tourism organizations, and greater participation by the private sector.

b. BIMST-EC

Another regional cooperation circle that is linked logically with SASEC is BIMST-EC. Formed in 1999, the group has made progress in a number of fields, notably in trade and tourism. In January 2004, BIMST-EC was expanded to include Nepal and Bhutan. In February 2004, six of the expanded BIMST-EC group signed a free trade agreement. The agreement stipulates that tariffs on intra-regional trade among the group will fall to zero by 2012; the two less developed countries (Nepal and Myanmar) will have until 2017 to reduce their tariffs to zero. The Leaders' Summit later this year is expected to approve the agreement.

The year 2004 is visit BIMST-EC Year, and a tourism website and a brochure for the BIMST-EC region have been created. Member countries have agreed to organize events such as conventions, cultural events, fashion shows, and food festivals during this year. Other longer-term steps include an open skies policy, religious circuit tourism, new product development, exchange programs for travel agents, and initiatives with the private sector. Earlier steps taken included: a report on visa and entry formalities; an inventory on investment incentives for the tourism sector; a report on existing regulations for the protection of tourists and to counteract malpractices in tourism operations; sharing of expertise on a Buddhist Circuit Tourism Training Program; a report on transportation weaknesses in the subregion; a joint study on environmental management and cultural preservation; and encouragement of airlines and hoteliers to offer concessionary rates for multi-destination travel.

c. The GMS Program

Overlapping with the BIMST-EC Program, the GMS Program comprises the six countries that share the Mekong River: Cambodia, Lao PDR, Myanmar, Thailand, Viet Nam, and PRC (Yunnan Province). The ADB-supported Program commenced in 1992, and is widely viewed as a highly successful example of practical, results-oriented regional cooperation. Initially the GMS Program focused on infrastructure investments linking the subregion, especially transport, energy, and telecommunications. Other priority sectors are trade, investment, human resource development, environment, agriculture, and tourism.

The GMS Program has also been successful in harmonizing key policy and regulatory issues, most notably through the all-country Agreement for the Facilitation of Cross-Border Movement of People and Goods. While all six countries have signed the Agreement, the protocols and annexes to the Agreement are still in process. In April 2004, Lao PDR, Thailand, and Viet Nam signed the first stage of the protocols and annexes, covering operation along the East-West Economic Corridor linking the three countries. GMS also has acted as a catalyst for self-initiated bilateral and multilateral

agreements among the six countries. The Economic Cooperation Strategy, initiated by Thailand and including Lao PDR and Cambodia, is an example.

The GMS Tourism Development Flagship initiative aims to promote and strengthen subregional cooperation and tourism development in GMS countries. Increased tourism in GMS is promoted in order to augment earnings, reduce poverty, mitigate environmental degradation from unplanned and unsustainable development, and to develop human resources. The six sets of initiatives included under Tourism Development are:

- (i) Promotion of the subregion as a single tourism destination.
- (ii) Development of tourism-related infrastructure.
- (iii) Improvement of human resources in the tourism sector.
- (iv) Promotion of pro-poor, community-based sustainable tourism.
- (v) Encouragement of private sector participation in the GMS tourism sector.
- (vi) Facilitation of the movement of tourists to and within GMS.

ADB's most recent assistance for GMS cooperation in tourism development includes a \$35 million loan to Cambodia, Lao PDR, and Viet Nam for improvement of tourism-related infrastructure; pro-poor, community-based tourism development; subregional cooperation for sustainable tourism; and implementation assistance and institutional strengthening.

The private sector has been a strong partner in the GMS Program. Ten years ago PATA helped initiate the annual Mekong Tourism Forum, which draws together tour operators and other tourism representatives from the region and overseas. Through joint marketing and product development, the Greater Mekong Subregion has become a single tourist destination with, for 4 years in succession, the fastest growing rate of tourism arrivals of any region in the world.

d. ASEAN

The oldest and most established regional cooperation group in Asia is the Association of

South East Asian Nations, which now has ten member countries: Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Viet Nam. ASEAN's initiatives include the ASEAN Free Trade Area (AFTA) and the goal of an ASEAN Economic Region by 2020. In addition to a free trade agreement with the PRC and a partnership agreement with Japan, in 2003 ASEAN and India signed a Framework Agreement on Comprehensive Economic Cooperation. This calls for greater trade and investment and more effective economic integration. These developments help set the stage for increased tourism, both intra-regional and international.

At the 8th ASEAN Summit in Cambodia in November 2002, the Heads of State signed a Tourism Cooperation and Promotion Agreement. The Agreement aims to promote and facilitate intra-ASEAN travel by joint marketing and promotion campaigns, improvements in market access, improvements in safety and security, and human resources development. Measures include liberalized air services, extended visa exemption arrangements, simplified procedures for issuance of visas and travel documents, the phasing out of travel levies and taxes on ASEAN nationals, encouraged use of smart cards for frequent travelers, the adoption of universal symbols and multi-lingual signs and forms, improved road safety and travel insurance coverage, and gradual reduction of all travel barriers. ASEAN member countries have agreed to visa-free travel for ASEAN residents (e.g. Thailand and Viet Nam). In addition, the ASEAN Tourism Association has initiated the annual ASEAN Tourism Forum, an ASEAN Airline Pass, and an ASEAN Hotel Pass.

e. CAREC

The ADB-supported Central Asia Regional Economic Cooperation (CAREC) Program was initiated in 2000 and has seven participants: Azerbaijan, Kazakhstan, the Kyrgyz Republic, Mongolia, Tajikistan, Uzbekistan, and the Xinjiang Uygur Autonomous Region of PRC. The Program is of interest to SASEC and SAARC both for its potential as a trade partner and as a link with Russia and Eastern Europe. Additionally, the Central Asian

Republics are landlocked and need access to seaports, which are available in Pakistan, India and Bangladesh. The focus of the CAREC program is on three priority areas: power and water, customs and trade facilitation, and transport. Tourism is not yet included in the Program, but there may be interest in its inclusion once actions in priority areas have been consolidated.

f. The ADB Perspective

ADB is mandated to promote regional cooperation by its Charter, which stipulates that priority should be given to regional, subregional, and national programs and projects that contribute most effectively to the harmonious economic growth of Asia. This has involved three complementary functions: first, to provide information relevant to regional cooperation; second, to act as an "honest broker" among its developing member countries; and third, to mobilize public and private resources for regional investments.

In an address to the Second North East Business Summit in New Delhi in January 2004, ADB Country Director for India, Louis de Jonghe, provided an excellent statement on the ADB commitment to regional cooperation. Mr. de Jonghe outlined ADB's desire to work with the North East states as a partner, and to move ahead with the necessary investment, reforms and capacity building toward a sustainable growth path. The North East is central to ADB regional cooperation programs for South Asia.

ADB emphasis is to strengthen development of the North East through investment in infrastructure, fiscal reform, and strengthened governance and service delivery, especially to the poorer segments of the population. Facilitating private sector, led growth is an important priority. ADB views the North East as India's gateway to Southeast Asia. Closely integrating the North East States with the rest of India and its neighbors will help reposition the region as a strategic base for foreign and domestic investors tapping markets in SAARC member countries, Southeast Asia and the PRC. Ultimately, ADB would like to integrate its subregional programs, SASEC, BIMST-EC and GMS.

2. Lessons Learned from Subregional Cooperation Programs

There are several regional cooperation groups that overlap with or are adjacent to SASEC. These groups are like the geological plates of the world, sometimes shifting and bumping together. There is no perfect fit and there will always be movement. But it is clear that regional groupings are becoming more important. It is vital that SASEC interconnect strongly with those that are most relevant to it, namely SAARC, BIMST-EC, GMS, and ASEAN.

The TDP therefore recommends that the TWG network closely with these groups. In particular, representatives of these groups should be invited to tourism workshops, especially of the kind scheduled in Bhutan at the end of May 2004. Shared experience is invaluable. A representative from TWG should attend tourism meetings of SAARC, BIMST-EC, GMS, and ASEAN.

Lessons learned from regional cooperation programs include the following:

- (i) Regional cooperation requires a deeper and more sustained commitment than is typically called for in national development programs.
- (ii) Preparation of inter-country projects and programs requires a multi-country perspective.
- (iii) Regional cooperation involves a process of balancing interests among participating countries through consensus building and consensus maintenance.
- (iv) Focus should be on achievable targets and programs; unrealistic expectations should be avoided.
- (v) Regional cooperation requires a high level of regular communication within and among participating countries. High-level forums to discuss regional cooperation are important in fostering dialogue and trust, but the forums should be properly prepared.
- (vi) To succeed, regional cooperation initiatives need adequate resources, including those for capacity building. The training of national focal points is vital.

- (vii) The policy framework must be adjusted to complement regional cooperation initiatives.
- (viii) Improved information and knowledge flows are critical to building trust and consensus, and for community involvement.
- (ix) Program implementation needs to be guided through sound technical assistance and funding options.
- (x) Subregional programs in tourism depend to a great extent on the setting up of infrastructure support facilities, such as transport networks, airport facilities, and energy projects. Also important are soft facilities such as relaxation of visa formalities, environment-friendly sustainable development initiatives, and establishment of customer-led service facilities.
- (xi) Private sector ventures (e.g. the Mekong Forum) are important to realizing the goals of regional cooperation.





DEVELOPMENT MATRIX AND ACTION PLAN



Program 1. Coordinated Marketing

1.1. Joint Marketing to Brand and Promote Ecotourism and Buddhist Circuits

Project Outline	Expected Benefits	Cost and Financing
<p>A marketing campaign will brand SASEC's premier ecotourism and "Buddhist Heartland" products, targeting international and regional tour operator networks through NTOs' pooled resources. In style, the promotion will echo the "Incredible India" campaign.</p> <p>Internet-based marketing material as well as promotional brochures, posters and CD ROMs will be produced in six sub-themes:</p> <ul style="list-style-type: none"> • Trekking in the Himalaya • Ecotourism in Ganga-Brahmaputra • Adventure Tourism in South Asia • Footsteps of the Lord Buddha • Living Buddhism in the Himalaya • Buddhist Art and Archaeology in South Asia. 	<ul style="list-style-type: none"> • SASEC products positioned in inter- and intra-regional markets. • Increased destination awareness in target market segments. • Tourism growth generating benefits to rural areas. • Increased private sector investment in products. • Unique aspects in each country emphasized. • Mutual concern developed for product standards. 	<p>Up to \$5 million. At least \$100,000 will be required in the SASEC Tourism Marketing Fund in order to start the campaign.</p> <p>An initial contribution of \$10,000 will be made by each NTO. The assistance of development partners will be sought. India will underwrite the production of collateral, subject to NTOs contributing the initial \$10,000 and providing suitable content. Later, TWG will arrive at an ongoing funding formula.</p>

1.2. Regional Marketing with SATTE

<p>Instead of creating a subregional industry forum, TWG will build on the South Asia Tourism and Travel Exchange (SATTE), an event and mart showcasing the regional industry. Its organizers wish to further regionalize the event.</p> <p>A SASEC presence at SATTE will promote SASEC product brands to the regional industry, including those in touch with SASEC's target inter- and intra-regional markets. SATTE will also be used as a platform to reach non-resident nationals.</p>	<ul style="list-style-type: none"> • Stronger SASEC product and brand identity. • Heightened demand, increased sales and resulting benefits to rural poor. • Public-private partnership resulting from the Marketing Committees. • Increased tourism awareness engendering pride in South Asian natural and cultural attractions. 	<p>Up to \$1 million. \$10,000 required to start the project.</p> <p>SATTE organizers will contribute executive effort. Financial and in-kind support will be generated through sponsorship. Eventually, the SASEC presence will be self-funding.</p>
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1.3. Harmonizing Arrival Statistics

<p>Project will address the common need for an accurate picture of intra-regional travel. Currently, intra-regional arrivals are not counted in accordance with WTO norms.</p> <p>A program of needs assessments and design of appropriate statistics gathering methods at a national level will be followed by training for NTOs and other agencies.</p>	<ul style="list-style-type: none"> • A more accurate picture of travel patterns for planning, marketing and management. • Training needs in research departments will be assessed. • An incidental outcome may be a change in the world ranking of the SASEC region in tourist arrivals. 	<p>\$200,000.</p> <p>WTO's offer of assistance has been accepted by TWG. Bangladesh will seek WTO's advice on funding options, including cost sharing.</p>
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DEVELOPMENT MATRIX AND ACTION PLAN

Partners and Roles	Time Frame	Key Issues
<p>India (Leader), Nepal, Bhutan, and Bangladesh.</p> <p>Potential development partners: Government of India, ADB, JBIC, PATA, SATTE, FICCI, regional airlines, private sector, and advertising agencies.</p> <p>NTO Nodal Persons will facilitate selection of content. India will lead collateral development. FICCI will provide the campaign launch. SATTE will assist follow up. NTOs will distribute collateral. NTOs will monitor results.</p>	<p>30 Jun 04 – NTOs confirm \$10,000 and transfer soon after.</p> <p>30 Jun 04 – Content sent to DOT, India.</p> <p>Sep 04 – Launch at FICCI's Destination South Asia Conference.</p> <p>Jan to Dec 05 – Collateral distribution and networking to international operators.</p> <p>Mar 05 – Promotions at SATTE.</p>	<p>Potential negative impacts will include the perception that tourism uses culture as a commodity.</p>
<p>India (Leader), Nepal, Bhutan, and Bangladesh.</p> <p>Development Partners: SASEC Marketing Committees, SATTE, and industry organizations.</p> <p>NTOs convene SASEC Marketing Committees. SATTE prepares strategy. NTOs and industries support promotions at SATTE and familiarization trips.</p>	<p>30 Jun 04 – ADB provides sample MOU and assists negotiations with SATTE.</p> <p>30 Aug 04 – NTOs convene SATTE Marketing Committees.</p> <p>Jul 04 to Feb 05 – SATTE organizers prepare strategy and mobilize support.</p> <p>Mar 05 – First launch and post-SATTE familiarization trips.</p>	<p>NTOs need to facilitate and assist SATTE organizers.</p> <p>The SATTE Marketing Committees may be sub-committees of existing organizations.</p>
<p>Bangladesh (Leader), India, Nepal, and Bhutan</p> <p>Development Partners: WTO and other concerned government agencies</p>	<p>31 Oct 04 – Bangladesh, after consulting with WTO and the other three NTOs, will circulate an outline project document, including proposed funding arrangements and timetable.</p>	

1.4. Events Calendar

Project Outline	Expected Benefits	Cost and Financing
<p>A calendar of cultural, sporting and religious festivals and events will be produced for the SASEC region. The calendar will be developed in print, as an illustrated foldout brochure and map, and also in a form suitable for posting on websites.</p> <p>The process of developing and distributing the events calendar will involve private-public partnerships and wider stakeholders in addition to the tourism industry.</p>	<ul style="list-style-type: none"> • Key brand images established. • Product packaging enhanced. • Contribution made to international marketing. • Travel media attracted to the region. • Visitor stay lengthened and seasons extended. 	<p>\$50,000.</p> <p>DOT India will fund this project as an integral part of Project 1.1. In the future, funding for the events calendar is envisaged through a combination of commercial sponsorship and in-kind support organized by NTOs and coordinated by DOT India and SATTE.</p>

Program 2. Enhancing Product Quality

2.1. Product Standards and Industry Codes of Conduct in Ecotourism and Buddhist Circuits

<p>Heightened demand through SASEC collaborative marketing efforts needs to be supported by consistent quality of product delivery across the subregion. There is an immediate common interest in developing consistent and effective product standards and industry codes of conduct, benchmarked on international best practice.</p> <p>The Sustainable Tourism Forum (refer to 5.4) will be the platform for promoting the standards and codes agenda at a subregional level. The development process will be ongoing, reflecting that such standards need to evolve and develop from within the subregion to be effective.</p>	<ul style="list-style-type: none"> • Sharing of lessons learned. • Uniform approach to standards and industry codes of conduct. • Enhanced consumer information for prospective visitors. • Improved product quality. • Enhanced yield and greater consumer satisfaction. • A significant contribution to the sustainability of SASEC tourism. 	<p>\$1 million.</p> <p>The project will be supported by an alliance of development agencies and national industry organizations. The alliance will meet with TWG and for the rest of the year act independently on components of the project, with funding arranged from their own sources. On the advice of UNESCO, the Nordik World Heritage Foundation will be approached.</p>
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Program 3. Facilitating Travel

3.1. Eastern Himalayan Caravan

<p>Significant potential exists in new cross-border tourism routes. This project will help NTOs illustrate the tourism potential of the routes to other government agencies and raise the profile of new travel routes with the travel media. Event(s) will be organized by the private sector based on the idea of an overland "caravan" of four-wheel-drive vehicles exploring and celebrating the potential of new tourist routes, creating publicity along the way aimed at the travel media, trade and target markets.</p>	<ul style="list-style-type: none"> • NTOs will have a means to draw the attention of concerned agencies to the possibilities of cross-border travel. • Misconceptions of security issues will be exposed. • Travel media will be exposed to SASEC's "hidden" assets. • SASEC tour operators will share a constructive experience. • Easing of border / visa formalities. 	<p>Up to \$100,000.</p> <p>The project will be largely self-funding.</p> <p>Individual vehicles will be sponsored and/or individual participants will pay their own way. NTOs and tour operators will combine to seek sponsorship for hosting activities.</p>
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DEVELOPMENT MATRIX AND ACTION PLAN

Partners and Roles	Time Frame	Key Issues
<p>India (Leader), Nepal, Bhutan, and Bangladesh.</p> <p>Potential Development Partners: Government of India, SATTE Marketing Committees in each country, SATTE, private sector, and all other development partners.</p> <p>DOT India will implement with assistance from SATTE on commercial aspects.</p>	<p>30 Jun 04 - Event information included in content provided by NTOs to DOT India for Project 1.1.</p> <p>Jul 04 to Feb 05 – DOT India and SATTE coordinate implementation. ADB assists.</p> <p>Mar 05 – Launch at SATTE</p>	<p>To be successful, the calendar needs to be widely distributed.</p>
<p>Nepal (Leader), India, Bangladesh, and Bhutan.</p> <p>Development Partners: UNESCO, STN, ICIMOD, SNV, TMI, WWF, and ECOSS.</p> <p>NTB, with ADB's assistance, will canvass interest in this project among agencies associated with ecotourism and concerned about standards of tourism resource management. UNESCO, ICIMOD, SNV, TMI, and WWF have all expressed interest.</p>	<p>May 04 – TWG and development partners hold discussions.</p> <p>The project will be spread over many years and membership of the alliance will grow over time.</p>	<p>With joint marketing it will become increasingly more palatable to address product standards and codes of conduct on a subregional basis.</p>
<p>Bhutan (Leader), India, Bangladesh, and Nepal.</p> <p>Development Partners: PATA and SATTE.</p> <p>Bhutan, with ADB's assistance, will coordinate the private sector. NTOs and LTOs to implement the project in the name of the TWG. NTOs and LTOs will arrange travel authorizations and hosting.</p>	<p>Mid-Jul 04 – India will explore the prospect of sponsorship by a car manufacturer.</p> <p>31 Jul 04 – Bhutan will circulate a plan of action, detailing implementation steps</p>	<p>Although four-wheel- drive vehicles will be used, the caravan will remain on existing roads in order to avoid negative environmental impacts.</p>

3.2. Bagdogra Tourism Gateway and Hub Planning Study		
Project Outline	Expected Benefits	Cost and Financing
<p>Limited international access to areas of the subregion impedes tourism growth. Opening Bagdogra as an international air hub would significantly alleviate this constraint. Directly benefited would be tourist areas in Darjeeling, Sikkim, and India's North East States. Also benefited would be Bhutan, north Bangladesh, and east Nepal.</p> <p>A joint, subregional Bagdogra Tourism Gateway and Hub Planning Study will define the tourism benefits of developing Bagdogra as an international airport.</p>	<ul style="list-style-type: none"> • Perspective of subregion's tourism industry will be clarified. • New and innovative tourism patterns will be outlined. • Economic benefits of a Bagdogra tourist gateway and hub will be defined. • Rationale established for new infrastructure projects. • TWG engagement with the subregion's tourism private sector. • Operational linkage forged with SASEC Transport Working Group. 	<p>Up to \$100,000.</p> <p>Government of India will fund and implement this Study. DOT India will coordinate the Study with assistance as required from key stakeholders, including interested development agencies such as JBIC and ADB. Subregional tourism industry groups and interested transport operators will be asked to assist in kind.</p>
3.3. Reducing Impediments to Subregional Travel		
<p>Impediments to travel are common to all member countries. This project takes a long-term, macro view with regard to barriers to SASEC tourism. Key problem areas to be addressed include border formalities, visas and permits, airline access, currency use, and tour operator regulations. Through a series of studies, workshops, and seminars, key impediments will be identified and solutions found. Monitoring of SASEC tourist patterns will contribute to the strategic direction of SASEC tourism development. An idea for the long term is a "South Asian Traveler" facilitation system that will assist travel for identified, pre-booked groups.</p>	<ul style="list-style-type: none"> • Fundamental improvements to the attractiveness of the subregion to tourists and to the viability of tourism industries. • Interventions to improve access and connectivity will complement product development and tourism marketing; 	<p>Up to \$250,000 initially.</p> <p>In the long term, the "South Asian Traveler" facilitation system will cost \$1 million.</p> <p>Multilateral and bilateral donors will be asked to assist by funding studies and convening workshops and seminars. UNESCAP's advice will be sought on prospective sources of funds.</p>
3.4. Asian Highway Improvements Advocacy		
<p>Travel in the SASEC subregion is constrained by bad roads, poor linkages and minimal wayside amenities. Realizing the tourism potential of the Asian Highway within SASEC will greatly enhance opportunities for pro-poor tourism.</p> <p>TWG will become the voice of SASEC tourism in support of tourism-related improvements to the Asian Highway concept. Asian Highway tourism project ideas with merit will be promoted.</p>	<ul style="list-style-type: none"> • Enhanced visitor comfort and convenience, encouraging more visitors to travel by road. • Poor communities able to participate in tourism. Pilgrimage trips encouraged. • Contribution to the rationale for transport sector projects. • Tourist driving routes developed. 	<p>Up to \$250,000.</p> <p>JBIC is willing to assist, potentially jointly with ADB, to develop a SASEC version of the <i>Michi no Eki</i> community-based roadside facilities concept.</p> <p>Infrastructure projects will be asked to involve TWG as the voice of SASEC tourism.</p>

DEVELOPMENT MATRIX AND ACTION PLAN

Partners and Roles	Time Frame	Key Issues
<p>India (Leader), Bhutan, Bangladesh, and Nepal. Development Partners: JBIC, ADB, and SASEC Transport Working Group.</p> <p>DOT India will implement. Arrangements will include oversight of Study progress by transport and tourism officials from SASEC governments and the active involvement at key stages of planning by interested development partners such as JBIC and ADB.</p>	<p>31 Aug 04 – DOT India circulates draft TOR to key stakeholders.</p> <p>Jan 05 – Study completed.</p>	<p>Options for mobilizing any financial resources required will be an important element of the Study.</p>
<p>India (Leader), Bhutan, Bangladesh, and Nepal.</p> <p>Development Partners: UNESCAP and PATA.</p> <p>TWG will ask UNESCAP to assist. Where practicable, workshops and seminars will be scheduled around TWG meetings or SASEC events.</p> <p>PATA has expressed interest in assisting the South Asian Traveler facilitation system idea.</p>	<p>30 Jun 04 – ADB will circulate a paper on the processes being followed by other groupings such as GMS and BIMST-EC.</p> <p>31 Aug 04 – DOT India and UNESCAP will circulate a joint implementation strategy.</p>	<p>This is envisaged as a long-term project that may spin off other projects.</p>
<p>India (Leader), Bhutan, Bangladesh, and Nepal.</p> <p>Development Partners: JBIC, ADB, and UNESCAP.</p> <p>DOT India will approach JBIC, coordinate tourism industry inputs to infrastructure projects, and establish links to the SASEC Transport Working Group.</p>	<p>Feb 05 – DOT India and JCIB will report progress of <i>Michi no Eki</i> concept.</p> <p>Feb 05 – UNESCAP will report on progress in its relevant programs.</p> <p>Feb 05 – DOT India and ADB will report on coordination with the SASEC Transport Working Group.</p>	<p>TWG needs to maintain an active interest to ensure that improvements in the management of tourism resources keeps pace with tourism development.</p>

Program 4. Developing Human Resources		
4.1. Encouraging the Network of Asia Pacific Education and Training Institutes in Tourism (APETIT) to Collaborate with South Asia		
Project Outline	Expected Benefits	Cost and Financing
<p>Facilitating the process of upgrading SASEC's human resource development in tourism is a priority in all countries. SASEC training institutions require technical support and basic skills training needs to be benchmarked against international best practice levels.</p> <p>Through UNESCAP, APETIT will be asked to provide leadership in evaluating national tourism training capabilities, identifying needs and opportunities for technical assistance, implementing train-the-trainer programs, and identifying needs for refurbishment of training facilities.</p>	<ul style="list-style-type: none"> • Stronger links between the training institutions of SASEC. • "Centers of excellence" in tourism training developed throughout SASEC and beyond (i.e. BIMST-EC / SAARC). • Benefits of improved standards of training flow through to the industry. • The need to travel outside the region for training will be removed. 	<p>Up to \$1 million. Seed funding of at least \$25,000 is required to begin.</p> <p>UNESCAP's advice will be sought. ADB has a regional TA in the pipeline for HRD in SASEC tourism. TWG has asked that this TA be tailored to assist the early stages of this project. Bilateral assistance will be sought through APETIT and through existing SASEC country connections.</p>
4.2. South Asian Host		
<p>This project will contribute directly to energizing subregional tourism through "good host" training to encourage friendliness, increase awareness of tourism and foster attitudes of neighborliness in front line people.</p> <p>South Asia Host courses will train airport staff and officials, transport workers, and hotel, restaurant, and café staff. Trial on-site courses in selected gateway cities will pilot the scheme. If successful, subsequent courses will be offered elsewhere on a user-pays basis.</p>	<ul style="list-style-type: none"> • Trainees will deliver higher levels of visitor service. • Greater subregional understanding, increased friendliness, increased tourism flows, and associated benefits to local economies. • A complementary counterpoint to the subregional joint marketing and starting point for sustainable destination management. 	<p>Up to \$500,000.</p> <p>TWG will respond to interest in this project from funding agencies. Once underway, NTOs would promote the idea of user-pays with front line agencies and the private sector. Ultimately, training could be on a commercially viable basis.</p>
4.3. Training for Travel Media		
<p>SASEC tourism needs an effective industry media. The tourism and travel media plays a vital role in tourism. Industry magazines and newsletters enhance communication within the industry and, crucially, link sellers with buyers.</p> <p>Fostering higher standards of journalism is a worthy aim. This project envisages a one-time, customized training course in travel and trade writing for the tourism and travel journalists of the subregion.</p>	<ul style="list-style-type: none"> • This short project will be confidence boosting for TWG. • Travel writers will be trained and other media focused on SASEC. • TWG activities will be brought to the attention of the media. • Potential visitors and current visitors will be better informed. 	<p>\$50,000.</p> <p>A sponsor will be sought. A course charge per participant will cover the costs of the venue. TWG has asked ADB to consider a contribution from the proposed regional TA on HRD in tourism.</p>
4.4. Project Management Training for NTOs and LTOs		
<p>Project to up-grade skills of NTOs and local or state tourism organizations (LTOs) in project management</p> <p>A 10-day course is envisaged, with 10 to 15 participants.</p>	<ul style="list-style-type: none"> • Boost capabilities and confidence of NTOs and LTOs to participate in subregional cooperation projects. • Increased confidence in project management skills will ultimately improve success of all TWG programs. • Create networks useful for the implementation of cooperative projects and generally improve the efficiencies of NTOs. 	<p>Up to \$500,000.</p> <p>ADB has been asked to consider contributing from its proposed regional TA on HRD in tourism. WTO has offered technical assistance.</p>

DEVELOPMENT MATRIX AND ACTION PLAN

	Partners and Roles	Time Frame	Key Issues
	<p>Bangladesh (Leader), Bhutan, India, and Nepal.</p> <p>Development Partners: UNESCAP, APETIT, and ADB.</p> <p>APETIT normal activities involve information management, communication links, training and advisory services, sharing experiences, and research and development.</p>	<p>30 Jun 04 – Bangladesh will approach UNESCAP (Mr. Yamakawa)</p> <p>Feb 05 – Bangladesh and UNESCAP will report implementation plans to TWG.</p>	<p>This prospect received strong endorsement at all the stakeholder workshops during preparation of the SASEC Tourism Development Plan.</p>
	<p>Bhutan (Leader), Bangladesh, India, and Nepal.</p> <p>Development Partners: interest is being sought.</p> <p>A donor will be asked to assist by providing one or two experienced persons to lead the team of trainers. India's experience with its Capacity Building Program will be tapped.</p>	<p>Feb 05 – NTOs will present case studies of their experiences in this field to TWG.</p>	
	<p>Nepal (Leader), Bangladesh, India, and Bhutan.</p> <p>Development Partners: PATA has expressed interest in assisting, and ADB.</p> <p>Two or three experienced travel journalists from South East Asia will be commissioned to design and implement the course.</p>	<p>31 Jul 04 – NTB will report to the NTOs with an implementation plan, including a request to ADB.</p>	
	<p>Nepal (Leader), Bangladesh, India, and Bhutan.</p> <p>Development Partners: ADB and WTO.</p> <p>NTB will work with the sponsoring agencies to arrange the course on behalf of TWG.</p>	<p>Dec 04 – Target date for implementation.</p>	

Program 5. Developing Ecotourism Based on Nature and Culture

5.1. Integrated Project on Trekking in the Himalaya

Project Outline	Expected Benefits	Cost and Financing
Trekking areas are constrained by access, security and a lack of marketing. The Great Himalayan Trail concept will link marketing and product development, opening new circuits and cross-border treks, allowing poor rural communities to benefit from tourism. The project will involve joint marketing, addressing cross-border issues and preparing remote villages for tourism. A trekking route will eventually link the Kanchenjunga Conservation Area in Nepal with Khangchendzonga National Park's trekking areas in Sikkim and, via either the Nathu La in Sikkim or Phari Dzong in TAR, PRC, to Ha or Paro in Bhutan.	<ul style="list-style-type: none"> • Heightened awareness of and demand for trekking. • Creation of a model for lateral trekking. • Market linkages for various ecotourism development projects. • South Asian ecotourism put on the world tourism stage. • Environmental, social and cultural impact issues addressed. • Self-esteem, dignity and livelihoods of mountain people raised. 	<p>\$2.5 million. An annual budget of about \$100,000 will be required to start the project.</p> <p>TA from multilateral agencies will be sought to start the process. INGOs and bilateral agencies with interest in ecotourism will be asked to pool resources.</p>

5.2. Integrated Project on Ecotourism in Ganga-Brahmaputra

This project will establish the Ganga-Brahmaputra river basin as a tourism destination, based on wildlife and river-based tourism. Cooperation in overcoming barriers to tourism and joint promotion will heighten demand, and ultimately reduce poverty. Joint marketing will focus on establishing an image library, targeting the regional tourism industry and international buyers with interest in South Asia. Overcoming barriers and developing infrastructure will be carried out through coordinated advocacy activities. The private sector will be encouraged to develop new products.	<ul style="list-style-type: none"> • Improvements to travel facilitation. • Heightened levels of awareness among tourism industry operators. • Private sector more willing to invest in tourism products. • Tourism development agenda adopted by infrastructure projects. • New products created, attracting new markets, increasing tourist numbers and spreading the benefits. 	<p>\$2.0 million. Seed budget of \$100,000 required.</p> <p>DOT India will coordinate Government of India agencies able to assist. Other potential development partners will be sought from development agencies associated with India's North East and in Bangladesh. Where large infrastructure is required, the needs will be communicated to other SASEC Working Groups.</p>
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5.3. Integrated Project on Adventure Tourism in South Asia

<p>Project to develop adventure tourism through marketing and professional development. The adventure travel industry, domestic youth and students, and corporate groups will be targeted.</p> <p>A South Asian Network of Professional Associations of Adventure Tourism Operators will be formed to advise and assist.</p> <p>New adventure tourism destinations will be promoted and a subregional adventure tourism training facility will be championed.</p>	<ul style="list-style-type: none"> • Increased demand for adventure tourism in the subregion. • Adventure tourism profession will grow in confidence and standards. • Intra-regional and inter-regional professional links will be enhanced. • New products will be created, attracting new adventure segments and spreading tourism benefits. 	<p>\$2.0 million. Seed budget of \$20,000 required.</p> <p>Government of India will fund the initial stages of this project. Development partners will be asked to assist the formation of the Network. The Network itself would be self-supporting, except where its activities are supported by a funded TWG project.</p>
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Partners and Roles	Time Frame	Key Issues
<p>Nepal (Leader), Bangladesh, India, and Bhutan.</p> <p>Development Partners: TMI, WWF, ICIMOD, SNV, ECOSS, and Austrian Assistance.</p> <p>Proposals will be sought from development agencies to assist in the coordination of this project. UNDP Nepal will be requested to integrate the concept into the Nepal-based TRPAP Program and to foster linked UNDP projects in India and Bhutan.</p>	<p>31 Jul 04 – NTB will circulate a TWG request for proposals from agencies willing to assist.</p> <p>Feb 05 – NTB will report progress and propose an implementation strategy.</p>	<p>New trek developments will need to be well controlled, government approved, and clearly focused on raising self-esteem, dignity and livelihoods of mountain people.</p>
<p>Bangladesh and India (Joint Leaders), Nepal, and Bhutan.</p> <p>DOT India, Bangladesh, and the states of India's North East will lead this project initially, inviting Bhutan and Nepal in once it is underway. A key starting point will be the new icon cruising product on the Brahmaputra River.</p>	<p>Feb 04 – India and Bangladesh will present a detailed implementation proposal to TWG.</p> <p>In the future, in addition to the TWG meeting, a project coordination meeting will be hosted every second year by one of India's North East states followed, in the years between, by Bangladesh, Bhutan, and Nepal in turn.</p>	
<p>India (Leader), Nepal, Bangladesh, and Bhutan.</p> <p>Development Partners: International Institute for Adventure Sports in Sikkim, NTB, ECOSS, and bilateral agencies</p> <p>The Network will meet once a year in conjunction with the STF (see Project 5.4).</p>	<p>Feb 05 – India, assisted by NTB and ECOSS, will present a progress report to TWG on work to establish the Network.</p>	

5.4. South Asia Sustainable Tourism Forum		
Project Outline	Expected Benefits	Cost and Financing
<p>South Asia could be a leader in world ecotourism. This could be facilitated by bridging the divide between resource managers and INGOs active in ecotourism projects, and ecotourism operators of SASEC's tourism industries. The means to do this is a Sustainable Tourism Forum (STF), to be held every year in conjunction with the TWG meeting.</p> <p>The SFT will facilitate the discussion of subregional issues, joint product planning and marketing, and the introduction of international best practice. It will also foster cooperation, and showcase new sustainable natural and cultural heritage-based tourism products.</p>	<ul style="list-style-type: none"> Partnerships forged between development agencies, resource managers, and the private sector. A platform created for small operators to make market links with the wider industry. Sharing of lessons learned, and subregion-wide problems addressed. Methodology in pro-poor tourism advanced. South Asia positioned as home to the world's best in ecotourism. 	<p>\$200,000. Seed sponsorship of \$10,000 required for the first four SFT events.</p> <p>Seed sponsorship on a diminishing basis—in the manner of ADB's initial support for the Mekong Tourism Forum—is envisaged for the first four events, after which the aim will be self-funding through multiple sponsorship arrangements.</p>
5.5. SASEC Integrated Product Development Plan for Ecotourism Based on Nature and Culture		
<p>All projects under Program 5 will be coordinated by an Integrated Product Development Plan for Ecotourism Based on Nature and Culture. Not a "masterplan," the Plan will identify ecotourism product development projects, both subregional and national, for implementation under the guidance of TWG. NTOs agreed to make the preparation of this Plan a project within Program 5, provided the other proposed projects in this Program go forward in the meantime.</p>	<ul style="list-style-type: none"> Integration of SASEC's ecotourism product development activities with WTO's international activities in ecotourism and sustainable livelihoods, including the WTO-led Sustainable Tourism for the Eradication of Poverty (STEP) Program. Systematic identification of ecotourism product development needs and opportunities across the subregion. 	<p>\$500,000.</p> <p>WTO has offered to approach UNDP New York on behalf of TWG to seek funding for the Plan. This offer is subject to endorsement by SASEC NTOs of the Final Report of the SASEC Tourism Development Plan, and a request from all four SASEC governments to WTO.</p>

DEVELOPMENT MATRIX AND ACTION PLAN

Partners and Roles	Time Frame	Key Issues
<p>Nepal (Leader), India, Bangladesh, and Bhutan.</p> <p>Development Partners: TWG will invite interest from ICIMOD, SNV, TMI, WWF, ECOSS, ENVIS, STN, and UNDP's TRPAP program in Nepal.</p> <p>Development partners and the host NTO will convene an STF Organizing Committee well in advance.</p>	<p>Jul 04 - NTB, with ADB assistance, invites interest from prospective development partners and coordinates responses.</p> <p>Sep 04 – NTB introduces development partners to the BPC and encourages planning for the first STF.</p>	
<p>Development Partners: WTO.</p> <p>Implementation of the Plan will be by WTO in cooperation with TWG and SASEC NTOs.</p>	<p>31 Aug 04 – NTOs endorse the Final Report of the SASEC Tourism Development Plan.</p> <p>31 Aug 04 – Letters of request to WTO from all NTOs.</p> <p>Feb 05 – WTO reports to TWG on response from UNDP New York.</p>	

Program 6. Developing Buddhist Circuits

6.1. Footsteps of Lord Buddha

Project Outline	Expected Benefits	Cost and Financing
<p>Focused on potentially the world's premier Buddhist circuit, joint tourism planning and marketing will be overseen by India and Nepal. Destinations on the circuit are: Rajgir, Nalanda, Bodh Gaya, and Vaishali in Bihar; Sarnath, Kushinagar, and Sravasti in Uttar Pradesh; and Lumbini in Nepal with its seven surrounding sites, including Kapilavastu. Lumbini and Bodh Gaya are cultural World Heritage Sites.</p> <p>The project will introduce tourism into the management and planning of sites, address security issues, air links, bad roads, and poor rail connectivity.</p> <p>Coordinated market research is envisaged at each site. On-site interpretation, signage, guide training, and local tourism awareness will be included.</p>	<ul style="list-style-type: none"> • Sound market research. • Tourism development agenda introduced into site management. • Regional and international market demand stimulated. • Visitor experience improved. • Tourism benefits reach surrounding communities; • Stakeholders more aware of the importance of tourism. 	<p>Up to \$2.5 million.</p> <p>Government of India has agreed to coordinate TWG interests with JBIC future plans for the circuit. JBIC has expressed interest in collaboration with ADB on this project.</p> <p>Other conservation and development agencies will be encouraged to support joint marketing activities and sustainable tourism management.</p>

6.2. Living Buddhism in the Himalaya

<p>Cooperative marketing, product development and training activities will be focused on living Buddhism attractions. The shared aims are resource preservation and the desire to broaden current market segments and extend length of stay. Marketing activities will be aligned with SASEC branding. Joint planning for visitor services will involve wider stakeholders at each site. Codes of conduct will be developed to improve visitor-host relationships, and trainers trained in best practice techniques to involve local communities as custodians and participants in tourism benefits.</p>	<ul style="list-style-type: none"> • Growth in demand, lengthened stays, and greater awareness of living Buddhism sites. • New products and new circuits developed, carefully segmented, and existing products improved. • Guest-host codes of conduct to help minimize insensitive behavior and other negative impacts of tourism. • Improved community awareness of the benefits of tourism will result in increased care for sites and pride in shared culture. 	<p>Up to \$2 million.</p> <p>Existing NTO budgets will be harnessed for promotional, coordination, and advocacy activities.</p> <p>Funding will be sought from donor agencies, especially bilateral donors with links to source markets. Cooperation of airlines and major operators will be sought. International agencies, including UNESCO, will be asked for collaboration.</p>
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6.3. Buddhist Art and Archaeology in South Asia

<p>Project focusing on promotion and conservation of South Asia's lesser-known Buddhist art and archaeology sites.</p> <p>Joint action is needed to develop and position ancient Buddhist sites to sightseeing and cultural groups, pilgrims, and special interest market segments, while ensuring the sustainability and preservation of the sites.</p> <p>Focused planning, advocacy, joint marketing, improved visitor interpretation, guide training, tourism awareness training, and the fostering of handicrafts will be included as project activities.</p>	<ul style="list-style-type: none"> • Greater awareness of Buddhist art and archaeological products. • More integration of conservation and development at site level. • Local, national and subregional pride in historical traditions, cultural heritage, and shared history. • Enhanced visitor experience and increased tourism flows with corresponding local benefits. • Potential negative impacts of tourism addressed and minimized. 	<p>Up to \$1.5 million.</p> <p>TWG will support UNESCO's search for assistance from SASEC member countries and multilateral agencies. Support from bilateral donors such as France, Italy, and Norway, from Buddhist circuit source markets—Japan, Republic of Korea, and Thailand, from Buddhist organizations, from other development agencies, and from INGOs, trusts (such as INTACH) and museums.</p>
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Partners and Roles	Time Frame	Key Issues
<p>India (Leader) and Nepal.</p> <p>Development Partners: Government of India, JBIC, and ADB.</p> <p>An India-Nepal Coordination Committee will be formed. Joint tourism planning and promotional activities will be led by DOT India in close consultation with NTB and key stakeholders such as Buddhist societies and the private sector. A regional TA-style project will start the process.</p>	<p>Feb 05 – India, Nepal, JBIC, and ADB to present a developed implementation proposal to the TWG.</p>	
<p>Bhutan (Leader), Nepal, and India.</p> <p>Led by Bhutan and the Namgyal Institute of Tibetology in Sikkim, NTOs will undertake coordinated implementation programs, working with relevant stakeholders. Donors will be asked to contribute overarching joint planning studies.</p>	<p>Feb 05 – Bhutan and the Namgyal Institute of Tibetology in Sikkim will jointly present a strategy for a joint campaign to TWG.</p>	
<p>India and Bangladesh (Joint Leaders), and Nepal.</p> <p>DOT India and BPC will cooperate with UNESCO and INTACH in undertaking an assessment of planning, marketing and training needs. Subproject sites will be identified. Sites with donor-assisted projects already in place will be asked to coordinate. NGOs, including INGOs, will be asked to assist with tourism awareness and community training activities.</p>	<p>Late 04 – UNESCO and INTACH will convene a subregional caucus.</p> <p>Feb 05 – DOT India, BPC, and UNESCO will jointly present an implementation strategy to TWG.</p>	

Program 7. Public-Private Sector		
7.1. Tourism Investment Fund		
Project Outline	Expected Benefits	Cost and Financing
<p>Small and medium-sized investors have the most difficulty securing financing, creating an impediment to tourism growth at this level. The SASEC Tourism Investment Fund (TIF) concept involves pooling the equity of influential tourism investors in the subregion. By encouraging equity participation by governments and MFIs, the TIF will help finance new investments in tourism facilities, including bankable infrastructure projects.</p> <p>When fully established in the subregion, the TIF could be expanded to other SAARC member countries.</p>	<ul style="list-style-type: none"> • The TIF will act as a catalytic force in facilitating new tourism investments, including infrastructure, and in creating a positive environment for investment. • The TIF will contribute to increasing tourism arrivals and extended visitor stays, leading to new employment opportunities in poor areas, increased tourism revenues to governments, and other benefits. 	<p>Up to \$500,000 initial funding.</p> <p>The TIF to be majority owned by private investors. Governments and MFIs invited to take equity positions. The initial funding is needed to develop the concept and to identify the founding shareholders. With co-financing, the Fund could be a major factor in helping to develop the tourism industry.</p>
7.2. Public-Private Partnerships		
<p>Worldwide, tasks such as destination marketing are increasingly undertaken by partnerships of the public and private sectors. By becoming a public-private partnership (PPP) itself, TWG will take an advocate's position, ensuring that SASEC's various tourism institutions are continually strengthened and that tourism sector reforms are undertaken.</p> <p>The first focus of TWG advocacy will be to ensure support and participation from national and state governments and their industry partners in the SASEC Tourism Development Plan.</p>	<ul style="list-style-type: none"> • PPPs in tourism combine the smart and nimble thinking of the private sector with the power and responsibility of government. When focused on a task such as destination marketing, a PPP will act with more confidence and focus than would either sector acting alone. 	<p>Up to \$500,000. To be discussed with PATA and ADB.</p>

DEVELOPMENT MATRIX AND ACTION PLAN

Partners and Roles	Time Frame	Key Issues
India (Leader), Bhutan, Bangladesh, and Nepal. Further assessment and development of the concept is required in consultation with potential investors. Venture capital experts in the subregion will be asked to determine interest in the TIF.	Feb 05 – ADB to present analysis of this idea to TWG.	
Nepal (Leader), Bhutan, Bangladesh, and India. Development Partners: PATA. Much of this project could be implemented by TWG itself. PATA has indicated interest in supporting TWG in implementing this project.	Jun 05 – NTB will open liaison with ADB and PATA. Feb 05 – NTB, ADB, and PATA to present a joint analysis of this idea to TWG.	

Key Area Programs (TWG will keep a supportive oversight of national projects in Key Areas and promote cross-border planning and coordination.)					
Description	National Project Ideas	Cost and Financing	Partners and Roles	Time Frame	Key Issues
Key Area 1: Bardiya and Suklaphanta to Dudwa National Parks					
Major potential for a wildlife viewing tourism circuit links the protected areas of Royal Bardiya National Park and Suklaphanta Wildlife Reserve, Nepal with Dudwa National Park in India. The circuit extends also to Jim Corbett National Park and Nainital. Improved roads and border facilities will encourage travel operators to package this circuit when security improves.	1.1. Dhangadi Airport improvements. 1.2. Border crossing facilities and wayside amenities in Far West Nepal. 1.3. Wayside amenities in Uttar Pradesh.				Improvement in security.
Key Area 2: Lumbini to India Buddhist Site					
The Footsteps of the Lord Buddha circuit is already the most popular Buddhist circuit. The circuit includes Lumbini, Kapilavastu and associated sites in Nepal, and Kushinagar, Sarnath, Nalanda, Rajgir, and Bodhi Gaya in India. To take advantage of favorable trends, the Footsteps of the Lord Buddha circuit needs to be further developed as the key product to deliver SASEC's positioning as the Buddhist Heartland.	2.1. Road improvements in India. 2.2. Wayside amenities in India. 2.3. Visitor facilities and interpretation in India. 2.4. Improved visitor facilities in Nepal. 2.5. Bhairahawa Airport improvements. 2.6. Water supply infrastructure improvements at Lumbini.				
Key Area 3: Kanchenjunga to Sikkim and Darjeeling					
There is good potential to expand the already strong ecotourism in Sikkim and Darjeeling by developing cross-border trekking and other tourism linkages between the KCA in Nepal and Khangchendzonga National Park in Sikkim. Cross-border treks in the sacred landscape shared between East Nepal, West Sikkim, and TAR, PRC could become a unique ecotourism- adventure product when security improves and border restrictions ease.	3.1. Road improvements and wayside amenities in Nepal. 3.2. A program of ecotourism improvements in the KCA. 3.3. An Ecotourism Plan for West Sikkim. 3.4. A visitor management strategy for North West Bengal.				Improvement in security and the easing of border restrictions.
Key Area 4: East Sikkim (Nathu La) to West Bhutan					
Good tourism development potential arises from the newly opened Nathu La road from Sikkim to the Chumbi Valley in TAR, China. The cross-border "Nehru Trek" has the potential to be a signature subregional adventure trek product, combining three countries and appealing to domestic and international markets.	4.1. Tourism Awareness Program in Sikkim. 4.2. Wayside amenities in Sikkim.				

Key Area Programs (TWG will keep a supportive oversight of national projects in Key Areas and promote cross-border planning and coordination.)					
Description	National Project Ideas	Cost and Financing	Partners and Roles	Time Frame	Key Issues
Key Area 5: Manas Protected Areas					
The World Heritage Site status of the Manas national parks on either side of the border between India and Bhutan presents excellent tourism potential. The Manas protected areas could showcase the subcontinent's wildlife tourism. Current security constraints need to be overcome. Opening the land border at Gelephu would create ecotourism circuits within Bhutan (Zhemgang). The combined Manas protected areas have the potential to be a world ecotourism model.	5.1. A joint Ecotourism Strategy for the Manas protected areas of Bhutan and India. 5.2. A handicraft program based in India. Improvement in security.				
Key Area 6: Sundarbans Protected Areas					
The World Heritage Site mangrove forests of the Sundarbans are visited from Bangladesh and India. Strong domestic visitor flows come from Dhaka and particularly from Kolkata. Opportunities exist for joint marketing, sharing responses to conservation management issues, and the careful introduction of new ecotourism circuits combining the two countries. Tourism has a serious role as an alternative livelihood to reduce destructive dependency on the fragile environment. More participation by the local community in tourism is the key.	6.1. Joint Sundarbans Ecotourism Strategy. 6.2. Village tourism homestay and jungle camp program in Bangladesh. 6.3. Community-managed conservation and interpretation center in the Indian Sundarbans. 6.4. Community-managed conservation and interpretation center in the Bangladesh Sundarbans.				Participation of local communities.
Key Area 7: Paharpur to Siliguri and Bagdogra					
The land border between India and northern Bangladesh at Banglabandh means that the Buddhist circuits of Paharpur can be promoted from the north using the Bagdogra and Guwahati gateways. Tour operator awareness, poor roads, limited accommodations, and security are constraints. Paharpur monastery, including its surrounding sites, is an icon product in SASEC's Buddhist Art and Archaeological positioning.	7.1. Wayside amenities between Bagdogra and Paharpur to Dhaka. 7.2. Paharpur Monastery excavations.				

Key Area Programs (TWG will keep a supportive oversight of national projects in Key Areas and promote cross-border planning and coordination.)					
Description	National Project Ideas	Cost and Financing	Partners and Roles	Time Frame	Key Issues
Key Area 8: Mainamati to Pilak, Tripura					
Developing the Mainamati to Pilak Key Area will establish a new Buddhist circuit product. There is ecotourism potential in unique forests in both India and Bangladesh that protect the endangered <i>Chashma</i> , or spectacled monkey. Development of the Mainamati to Pilak Buddhist circuit will require cooperation between the Government of Bangladesh, the Government of India, and the State Government of Tripura.	8.1. Excavations at Mainamati in Bangladesh. 8.2. Visitor amenities at Mainamati in Bangladesh. 8.3. Visitor amenities at Pilak, Tripura in India.				Cooperation between Government of Bangladesh, Government of India, and the State Government of Tripura.
Key Area 9: East Bhutan to Arunchal Pradesh					
The opening of the land border east of Trashiyangtse, Trashigang, and Sakteng at the far-eastern end of the Great Himalayan Trail will create new adventure trekking linkages with Arunchal Pradesh (Tawang Monastery and Bomdila). Community-based tourism will bring benefits to remote eastern Bhutan and India's North East. These opportunities will be further extended by re-opening the Samdrup/ Jongkhar road crossing.	9.1. Adventure Trekking.				
Key Area 10: India's North East States					
With a strong pro-poor rationale, good opportunities exist to promote the "unexplored" North East of India. The ecotourism products of the North East—initially in Assam, Arunchal Pradesh, and Nagaland—will produce some of the iconic features of SASEC tourism. With particular emphasis on cultural, ethnic, and adventure products, and careful recognition of their protected-area status, these little known destinations require that tourism awareness be raised and that air linkages and security be improved. 10.1 North East Marketing Strategy and	Action Plan. 10.2. Wayside amenities and tourist road improvements. 10.3. Village homestay program in the North East. 10.4. Handicrafts program in the North East. 10.5. Inventory of cultural and natural sites. 10.6. Trekking opportunities study.				
Key Area 11: Kathmandu Air Hub					
Many air links within the subregion use Kathmandu as a hub. This, coupled with Nepal's strong ecotourism and Buddhist circuit product focus and the future potential for growth in regional airlines, warrant special attention to the Kathmandu Valley as a key area.	11.1. Air traffic safety project. 11.2. Visitor Services Management Plan for World Heritage sites of Kathmandu.				

APPENDIX 1: IDEAS FROM PLANNING WORKSHOPS

A. Ideas from Nepal National Workshop—24 January 2004

1. Coordinated Marketing

- Subregional branding.
- Address seasonality problems through promotion of cultural events and special interest tours.
- Regional events calendar.
- Coordinate representation at existing Industry Forums.
- Coordination with Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMST-EC), etc.
- South Asia Subregional Economic Cooperation (SASEC) Tourism Secretariat in Nepal Tourism Board (NTB) to coordinate marketing.

2. Enhancing Product Quality

- South Asia industry standards and certification.
- Develop a SASEC Sustainable Tourism Network (based in NTB International Center for Integrated Mountain Development [ICIMOD]).

3. Facilitating Travel

- Promoting regional hubs (e.g. Bagdogra, Kolkata, etc.).
- Strengthening key air corridors (Delhi / Kathmandu).
- Facilitating regional airlines operation.
- New and improved international and domestic airports with tourism rationale, i.e. Bharatpur, Bhairahawa, Mahendranagar, Taplejung, Bhadrapur.
- Safety and standards in aviation (i.e. domestic airlines).
- Hospitality training for immigration and customs staff etc.

4. Developing Human Resources

- Training of Trainers in tourism studies.
- Linking centers of excellence—education/training forums.
- Training of travel media.

- Project management training for national tourism organizations (NTOs) and local tourism organizations (LTOs).

5. Developing and Promoting Ecotourism Based on Nature and Culture

- Protected area circuits—Kanchenjunga and Bardiya.
- River-based tourism alliance.
- Index of ecotourism operations.
- Tourism / conservation links.
- Kanchenjunga as a Key Area.
- Bardiya Dudwa as a Key Area.
- Historic monuments inventory.
- Historic site management.
- Review and rationalize Bangladesh, Bhutan, India and Nepal (BBIN) standards (with ICIMOD).
- Standards associated with “jewels” (linked to marketing).
- Training of village-level trainers, i.e. homestay, village guides, etc.
- Branding—Eastern Himalaya and Delta?
- Launching promotional programs that will
 - establish Nepal as ecotourism destination, and
 - produce collateral to support this positioning, i.e. brochure, CD, website, etc.

6. Developing and Promoting Buddhist Circuits

- Develop Kathmandu Valley Buddhist circuits (with Japan Bank for International Cooperation [JBIC]).
- Improve the appeal of the Lumbini area (including Kapilavastu, Sagarhawa and Ramgram) as a component of a cross-border Buddhist circuit with India.
- Include high Himalayan Buddhist destinations (i.e. Thyangboche) in Buddhist circuit concepts.
- Prepare an inventory of historic monuments.
- Training in historic site management.
- Review and rationalize SASEC-wide standards with UN Educational, Scientific and Cultural Organisation (UNESCO).

SOUTH ASIA SUBREGIONAL ECONOMIC COOPERATION

- Standards associated with “jewels” (linked to marketing).
- Branding the region’s Buddhist Circuits.
- Promotional programs that will establish Nepal as a Buddhist circuit destination.
- Subregional promotional collateral to support this positioning, i.e. brochure, CD, website, etc.
- Training of village-level cultural guides, etc.

7. Enabling the Private Sector

- Foster political commitment.
- Promote foreign and regional investment, i.e. airlines.

8. Developing Key Areas (Including National Projects)

- New facilities and improvements along Asian Highway, including information at Itahari, Butwal, and Kohalpur to facilitate Buddhist circuit products.

- Develop improved tourism border facilities, i.e. car parks, waiting halls, information, beautification at selected (Buddhist circuit) border crossings, i.e. Sunauli, Karkarbita, Birganj / Rexaul.
- New facilities and improvements along Asian Highway, including information at Itahari, Butwal, and Kohalpur and new road link to Taplejung to facilitate ecotourism products.
- Develop improved tourism border facilities, i.e. car parks, waiting halls, information, beautification at selected (ecotourism-related) border crossings, i.e. Sunauli, Karkarbita, Birganj / Rexaul, Dhangadhi / Gauriphanta.
- Advocate new border openings for tourism, i.e. Pashupatinagar, etc. to facilitate Kanchenjunga-Sikkim-Darjeeling-Bhutan linkages.

B. Ideas from Bhutan National Workshop—5 February 2004

1. Coordinated Marketing

- Branding / joint promotions.
- Address seasonality problems through promotion of new products and special interest tours.
- Partnerships with Druk Air for promotion—Bhutan-India-Nepal links with Kathmandu, Gaya, and beyond to Yangon and Bangkok.
- Eastern Himalaya events calendar.
- Bhutan royal centenary 2007.
- Premier pass fast track.
- Harmonization of data collection.
- Coordinate representation at existing Industry Forums.
- Coordination with SAARC, BIMST-EC, etc.—time lines for results.

2. Enhancing Product Quality

- Distinct national identities.
- SASEC Sustainable Tourism Network.
- SASEC focal person in each NTO to coordinate.
- Risk management within NTOs.

3. Facilitating Travel

- External hubs at Bagdogra and Guwahat.
- Foster regional airlines.
- “Himalayan Hospitality” program for immigration and customs staff at border crossings and major airports. Also for other front-line personnel.

4. Developing Human Resources

- Sharing experiences in tourism planning.
- Networking training institutions—new (Tinley Dorje’s) Department of Tourism (DoT) Training Center.

5. Developing and Promoting Ecotourism Based on Nature and Culture

- Joint marketing, including branding of Eastern Himalaya ecotourism—new slogan(s).
- Promotional programs that will
 - establish Bhutan as ecotourism destination, and
 - produce collateral to support this positioning, i.e. brochure, CD, website etc.

- Advocating for the opening of new border crossings at Samdrup Jongkhar, Gelephu, Nathu La (Kanchenjunga-Sikkim-Darjeeling-Tibet-Bhutan linkages) and East Bhutan (Sakteng Arunachal).
- Planning border crossing amenities at Phuentsholing, Samdrup Jongkar, Gelephu (when they open), including car parks, waiting halls, information, beautification etc.
- Planning tourism amenities along Phuentsholing-Thimphu, lateral and Wangdue-Tsirang highways.
- Joint training and networking of tourism personnel and natural resource managers.
- Training trainers to improve quality of ecotourism services.
- Establish standards for Bhutan homestay and local guiding.
- Regional codes of conduct—guest-host issues.
- Debate community-based tourism activities.
- Involve school clubs—nature / ecotourism.

6. Developing and Promoting Buddhist Circuits

- Joint marketing, including branding of Eastern Himalaya and promotion of ecotourism and Buddhist circuits—new slogan.
- Promotional programs involving
 - establishing Bhutan as Buddhist circuit destination,
 - reinforcing Bhutan's living Buddhism positioning,
 - encouraging new pilgrimage segments (Padmasambhava, Milarepa),
 - Promoting meditation centers, retreats, traditional medicine and Buddhist studies, and
 - Preparing collateral to support this positioning, i.e. brochure, CD, website etc.
- Advocating for the opening of new border crossings at Samdrup Jongkar, Geylegphug, Nathu La (Kanchenjunga-Sikkim-Darjeeling-Tibet-Bhutan linkages) and East Bhutan Sakteng / Arunchal.
- Planning border crossing amenities at Phuentsholing, Samdrup Jongkar and Gelephu (when they open), including car parks, waiting halls, information, beautification etc.

- Planning tourism amenities along Phuentsholing-Thimphu, lateral and Wangdue-Tsirang highways.
- Joint training and networking of tourism personnel and historic resource managers.
- Training trainers to improve quality of tourism services on the Buddhist circuits.
- Standards for Bhutan homestay and local guiding.
- Regional codes of conduct—guest-host issues.
- Debate community-based tourism activities.
- Improve the delivery of culture (standards of interpretation / guide training, etc.).

7. Enabling the Private Sector

- Recognize Bhutan's cautious approach and rationale for government interventions.
- Foreign investment.
- Regional investments (e.g. airline investment outside Bhutan).
- Encouraging entrepreneurs.

8. Developing Key Areas (Including National Projects)

- Develop border crossing amenities at Phuentsholing, Samdrup Jongkar and Gelephu (when they open), including car parks, waiting halls, information, beautification etc.
- Develop tourism amenities along Phuentsholing-Thimphu, lateral and Wangdue-Tsirang highways.
- Develop protected area ecotourism products in Royal Jigme Singe Wangchuk, Royal Manas National Park, Nathu La region (trekking links with Tibet, Sikkim and Kanchenjunga) and Sakteng-Arunchal.
- Develop Royal, Bhutan / India Key Area.
- Develop Sakteng Arunchal, Bhutan / India Key Area.
- Develop Nathu La and links with Tibet, Sikkim, Darjeeling and Kanchenjunga.
- Develop domestic air links to Bumthang and Trashigang.
- Develop facilities for Bhutan as a pilgrimage destination etc.

C. Ideas from Kolkata, India National Workshop—12 February 2004

1. Coordinated Marketing

- Branding / joint promotions.
- Address seasonality problems through promotion of new products and special interest tours.
- Joint promotion of Eastern Himalaya festivals and events, including river festivals, religious celebrations etc.—calendar.
- Harmonization of data collection.
- Promoting convention tourism, especially small-scale.
- Promoting handicrafts.
- Differentiation between Buddhist segments, recognizing that different segments are attracted by different pilgrimage sites.
- Establishing rail travel as a feature of travel in India.
- Tourism awareness program, including information flows from North East and overcoming perceptions.

2. Enhancing Product Quality

- Harmonize Manas protection with Bhutan.
- Standards and certification.
- Documenting Buddhist pilgrimage, cultural and other heritage—detailed preservation manual for each and training of local people.
- Develop SASEC “boutique”—combination of facilitation, orientation and souvenirs of SASEC countries at Kolkata, Bagdogra, Guwahati and other airports.
- Linking ADB infrastructure initiatives in the North East with tourism “software” to enable local communities to engage in tourism.
- Joint approach to destination problem solving (i.e. image, vehicle, hawkers, minimizing hassles, etc.).
- Tourism awareness to promote appreciation of regional tourists.

3. Facilitating Travel

- Develop additional SASEC hub at Bagdogra and network these with Thimphu, Paro, and Dhaka for greater regional connectivity.
- Strengthen Kolkata, Varanasi, Guwahati, Gaya airports.
- Foster regional airlines.
- Facilitate restricted area/inner line permits to North East to make them easier and faster to procure—using travel agencies.

- Develop roads, wayside facilities and signage on road connecting Sarnath and Lumbini, and create tourist facilities at border of Nepal connecting Lumbini and Kathmandu.

4. Developing Human Resources

- Use human resource development (HRD) facilities in India to create a regional center of excellence, linking all the other regional training centers.
- Use competitive advantage in English language.
- Training and communication skills for tourism officials—LTO training.

5. Developing and Promoting Ecotourism Based on Nature and Culture

- Joint marketing including branding of Eastern Himalaya ecotourism.
- Emphasis on developing the North East—as a “protected place”.
- Promotional programs that will establish East Himalaya as an ecotourism destination.
- Produce collateral to support this positioning, i.e. brochure, CD, website etc.
- Develop Sundarbans as a unique product and link this ecotourism with the unique ‘turtle breeding’ in Orissa’s mangroves and beaches.
- Develop a new Hindu Pilgrim Circuit linking Pashupatinath, Kashi Vishwanath, and Kamakhya temples.
- Joint training and networking of tourism personnel and natural resource managers.
- Training trainers to improve quality of ecotourism services.
- Developing and promoting river-based tourism, including river cruises in the North East, river running, fishing etc.
- Build the Darjeeling train into ecotourism product.

6. Developing and Promoting Buddhist Circuits

- Joint marketing, including branding of Eastern Himalaya and promotion of ecotourism and Buddhist circuits.
- Promotional programs that differentiate between Buddhist segments.
- Link North East ecotourism-cum-Buddhist circuit of Manas, Kaziranga and Tawang Monastery with Buddhist circuit.

- Document Buddhist pilgrimage, cultural and other heritage—detailed preservation manual for each and training of local people.
- Revive the concept of a “Buddhist Circuit Train” covering Lumbini, Sarnath, etc., featuring train travel in India.
- Joint training and networking of tourism personnel and historic resource managers.
- Training trainers to improve quality of tourism services on the Buddhist circuits
- Improve the delivery of culture—standards of interpretation, guide training, etc.

7. Enabling the Private Sector

- Rationalizing national and state regulations for business development—radical reform of investment regulations, domestic and foreign.
- Promote private-public partnerships (PPP).
- Upgrade the capacities of existing institutions in the North East, such as the North East Tourism Forum.

8. Developing Key Areas (Including National Projects)

- Develop a new Hindu Pilgrim Circuit linking Pashupatinath, Kashi Vishwanath, and Kamakhya temples.
- Develop Sundarbans as a unique product and link this ecotourism with the unique “turtle breeding” in Orissa’s mangroves and beaches.
- Develop and promote river-based tourism including river cruises in North East, river-running, fishing, etc.
- Link North East ecotourism-cum-Buddhist circuit of Manas, Kaziranga, and Tawang Monastery with Buddhist circuit.
- Document Buddhist pilgrimage, cultural and other heritage—detailed preservation manual for each and training of local people.
- Revive the concept of a “Buddhist Circuit Train” covering Lumbini, Sarnath, etc. featuring train travel in India.
- Build the Darjeeling train into ecotourism product.

D. Ideas from Bangladesh National Workshop—15 February 2004

1. Coordinated Marketing

- Joint destination marketing and promotion a priority—constraints due to poor image and negative perceptions.
- Eastern Himalaya festivals and events calendar.
- Harmonization of data collection.
- Promoting convention tourism.

2. Enhancing Product Quality

- Standards and certification.
- Documenting Buddhist pilgrimage, cultural and other heritage—detailed preservation manual for each and training of local people.
- Improve the delivery of culture—standards of interpretation, guide training, etc.
- Solve lack of accommodations by village stays and public-private partnerships with international private sector.
- Develop the 28 Buddhist sites.

3. Facilitating Travel

- Enable cross-border tourism with amenities and improvements to visa processing.

- Foster regional and budget airlines.
- Cross-border facilities—West Bengal and Tripura.
- Development of Banglabandh to Kakarbita road, along with buildings for immigration, custom, and visitors’ waiting halls and parking for access to major Buddhist pilgrimage destinations, and to facilitate domestic tourism.

4. Developing Human Resources

- Enhance tourism training capabilities.
- Set up an International School for Asia and the Pacific region in Dhaka through upgrading the existing National Hotel and Tourism Training Institute (NHTTI), run by Bangladesh Parjatan Corporation (BPC).
- Strengthen NTO institutional capacity, including involving private sector.

5. Developing and Promoting Ecotourism Based on Nature and Culture

- Joint marketing, including branding of Eastern Himalaya ecotourism.

- Promotional programs that will
 - establish East Himalaya as ecotourism destination, and
 - produce collateral to support this positioning, i.e. brochure, CD, website, etc.
- Develop the Sundarbans as a world-class ecotourism destination.
- Marine park and ecotourism development at St. Martin Island.
- Ropeway construction at Rangamati and resort development at Shuvalong to visit Buddhist Monastery.
- Bagerhat World Heritage Site upgrading and product development.
- Upgrade Gangra via Bandarban to Rumabazar Road with a bridge on Karnaphuli River at Chittagong Hill Districts—for both foreign and international markets.
- Construction of a marina and pier at Cox's Bazaar sea beach for domestic visitors.
- Revive the paddle steamer service Kolkata via Dhaka up river to Guwahati.

6. Developing and Promoting Buddhist Circuits

- Joint marketing, including branding of Eastern Himalaya and promotion of ecotourism and Buddhist circuits.
- Masterplan for Buddhist tourism sites, particularly restoration of Paharpur, Mahastangar, and Mainamati, etc., including upgrading of access roads, etc.
- Improve the delivery of culture—standards of interpretation, guide training, etc.

- Comila District—investigate 28 sites with UNESCO.
- Ropeway construction at Rangamati and resort development at Shuvalong to visit Buddhist Monastery.
- Development of Banglabandh to Kakarbita road, along with buildings for immigration, custom, visitors' waiting halls and parking for access to major Buddhist pilgrimage destinations, and to facilitate domestic tourism.

7. Enabling the Private Sector

- Foster private sector investment in tourism.
- Promote private-public partnerships
- Strengthen NTO institutional capacity, include involving private sector.

8. Developing Key Areas (Including National Projects)

- Development of Banglabandh to Kakarbita road along with buildings for immigration, custom, visitors' waiting halls and parking.
- Ropeway construction at Rangamati and resort development at Shuvalong.
- Reconstruction of the central temple of Paharpur and upgrade the access road, etc.
- Upgrade Gangra via Bandarban to Rumabazar Road with a bridge on Karnaphuli River at Chittagong Hill Districts.
- Construction of a marina at Cox's Bazaar sea beach.

E. Ideas from New Delhi, India National Workshop—20 February 2004

1. Coordinated Marketing

- Branding and joint promotions.
- Use current South Asia spirit of co-operation.
- Market beyond South Asia, including Myanmar, Tibet Autonomous Region (TAR), People's Republic of China (PRC), Sri Lanka, etc.
- Address seasonality problems through promotion of new products and special interest tours, including youth tourism.
- Joint promotion of Eastern Himalaya festivals and events, including river festivals, religious celebrations, etc. Calendar, especially key festivals, Teesta River festival.

- Harmonization of data collection by measuring intra-regional arrivals in a more conventional way to reflect true picture.
- Promote handicrafts and weaving.
- Establish rail travel as a feature of travel in India, especially the Darjeeling train.
- Tourism awareness program, including information flows from North East, and overcoming perceptions.
- Flood source market with images of ecotourism and Buddhism.
- Coordinate marketing to avoid duplication.

2. Enhancing Product Quality

- Train tourism in general—especially the Darjeeling train, and the rail links to Lumbini (Gorakpur to Sunauli), and from Siliguri to Nepal (Karkarbita) and Bhutan (Hashimara to Jaigoan), Bangladesh (Banglabandh).
- Tea tourism—staying in homes and feature
- JBIC as partner, documenting Buddhist pilgrimage, cultural and other heritage—detailed preservation manual for each and training of local people.
- Linking ADB infrastructure initiatives in the North East with tourism “software” to enable local communities to engage in tourism.
- Joint approach to destination problem solving, i.e. image, vehicle hawkers, minimizing hassles etc.
- Tourism awareness to promote appreciation of regional tourists and importance of tourism in general.
- Ensure the promotion of styles of tourism that enable local people to be involved in ecotourism.

3. Facilitating Travel

- Develop additional SASEC hub at Bagdogra.
- Strengthen infrastructure and connectivity—air, rail, roads and security—in Uttar Pradesh and Bihar for Footsteps.
- Foster regional airlines.
- Facilitate restricted area/inner line permits to North East to make them easier and faster to procure.
- Develop roads, wayside facilities and signage on Buddhist circuits, and other road access.
- Seamless travel in the region—South Asia Traveler idea.

4. Developing Human Resources

- Use HRD facilities in India to link all the other regional training centers.
- Use competitive advantage in English language.
- More trained guides with multi-language skills; improved interpretation with greater depth of knowledge.
- Train service providers at grass roots level—Himalayan Host.

5. Developing and Promoting Ecotourism Based on Nature and Culture

- Joint marketing, including branding of Eastern Himalaya ecotourism.
- Use Sikkim as a leading center of ecotourism.
- Emphasis on developing the North East.
- Promote youth travel to student and school exchanges.
- Promotional programs that will
 - establish Eastern Himalaya as ecotourism destination, and
 - produce collateral to support this positioning, i.e. brochure, CD, website, etc.
- Joint training and networking of tourism personnel and natural resource managers.
- Training trainers to improve quality of ecotourism services, especially at a grass root level.
- Develop and promote river-based tourism, including river cruises in the North East, river-running, fishing, etc.
- Build the Darjeeling train into ecotourism product.

6. Developing and Promoting Buddhist Circuits

- Joint marketing, including branding of Eastern Himalaya and promotion of ecotourism and Buddhist circuits.
- Promotional programs that differentiate between Buddhist market segments.
- Trans-Himalayan circuits.
- Joint training and networking of tourism personnel and historic resource managers.
- Training trainers to improve quality of tourism services on the Buddhist circuits.
- Improve the delivery of culture—standards of interpretation, guide training, etc.

7. Enabling the Private Sector

- Rationalize national and state regulations for business development—radical reform of investment regulations, domestic and foreign.
- Promote private-public partnerships (PPP).
- Upgrade the capacity of existing institutions in the North East, such as the North East Tourism Forum.

8. Developing Key Areas (Including National Projects)

- Develop a new Hindu Pilgrim Circuit linking Pashupatinath, Kashi Vishwanath, and Kamakhya temples.

- Develop and promote river-based tourism, including river cruises in the North East, river sports, fishing, etc.
- Link North East ecotourism-cum-Buddhist circuit of Manas, Kaziranga, and Tawang Monastery with Buddhist circuit.
- Document Buddhist pilgrimage, cultural and other heritage—detailed preservation manual for each and training of local people.
- Build the Darjeeling train into ecotourism product.

F. Ideas from the Gangtok, Sikkim, India Planning Workshop—29 April 2004

1. Coordinated Marketing

a. Joint Marketing to Brand and Promote Ecotourism and Buddhist Circuits

- Target high-value niche markets, i.e. bird watching, flora, fauna, etc.
- Quality domestic segments—benefited from closure of Kashmir; now getting high-value visitors from New Delhi, Maharashtra, and Gujarat.
- Sikkim market positioning not clear in target markets; not well addressed in the Plans that guide Sikkim tourism (i.e. Sikkim Tourism Masterplan Tata 1997, Sustainable Development Masterplan 2002 and Adventure Tourism Masterplan INTACH 2003).
- “Sacred landscape” of Sikkim, a specific area *beyul*.
- Position the region as “Buddhist heartland”.

b. Regional Marketing with South Asian Tourism and Travel Exchange (SATTE)

- Supportive of SATTE as an appropriate venue.
- Strong appreciation and support in Sikkim for domestic tourism.

c. Harmonizing Arrival Statistics

- In Sikkim all are counted (via hotels) and estimated at 300,000 total in 2003, of whom about 20,000 are international and over 5,000 are trekkers.

d. Events Calendar

- Good idea.
- Learn lessons from Teesta Tea Tourism Festival.

2. Enhancing Product Quality

Product Standards and Industry Codes of Conduct in Ecotourism and Buddhist Circuits

- Much work done in Sikkim with codes of conduct (i.e. TAAS], Khangchendzonga Conservation Committee [KCC] Sikkim, KEEP, DEP); the process of developing guidelines can be more important than the result.
- Must be self regulated.
- Policies in place but often not enforced.
- Must be a South Asia regional code of conduct, not imported from the outside; develop long-term criteria for regional certification.
- Build on the ecoregion and biological corridor concepts of major donors and international non-government organizations (NGOs), such as the World Wildlife Fund (WWF), MacArthur Foundation, The Mountain Institute (TMI) and ICIMOD.

3. Facilitating Travel

- Eastern Himalayan Caravan—keen to see Gangtok and Nathu La involved.

a. Bagdogra Gateway and Hub

- Strong support and enthusiasm from all stakeholders—anger that this is not moving; perceived as essential for Sikkim access.
- New airport for Sikkim at Pakyong is approved for ATRs, land acquired and funds allocated by Government of India; operable only in 2 to 3 years.
- Strong momentum to push forward with Bagdogra as key stakeholders are all poised to move; a planning study could facilitate this with stakeholder workshops, assessment of the demand, and encouragement to regional carriers, especially Druk Air, to initiate services.

b. “South Asian Traveler” Facilitation System

- Constraints to tourism with visa and permit and trek permit systems that need to be

rationalized; currently no multiple entry, minimum group size requirement, trek permits only available in Gangtok and required every 15 days up to 60 days.

- Bangladeshi and Pakistani nationals not permitted to Sikkim.

c. Asian Highway Improvements

- Nathu La planned to become a four-lane highway; environmental concerns due to fragility of area.
- Wayside amenities on Nathu La to Gangtok road, including high altitude education for visitors, and visitor facilities at Tsomgo Lake involving local communities.

4. Developing Human Resources

- Asia-Pacific Education and Training Institutes in tourism (APETIT) activities: capacity building should use local tribal institutions to ensure benefits reach local people.
- South Asian Host supported.

5. Developing and Promoting Ecotourism Based on Nature and Culture

a. Integrated Project on Trekking in the Himalaya

- Strong concern for environmental conservation, and that local people should benefit and be involved in tourism.
- All treks are controlled and must be accompanied by trek guide, and routes are specified and government approved.
- Tourism Huts on trek routes are not well maintained or well designed; local people get no benefits from Huts.
- Himalayan Homestay training that has been pioneered in Sikkim (and Ladakh) should be included to involve and benefit locals.
- Nathu La plans call for a four-lane highway that will open up tourism and trekking opportunities, but negative impacts must be mitigated. Masterplan under preparation.
- Need to raise self-esteem, dignity and livelihoods of mountain people.
- Exciting potential for a three-country "Nehru Trek" route: Gangtok to Nathu La to Chumbi Valley, Tibet to Phari to Haa, Bhutan.
- Good support for Great Himalayan Trail concept and route: Tserang to Yalung

(Nepal), Kanglakhang (5,560 m), Pangding, Dzongri (Gochela side trip), (Yuksam car via Ravangla to Gangtok trek to Nathu La to Chumbi Valley Tibet to Phari to Ha) or trek to Thangsing, Labdang, Tashiding, Ralang, Meanam, Dzongu, Mangan, Phodong, Gangtok, etc.

b. Integrated Project on Tourism in Ganga-Brahmaputra

- Sikkim hosted South Asia Ecotourism Conference 2002.
- Strong concern for environmental conservation, and that local people should benefit and be involved in tourism.
- Tsomgo Lake (on road to Nathu La) is a popular road destination with yak rides and snow.

c. Integrated Project on Adventure Tourism in South Asia

- Starting an adventure school in Namchi, which could be a regional model.
- Mountaineering banned in Sikkim for sacred landscape reasons.

d. South Asia Sustainable Tourism Forum

- Good support for the concept of the Sustainable Tourism Forum.
- Gulf between NGOs and travel industry; also poor relations with Himalayan Mountaineering Institute training program.

6. Developing and Promoting Buddhist Circuits

a. Living Buddhism in the Himalaya

- Rumtek Monastery as a key product, with many centers worldwide. Significant attraction both for sightseeing (200,000 plus Indians annually).
- Namgyal Institute of Tibetology is model in the region—could be used for training guides. Attracts long stay (maximum 60 days) US students from Naropa University.
- Guru Padmasambhava tallest statue (135ft) at Sandupchi in Namchi is a new pilgrimage destination for Tibetan Buddhists.
- Sikkim has many pilgrimage sites that attract Tibetan Buddhist pilgrims: Tashiding and Pemayangtse Monasteries, four caves and Khecheopalri Lake etc.

SOUTH ASIA SUBREGIONAL ECONOMIC COOPERATION

- b. Buddhist Art and Archaeology in South Asia
 - National Institute of Tibetology could play a “stellar role,” and as a center of excellence and for training guides, etc.

7. Enabling the Private Sector

- a. Tourism Investment Fund
 - No problem of access to capital at all levels for individuals—from North East Development Finance Corporation [NEDFI] (as low as Rs 1.5 million lakhs) and Tourism Finance Corporation of India [TFCI] (ceiling of Rs 30 million). The North East Council [NEC] has funding mechanisms for local government.
 - Land in Sikkim and other parts of the North East can be owned only by locals, so it cannot be used as collateral. Lease arrangements are used to get around this restriction.
- b. Public Private Partnerships
 - Strong support for the principle of public-private partnerships.
 - Call to involve state governments for effective implementation of the TDP.

8. Developing Key Areas (Including National Projects)

- a. Key Area: Kanchenjunga to Sikkim and Darjeeling

- Mountaineering banned in Sikkim for sacred landscape reasons. There are excellent cross-border trek possibilities.
- Great Himalayan Trail concept and route; Tserang to Yalung (Nepal), Kanglakhang 5,560m, Pangding, Dzongri (Gochela side trip), (Yuksam car via Ravangla to Gangtok trek to Nathu La to Chumbi Valley Tibet to Phari to Ha) or trek to Thangsing, Labdang, Tashiding, Ralang, Meanam, Dzongu, Mangan, Phodong, Gangtok.
- West Sikkim Ecotourism Plan including product development and marketing.

b. Key Area: North East Sikkim (Nathu La) to Bhutan

- East Sikkim not North East Sikkim. Include Chumbi Valley in TAR, PRC. Great potential for domestic and international tourism to TAR, PRC. Open year round.
- Three-country “Nehru Trek” route Gangtok to Nathu La to Chumbi Valley, TAR, PRC to Phari to Haa, Bhutan.
- Project needed to sensitize local people to benefits from tourism and mitigate negative impacts with the opening of Nathu La.
- Environmental concerns should be paramount in fragile mountain regions.

c. Key Area: India's North East States

- Need for information about visas and permits to reach markets.

G. Ideas From SATTE, New Delhi—25 to 27 March 2004

1. SATTE's Track Record

- SATTE 2004 (New Delhi) attracted 721 buyers (including 260 international buyers from 31 different countries) and 224 sellers, taking 290 booths in over 6,500 square meters (m²) of exhibition space.
- SATTE is 11 years old, and has steadfastly pursued the South Asian identity. Its main focus has been the travel trade, historically targeting sellers from Pakistan, Maldives, Sri Lanka, Bhutan, Bangladesh, Nepal and India.
- The event has developed its own critical mass through market demand. It has not had to rely on intervention or promotional assistance.

2. SATTE's Successes in South Asia

- In Delhi in 1996, the Tourism Ministers of Nepal and Sri Lanka joined in SATTE's inaugural ceremonies.
- SATTE was held in Colombo in 1997 on the invitation of the Sri Lankan Government.
- In Delhi in 2001, the first ever South Asian Tourism Ministerial Summit was held under the umbrella of the WTO. WTO's representative for the region has attended SATTE at least 5 times during the 11 years.
- WTO's Secretary General released the program of SATTE at the World Travel Mart in London for the last three consecutive years.

- In its 11 years, SATTE has hosted more than 3,000 international buyers from over 40 countries. This year at SATTE, the regional identity came through very strongly with regional buyers from Nepal (1), Thailand (17), Malaysia (20), Hong Kong, China (7), Singapore (5), PRC (23), Indonesia (5), Middle East (33) and Pakistan (8).
- SATTE is developing as a generic travel show with the following sub-segments: India Inbound, India Domestic, India Regional (South Asia), and India Outbound—International. Each of these segments has momentum and a defined buyer and seller profile.

3. Background of SATTE

- SATTE is privately driven with broad industry support and government patronage, direction and blessings.
- SATTE is commercially focused and does not seek any grants or financial support per se. Almost 100% of its funding comes from rental fees from exhibitors.
- SATTE is an enterprise driven by India's leading publishing house in travel and tourism, Cross Section Publications, publishers of *Destination India*, *Travel Trends Today*, *Go Now*, and *India Travel Planner*.
- Cross Section Publications has its head office in Delhi. It has branches in Mumbai and Colombo, and an associate office in Kathmandu.

4. What SATTE has not Achieved To Date

- SATTE has not been able to step far beyond the Indian market to develop and market either intra-regional tourism or an intra-regional identity.
- SATTE does not itself have the financial muscle to develop collateral and market the region.

5. SATTE Vision into the Future

- The tourism product of South Asia is very diffused and scattered. Selling South Asia as one single product or through one single event is very difficult.
- Because of access, infrastructure availability and geographical/air connectivity, Delhi remains the best location for a "mother show."

- Delhi has three-hour flights to Colombo, 90-minute flights to Kathmandu, and 60-minute flights to Lahore. Three to four carriers operate on most routes. Interconnectivity in the next few months is expected to increase substantially.
- Given the above reasons, a mother show for South Asia to be held in Delhi is recommended.
- A variety of post tours for different products and different markets would be offered to buyers and tour operators from within South Asia and from overseas.
- Also recommended as part of an annual calendar of events are satellite events that showcase specific products or specific regions. Such events need to be announced sufficiently in advance and can be held as stand alone events. Examples include a "Destination Bhutan" event or "Destination Maldives" event, or a workshop on Buddha in Lumbini or in Bodh Gaya.

6. Collateral Requirements

- SATTE recommends the following promotional activities and collateral:
 - website on South Asia,
 - posters on different themes and product lines of South Asia, including Himalaya, beaches, Buddha, golf, and eco-tourism,
 - introductory brochure on South Asia,
 - Calendar of Events, and
 - CD ROM on 101 itineraries based regionally and arranged thematically (SATTE has developed the first interactive CD ROM on South Asia). This was totally funded by WTO.
- Other steps to project South Asia, such as a South Asian booth at WTM and ITB, a South Asian road show in Europe and another in the Far-East.

7. Forthcoming Projects

- Tabloid on South Asia.
- 12th SATTE to be held in New Delhi from 19 to 22 April 2005.

H. Ideas from Siliguri–Bagdogra, India Planning Workshop—30 April 2004

1. Coordinated Marketing

a. Joint Marketing to Brand and Promote Ecotourism and Buddhist Circuits

- Drastically under-utilized power of the branding of tea, i.e. Darjeeling and Assam.
- Security situation is a major concern to be overcome by realistic information and marketing.
- Retain individual cultural traditions in each area.
- Separate and recognize different Buddhist market segments.
- Need to reinforce local traditions, handicrafts, separate identity, etc.
- “Buddhist Heartland” promotional positioning.

b. Regional Marketing with SATTE

- Strong appreciation and support in West Bengal for domestic tourism.

c. Harmonizing Arrival Statistics

- Endorsed as good idea with enthusiasm to see statistics regularized.

d. Events Calendar

- Endorsed as good idea.
- East Himalayan Festival held in India annually January-February to involve local village events.
- Include Darjeeling Carnival—a “created” event.

2. Enhancing Product Quality

Product Standards and Industry Codes of Conduct in Ecotourism and Buddhist Circuits

- Lack of policies for ecotourism activities is hindering implementation.
- Need for benchmarking and regional guidelines seen as a priority.

3. Facilitating Travel

a. Bagdogra Gateway and Hub

- Strongly support Bagdogra as an international airport.

- Security situation in North Bengal could threaten integrity.

b. “South Asian Traveler” Facilitation System

- Keep everyone informed about the reality of security situation.
- Regional information centers to facilitate travel.
- Vehicles crossing borders are severe constrained due to permit requirements, untrained officials and necessity for paying taxes.

c. Asian Highway Improvements

- Community managed wayside amenities concept (*Michi-no-Eki*) welcomed on tourist sectors of Asian Highway.
- Amenities needed on Bagdogra to Phuentsholing to Thimphu stretch of Asian Highway.
- Road improvements and highway amenities needed from Taplejung to Charali to Bhadrapur to Kakarbita, Nepal.
- Wayside amenities and border facilities on Asian Highway section Kakarbita to Bagdogra via Changrabandh and Banglabandh to Paharpur to Dhaka.
- Wayside amenities with community involvement on the current tourism routes of North Eastern states.

4. Developing Human Resources

a. APETIT Activities in South Asia

- Strong endorsement for network of exchanges between centers of excellence in the region.
- Training of local guides in ecotourism and in Buddhist circuits needed to improve knowledge and to provide local benefits.

b. South Asian Host

- Good idea as hospitality services in West Bengal perceived as weak.

c. Training for Travel Writers

- The idea was supported as being useful.

d. Project Management Training for NTOs and LTOs

- Greatly needed, also needed for the travel industry and tour operators.

5. Developing and Promoting Ecotourism Based on Nature and Culture

- For Integrated Project on Trekking in the Himalaya, need for high standards of water and waste management practices.
- Strong endorsement for Sustainable Tourism Forum as a venue to link NGOs and resource managers with private sector travel industry and consumers.

Integrated Project on Tourism in Ganga-Brahmaputra

- Hydro tourism—make power generating projects and river recreation features.
- Tea tourism, linked with other products.
- Dooars as a destination.
- Heritage circuits linking World Heritage Sites.
- Wildlife is a major competitive product in the region—many world class circuits in the region.
- Using elephants for tourism proposed in the Dooars.
- Need to reinforce local traditions, handicrafts, etc.

6. Developing and Promoting Buddhist Circuits

a. Footsteps of the Lord Buddha

- Proven international appeal of Theravada and every sect.
- Promote SASEC countries as “Buddhist Heartland”.

b. Living Buddhism in the Himalaya

- Strong need for training of guides for improved interpretation.
- Recognize different market segments and difference between Mahayana (Tibetan Buddhism).

c. Buddhist Art and Archaeology in South Asia

- Strong need for training of guides for improved interpretation.

7. Enabling the Private Sector

a. Tourism Investment Fund

- No problem of access to capital at all levels.

b. Public Private Partnerships

- A good model of public-private partnership is the tea auction center at Guwahati and Siliguri.
- Call to involve State governments for effective implementation of the Plan.

8. Developing Key Areas (Including National Projects)

a. Key Area: Kanchenjunga to Sikkim and Darjeeling

- Idea for a new cable car / ropeway from North Darjeeling to South Sikkim, similar to Singla Valley in South Darjeeling.
- Kanchenjunga Regional Ecotourism Park linking Nepal, Sikkim and Tibet.

b. Key Area: East Sikkim (Nathu La) to Bhutan

- Jelep La as strong all weather and shorter approach to Tibet—potential new trekking route.

c. Key Area: Bagdogra to Paharpur to Banglabandh

- Change name to Bagdogra to Paharpur via Changrabandh / Banglabandh.

d. Key Area: India's North East States

- Stilwell Road linkages to Northern Myanmar and Southern China.
- Lack of ecotourism policy.
- Tea tourism.

APPENDIX 2: THE SASEC TOURISM INVESTMENT FUND

A. Introduction

The South Asia Subregional Economic Cooperation (SASEC) Tourism Working Group has called for the establishment of a tourism investment fund or facility to finance smaller but viable tourism projects in the subregion. What follows are considerations and possible options related to this proposal.

B. The Problems Addressed

The appropriate financing option must address the problems. In the context of SASEC countries and the desire to promote subregional cooperation, there appears to be three types of problems related to financing tourism projects.

1. Systemic problem of small-scale financing.

Investors with collateral assets generally have ready access to development finance for tourism projects. However, potential investors without such assets may find that financing is a barrier. This is a systemic problem, in that it applies across all sectors and not just to tourism. Small-scale financing involves proportionally large transaction and due diligence costs, relative to the amount of borrowed funds. Banks and other financial institutions consequently give more attention and service to large borrowers at the expense of small and medium-sized enterprises (SMEs). This issue surfaced at the Second Meeting of the SASEC Tourism Working Group, when participants expressed concern regarding Asian Development Bank (ADB) preference for financing large tourism projects due to their relative cost-effectiveness.

2. Problem of financing subregional projects, where the costs and returns are linked across two or more countries.

A series of investments may be needed to realize a tourism concept, such as a Buddhist circuit, that straddles the border of two countries. Some of these investments may be public goods, such as roads and telecommunications. As there is no financing

mechanism for shared sovereign risk, the components are typically segmented on a national basis and financed with government bonds and/or loans backed by sovereign guarantees.¹ Financing on a national basis, however, reflects costs incurred in providing components of the subregional project. The distribution of benefits from subregional projects may differ markedly from the distribution of costs, resulting in delays until equity considerations are resolved. Private sector participation in financing public infrastructure investments is possible and desirable, but again on a segmented basis. As the tourism industry is highly suited to private enterprise, most investments needed to realize a tourism concept are expected to be undertaken by the private sector. However, private investors may be concerned about exchange risks and other complications associated with investing in a series of projects spanning two or more countries.

3. Problem of conditionality.

As inferred above, many projects require a blend of public and private investment. Private investment in a tourism opportunity may depend on public infrastructure investment, or on changes in regulations and policy (e.g. a cross-border crossing facility). In turn, the public investment or regulatory/policy change may appear to be uneconomic or unimportant until the level of economic activity increases. An interdependent conditionality problem may result in large opportunity costs (the costs of foregone economic activity while awaiting better conditions).

¹ The ADB-supported Greater Mekong Subregion (GMS) Program of Economic Cooperation has recently included the Mekong Tourism Development Project, whereby ADB has extended three separate loans for tourism development to Cambodia, Lao People's Democratic Republic (PDR) and Viet Nam. The three countries agreed to pool a (small) portion of the borrowed funds to finance projects of joint interest. This approach is of potential interest to SASEC member countries.

These problems are being addressed in various ways, as discussed below.

- **The Tourism Finance Corporation of India (TFCI).** TFCI has funded more than 500 tourism-related projects over the past 14 years. The fundamental logic of the Corporation is to help bridge the time it normally takes (5 to 6 years) before financing for a tourism infrastructure project (e.g. a hotel) becomes independently viable. Under the new industrial package for North East States recently announced by the Government of India, commercial banks and the North East Development Finance Corporation (NEDFI) will have dedicated branches and counters to process applications for term loans and working capital in Industrial Growth Centers and Integrated Industrial Development Centers.
- **The Tourism Development Committee (TDC) in Bhutan.** TDC was established to identify infrastructure bottlenecks and then endeavor to ensure that they are removed. Similarly, the Nepal Tourism Board provides a public-private sector link for identifying problems and designing appropriate responses.
- **Assistance from the donor community in support of tourism.** Since 1989, ADB has extended five technical assistance grants and two loans to Nepal for tourism development, amounting to almost \$2 million and \$28 million, respectively. ADB has also created a separate investment facility for subregional projects that is not part of national lending allocations. For 2004 and 2005, \$100 million for lending and \$3.3 million for technical assistance have been earmarked for regional cooperation activities.² Technical assistance grants for fostering regional cooperation in South Asia have averaged \$3.5 million annually over the past three years.
- **Tax holidays.** These have been granted in Bangladesh to encourage private sector investment in tourism.

While these initiatives are helpful, problems remain. Even when there is a specialized agency to assist in financing tourism projects, as in India, most

financing is for large-scale projects. Budget tourism is under-financed, resulting in poor accommodations and other facilities for middle-income domestic, intra-regional and international tourists. More generally, with the exception of Nepal, tourism is seriously underdeveloped, as shown by the low levels of foreign visits to SASEC countries.

Financing problems are, of course, only part of the explanation for underdevelopment of the tourism industry. The larger explanation rests with the poor environment for private sector enterprise in SASEC countries. Security concerns explain why tourism has stalled or declined in Nepal, in northern India, and even in parts of Bangladesh and Bhutan. But in addition to security concerns are serious questions concerning the appropriate role, in a market-based economy, of government in supporting the tourism industry. Public ownership of tourism and tourism-related infrastructure (hotels, guesthouses, transport facilities, airlines, etc.) remains widespread in the subregion, crowding out the private sector. Further, the regulatory and policy environment is difficult. To illustrate, an Air India representative at the Calcutta workshop cited unnecessarily complicated procedures in securing licenses to build a hotel or to undertake other tourism investments in India. Land tenure is another problem, directly related to access to financial markets.³ Such problems hamper SMEs in particular.⁴ These enterprises are the backbone of the tourism industry in developing countries.

C. Options for Consideration

In light of the above, and in light of the numerous investment opportunities identified under the SASEC Tourism Development Plan, financing options need to be considered. Three options are outlined below.⁵

³ The majority of potential entrepreneurs (farm households) are not able to use their most valuable asset to mobilize capital:

... most people cannot participate in an expanded market because they do not have access to a legal property rights system that represents their assets in a manner that makes them widely transferable and fungible, that allows them to be encumbered and permits their owners to be held accountable. So long as assets of the majority are not properly documented and tracked by a property bureaucracy, they are invisible and sterile in the market economy—the assets of the majority of their citizens have remained dead capital stuck in the extralegal sector. Hernando de Soto. 2000. *The Mystery of Capital*.

⁴ The *World Development Report: Attacking Poverty* (2000/2001) includes illustrations of actions by developing countries to assist poor people and small firms to engage in businesses. To illustrate, in Bangladesh a subsidiary of Grameen Bank, Grameen Telecom, operates a village pay phone program that leases cellular telephones to selected bank members, mostly women in rural areas, who use the service to access market information.

⁵ These options follow closely those outlined by ADB in a paper prepared in 2003 entitled *Tourism Facility Fund*.

² The Mekong Tourism Development Project referred to in the previous footnote has been financed drawing from ADB's subregional financing facility.

- **SASEC Tourism Investment Fund.** This would be primarily a closed account venture capital fund, pooling the equity of strategic investors from both within and outside the subregion. Financial backing for tourism and tourism-related investments in the subregion would normally be in the form of equity participation, limited to a maximum of 30% of the project cost so as to diversify project risks. Debt instruments could also be issued by the SASEC Tourism Investment Fund. While termed the SASEC Tourism Investment Fund, it could be expanded to become the South Asia Tourism Investment Fund, as SAARC gathers momentum. Shareholders could include multilateral financial institutions, such as ADB.⁶ National and state governments could also be shareholders, if limited to a minority position. The Fund would be managed on a strictly commercial basis, hence the need for private sector interests to hold the controlling shareholder position. The Fund would focus exclusively on tourism, and could be expected to provide investment advisory support to tourism projects in the subregion.

2. **Tourism Development Facility.** This would be a subsidiary of a bank or other financial facility in the subregion, possibly TFCI. The parent institution would be supported by a loan from ADB, and the funds would be relent to eligible borrowers in the subregion. The parent institution would have to be authorized to operate throughout the subregion (TFCI is authorized to operate only in India). Alternatively, Tourism Development Facilities would have to be established in each SASEC country, overlapping with industrial banks—e.g. the Bhutan Development Finance Corporation and the Industrial Bank of India, both of which have significant portions of their portfolios in tourism investments. ADB's loan to the parent financial institution could be accompanied by a government guarantee for repayment.⁷ However, OCR and ADF resources

would be affected, potentially cutting into resources for other country-based purposes.⁸ The proposal raises issues of directed finance, which ADB is increasingly concerned about due to the generally poor financial status of the banking sector in the subregion.

3. **Tourism Development Loan.** This would involve the government borrowing directly from ADB and re-lending the proceeds to a designated financial institution. In turn, the financial institution would provide loans to borrowers for investments in tourism and tourism-related projects. More favorable terms would be available to the borrowers, reflecting ADB's triple AAA rating and its ability to pass on its lower cost of capital to developing member countries. The government would bear the foreign exchange risk and, ultimately, the risk of non-performing loans. As the ADB loan would be backed by a sovereign guarantee, it would affect (lower) ADF and OCR resources available to the government for other purposes. Again, the proposal raises concerns about directed finance and the implications for the already weak financial sector. Also, the proposal raises questions about overlap with ADB's support for industrial development banks in the subregion. A possible redeeming feature of a tourism development loan is that it could be synchronized to two or more SASEC countries, and pooling of at least a portion of the borrowed funds to finance subregional tourism projects of shared interest.⁹

Each of these options needs to be considered against the following criteria:

- **The need to be realistic and prudent.** As seen in India and in financial markets generally, banking is becoming more universal rather than segmented, reflecting the need to pool risk and to capture synergies among financial markets.
- **The need to add value.** The option or options considered should contribute value or results that governments acting individually would find difficult to achieve.

⁶ ADB is the major shareholder (30%) in the Asian Finance and Investment Corporation Ltd., which performs functions similar to the International Finance Corporation (IFC) and the South Asia Enterprise Development Facility.

⁷ Swap arrangements could substitute for the government guarantee of repayment.

⁸ Government guarantees affect the debt servicing capacity of the DMC concerned, which is one of the determinants of the allocation of OCR and ADF resources.

⁹ As described in previous footnotes.

- **The need to strengthen the role of the private sector.** The option or options considered should not have the effect, however unintended, of marginalizing the private sector.

Perhaps the last point is most important. As noted earlier, the business environment in SASEC countries has been generally poor. Both domestic and foreign direct investment have been low, and growth has been relatively slow. The business environment in India, however, is improving rapidly, especially in some west and central states. A major objective of the chosen tourism financing option should be to build on this improvement, and to encourage market-based reforms elsewhere in the subregion. Decidedly, governments should not be in the lead when it comes to development of the tourism sector.

This and other considerations argue in favor of the first option discussed above, the SASEC Tourism Investment Fund (TIF).

D. Purpose and Objective of SASEC Tourism Investment Fund

The Tourism Investment Fund would have the following purposes and objectives:

- To encourage and facilitate private sector investment in tourism opportunities, and private sector participation in tourism-related public infrastructure investments.
- To act as a catalyst/broker/financier for tourism and tourism-related investments in SASEC countries.
- To diversify risk, especially with regard to projects involving two or more SASEC countries.
- To enhance tourism opportunities in SASEC countries by bringing to bear the management, market, and technology expertise of successful business interests.
- To promote tourism development consistent with the pro-poor, cultural, environmental, and other objectives of SASEC countries.

E. Premises Underlying the Proposed Tourism Investment Fund

- Financial resource mobilization is a priority for advancing subregional projects in support of the growth of tourism.

- The private sector should be the lead sector, not the public sector.
- High returns are possible from expansion of the tourism sector, but in many cases it is not possible for the private sector to realize these returns unless there is strong complementary support by the public sector.
- Financial returns at times may be uncertain because of project economics or because of noncommercial risks.
- Some form of public-private sector cooperation is frequently needed in order to attract private sector investment in tourism.
- The view from the public sector commonly holds that tourism should be viable as a private sector exercise, and hence governments commonly under-invest in necessary support.
- A financial institution or facility is needed that will help bridge the differing perspectives of the two sectors, that has the ability to work with governments in establishing appropriate policies and regulations.¹⁰
- The tourism investment facility should be highly influential, so as to bring about the necessary conditions for successful and rapidly growing tourism in the subregion.

F. Investment Requirements in the Tourism Sector

Presented below is a broad list of investment requirements in the SASEC tourism sector.

- **Accommodation facilities.** Hotels, guesthouses and restaurants.
- **Small to medium-scale public service facilities.** Sanitation and health facilities, water supply, electricity, and telecommunications, among others.
- **Entertainment facilities.** Theme centers, amusement parks, golf courses, recreational centers, shops, Internet cafes, and nightclubs.
- **Focal sites.** Trekking routes and facilities, historical and cultural sites (upgrading and maintenance), ecotourism sites (designation and protection), and resort sites (beaches and mountain retreats).

¹⁰ In the case of Nepal, pro-poor development activities have a worldwide reputation (e.g., Annapurna Conservation Area Project), as do private sector initiatives (e.g., mountain trekking), but there are few connections or bridges between the two sets.

- **Tour facilities.** Tour buses, vehicles, boats, train carriages and airlines.
- **Access facilities.** Tourism designated roads, port facilities, airports, and railways.
- **Entry facilities.** Customs and immigration facilities, cross-border accommodations, and rest and hospitality facilities.
- **Awareness facilities.** Product and destination marketing and tourist information centers.
- **Skill development.** Tourism training institutes.
- **Pro-poor tourism.** Agricultural products and handicrafts.

G. Tourism Investment Fund Components

Three components are proposed for TIF.

- **The SASEC Tourism Investment Fund.** A small umbrella management organization with a network of experts to advise on and structure specific tourism-related investment opportunities.
- **A pre-investment support facility.** With participants primarily from the private sector, this facility would help make investment opportunities bankable. Activities would include preparation of investor-grade pre-feasibility and feasibility studies.
- **A capacity-building and policy support facility.** This facility would help member governments create the necessary conditions for successful tourism investment and a competitive industry. Activities would include strengthening the general capabilities of key government agencies to undertake and develop suitable agreements with private sector investors.

H. Rationale for Participation in the Tourism Investment Fund

Participation by ADB and other donor agencies would be in response to opportunities presented by tourism, particularly those for pro-poor development strategies. The TIF would provide the institutional means for focused support of SASEC countries (and potentially the whole of SAARC) and of private sector participation in the tourism sector.

Private sector shareholders would view participation favorably as a means of diversifying risk, especially for tourism investment projects involving two or more countries, and for identifying profitable investments for further equity investment supplementary to or independent of TIF.

I. Management of the SASEC Tourism Investment Fund

It is important that TIF show early positive results, results that are sustainable and that comprise the foundation of a sound track record. To initiate this process, it is suggested that TIF commence operations as a non-profit investment facility, advised (but not directed) by a small Board of Governors of eminent persons (preferably one from each of the SASEC countries). As an international non-profit investment facility, TIF would enjoy a tax-free status.¹¹

TIF staff skills should include expertise in both regional cooperation and in packaging projects for implementation under public-private partnership (e.g. risk sharing and financial structuring). In the interests of economy and efficiency, the permanent staff would be small and expertise contracted as needed¹²

J. The Financial Structure of the Tourism Investment Fund

Equity subscriptions to the TIF should form the core fund, while grants should be placed in special purpose funds at the request of the donating institution, corporation, or agency. Subscribers are expected to be individuals, business corporations, private and public institutions, multilateral financial institutions, selected commercial banks, donor agencies and governments. The subscriber structure, shareholding, allocation of votes, representation on the Boards of Governors and

¹¹ If desirable, the facility could be formalized as a multilateral financial institution and registered with the UN. However, negotiating what in effect would be a treaty agreement among SASEC member countries would be time consuming, leading to lengthy delay in operations. This in turn would carry a heavy opportunity cost as tourism would be slower to develop, leading to the loss of significant benefits for the four SASEC member countries. Moreover, formalization as a multilateral financial institution would change the investment perspective, tending to reinforce the role of the public sector, potentially at the expense of the private sector.

¹² A possible option for consideration would be contracting out management, or at least the day-to-day operations, of the Fund to an experienced investment company. This option might be considered in the early stages of the TIF, but it dilutes the concept of hands-on involvement by the equity investors and employment of their expertise and influence to strengthen the policy, regulatory, and infrastructure factors critical for the success of proposed tourism investments.

Directors, and the amount of paid-in capital would be determined according to the TIF Charter.

Shareholders should include prominent tourism stakeholders in each of the SASEC countries. As noted in the definition of premises, TIF should wield considerable influence so as to help bring about the necessary conditions for a successful and rapidly growing tourism industry in the subregion.

Capital subscriptions should be divided into “paid-in” and “callable” capital. Paid in capital should be contributed in US dollars in 5 equal annual installments. Callable capital should be called in only after all other sources of cash have been fully employed. It will enable leverage through borrowed funds, with favorable rates reflecting the creditworthiness of the subscribed members.

The initial subscribed capital proposed is \$20 million, with paid-in capital comprising 50%. The target number of initial shareholders is 50. An annual subscription of \$400,000 for each shareholder would thus be sufficient to meet the first-stage capitalization target of \$100 million over five years. The second stage capitalization target would be \$200 million by year 10, with an increase in the number of approved shareholders to 100.

The capital base would support market borrowing of more than 50% of subscribed capital. Co-financing would further leverage the capital base, possibly enabling, when fully operational, an investment portfolio of some \$300 to \$400 million by the end of the first stage of operations. This level of operations, together with the expected roster of eminent shareholders and Board of Governors, would result in TIF being a major driving force for building the tourism industry in the SASEC countries.

TIF would facilitate SMEs by taking minority equity positions in proposed tourism projects. The impact in stimulating and facilitating new investment in the industry would be greater than the size of the portfolio, for the portfolio itself would be regularly reviewed and equity positions sold to realize gains and to release capital for new investments.

Further, the proposed pre-investment support facility and the capacity-building and policy support facility would be especially relevant to helping SMEs. It is anticipated that the donor community will contribute to these two support facilities. They should commence operations on a modest scale (\$200,000 initially), with a target level of \$2 million within 5 years. The two support facilities of TIF, especially the pre-investment support facility,

should be largely self-financing once TIF is fully operational. Such financing will be in the form of recoverable user fees against successfully promoted and financed tourism investment projects.

A feature of TIF would be its special purpose funds, allowing TIF stakeholders and donor contributors to channel their support and investments by investment type and country.

K. Investment Criteria versus Development Criteria

Fundamental to the viability of TIF will be the operating principle: investment versus development. If driven by purely financial criteria, the market rate for investor returns should be the target. If driven by economic criteria, a grant element (from governments and donor agencies) would likely be necessary to cover the public goods dimension of infrastructure investment, environmental considerations, or other factors that cannot normally be subject to full commercial recovery.

In step with the desire to be more market based, a reasonable rate of return should guide all investment decisions. However, the rate of return could be somewhat lower than the rate normally demanded by investors in emerging markets. Further, the returns should be plowed back into the Fund. Hence the “yield” would be realized as a shareholder in the Fund.¹³

This issue is fundamental, as it determines whether grants or investment funds are sought for TIF. There may be a possibility of compartmentalizing the facility, with both grant and investment components. Shareholder investors may be willing to accept something less than the normally acceptable rate of return, perhaps on the basis that their investment would help identify and set the stage for their own tourism investments.

The financial versus economic perspective could be narrowed by effective private-public sector partnership. TIF in partnership with SASEC governments could reduce the risk of tourism investments failing to meet expectations, especially if TIF is successful in encouraging governments to focus on desired policy and regulatory adjustments and complementary infrastructure investments.

¹³ In the same manner as investors are rewarded when holding shares in large multinational firms, such as CISCO, which fully retain earnings for acquisitions and further growth, rather than paying dividends.

L Business Operations of the Tourism Investment Fund

Three forms of investment could be addressed by TIF, each demanding very different skills: (i) venture capital and business start-ups, (ii) corporate restructuring of SMEs, and (iii) financing infrastructure projects.

In the case of the first two types of investment, TIF would be dealing with owners, usually private entrepreneurs. Venture capital investments could include equity positions in publicly owned tourism facilities in the process of being privatized. In the case of project financing of infrastructure projects, TIF would be dealing primarily with governments, but also with private investors where sustainable revenue streams can be counted on.

All four SASEC countries are in transition to more market-based economic systems. The degree of intervention by governments in the tourism industry consequently is diminishing. Nevertheless, governments continue to endeavor to meet objectives related to cultural integrity, environmental preservation, and pro-poor benefits.

In step with the desire to be more market based, it is recommended that all venture capital investments and all corporate restructuring investments of SMEs be directed strictly to the private sector. Further, project financing of tourism-related infrastructure projects should be considered only if the private sector has a significant shareholder interest. TIF investment activities should include but not be restricted to priority opportunities identified in the SASEC Tourism Development Plan. While promotion of subregional cooperation in tourism is fundamental to the establishment of TIF, the sustainability of TIF dictates that investment be directed to where returns (discounted for risk) are highest, including subregional projects, national projects with significant subregional implications, and purely national projects.

From the private sector perspective, TIF should be guided by principles that emphasize the need to

- align the business strategies of the investors,.
- assess the potential risks of proposed projects, and
- evaluate the potential financial returns of participation.

From the perspective of partnership with the public sector, TIF should seek

- an effective regulatory framework, where policies and rules are transparent, commercial arrangements among participants have validity, and the binding nature of commercial contracts is enforceable,
- highly practical and operational measures designed to improve access and entry to tourism areas (e.g. visa arrangements, air access arrangements with foreign or private sector carriers, and cross-border points), and
- early participation in the pre-feasibility and feasibility studies for infrastructure projects, so as to establish the basis for possible equity investment.

The purpose of TIF should complement, not compete, with existing multilateral financial institutions such as the World Bank, the International Finance Corporation, and ADB.

M. Core Functions of the Tourism Investment Fund

The primary functions of TIF are specified below.

1. Identification of Suitable Investments:

- Undertake the transaction costs necessary to identify and assess suitable investment opportunities.
- Consider investments in private sector training facilities, tourism enterprises, accommodation facilities, tourism sites, and tourism-related infrastructure.
- Apply market principles and the principles of commercial sustainability in the identification of investments.

2. Project Formulation:

- Formulate (or evaluate) project proposals in a manner that meets the technical requirements of potential investors and lending institutions.
- Draw on appropriate specialists for project formulation and assessment.

- Infrastructure projects will normally be structured on a partnership basis with the governments concerned. TIF will act as a catalyst for structuring mutually beneficial investment projects focusing on (i) the identification and preparation of bankable projects—i.e. projects that are technically sound, politically stable, and have an adequate and stable revenue stream, and (ii) an appropriate framework for the allocation and management of risks, especially noncommercial risks, between the participating governments and private investors. The TIF will help create the appropriate investment climate and policy/regulatory environment for greater private sector participation in tourism-related infrastructure projects.

3. Marketing Projects to Potential Investors:

- Tourism investment opportunities should be brought to the attention of potential investors, and marketed on the basis of sound business plans.
- Project definition, assessment, and packaging in appropriate financing formats will be undertaken with the participation of potential investors and lending institutions, so as to facilitate due diligence review and decision-making.

4. Completing the Financing:

- Mobilize private sector funds, on more favorable terms (interest rate and period of repayment) than normally available to the private sector in SASEC countries.
- Promote co-financing of tourism-related investment projects. Expected co-financing partners include the multilateral financial institutions (e.g. the World Bank Group and ADB), international and national banks, investment trust funds, export credit agencies, development agencies, and special purpose agencies (e.g. the Global Environment Facility).
- TIF will normally take at least a small equity position in investments identified.
- Employ structured financing techniques to diversify and minimize risk.

N. Sources of Funds

Initiating TIF will require leadership. ADB support in this regard would be helpful, especially if ADB is willing to be one of the start-up shareholders. However, the critical determinant of success will be the ability to attract well-recognized private sector entrepreneurs as shareholders. If the shareholders and Board of Governors include influential individuals from each of the SASEC countries, TIF will become much more than just a financing entity. It will be a catalyst and broker for change, forging stronger synergy between public and private sector interests.

Potential sources of funds include the following:

1. Equity positions by primary private sector stakeholders.
2. Financial institutions and development banks in the subregion.
3. SASEC governments (national and state) as minority shareholders.
4. ADB, with the following considerations and options:
 - ADB involvement would add credibility to TIF, reducing perceptions of risk;
 - an equity position (modeled after its position in the Asian Finance and Investment Corporation Ltd.);
 - ADB's co-financing and guarantee of operations;
 - loans to the participating governments to cover their equity positions; and
 - loan to TIF or sponsor financial institution (e.g. a development bank).

Funding considerations will also be affected by the response to the SAARC proposal for a South Asia Development Bank.¹⁴ If an SADB is established, it will have to be decided whether TIF will be structured to complement SADB, or to be entirely independent of SADB.

¹⁴ The South Asian Development Fund (SADF), initiated at the Sixth SAARC Summit, has the objectives of financing industrial development, poverty alleviation, protection of the environment, economic projects in the region, and balance of payments support. So far, SADF has lacked the funds to turn feasibility studies into action. Following the Islamabad Declaration of January 2004, it is expected that consideration will be given at the next Board meeting of SADF to transform it into a South Asia Development Bank.

O. Making it Happen

Further defining TIF, mobilizing interested shareholders, and gaining agreement on its mission, portfolio objectives, management structure, and charter will be a difficult task. Financial support will be needed to initiate the concept and to help get it started. Support by ADB and/or other organizations would be most helpful. Approximately \$500,000 is needed to engage a team of venture capital experts, drawn from the subregion, to fully develop the concept and to draw together the founding shareholders. Additionally, expression of interest in a substantial (20 to 30%) equity position in TIF by ADB or another highly reputable financial institution would greatly enhance the status and likelihood of success of the proposal.

P. Concluding Observations

Tourism in SASEC countries is far below potential. Major benefits in jobs, income, revenues, and foreign exchange could accrue to the subregion through both individual and collective efforts to create more positive conditions for investment in tourism. Most importantly, this means reforming the policy, regulatory, and institutional frameworks relevant to such investment.

Financing is only part of the picture. Establishing a new financing mechanism for tourism projects will have little effect on the industry as a whole unless the financing facility also has the

capacity to influence governments—national, state, and local—to act as constructive partners.

The proposed SASEC Tourism Investment Fund is of a scale and level of composition that, if realized, has the potential to significantly accelerate tourism development in the subregion. Governments and private sector resources would work in a harmonized and leveraged fashion, strengthened by co-financing with foreign investors and development agencies.

Financial resource mobilization and harmonized action between the public and private sectors is currently of collective interest to SASEC member countries. That interest, however, will only be sustained if subregional cooperation yields practical results. Extensive consultation is needed with potential stakeholders to develop the Fund concept and its working details in a mutually agreeable fashion. Such consultation could conclude that the need is less than anticipated, or that competition outweighs the spirit of regional cooperation. On the other hand, such consultation could well conclude that the time for action is now, building on the growing support for regional cooperation in South Asia.

The most significant risk is that vested interests comfortable with the status quo could endeavor to derail the compelling logic for reform and growth. Such interests may even attempt to co-opt the TIF for their own gains. Careful identification of the founding shareholders and Board of Governors will be vital.

APPENDIX 3: ECONOMIC AND FINANCIAL ANALYSIS OF THE TOURISM DEVELOPMENT PLAN

A. Summary

Economic and financial analysis of the South Asia Subregional Economic Cooperation (SASEC) Tourism Development Plan (TDP) has been undertaken to evaluate the expected rates of return. The assumptions used and the results of computations are detailed below.

The economic internal rate of return (EIRR) for the Plan's Tourism Development Framework as a whole is estimated to be 35%, which is far greater than the social opportunity cost of capital (12% in real terms).¹ The high EIRR indicates that the economic viability of the Plan is sound. Benefits of the TDP include the creation of approximately 135,000 jobs by 2014 in some of the poorest areas of the subregion. Sensitivity analysis indicates that the EIRR estimate is heavily influenced by the assumed incremental increase in tourism arrivals and by possible delays in implementation of the TDP.

The financial internal rate of return (FIRR) for the Plan as a whole is estimated to be 16%, which is well above the weighted average real cost of capital (5%). This indicates that the TDP is sustainable. Among other benefits, the TDP will generate increased revenues to governments in the subregion by way of taxes, visa and trekking fees, landing and passenger fees, and other forms of taxation. Sensitivity analysis indicates that the FIRR estimate is most sensitive to shortfalls in expected tourism arrivals.

B. Assumptions of Economic and Financial Analysis

I. Investment Costs

Investment costs associated with the SASEC Tourism Development Plan are very preliminary. It was not possible during the field visits to do more than identify the opportunities for product development and tourism facilitation, and to identify the main investments (e.g. road and airport improvements, cross-border facilities, roadside amenities, site preparations, water supply systems, etc.).

Accordingly, the investment figures used in the analysis are simply indicative.

Total investment associated with the Plan is \$175 million, of which \$25 million is needed for Programs 1 to 7, \$50 million is needed for the 11 national area-based programs, and \$100 million in private sector investment is needed to accommodate the projected incremental increases in tourism arrivals. Of the total investment cost of \$175 million, \$75 million is to be borne by the public sector and \$100 million by the private sector. Consistent with ADB's *Guidelines for the Economic Analysis of Projects*, duties and taxes are excluded from investment.² Equipment is assumed to have a 10-year life, leading to replacement investment. The annual operating and maintenance cost of project investments is assumed to be 1.5%. The economic investment costs are based on a standard conversion factor of 90%. Price contingencies are excluded from the analysis and all costs are in constant 2004 prices.

2. Benefits

The economic benefits of the TDP have been quantified in terms of the projected incremental revenues accruing to the governments and private enterprises as a result of its implementation. These revenues include visa fees and other taxes on tourism spending, which are estimated to be 15% of incremental tourism expenditures. It is assumed that the majority of visitors to the subregion will be experienced tourists, and probably return visitors. The proportion of visitors diverted from existing destinations is assumed to be 2%.

The economic evaluation is based on projected tourist arrivals to the subregion, where the subregion is defined as Bhutan, Bangladesh, Nepal and the 13 North and North East States of India: Arunachal Pradesh, Assam, Bihar, Manipur, Meghalaya, Mizoram, Nagaland, Orissa, Sikkim, Tripura, Uttar Pradesh, Jharkhand, and West Bengal. Tourism records for these states indicate that about 40% of tourists to India visit these states. However, as there is some double counting, it was assumed that 35% of the total number of tourists to India visit the 13 North and North East States.

¹ This is the rate used generally by ADB in evaluating the economic viability of projects. The social opportunity cost of capital may be as low as 10% if, as in the case of the TDP, there are substantial unquantifiable economic benefits associated with the project.

⁴ Projected private sector investment is on a gross basis.

The average annual growth rate in the number of tourists to the SASEC countries between 1995 and 2003 was 3.2%.³ However, since 2003 there has been a pickup in the rate of growth in tourism and hence a 5% growth rate is assumed for the base year. Thereafter there are two projections: the base case which reflects projected tourism arrivals in the absence of a SASEC Tourism Development Plan; and the “with TDP” case, which reflects the incremental growth in tourism arrivals as a result of subregional initiatives.

In the base case, tourism arrivals after 2004 are projected to increase by the preceding year rate plus 0.1 percentage point (e.g. 5.1% in 2005 and 5.2% in 2006). In the “with TDP” case, tourism arrivals are projected to increase by the preceding year rate plus 0.25 percentage points (e.g. 5.25% in 2005 and 5.5% in 2006). By 2014, the base case increase in tourism arrivals is 6% while the “with TDP” case increase is 7.5%. Continuing these rates of growth for another 10 years, to 2024, would result in unrealistic increases. Hence the increase in the growth rate is halved.⁴ The baseline assumptions are summarized in Table A3.1.

Another important factor in determining both economic and financial returns is the average length of stay of tourists. For 2002, this was 21 days in the case of India,⁵ 12 days for Nepal,⁶ and 7 days for Bhutan.⁷ In the absence of data for Bangladesh, the average length of stay for was assumed to be 9 days. On this basis, the weighted average length of stay for SASEC countries was 17 days. This length of stay is used in the analysis.⁸

Yet another important factor in determining economic and financial returns is average expenditure per day by foreign tourists.⁹ For 2002, this was \$92 for

Bangladesh,¹⁰ \$180 for Bhutan,¹¹ \$108 for India,¹² and \$65 for Nepal.¹³ The weighted average was \$78, and this level has been used in the analysis.

Tourists have been classified into four categories: foreign tourists arriving by air, foreign tourists by land, subregional tourists by air, and subregional tourists by land. The percentage of tourists arriving by air is about 75% in the case of Bangladesh, 80% for Nepal, 87% for India, and 90% for Bhutan. The weighted average is 80%. In the analysis a slightly lower figure is used (75%), on the expectation that development of the Asian Highway and other road and cross-border improvements will encourage greater access by land.

Increased airport traffic as a result of increasing numbers of tourists will result in increased revenues from passenger fees, aircraft landing fees, airfares, and bus fares. In order to include these benefits in the economic and financial evaluation, several additional assumptions have been made, as indicated in Table A3.2. Tourist arrivals by air are assumed to increase over the projection period at the rates indicated earlier for tourist arrivals as a whole.

The overall economic life of the project is assumed to be 20 years. Projects 1 to 7 and the 11 national area programs are phased in over the first 5 years, while private sector investments under the Tourism Investment Fund are phased in over a 10-year period.

With these assumptions, expected tourist arrivals to the SASEC subregion¹⁴ over the next 20 years are shown in Table A3.3.

Aircraft movement in the SASEC subregion with and without the TDP are projected as shown in Table A3.4.

The focus of economic evaluation is the impact of the TDP on the subregional economy. Other benefits of the TDP, which have not been quantified fully, include: increased employment opportunities, including opportunities for construction employment; improved access to other parts of the region as a result of the improvement of transportation; improved operating efficiencies due to project; facilitation of transportation in tourist related areas; improved access to communities' social welfare, which translates into greater resources use

³ On a country basis, the annual growth rates were 9.7% for Bangladesh, 11.8% for Bhutan, 4.3% for India, and minus 0.4% for Nepal. The high growth rates for Bangladesh and Bhutan reflect growth from very low initial levels. Bhutan's Ninth Plan targets 15,000 tourist arrivals by 2007; India's Tenth Plan targets 4.3 million by 2007; and Nepal's Tenth Plan targets 516,000 by 2006. These targets imply average annual growth rates of 34%, 11%, and 9%, respectively.

⁴ This means that the base case increase in tourism arrivals in 2015 is 6.05%, rather than 6.1%. For the “with TDP”, this means that the increase in tourism arrivals in 2015 is 7.63% rather than 7.75%.

⁵ Department of Tourism. 2002. *National Tourism Policy*. New Delhi: Ministry of Tourism and Culture, Government of India.

⁶ Ministry of Culture, Tourism and Civil Aviation. 2002. *Nepal Tourism Statistics 2001*. Kathmandu.

⁷ As per The Ninth Plan of Bhutan, the length of stay by trekkers averaged 7.4 days.

⁸ The weights used throughout this section are computed on the basis of number of tourist arrivals in 2003.

⁹ The possible impact of the TDP on domestic tourism is not included in the analysis.

¹⁰ Estimate.

¹¹ According to *Bhutan Private Sector Survey 2002*, an approximate charge for a 7-day package for Bhutan is \$1260, or \$180 per day.

¹² According to *Bhutan Private Sector Survey 2002*, an approximate charge for a 7-day package for India is \$755, which means \$108 per day.

¹³ Ministry of Culture, Tourism, and Civil Aviation. 2003. *Nepal Tourism Statistics 2002*. Kathmandu.

¹⁴ This includes the 13 states of India plus Nepal, Bhutan and Bangladesh.

Table A3.1: Additional of Baseline Assumptions

Tourism without Tourism Development Plan	
Number of Tourists in Base Year 2003 (SASEC countries)	3,223,805
Number of Tourists in Base Year 2003 (SASEC subregion)	1,531,508
Tourists by air (%)	75
Foreign percentage of tourists by air (%)	75
Subregional percentage of tourists by air (%)	25
Percentage of tourists by land (%)	25
Foreign percentage of tourists by land (%)	25
Subregional percentage of tourists by land (%)	75
Others	0
Visa fee (\$)	30
Profit margin of airlines / bus operators. (%)	10
Value added by tourism (%)	65
Average length of stay (days) 17	
Miscellaneous revenues (% benefits)	1
SASEC = South Asia Subregional Economic Cooperation	
Source: TourismDevelopment Plan Study	

Table A3.2: Summary of Baseline Assumptions

Tourist movement in 2003 (million)	1.14
Foreign tourist movement in 2003 (million)	0.85
Foreign percentage of tourist movement in 2003 (%)	70
Subregional percentage of tourist movement in 2003 (%)	30
Seat occupancy rate (%)	70
Number of aircraft movements due to tourists without TDP	276,500
TDP = Tourism Development Plan	
Source: TDP Study	

Table A3.3: Projected Tourist Arrivals in SASEC Subregion
million

Year	Without TDP	With TDP
2006	1.679	1.686
2010	2.076	2.139
2014	2.607	2.817
2018	3.306	3.806
2022	4.226	5.238
2025	5.104	6.737
SASEC = South Asia Subregional Economic Cooperation, TDP = Tourism Development Plan		
Source: TDP Study		

Table A3.4: Number of Aircraft Movements in SASEC Subregion
(‘000)

Year	Without TDP	With TDP
2006	306	307
2010	378	389
2014	475	513
2018	602	693
2022	769	954
2025	929	1,226

SASEC = South Asia Subregional Economic Cooperation, TDP = Tourism Development Plan
Source: TDP Study

efficiencies; and operating cost savings, among others. The above benefits have been partially considered in the analysis in the form of miscellaneous benefits.

In fact, the Plan will produce a number of benefits, both social and economic, with the primary benefit being the stimulation of tourism activity. Due to the integrated nature of ecotourism and Buddhist circuit development programs, those tourism benefits have been captured in the overall economic evaluation.

C. Detailed Evaluation Results

Details of the economic evaluation are shown in Table A3.5. The economic internal rate of return for the overall Plan has been determined to be 35%.

1. Economic Sensitivity Analysis

A sensitivity analysis was carried out on the economic internal rates of return and the results are summarized in Table A3.6.

The economic sensitivity analysis indicates that the EIRR estimate is generally sound and remains acceptable under all tested assumptions. The EIRR is, of course, sensitive to fewer than expected tourists, higher costs than expected for the projects, and to delays in implementation. However, the TDP remains viable in economic terms.

2. Financial Internal Rate of Return

The financial internal rate of return (FIRR) has also been computed for the TDP as a whole, rather than on a project-by-project basis.

Incremental revenues to governments of SASEC countries include landing and passenger fees, visa fees, and other taxes.¹⁵ The detailed FIRR calculations are shown in Table A3.7. It is estimated to be 16%, well above the weighted average cost of capital (5% in real terms).

3. Financial Sensitivity Analysis

Financial sensitivity analysis indicates a relatively stable FIRR, shown in Table A3.8. As in the case of the economic sensitivity analysis, the FIRR is sensitive to fewer than expected tourists, higher costs than expected for the projects, and to delays in implementation. However, the TDP is shown to remain financially sustainable even subject to such developments.

4. Employment Analysis

Tourism is a labor-intensive industry and has the potential to be a major source of employment generation. In Bhutan, the tourism sector provides direct employment to an estimated 3,500 persons.¹⁶ India's travel and tourism industry is estimated to account for 2.9% of total employment, or over 800,000 jobs.¹⁷ The share of this accounted for by the 13 North and North East States is estimated to be about 35%, hence it appears that about 300,000

¹⁵ The SAARC nations have been discussing for some time dropping visa fee charges for their nationals. In this connection, some selected Sasec countries have already started dropping these fees for nationals of selected countries. Due to this, benefits from visa fees charged to subregional visitors have been ignored in the economic and financial evaluation.

¹⁶ FNCCI UNDP. 2002. *Bhutan Private Sector Survey*. Thimphu: Department of Tourism, Government of Bhutan

¹⁷ Government of India. 2002. *Tenth Five Year Plan (2002-2007)*. New Delhi.

Table A3.5: Economic Internal Rate of Return Estimate for the Tourism Development Plan
(\$'000 except where noted)

Year	Capital Cost	Incremental O&M	Incremental Airport Revenue (landing & pax fees)	Incremental Airline / Bus Operators' Benefits	Incremental Tourism Benefits	Misc. Benefits	Total Benefits	Cash Flow
2005	(18,000)	–	–	–	–	–	–	(18,000)
2006	(22,500)	(270)	–	–	–	–	–	(22,770)
2007	(31,500)	(608)	–	–	–	–	–	(32,108)
2008	(22,500)	(1,080)	4	–	–	–	4	(23,576)
2009	(18,000)	(1,418)	38	2	94	1	135	(19,283)
2010	(9,000)	(1,688)	83	189	11,348	116	11,737	1,050
2011	(9,000)	(1,688)	141	434	25,973	265	26,813	16,125
2012	(9,000)	(1,688)	214	743	44,532	455	45,944	35,257
2013	(9,000)	(1,688)	305	1,130	67,686	691	69,812	59,125
2014	(9,000)	(1,688)	416	1,606	96,209	982	99,213	88,526
2015	–	(1,688)	546	2,164	129,640	1,324	133,674	131,987
2016	(900)	(1,688)	698	2,816	168,680	1,722	173,915	171,328
2017	(1,125)	(1,688)	874	3,575	214,122	2,186	220,757	217,944
2018	(1,575)	(1,688)	1,078	4,456	266,873	2,724	275,130	271,868
2019	(1,125)	(1,688)	1,314	5,475	327,962	3,348	338,099	335,287
2020	(900)	(1,688)	1,587	6,654	398,562	4,068	410,871	408,283
2021	–	(1,688)	1,901	8,014	480,008	4,899	494,822	493,135
2022	–	(1,688)	2,263	9,580	573,821	5,857	591,520	589,833
2023	–	(1,688)	2,678	11,382	681,732	6,958	702,750	701,063
2024	–	(1,688)	3,155	13,452	805,715	8,223	830,546	828,858
2025	–	(1,688)	3,702	15,828	948,020	9,675	977,225	975,538
Total EIRR	(163,125)	(30,375)	20,998	87,501	5,240,976	53,495	5,402,969	5,209,469 35.1%

O & M = Operation and maintenance.

Source: Tourism Development Plan Study

Table A3.6: Economic Sensitivity Analysis
(%)

Sensitivity testing	EIRR
Base case	35.1
Tourists down by 20%	32.1
Costs up by 10%	33.8
Benefits down by 10%	33.6
Benefits delayed by one year	31.4
Costs up by 10% - Benefits down by 10%	32.4
EIRR = economic internal rate of return.	
Source: Tourism Development Plan Study	

Table A3.7: Financial Internal Rate of Return Estimate for the Tourism Development Plan
(\$'000 except where noted)

Year	Capital Cost	Incremental O&M	Incremental Airport Revenue (landing & pax fees)	Incremental Government Revenue (visa fees, and taxes)	Misc. Benefits	Total Benefits	Cash Flow
2005	(20,000)	–	–	–	–	–	(20,000)
2006	(25,000)	(300)	–	–	–	–	(25,300)
2007	(35,000)	(675)	–	–	–	–	(35,675)
2008	(25,000)	(1,200)	4	–	–	4	(26,196)
2009	(20,000)	(1,575)	38	21	1	60	(21,515)
2010	(10,000)	(1,875)	83	2,568	27	2,678	(9,197)
2011	(10,000)	(1,875)	141	5,878	60	6,079	(5,796)
2012	(10,000)	(1,875)	214	10,078	103	10,395	(1,480)
2013	(10,000)	(1,875)	305	15,319	156	15,780	3,905
2014	(10,000)	(1,875)	416	21,774	222	22,412	10,537
2015	–	(1,875)	546	29,340	299	30,185	28,310
2016	(1,000)	(1,875)	698	38,175	389	39,262	36,387
2017	(1,250)	(1,875)	874	48,460	493	49,827	46,702
2018	(1,750)	(1,875)	1,078	60,398	615	62,091	58,466
2019	(1,250)	(1,875)	1,314	74,224	755	76,294	73,169
2020	(1,000)	(1,875)	1,587	90,202	918	92,707	89,832
2021	–	(1,875)	1,901	108,635	1,105	111,641	109,766
2022	–	(1,875)	2,263	129,866	1,321	133,450	131,575
2023	–	(1,875)	2,678	154,289	1,570	158,537	156,662
2024	–	(1,875)	3,155	182,348	1,855	187,359	185,484
2025	–	(1,875)	3,702	214,555	2,183	220,439	218,564
Total FIRR	(181,250)	(33,750)	20,998	1,186,131	12,071	1,219,201	1,004,201 16.2%

O & M = Operation and maintenance.
Source: TDP Study

Table A3.8: Financial Internal Rate of Return Sensitivity Analysis
(%)

Sensitivity testing	FIRR
Base case	16.2
Tourists down by 20%	14.0
Costs up by 10%	15.2
Benefits down by 10%	15.1
Benefits delayed by one year	14.8
Costs up by 10% - Benefits down by 10%	14.2
FIRR = financial internal rate of return. Source: TDP Study	

Table A3.9: Estimated Employment Generation in SASEC Subregion With and Without the TDP

	2006	2010	2014	2018	2022	2025
Employment generation without TDP						
Tourists without TDP	1,679,264	2,076,368	2,606,555	3,306,263	4,225,507	5,104,198
Direct employment	479,790	593,248	744,730	944,647	1,207,288	1,458,342
Indirect employment	599,737	741,560	930,912	1,180,808	1,509,109	1,822,928
Total employment	1,079,527	1,334,808	1,675,642	2,125,455	2,716,397	3,281,270
Employment generation with TDP						
Tourists with TDP	1,686,457	2,139,144	2,817,068	3,806,031	5,238,238	6,737,092
Direct employment	481,845	611,184	804,877	1,087,438	1,496,640	1,924,883
Indirect employment	602,306	763,980	1,006,096	1,359,297	1,870,799	2,406,104
Total employment	1,084,151	1,375,164	1,810,972	2,446,735	3,367,439	4,330,988
Incremental employment generation with TDP						
Incremental number of tourists	7,192	62,775	210,513	499,768	1,012,732	1,632,894
Direct employment	2,055	17,936	60,147	142,791	289,352	466,541
Indirect employment	2,569	22,420	75,183	178,489	361,690	583,176
Total employment	4,624	40,356	135,330	321,279	651,042	1,049,718

SASEC = South Asia Subregional Economic Cooperation, TDP = Tourism Development Plan.
Source: TDP Study

are directly employed in tourism in the SASEC subregion. The Tenth Plan of Nepal states that the tourism sector provided employment to 80,000 persons in 2001. Nepal plans to increase direct employment in tourism to 150,000 over the next 15 years.¹⁸ Indirect employment resulting from the tourism industry is difficult to determine, but it appears to be in the range of 1.25%.¹⁹

On the basis of this background, the relationship between direct employment and tourist numbers was estimated. It is assumed that 3.5 foreign tourists generate one direct job in the tourism industry. This ratio was applied to the projected tourist arrivals shown earlier, to yield direct employment estimates for both the base case and for the “with TDP” case. Next, the ratio of direct to indirect jobs was applied (assumed at 1.25), to yield indirect employment estimates for both the base case and for the “with TDP” case. These were summed to indicate total employment estimates, and the incremental impact expected as a result of the Plan.

Table A3.9 indicates significant employment generation over the period to 2014, and over the longer term to 2025. By 2014, it is expected that the TDP will result in 135,000 additional jobs in the subregion.

The impact on unemployment would be only marginal, however, as the number of unemployed in the subregion is very high. In 2002, some 2.2 million people in Bangladesh, 17.3 million people in the 13 North and North East states of India,²⁰ and 0.18 million people in Nepal²¹ were estimated to be unemployed. The relationship between unemployment and population was used to estimate levels of unemployment during the projection period.²² This enabled calculation of the increase in unemployment numbers from one year to the next. When employment generation from the TDP is considered in light of the projected growth in unemployment, it can be concluded that the TDP will make a significant contribution to slowing the

¹⁸ Government of Nepal. 2001. *Tenth Five Year Plan (2001-2006)*. Kathmandu.

¹⁹ A multiplier of 1.5 is cited in the National Tourism Policy 2002 of India, but when combined direct and indirect employment figures are compared to tourism arrivals the relationship appears to be overstated.

²⁰ Total unemployed for India has been estimated at 41.2 million of which about 40% is accounted for by the 13 states in the North and North East.

²¹ ADB. 2004. *Key Indicators 2003*. Manila.

²² The unemployed population represents 1.7% of Bangladesh's total population, 3.9% of India's and 0.8% of Nepal's.

growth of unemployment in the subregion.²³ The estimates are shown in Table A3.10.

5. Poverty Analysis

The SASEC Tourism Development Plan also is highly relevant to poverty reduction. Besides generating new employment and income opportunities for the population generally in the SASEC subregion, the national area programs include some of the poorest areas in the subregion.

The proportion of the total population living in poverty is about 50% in the case of Bangladesh, 23% for Bhutan in 2000, 26% for India, and 42% for Nepal.²⁴ Poverty is thus widespread and severe.²⁵ The 13 North and North East states account for 42%

of India's population,²⁶ and it is a poor region of India. Overall for the SASEC subregion, more than 200 million live in poverty. As shown in Table A3.11, this level will likely climb, even if the incidence of poverty declines, reflecting the rapid rate of population growth.

As in the case of unemployment, an effort has been made to calculate the contribution of the TDP to slowing the increase in the number of people living in poverty as shown in Table A3.11. Based on the same method (i.e. incremental employment as a percentage of incremental growth in the numbers of poor people), it is concluded that the TDP would contribute significantly to slowing the increase in the number of poor people in the subregion.²⁷

Table A3.10: Estimated Contribution of the TDP to Reducing Growth of Unemployment in SASEC Subregion
(‘000 of Jobs except where noted)

Country	2006	2010	2014	2018	2022	2025
Bangladesh	2,313	2,472	2,642	2,825	3,019	3,174
Bhutan	7.0	7.7	8.0	8.3	8.7	8.9
India (SASEC states only)	19,338	22,450	26,062	30,255	35,122	39,280
Nepal	184	190	196	202	208	213
Total unemployment	20,883	22,604	24,468	26,485	28,668	30,423
Incremental annual unemployment	409	443	480	519	562	597
Incremental annual employment provided by tourism project	3.2	13.1	31.5	57.2	100.4	151.3
Incremental annual total employment provided by TDP as a % of incremental annual unemployment	0.8	3.0	6.6	11.0	17.9	25.4

SASEC = South Asia Subregional Economic Cooperation, TDP = Tourism Development Plan.

Source: TDP Study

²³ Simply comparing incremental unemployment to incremental employment generation resulting from the TDP suggests that the TDP could result in reducing incremental unemployment by 0.8% in 2006, by 6.6% in 2014, and by 25.4% in 2025. However, this assumes that all new employment generation as a result of the TDP is filled from the ranks of the unemployed, which is most unlikely. Still, there will be a filter down effect.

²⁴ ADB. 2003. *Key Indicators 2002*. Manila. The reference years vary from 1998 to 2002, hence updating is needed.

²⁵ By comparison, the proportion of the population living in poverty in Indonesia was 18%, 8% in Malaysia, 13% in Thailand, and 25% in Sri Lanka.

²⁶ As per the Population Census 2001, population in India was 1,027.015 million, while the population in 13 Northern and Northeastern States was 431.8 million (41.8%).

²⁷ The incremental annual employment due to the project as a percentage of incremental annual population below the poverty line would increase from 0.2% in 2006 to 1.5% in 2014, and finally to 6.6% in 2025. The incremental employment generated by the project would thus help to reduce incremental poverty over a period of time.

Table A3.11: Poverty Alleviation through Tourism
('000 except where noted)

	2006	2010	2014	2018	2022	2025
(a) Population below poverty line	191,200	199,000	207,100	215,500	224,200	231,000
(b) Incremental annual population below poverty line	1,860	1,930	2,010	2,090	2,180	2,240
(c) Incremental annual employment with TDP	3	13,000	31,000	57,000	100,000	151,000
(d) Incremental employment with TDP as a percent of incremental population below poverty line (%)	0.2	0.7	1.5	2.7	4.5	6.6
TDP = Tourism Development Plan. Source: TDP Study						

Appendix 4: Key Area Development Concepts

KEY AREA 1. BARDIYA AND SUKLAPHANTA TO DUDWA NATIONAL PARKS

Current Patterns

The national parks of the lowland Terai in Nepal and India are renowned for their biodiversity and wildlife viewing, particularly of the Royal Bengal tiger. The World Wildlife Fund (WWF) Terai Arc Landscape Conservation Project endeavors to link 11 Nepal and India trans-border protected areas, including Bardiya and Suklaphanta in west Nepal, with Dudwa and Jim Corbett National Parks in India through biological corridors.

In 2002, 4,399 foreign visitors (down from 6,100 in 2001) enjoyed the well-developed wildlife facilities of Royal Bardiya National Park. But only 67 (down from 340 in 2001) reached Royal Suklaphanta National Park, severely constrained by security issues in the region.¹ Dudwa National Park in Uttar Pradesh has been established as the “Tiger Haven” by Indian conservationist Billy Arjun Singh. In 2003 Dudwa received 4,850 domestic and 52 foreign tourists. Significant numbers of Indians (86,886 in 2003, up 41% from 2002) and some foreigners (4,170 in 2003, up 13% from 2002) visit Jim Corbett National Park, often in combination with the Indian hill station of Nainital. Poor road connections, border facilities between Nepal and India, and security are some of the constraints.

Likely Future Directions

Although tourist arrivals are currently low, there is potential for a major wildlife-viewing tourism circuit linking the protected areas of Bardiya and Suklaphanta in Nepal with Dudwa National Park in India. This could eventually even link up with Jim Corbett National Park and Nainital. Circuit patterns had begun to emerge in the 1990s before they were stopped by local unrest. Creating and promoting a tourism circuit would support international conservation efforts led by the WWF Terai Arc biological corridor project and Conservation International’s Eastern Himalayan Ecoregion initiative.

Nepal has given high priority to improving its underdeveloped Far West region. Improvements at Dhangadhi Airport, located between Bardiya and

Suklaphanta, and at border facilities at Gauriphanta, will stimulate travel and provide linkages with the western hub of Nepalganj, the gateway to Bardiya. Mahendranagar Airport and Banbasa border crossing are located near Suklaphanta. No airport serves the Indian region, but there are rail and road connections. Allowing tourist-registered vehicles cross-border access could further stimulate tourism patterns.

Role in Developing Ecotourism and Buddhist Circuits

These protected areas offer a chain of premier wildlife viewing opportunities in poor and undeveloped parts of Nepal and India. Improved roads and border facilities would encourage travel operators to package this circuit when security improves. This is likely to be a long-term project and is dependent on solutions being found to the current conflict in Nepal.

Project Ideas

1. **Dhangadhi Airport Improvements.** Airport improvements at Dhangadhi will facilitate direct access to this remote corner of Nepal and to Royal Suklaphanta National Park. Improved runway, terminal, and navigation facilities will increase tourism flows, benefiting the local area.
2. **Border Crossing Facilities and Wayside Amenities in Far West Nepal.** Improving border crossing facilities and wayside amenities in Far West Nepal between Gauriphanta and Narayanghat will facilitate domestic and international tourism, linking the tourism attractions of Dudwa, Suklaphanta, and Bardiya. This will eventually help tourism linkages with Lumbini, Chitwan, and Kathmandu.
3. **Wayside Amenities in Uttar Pradesh.** Wayside amenities on India’s national highway in Uttar Pradesh from Gauriphanta to Dudwa—and eventually to Jim Corbett National Park and Nainital, managed with community participation, will help create new international tourism flows between Nepal and India. They will also facilitate domestic tourism linkages.

¹ Department of National Parks and Wildlife Conservation (DNPWC), Government of Bhutan.

KEY AREA 2: LUMBINI TO INDIA BUDDHIST SITES

Current Patterns

The Footsteps of the Lord Buddha circuit is established as an icon product of the South Asia Subregional Economic Cooperation (SASEC) subregion, associated as it is with the life of the Lord Buddha. It comprises the premier Buddhist pilgrimage places of Rajgir, Nalanda, Bodh Gaya, and Vaishali in Bihar, India; Sarnath, Kushinagar, and Sravasti in Uttar Pradesh, India; and in Nepal, Lumbini, its seven surrounding sites, and Tilaurakot in Kapilavastu.

It is estimated about 50,000 persons travel the circuit annually, and many more visit individual sites. Tourism operators estimate that only 6,000 to 7,000 foreign visitors travel the circuit in package groups, organized mainly by New Delhi-based agents. There are great opportunities to boost these high-yield market segments. There is little or no coordination between Nepal and India in terms of protection, promotion, or product development of the sites. Constraints include poor roads, facilities, and security, and lack of information.

A recent Lumbini Visitor Survey² indicated a high level of customer satisfaction and desire for repeat visits. The survey also reports interest in new products—such as tours to other Buddhist sites, a site museum, cultural shows, and improved handicrafts—that would help lengthen visitors' stay and benefit local communities.

Likely Future Directions

The opening of Bodh Gaya Airport for international flights, and recent reforms in the aviation sector in India (allowing private airlines to operate regional routes, and changes in charter regulations) is likely to radically change arrival patterns on the circuit. The development of a new international airport in Nepal's Terai could also facilitate access, depending on its location. Direct air links to Sri Lanka, Thailand, Republic of Korea, Japan, Myanmar, People's Republic of China (PRC), Taipei, China, and Bodh Gaya would facilitate and substantially stimulate pilgrim and other visits. Airport improvements could also facilitate the circuit and encourage linkages with Buddhist heritage sites in Kathmandu Valley.

Poor roads and wayside amenities currently hamper the flow of tourists. There is excellent potential to increase visits from domestic, intra-

regional, and international market segments, including broadening the appeal to general sightseers, if facilities and connectivity is improved. Currently only a small percentage of travelers reach all the four main sites: Lumbini, Bodh Gaya, Sarnath, and Kushinagar.

Role in Developing Ecotourism and Buddhist Circuits

To take advantage of growing trends, the Footsteps of the Lord Buddha circuit needs to be further developed and positioned as the iconic Buddhist product. It is the key SASEC product to deliver the "Buddhist Heartland" positioning, with the power to attract the growing market segments of international pilgrimage and spiritual visitors from all over the world.

New directions for development need to focus on removing constraints relating to poor air connectivity, capacity, and facilities, inadequate internal communication—including roads and wayside amenities, site maintenance, preservation, presentation, and interpretation. Combined promotion by Nepal and India of the Footsteps of the Lord Buddha circuit is needed to mutually reinforce marketing and to combat negative security perceptions.

The objective of tourism improvements on the Footsteps of the Lord Buddha circuit is improvement in visitor satisfaction levels through better quality products and services. The impact will be felt in increased arrivals of tourists, leading to more local income and employment.

Project Ideas

1. **Road improvements on the circuit in India.** Road improvements are required immediately from Varanas/Sarnath to Bodh Gaya to Patna.
2. **Wayside amenities on the circuit in India.** Wayside amenities, managed with community participation and the support of the Japan Bank for International Cooperation (JBIC), are needed on the entire circuit in India, particularly facilities at the border crossing Sunauli. Preservation, security, and safety will be improved when local communities benefit from tourism.

² Nepal Tourism Board. 2004. *Lumbini Visitors' Survey Final Draft Report*. Kathmandu: Tourism for Rural Poverty Alleviation Program.

3. **Visitor facilities and interpretation in Bihar and Uttar Pradesh.** Improvements in visitor facilities and interpretation, with the involvement of local communities. Guide training at Rajgir, Nalanda, Bodh Gaya, and Vaishali in Bihar, and in Sarnath (with JBIC), Kushinagar (with JBIC), and Sravasti in Uttar Pradesh.
4. **Improved visitor facilities in Nepal.** Improvements in visitor facilities and interpretation centers, signage, a site museum, and guide training at Lumbini and Kapilavastu in Nepal.
5. **Bhairahawa Airport improvements.** Improvements in Bhairahawa Airport (visitor information, runway, terminal, and communication/navigation facilities) to facilitate access.
6. **Water supply infrastructure improvements at Lumbini.** Improved water supply infrastructure in the main Lumbini Masterplan area, as identified in the Asian Development Bank (ADB) Ecotourism Project 2001.

KEY AREA 3: KANCHENJUNGA (KHANGCHENDZONGA), SIKKIM AND DARJEELING

Current Patterns

Mount Kanchenjunga (Khangchendzonga) (8,589 meters) is the world's third-highest mountain. It straddles east Nepal, Sikkim in India and the Tibet Autonomous Region (TAR) of the PRC. It is protected as the Khangchendzonga Biosphere Reserve in Sikkim, the Darjeeling Hills in West Bengal and the Kanchenjunga Conservation Area (KCA) in Nepal. There are plans by the Government of Bhutan to privatize the management of the KCA, one of the 200 WWF Global Ecoregions. The Khangchendzonga Conservation Committee (KCC) in India has an active program of ecotourism activities designed to ensure the local Lepcha and Bhutia peoples are involved in tourism benefits.

The KCA was formerly Nepal's fourth most popular trekking and mountaineering destination, offering remote wilderness and unspoiled nature with wildlife, including blue sheep, red pandas, musk deer, black bears, snow leopards, 202 species of birds, 69 varieties of orchids, and 30 varieties of rhododendron. Arrivals have dropped to almost zero (3 foreign visitors in 2002) from around 700 permits issued in 2000, due to safety and security concerns. Access is difficult: either by air to Taplejung Airport, or by road from Biratnagar via Basantapur and Ilam to Taplejung. The main trek routes go to Pangpema (4,940 meters), near the north base camp, and to Oktang (4,780 meters), near the south base camp. A visitor management plan has been prepared for the area but is yet to be endorsed.

The "Lost Horizon" of Sikkim is home to over 4,000 species of plants, most of them rare, and is

drained by the mighty Teesta, Rangit and Rangpo rivers. Trekking trails lead to hidden lakes and ancient Buddhist monasteries. Mountaineering is banned in Sikkim out of respect for the "sacred landscape" of the Eastern Himalaya. In the Khangchendzonga Biosphere Reserve of West Sikkim the main route starts at the Yuksam roadhead to Dzongri. The Singhalila trek (Uttare to Yuksam via Dzongri) along the border range goes through Chiwa Bhanjyang, Dhond, Garakhet, Danfebhir-Gomathang, and Pangding between the Chyangthapu and Kanglakhang pass in Nepal. All treks in Sikkim must be accompanied by a registered agent, and are constrained by regulations that require trek permits to be issued only from Gangtok.

Likely Future Directions

There is great mutually beneficial potential to tap into the ecotourism flows of Sikkim and Darjeeling with cross-border trekking linkages between KCA in Nepal, the Khangchendzonga Biosphere Reserve in Sikkim, and Darjeeling Hills in West Bengal. Sikkim-Nepal and Darjeeling-Nepal cross-border trek possibilities will benefit tourism activities on both sides of the border. This requires opening the border crossings on the Chiwa Bhanjyang and Kanglakhang trek pass, which are currently closed. Opening of the Pashupatinagar Road border crossing between Nepal and Darjeeling for international tourists (currently open only for Indian and Nepali nationals) would improve tourism from Nepal to Darjeeling.

The Great Himalayan Trail route passes through East Nepal and Sikkim and presents both marketing and development opportunities. The proposed trek route is Taplejung, Tseram to Yalung (Nepal), and across Kanglakhang to Pangding, Dzongri and Yuksam. One then drives via Ravangla to Gangtok, and again treks to Nathu La to Chumbi Valley in PRC (TAR) to Phari to Ha in Bhutan. Alternatively, one could trek to Thangsing, Labdang, Tashiding, Ralang, Meanam, Dzongu, Mangan, Phodong, Gangtok, etc.

The opening of the Bagdogra Airport as an international and regional air hub for the SASEC subregion has the potential to facilitate access to the subregion, with a positive impact on tourism, especially in Sikkim, Darjeeling, and Bhutan. A new cable car (ropeway) from North Darjeeling to South Sikkim, similar to the Singla Valley cable car in South Darjeeling, could open up new tourism circuits.

There are local efforts led by the Association for Conservation and Tourism (ACT) to use ecotourism to enhance conservation and benefit local people in the so-called Teesta Ecoregion. Efforts are concentrated on the development of three circuits:

- (i) **Darjeeling Hill Circuit.** The ridge between Dowhill (Kurseong) to Tiger Hill (Darjeeling), with Bagora in the center, is to be included. All the valleys east of the ridge have to be covered in four lines. These are the Peshoke Lopchu line, Takdah Tinchulay line, Rambhi Mongpu line, and the Latpanchor Kalijhora line.
- (ii) **Kalimpong Hill Circuit.** This is a circular circuit that rises from Rangpo and goes to Moongsong, Algarah, Pedong, Lava, Rishyap, Loleyaon, and Neora Valley National Park. It then gradually descends to the Chel valleys of Garubathan, Bagrakot, and Mongpong, meeting the River Teesta. After crossing the river one proceeds to the Terai-Dooars Forest circuit and the Darjeeling Hill circuit, finally reaching Rangpo through Tarkhola.
- (iii) **Terai-Dooars Forest Circuit.** This starts with the Mahananda Wildlife Sanctuary, covers the large Baikanthapur Forest division, Gajoldoba, the largest wetland of the region on the Teesta River, Garumara National Park, etc.

Role in Developing Ecotourism and Buddhist Circuits

Well coordinated subregional marketing as an ecotourism destination could help Sikkim restore its former strong international tourism flows. Cross-border treks in the sacred landscape of Mount Kanchenjunga (Khangchendzonga), shared between East Nepal, West Sikkim and the PRC (TAR), could present a unique ecotourism-adventure trek product when security improves and border restrictions ease. Better access would result from the development of Bagdogra, into a regional hub with international status and improvements at Taplejung Airport. The Kanchenjunga regional ecotourism park concept, linking Nepal, India, and the PRC for a common trans-border conservation strategy, has the potential of tackling common problems more effectively. The concept would also help to promote controlled tourism activity for the mutual benefit of the parties involved. An alliance of international non government organizations (NGOs) is engaged in this activity, including MacArthur Foundation, the International Center for Integrated Mountain Development (ICIMOD) and The Mountain Institute. WWF Nepal is active in KCA and prepared the KCA Tourism Plan, which includes cross-border proposals for the long term. The experience among conservation managers, NGOs, and the tourism industry could be usefully shared at the proposed Sustainable Tourism Forum.

Project Ideas

1. **Road improvements and wayside amenities in Nepal.** Improvements in roads and wayside amenities from Taplejung to Charali/Birtamod to Bhadrapur Airport to the Kakarbita border crossing in Nepal would improve access and cross-border linkages.
2. **A program of ecotourism improvements in the KCA.** A program of ecotourism improvements, such as local guide training, small-scale infrastructure, waste management, and signage in the KCA, as described in the WWF KCA Tourism Plan and ADB Ecotourism Project (2001).
3. **An Ecotourism Plan for West Sikkim.** A comprehensive Ecotourism Plan for West Sikkim, including product development and marketing components, building on KCC

initiatives and bringing together key stakeholders, including resource managers, the tourism industry, and the local community.

4. **A visitor management strategy for North West Bengal.** A visitor management strategy for North West Bengal, including Darjeeling, Kalimpong and the Dooars, would address

current constraints in urban planning, water and sanitation infrastructure, traffic management, and awareness issues. The strategy should build on the ecotourism initiatives of ACT. A component for marketing tourism could consider how to capitalize on the high recognition of the “Darjeeling” brand in source markets with hill station tea tourism recommendations.

KEY AREA 4: EAST SIKKIM (NATHU LA) TO WEST BHUTAN

Current Patterns

Ecotourism concepts are widely accepted in Sikkim. One of the state’s major tourist attractions is the 38 kilometer jeep drive from Gangtok to Tsomgo Lake at 3,780 meters, and on to view the Nathu La pass (56 kilometer) that crosses the border in the Chumbi Valley of TAR,PRC (currently closed but talks are underway). Sikkim is currently producing a masterplan to examine the impact of opening the Nathu La. The Nathu La is open to Indian nationals only 4 days each week, but Tsomgo Lake is open every day. Visitors must apply for a permit through a registered travel agent in Gangtok. The visit to the historic trade route of the Nathu La is a highlight for Indian tourists from the plains due to its relatively easy access to high altitude snow (4,330 meters). However, about 100 jeeps enter the area each day, and as many as 300 during the high season. Carrying eight passengers each, this creates management and environmental impact issues. It is estimated that each visitor spends an average of almost \$7 equivalent, about half of which is retained in the area for yak rides and refreshments. There are currently no facilities such as toilets and garbage disposal in the area.

Likely Future Directions

The warming relations between India and the PRC, and the possibility of improving the road through Nathu La pass and opening it for international trade and tourism, has potential to boost tourism in the entire region. The opening of the Nathu La, at least to domestic traffic, is reported to be imminent, and will provide links between the PRC, Sikkim, Kolkata, and Dhaka. Although this will offer dramatic economic and employment opportunities for the area, it is important that people in Sikkim are not

overwhelmed by the negative impacts of tourism that followed the opening of cross-border roads in other areas, such as the Mekong. Environmental concerns should also be paramount in this fragile region. Management solutions to visitor services should involve the local community.

Role in Developing Ecotourism and Buddhist Circuits

In the longer term, there is exciting potential for reopening the historic mule trail (silk route) to create a new trek, first made famous by the late Prime Minister Jawaharlal Nehru’s journey to open up Bhutan. When permissions are agreed, this has the potential to be a signature subregional adventure trek product, combining three countries and appealing to both domestic and international markets. The Nehru Trek route starts in Gangtok. Via the Tsomgo Lake it crosses the Nathu La pass into the TAR,PRC Chumbi Valley and its hot springs. The trek then passes through the historic trading towns of Phari and Jomo, continuing south towards Bhutan into the Ha valley. This route is open year round, and there are linkages with Lhasa and Kalimpong (see Trekking in the Himalaya project).

Project Ideas

1. **Tourism Awareness Program in Sikkim.** This program aims to sensitize local people in order to mitigate negative impacts and ensure their participation in tourism benefits with the opening of Nathu La to TAR, and PRC for trade. A program of training workshops, building on Ecotourism and Conservation Society of Sikkim (ECOSS) initiatives, will address grass-root problems. The aim is to ensure that local

communities are included in the development process, with reduced poverty and a healthy environment that is stable and conducive to commerce. Problems of emerging destinations and the impacts due to the influx of visitors, such as HIV, prostitution, and drugs, will be addressed. Environmental preservation and conservation of traditional culture will help safeguard resources in a sustainable manner. To meet this objective, another input might be a destination management plan prepared in partnership with resource managers, the tourism industry, and local people.

2. **Wayside amenities in Sikkim.** Wayside amenities on the road from Nathu La via Tsomgo Lake to Gangtok, Sikkim, managed with local participation, will cater to current excursionists and the expected influx of additional visitors when the pass opens to trade. Visitor information, toilet facilities, and garbage disposal at Tsomgo Lake will be carefully developed with the involvement of local people to protect the fragile, high-altitude environment.

KEY AREA 5: MANAS PROTECTED AREAS

Current Patterns

Royal Manas National Park in Bhutan adjoins Manas National Park in India. Identified as one of the 10 global “hotspots,” its rich biodiversity protects endangered species, including the endemic Golden Langur monkey, the Pigmy hare, and the Gangetic dolphin; it is also a prime tiger habitat. Covering the foothills of Bhutan and savanna grassland of Assam, visits to Manas have been constrained in recent years by security concerns. Manas is currently closed to road access from Bhutan, but is open on the Indian side, attracting only 1,409 domestic and 32 foreign visitors in 2003.

Likely Future Directions

Once security improves, the formerly strong visitor flows to the Indian Manas can be reinstated, and wildlife and adventure circuits can be promoted that link Kaziranga and other attractions in the North East. There are opportunities for Royal Manas to become a premier ecotourism and adventure attraction for Bhutan, extending tourism patterns and showcasing the Government’s strong commitment to conserving the environment. There are opportunities for cooperative management of resources. When the political situation improves, Manas has the potential to be one of the subregion’s major attractions, building on its formerly high international profile.

Role in Developing Ecotourism and Buddhist Circuits

Manas has the potential to be an ecotourism model, linking Bhutan and Assam. The experience of

conservation managers, NGOs, and the tourism industry could be usefully shared at the proposed Sustainable Tourism Forum.

Access from Bhutan is either by road via Trongsa, or on rafting trips down the Mangde Chhu and Damgme Chhu rivers. Elephant-back safaris can be arranged from Tingtibi, with potential for crossing into the Assam grasslands in India to view wildlife. Boat trips and river cruises could join the Brahmaputra River, offering river recreation and fishing. Well-planned sustainable tourism in this Key Area could provide alternative livelihoods to poachers, who could become guardians instead of threats to the protected area. Other benefits include handicrafts. There is a rich tradition of cane culture and cane arts that is a livelihood for locals. Sustainable management of cane harvesting and the introduction of better design, quality control, and marketing of cane products could benefit surrounding communities.

Project Ideas

1. **A joint Ecotourism Strategy for the Manas protected areas in Bhutan and India.** Preparation of a cooperative Strategy for Manas Ecotourism for both Bhutan and India (possibly with WWF Bhutan), in a participatory process involving resource managers, the tourism industry, and local communities. The emphasis would be on realistic alternative livelihood options to improve lifestyles and reinforce conservation among locals currently dependent on Park resources. Associated workshops could include training in tourism awareness, visitor management training, homestay programs, and wildlife guiding for the local communities.

2. **A handicraft program based in India.** A program for cane, bamboo, and weaving handicraft, focusing on resource management, design,

production, and marketing, based at Barbeta Road on the Indian side.

KEY AREA 6: SUNDARBANS PROTECTED AREAS

Current Patterns

The Sundarbans is the largest mangrove forest in the world. The forest straddles Bangladesh and India, with two-thirds of the forest in Bangladesh and one-third in West Bengal, India. The forest in both countries is a natural World Heritage Site, protecting a rich flora and fauna and about 800 tigers, spotted deers, rhesus macaques, wild boars, estuarine crocodiles, and monitor lizards. There is heavy pressure on the protected areas by local communities, a result of poaching, encroachment and illegal collection of resources, such as honey.

From Kolkata and Dhaka, every year about 50,000 tourists visit the Indian part of the forest and about 25,000 tourists visit the Bangladesh side. Most are domestic visitors, with only about 2,000 foreign tourists on each side, the result of low awareness of the Sundarbans. Trips are organized independently, usually through tour operators who arrange visits of one or two nights. Motor launches and houseboats are used to view the forest, although they are not of international standard. In addition to boats, there are some private and government lodges and camps. On the Indian side, however, walking in the forest is not permitted. Currently there are no tourism linkages between the Indian and Bangladesh Sundarbans.

Likely Future Directions

Improved accommodation, reduction of travel time, and increased promotion will help increase foreign tourism to the Sundarbans. There is good potential for quality cultural and wildlife experiences, such as village visits and tiger viewing. In addition to the growing domestic market segments, interest is more likely to come from the traditional ecotourism markets of North America and Europe; Asia-Pacific markets are more familiar with mangrove forests and seen as less promising.

Access to the Sundarbans is improving substantially. In India, the 3-hour journey by boat to the forest at Sajnekhali usually starts from

Sonakhali, a 2.5-hour drive from Kolkata. A bridge under construction at Sonakhali will cut the journey from Kolkata to Sajnekhali to 3.5 hours. In Bangladesh an airport is under construction at Mongla, the starting point for the paddle steamer that takes visitors to the Sundarbans in 22 hours. When operational, the airport will cut the 8-hour drive from Dhaka to the paddle steamer to a half-hour flight.

Private-public partnerships are likely to be the solution to tourism development in the Sundarbans. The Government of Bangladesh is planning to build lodges deep in the forest, hoping to stimulate patterns of tourism that combine cruise vessels with wildlife lodges. Sahara, a private entrepreneur, has plans for large-scale investment in tourism projects in the Indian part of the forest, including floating hotels and launches. The West Bengal Government has not approved Sahara's proposals for casinos.

Private sector cruise boat facilities need to be raised to international standards. In the long term these could ply both the Bangladesh and Indian parts of the forest, offering a more varied and complete Sundarbans experience. High-quality interpretation is essential to attract visitors from high-yield international source markets. Future access improvements could involve seaplanes bringing tourists from Dhaka and Kolkata when tourism numbers justify them.

Role in Developing Ecotourism and Buddhist Circuits

Tourism has a serious role as an alternative livelihood to reduce current destructive dependency on the fragile forest environment. More involvement of the local community in tourism activities is essential to reduce unsustainable pressure on the forest. More direct and indirect employment needs to be created through tourism. Possibilities include local guides for river cruises, bird and wildlife viewing, and honey collection, and camp-related services. To ensure the effective involvement of local people in tourism benefits, capacity building and

training of the local community is essential. In terms of conservation and tourism lessons, there is exciting potential for the cooperative sharing of experience among conservation managers, NGOs, and the tourism industry at the proposed Sustainable Tourism Forum.

Project Ideas

1. **Joint Sundarbans Ecotourism Strategy.** A Sundarbans Ecotourism Strategy for the combined Bangladesh and India Sundarbans World Heritage Sites. The process of developing the strategy could involve resource managers from both countries, the tourism industry, and local communities. The strategy could ensure suitable product development and HRD measures that involve local people. A joint marketing and promotional strategy would strengthen the Sundarbans image in domestic and targeted foreign markets.
2. **Village tourism homestay and jungle camp program in Bangladesh.** A village tourism homestay and jungle camp program would

build on ACT's experience in the Indian Sundarbans. Local communities in Bangladesh would be trained as guides and in conservation and sustainable product development (honey hunting).

3. **Community-managed conservation interpretation center in the Indian Sundarbans.** Development of a community-managed conservation interpretation center in the Indian Sundarbans, possibly as the base for a local guide organization and as an outlet for local produce. This center could provide nature education to the urbanized domestic visitors from Kolkata.
4. **Community-managed conservation interpretation center in the Bangladesh Sundarbans.** Development of a community-managed conservation interpretation center in the Bangladesh Sundarbans, possibly as the base for a local guide organization and as an outlet for local produce. This center could provide nature education to the urbanized domestic visitors from Dhaka.

KEY AREA 7: PAHARPUR TO SILIGURI AND BAGDOGRA

Current Patterns

The distance from the great Buddhist monastery at Paharpur to Bagdogra, via the Bangladesh-India border at Banglabandh/Changrabandha, is 327 kilometers—an 8-hour drive along the Asian Highway. In view of the proposed international gateway status of Bagdogra Airport (33 kilometers from the border, via Siliguri), and the imminent opening of the Nathu La in Sikkim, Bangladesh needs to be prepared to benefit from the radical new travel patterns that are likely to result. Paharpur is 285 kilometers or a 5.5-hour drive north of Dhaka.

Likely Future Directions

With Bagdogra as an international airport and regional hub, cross-border road access for foreign visitors to Bangladesh will facilitate Buddhist circuits to Paharpur as well as linkages via Dhaka to the Mainamati to Pilak, Tripura Key Area. The major center of Siliguri is only 15 kilometers from the

Banglabandh/Changrabandha border. Asian Highway improvements already have been announced. Accommodation facilities need to be developed and Paharpur needs to be promoted in order to appeal to quality regional visitors and adventurous international market segments.

Role in Developing Ecotourism and Buddhist Circuits

Paharpur monastery and its surrounding sites are an icon product in the Buddhist art and archaeological positioning of the SASEC subregion, providing a memorable insight into ancient Buddhist architecture and culture. Adventure and ecotourism circuits will open up with linkages to the PRC via the Nathu La, including potential connections from the Sundarbans to Darjeeling, Sikkim, and the Nehru Trek to TAR, PRC and Bhutan. As a response to the West Bengal transport corridor south from Bagdogra to Kolkata, it is desirable for Bangladesh to develop a tourism corridor linking its ecotourism and Buddhist sites.

Project Ideas

1. Wayside amenities between Bagdogra and Paharpur to Dhaka. Wayside amenities managed with local community participation are needed on the Asian Highway between Bagdogra and Paharpur to Dhaka. Border crossing facilities for international visitors are also needed at Banglabandh/Changrabandha. This will create new tourism flows and benefits that link the Nathu La in Sikkim via the Bagdogra hub to

the major attraction of Paharpur.

2. Paharpur Monastery excavations. Part of the Paharpur Monastery is still unexcavated. Further excavation of about 3 to 4 meters will reveal the central shrine and the monastic cells. As a World Heritage Site, the UN Education, Scientific and Cultural Organisation (UNESCO) could assist the Department of Archaeology with excavations and beautification.

KEY AREA 8: MAINAMATI TO PILAK, TRIPURA

Current Patterns

Mainamati in eastern Bangladesh is a Buddhist archaeological site dating from the 7th to 12th century. Of Mainamati's 52 sites, 20 have been fully or partly excavated; the largest monastery revealed by excavation is 50 square meters. Mainamati is located on the Asian Highway 120 kilometers from Dhaka, and currently attracts more than 100,000 domestic visitors as well as a few foreign tourists (estimated at less than 1,000) each year.

Pilak, in the Indian North East state of Tripura, belongs to the same civilization that flourished as the bedrock of many tribes and creeds—both Hindu and Buddhist. Pilak is fully excavated, and lies about 150 km across the border from Mainamati. The hilly road from Tripura's capital Agartala is in good condition and is 100 kilometers, or a 3-hour drive to Pilak. The suggested land route is through Agartala, where there are Bangladesh and India cross-border facilities at Akhaura for foreigners, who currently do not require Protected Area Permits (PAPs) to visit Tripura. In 2003 the state received 3,198 foreign visitors, but none were recorded the three previous years.

Likely Future Directions

Most of the road between Mainamati and Pilak is in good condition. The Government of Bangladesh plans to improve the 20 kilometers stretch from Akhaura to the border that is in poor condition. Tourist movement between Mainamati and Pilak will then be easier and faster. The State Government of Tripura is keenly interested in developing tourism. Bangladesh and India may jointly market the Mainamati to Pilak Buddhist Circuit to international

tourists. In the longer term, tourism flows could combine Paharpur by road with Tripura, thereby increasing flows in both Bangladesh and India and creating another Buddhist archaeological and cultural circuit.

Role in Developing Ecotourism and Buddhist Circuits

The Mainamati to Pilak Key Area will establish a new Buddhist circuit product in SASEC. There is also ecotourism potential in some unique forests in both India and Bangladesh that protect the endangered *Chashma*, or spectacled monkey. To develop the Mainamati to Pilak Buddhist circuit, cooperation is needed between the Government of Bangladesh, the Government of India, and the State Government of Tripura. Marketing and promotion is also needed. Permits and cross-border protocols need to be rationalized. The private sector can be encouraged to develop accommodations at Agartala. Some excavated sites at Mainamati are located in a cantonment area and need to be opened to the public.

Project Ideas

- 1. Excavations at Mainamati in Bangladesh.** Further excavations are needed at Mainamati to reveal the ancient Buddhist sites.
- 2. Visitor amenities at Mainamati, Bangladesh.** Improvements in visitor amenities are needed, including beautification, signage, interpretation, and organization of local guides at Mainamati, Bangladesh. This will help preservation, improve the visitor experience,

and ensure local people share in tourism benefits.

3. **Visitor amenities at Pilak, Tripura India.** Improvements in visitor amenities are needed, including beautification, signage, interpretation, and organization of local guides

at Pilak, Tripura, India. A site museum managed by the community could display artifacts and be the base for an organization of local guides. This will help preservation, improve the visitor experience, and ensure local people share in tourism benefits.

KEY AREA 9: EAST BHUTAN TO ARUNCHAL PRADESH

Current Patterns

Currently there are no visitors permitted to this remote region except local border traders. Both sides of the Bhutan and Arunchal Pradesh, India border are closed to international visitors. The Sakteng Wildlife Sanctuary in Bhutan has been established to protect the legendary “wild snowman”, or yeti. Currently there is no move to open this area, although Bhutan’s development priorities include assistance to the east of the country, and India’s stated aim is to assist the North East states. There is NGO ecotourism activity in Arunchal Pradesh, including projects supported by the United Nations Development Programme (UNDP) and the MacArthur Foundation.

Likely Future Directions

Although unexplored, this Key Area has immense long-term potential as an iconic adventure trekking destination, enhanced by the snowman sanctuary myth. The area may be accessed from either Bhutan or India, and the trek offers spectacular scenic views of the far eastern end of the Himalayan range. This is the “wild east” culmination of the Great Himalayan Trail route, linking Trashiyangtse and Trashigang, the eastern end of Bhutan’s Snowman trek through Sakteng

Wildlife Sanctuary, to the important Buddhist Tawang Monastery and Bomdila in Arunchal Pradesh, India.

Role in Developing Ecotourism and Buddhist Circuits

When border and security conditions allow, this area offers new adventure treks, ecotourism and Buddhist circuit possibilities for SASEC. Completely unexplored as yet, trek routes, maps, guides, and publicity information need to be prepared in partnership with resource managers, local authorities, and the private sector (when border agreements are in place). Tourism has the potential to provide supplementary livelihoods to benefit local people in these remote areas. The area is fragile, and will need planning and management to ensure ecotourism is effectively used as a development tool to protect its natural and cultural resources.

Project Ideas

1. **Adventure Trekking.** Project yet to be identified, and only relevant when conditions change and more subregional cooperation takes shape.

KEY AREA 10: INDIA'S NORTH EAST STATES

Current Trends

The North East is characterized by tremendous unrealized potential. National initiatives recognize the North East as the major ecotourism product of India. However, the number of foreign tourists is currently low and has been decreasing. Constraints include poor information resulting in lack of awareness, and perceived difficulties with security and the inner line permit and PAPs needed for Arunchal Pradesh, Mizoram, and Nagaland. There is an urgent need for measures to increase the flow of tourists to the region, and to ensure wider dispersal of tourists within the region.

Because of its geographical location, the North East (except Sikkim) is heavily dependant on air access. Internal road connectivity is poor, time consuming and devoid of tourist facilities or quality accommodations. Guwahati has developed as an air hub for the region, with supplementary access routes to Nagaland, Mizoram, Tripura and Manipur from Kolkata. Tourism flows largely follow the national circuit, appropriately named the Ecotourism Circuit, which comprises Shillong, Guwahati, Kaziranga, Tezpur, Bhalukpong, Tawang, Majuli, Sibsagar, and Kohima.

Likely Future Directions

The North East potentially provides the most exciting new product opportunities in the SASEC subregion, with the ability to deliver unique experiences in undiscovered and unexplored landscapes to international markets. Key products are likely to focus on culture and ethnic diversity (more than 166 tribes), special events and festivals, handicrafts, historical linkages, unspoiled beauty, wildlife, biodiversity hotspots, river cruises, tea tourism, and Buddhist attractions. There is potential for homestay accommodations and a need for wayside amenities, improved interpretation, and a cohesive ecotourism policy for the region. Future emphasis is likely to be on capacity building and improving service quality by strengthening HRD initiatives and programs to train trainers.

Opening land routes and linkages to the Buddhist heritage of Bangladesh will connect Tripura to regional tourist flows. There is an exciting new potential trek product featuring the Dalai Lama's escape route from TAR, PRC via Tawang. Sikkim will

benefit from the linkages to Bhutan and Nepal and the development of the Bagdogra hub. Other exciting initiatives include opening up land routes along the Stilwell Road connecting India's North East to Northern Myanmar, Southern PRC and Southeast Asia. Establishing trade and commerce in the wider region will also boost tourism.

Role in Developing Ecotourism and Buddhist Circuits

The North East is the premier ecotourism destination in India. Building on this and Sikkim's success, and exploiting resources made available by the development grant from the Government of India, the North East can be developed and marketed in an integrated manner. This requires building on the aggressive marketing and the "Unexplored Paradise" awareness campaign, supported by the Government of India. It also needs organizational linkages to be developed for common action with the private sector. Travel facilitation and overall capacities the region will need great improvement if tourist inflows are to be sustained.

Project Ideas

1. **North East Marketing Strategy and Action Plan.** The North East Marketing Strategy and Action Plan with a program of joint marketing activities for the seven states would determine market positioning, individual state branding, and coordinated product development. An overall brand can be created as a unique sustainable ecotourism destination: "India's Protected North East". Collateral, sales promotion material, and websites can be developed for a vigorous marketing campaign. The marketing strategy will define target markets most suitable for creating income and employment in the region. These might include structured packages, executive holidays, meetings and conferences, and culture and nature holidays.
2. **Wayside amenities in the North East.** Support for the new road developments in the North East with a program of wayside amenities along road sections heavily used by tourists. These amenities will include information, souvenir

shops, and sales of local handicrafts and handlooms, and will be managed with the participation of the local communities and private sector.

3. **Village homestay program in the North East.** A program to support and train local people for village homestay experience in selected villages along identified tourism corridors. This will address accommodation constraints, preserve

cultural traditions, and provide a unique North East product, building on its comparative advantage of culture, heritage, and ethnic variety. Likely target markets are both domestic and international visitors.

4. **Handicrafts program in the North East.** Handicrafts design, production, and marketing, including a program to train trainers and identify primary markets.

KEY AREA 11: KATHMANDU HUB

Current Patterns

Kathmandu is ideally placed to serve the major ecotourism and Buddhist sites of the SASEC subregion; it finds itself, almost inadvertently, as the major air hub of the SASEC subregion. In addition to being the gateway to Nepal's trekking, wildlife, and adventure attractions, Kathmandu Valley itself has an important Buddhist pilgrimage circuit with 15 major sites, two of which have World Heritage status. It is a living center of Buddhist learning. Kathmandu is well connected, serving as a regional hub to Bhutan and Lhasa, as well as linking Dhaka and Kolkata. Flights to Bhairahawa (near Lumbini) in Nepal and Varanasi in India serve the Footsteps of the Lord Buddha circuit. Domestic flights via Bhadrapur and Biratnagar connect Nepal with the Indian tourism centers of Bagdogra, Siliguri, Darjeeling, Kalimpong, and Sikkim.

During the last decade of civil aviation liberalization, numerous small private airline companies began providing services to Nepal's 32 domestic airports. The intensely competitive environment led to compromises in technical procedures. The resulting poor aviation safety record and air accidents in Nepal have raised the concern of the travelling public and the tourism industry. There have been 30 air accidents since 1992, including three foreign airlines and nine helicopters. In 16 of these accidents there were total of 405 fatalities.

Likely Future Directions

More regional and international airlines are likely to operate in Kathmandu in the future. There are an increasing number of charter flights from

Japan, and Air China is expanding its services to link Kathmandu with Shanghai, Beijing, and four other points in the PRC. In May 2004 Jet Airways started flying to Kathmandu from India, and Air Sahara has announced similar plans. Several of Nepal's domestic airlines (Cosmic, Necon and Air Shangri-la) are planning to operate regional services, adding to international airline seat capacity. The need for flight safety protocols is important if Nepal is to maintain its integrity as an air hub.

The World Heritage attractions of Kathmandu are currently under the authority of the Department of Archaeology and various municipalities. Enforcement of regulations is weak, however, and in 2003 Kathmandu was relegated to the UNESCO World Heritage Site Endangered List, despite lobbying by the tourism industry. There is a need to coordinate the management and visitor services of Kathmandu's living World Heritage Sites to ensure their preservation and to safeguard Nepal's premier cultural tourism attractions.

Role in Developing Ecotourism and Buddhist Circuits

With Kathmandu as the air hub linking the SASEC subregion's major ecotourism and Buddhist circuits, air safety and the confidence of tourists in Nepal's carriers should be improved. South Asian Host training to improve the visitor experience at Kathmandu's international and domestic air terminals is desirable.

Restoring the major World Heritage Site attractions of Kathmandu Valley to international recognition will support Nepal's recent branding as, above all, a "culture, traditions, and people"

destination with “rich ethnic cultures and world heritage sites still in actual daily use.”³

Project Ideas

1. Air traffic safety project. Air traffic safety training and capacity building activities with domestic airlines and the Civil Aviation Authority Nepal would improve adherence to standard operating procedures. Investigations could determine whether air safety in Nepal would benefit from technical improvements. These might include a second radar station at Phulchoki in the Kathmandu Valley to broaden the current range, and the installation of Non-Directional Beacons (NDBs) at all airfields—even at VOR stations. (This component may conveniently fit into ADB Nepal’s Civil Aviation Improvement Project. From a tourism perspective it is important).

2. Visitor Services Management Plan for World Heritage sites of Kathmandu. Preparation of a visitor Services Management Plan for Kathmandu Valley World Heritage sites of Kathmandu: Patan and Bhaktapur Durbar Squares, and Pashupatinath, Bodhnath, Swayambhunath and Changu Narayan (with JBIC). The plan should address overall management issues, visitor amenities, and interpretation with the objectives of improving both residents’ and visitors’ experience, and having the sites removed from the UNESCO World Heritage Site Endangered List. The process will involve all stakeholders (Nepal’s Department of Archaeology, the Ministry of Culture, Tourism and Civil Aviation, the National Tourism Board, municipalities, local communities, and the tourism private sector).

³ Nepal Tourism Board. 2004. *Lumbini Visitors’ Survey Final Draft Report*. Kathmandu: Tourism for Rural Poverty Alleviation Program.

APPENDIX 5: FORMAT FOR SUBMITTING PROJECT IDEAS TO THE TOURISM WORKING GROUP

Example 1: Project 1.1

Project Name	:	Joint Marketing to Brand and Promote Ecotourism and Buddhist Circuits
Loan or TA	:	TA
Project Location	:	SASEC subregion
Country(ies) Involved	:	Bangladesh, Bhutan, India, and Nepal
Sector/Subsector	:	Tourism / Program to Promote SASEC as a Single Tourist Destination

Background and Rationale:

Joint marketing presents the strongest rationale for subregional cooperation in tourism. Between all four NTOs there is a commonly held motive to brand and promote their ecotourism and Buddhist circuit products. It is widely accepted that joint marketing on these two product themes will produce a whole greater than the sum of the parts. Accurate positioning and a strong brand identity for these product themes will make a significant contribution to subregional tourism growth. Providing accurate information to the world travel industry will help overcome security concerns in the market place.

Branding and promotion need to be aimed at increasing awareness among the world and regional travel industries of the ecotourism and Buddhist circuit attractions of the subregion. Marketing activities need to brand the subregion as a premier "Ecotourism Pioneer" and "Buddhist Heartland" destination. Subregional positioning can complement national approaches if NTO's branding strategies and tourism development values are taken into consideration.

Objectives:

To use joint resourcing to position South Asia as an ecotourism and Buddhist circuit destination in both inter- and intra-regional markets.

To improve destination awareness of the subregion, and ultimately to contribute to increased demand and tourism growth, generating employment, investment and other benefits to rural areas.

Scope: This project will position SASEC to the travel trade by:

1. NTO funding of a joint marketing campaign on the two product themes (Buddhist circuits and ecotourism);
2. Asking International agencies associated with tourism-related development projects to assist with the Fund as a means to increase tourism demand in all parts of SASEC;
3. Seeking participation from industry partners in aspects of the campaign;
4. Echoing "Incredible India" and capitalizing on that campaign's marketing muscle;
5. Launching the campaign at the SAARC conference scheduled for September 2004;
6. Reaching target industry segments through the established international tour operator networks of the NTOs;

7. Producing a range of internet-based and normal collateral, such as promotional brochures, posters, and CD ROMs suitable for trade shows and market seminars.
8. The promotion of six sub-themes:
 - Trekking in the Himalaya
 - Tourism in Ganga-Brahmaputra (especially culture and wildlife)
 - Adventure Tourism in South Asia
 - Footsteps of the Lord Buddha
 - Living Buddhism in the Himalaya
 - Buddhist Art and Archaeology in South Asia.

Estimated Cost:

Up to \$5 million. At least \$100,000 would be required in the SASEC Tourism Marketing Fund in order to start the campaign.

Financing Plan and Financing Arrangement (Public/Private):

An initial contribution of \$10,000 will be made by each NTO. The assistance of development partners would be sought. The Government of India will underwrite the production of collateral, subject to the NTOs contributing the initial \$10,000 and providing suitable content. Later, the TWG would arrive at an on-going funding formula.

Financing Status:

India's Department of Tourism currently making arrangements for receiving NTO funds.

Proposed Implementation Period/Schedule:

Initial project period June 2004 through to March 2005:

Executing/Implementation Agency and Contact Persons:

DOT India
Mr Amitabh Kant Joint Secretary,
DoT amitabhk@tourism.nic.in

ADB Contact Division/Person:
Mrs. Snimer K. Sahni
Agriculture, Environment, & Natural Resources Division, SARD
ssahni@adb.org

Estimated Benefits and Beneficiaries:

South Asia would be positioned as an ecotourism and Buddhist circuit destination in both inter- and intra-regional markets. Destination awareness of the subregion would be improved, resulting in increased demand and tourism growth generating employment, investment, and other benefits to rural areas. Increased regional traffic would help cushion downturns in long-haul arrivals. Greater demand would focus private sector attention on enhancing existing products and investing in new products. Unique aspects and individual differences in each country would be emphasized. Success in this project will develop and sustain ownership of subregional cooperation in tourism by the participating NTOs. Using the "Incredible India" quality and style would reinforce its success, strengthen the subregional product image, and add value to the campaign from India's perspective. Beneficiaries would include the tourism trade of each SASEC country, governments through increased foreign exchange earnings, and communities that enjoy increased benefits from tourism.

Social and Environmental Issues:

Potential negative impacts would include the perception that tourism uses culture as a commodity.

Priority of Project/TA (H/M/L):

This is a high priority project.

Project Status (Proposed/Ongoing/Completed):

Ongoing

Status of Project/TA preparation:

Approved for implementation by the TWG. In early planning phase.

Pre-feasibility Study (Completed/Required):

Not required

Follow-up Actions Required:**Issues/Constraints:**

Example 2: Project 4.3

Project Name	: Training for Travel Media
Loan or TA	: TA
Project Location	: SASEC subregion
Country(ies) Involved	: Bangladesh, Bhutan, India, and Nepal
Sector/Subsector	: Tourism / Program to Promote SASEC as a Single Tourist Destination

Background and Rationale:

SASEC tourism needs an effective industry media. The tourism and travel media plays a vital role in tourism. Industry magazines and newsletters enhance communication within the industry and, crucially, link sellers with buyers.

Fostering higher standards of journalism is a worthy aim. This project envisages a one-off, customized training course in travel-trade writing for the tourism and travel journalists of the subregion.

Objectives:

To build the capability of SASEC's travel media and, in doing so, contribute to an effective positioning of SASEC through better media coverage in trade and consumer target markets.

Scope:

A one-time, customized training course in travel-trade writing for about 25 tourism and travel journalists of the subregion would be undertaken.

Estimated Cost:

\$50,000

Financing Plan and Financing Arrangement (Public/Private):

A sponsor will be sought. The TWG has asked ADB to consider a contribution from the proposed regional TA on HRD in tourism. A course charge per participant will cover the costs of the venue.

Financing Status:

Funding is sought.

Proposed Implementation Period/Schedule:

Nepal Tourism Board will report to the NTOs with an implementation plan, including a specific funding request to ADB for possible inclusion in the forthcoming regional TA for SASEC on HRD in tourism.

Executing/Implementation Agency and Contact Persons:**Nepal Tourism Board**

Mr. Tek Bahadur Dangi

CEO of Nepal Tourism Board

tbdangi@ntb.org.np

ADB Contact Division/Person:

Example 2: Project 4.3 (cont'd.)

Estimated Benefits and Beneficiaries:

If successful, this project would be a confidence boost for TWG. It would make a direct contribution to an important aspect of tourism in the subregion, improving the skills of travel writers and focusing other media on travel issues. It would also bring the activities of TWG and its development partners to the attention of the media. The longer-term benefits stem from the travel industry, potential visitors, and current visitors being better informed by the travel media.

Social and Environmental Issues:

All regions, including lesser-known, remote rural areas stand to benefit from more effective travel media. The communication of tourism opportunities and issues to the travel trade and consumers will help to spread the benefits of tourism.

Priority of Project/TA (H/M/L):

This is a medium priority project.

Project Status (Proposed/Ongoing/Completed):

Proposed

Status of Project/TA preparation:

Concept stage.

Pre-feasibility Study (Completed/Required):

Not required.

Follow-up Actions Required:

After the course, the TWG should ask NTB to maintain regular links with participants to encourage and facilitate their ongoing interest in the activities of TWG.

Issues/Constraints:

To ensure effective training, 25 is seen as an appropriate number of participants. If this course is successful, future courses may be designed based on the lessons learned.

APPENDIX 6: PARTICIPANTS IN THE PLANNING PROCESS

NAME	ORGANIZATION	DESIGNATION
BANGLADESH		
Mr. Mohammed Nasiruddin	Ministry of Civil Aviation and Tourism	State Minister
Mr. BMM Mozharul Huq	Ministry of Civil Aviation and Tourism	Secretary
Mr. Humayun Kabir	Ministry of Civil Aviation and Tourism	Joint Secretary
Mr. Harunur Rashid Bhuyan	Bangladesh Parjatan Corporation (BPC)	Former Chairman
Dr. MD Mahbubur Rahman	Bangladesh Parjatan Corporation	Chairman
Mr. Shahab Ullah	Bangladesh Parjatan Corporation	Director Planning
Mr. Mohammed Ahsanullah	Bangladesh Parjatan Corporation	General Manager <i>Commercial Division</i>
Mr. MJ Jahangir	Bangladesh Parjatan Corporation	General Manager <i>Administration</i>
Mr. Ahmed Kamal	Bangladesh Parjatan Corporation	General Manager (DFO)
Mr. Md Khalilur Rahman	Bangladesh Parjatan Corporation	Manager PR
Maj. Keramot Ali Khan	Bangladesh Parjatan Corporation	General Manager <i>Planning Training and Statistics Div</i>
Mr. Baizid Ashraf	Bangladesh Parjatan Corporation	Deputy Manager
Mr. Habib Ullah	Bangladesh Parjatan Corporation	Tour Division
Mr. Mohamad Ehsaneed Kabir	Bangladesh Parjatan Corporation	IT Executive Officer
Mr. Ziaul Haque Howlader	Bangladesh Parjatan Corporation	Executive Officer <i>(Planning)</i>
Mr. Parvez A. Chowdhury	Bangladesh Parjatan Corporation	Deputy Manager <i>(Commercial)</i>
Mr. Moniuddin Babar	Bangladesh Parjatan Corporation	Executive Officer <i>(Training)</i>
Mrs. Shahida Begum	Bangladesh Parjatan Corporation	Manager Training
Mr. Jamiul Ahmed	Tourism Developers Assoc of Bangladesh	President
Mr. Basudev Bhattecharjee	National Hotel and Tourism Training Institute	Principal
Mrs. Rokey Haider	National Hotel and Tourism Training Institute	Manager
Mr. Khorshed Ali Mollah	Federation of Bangladesh Chambers of Commerce and Industry	Dir & Chairman Standing Committee on Hotels & Tourism
Mr. Rezaul Karim Khan	ADB Bangladesh Resident Mission	Senior Economist
Mr. Faridul Haque	Tour Operators Assoc. of Bangladesh (TOAB)	President / MD Tour Planners

NAME	ORGANIZATION	DESIGNATION
BANGLADESH (cont.d)		
Mr. Taufiq Rahman	Tour Operators Association of Bangladesh	General Secretary
Mr. M.A. Quader	Tour Operators Association of Bangladesh	Vice President
Mr. Sadique Ahsan	Bang. Hotel & Guest House Owners Assoc	Pres Chairman Hotel de Crystal Garden
Mr. A. Gafur	American Chamber of Commerce and Industry	Executive Director
Mr. Raquib Siddiqui	Bangladesh Monitor	Editor
Mr. Ali Umam	Bangladesh Television	Director International Programme Affairs
Mr. Grant Gaskin	Pan Pacific Sonargoan Hotel	General Manager
Mr. Jishu Tarafder	Pan Pacific Sonargoan Hotel	Sales Manager
Mr. Iftakhar Alam Bhuiyan	Discovery Tours and Logistics	Executive
Mrs. Afsana Kamal	Sheltech Consultants	Director
Mr. Abdullah M Hasan	Bangladesh Monitor	Managing Editor
Mr. Shahabuddin Ahmad	Travel World and PATA Bangladesh Chapter	Editor and Advisor
Mr. Jahiduzzaman Faruk	The Daily Arthoniti	Editor
Mr. Hafeezuddin Ahmed	International Finance Corporation SEDF	Director
Mr. Anil Sinha	International Finance Corporation SEDF	Director
Mr. Peter Michener	Sour Asia Enterprise Dev. Facility (SEDF)	Senior Advisor
BHUTAN		
HE Lyonpo Yeshey Zimba	Ministry of Trade and Industry	Minister
Dasho Karma Dorjee	Ministry of Trade and Industry	Secretary
Dasho Penden Wangchuk	Ministry of Home and Cultural Affairs	Secretary
Aum Neten Zangmo	Ministry of Foreign Affairs	Secretary
Dasho Sangay Thinley	Ministry of Agriculture	Secretary
Dasho Dr Sangay Thinley	Ministry of Health	Secretary
Dasho Pema Thinley	Ministry of Education	Secretary
Dasho Tashi Phuntsho	Ministry of Information & Communications	Secretary
Dasho Jigme Zangmo	National Assembly Secretariat	Secretary
Dasho Tshering Dorji	Ministry of Works & Human Settlement	Secretary
Amb Dasho Lhatu Wangchuk	Department of Tourism	Director General
Mr. Thuji Nadik	Department of Tourism	Jt Director Planning
Mr. Chhimmey Pem	Department of Tourism	Jt Director Marketing and Promotion
Mr. Kunzang Norbu	Department of Tourism	Jt Director Services
Mr. Rinzin Jamtsho	Department of Tourism	Hotel Development
Ms. Tashi Pelzom	Department of Tourism	PA to DG

SOUTH ASIA SUBREGIONAL ECONOMIC COOPERATION

NAME	ORGANIZATION	DESIGNATION
BHUTAN (cont.d)		
Mr. Sonam Wangdi	Planning and Policy Division Ministry of Trade & Industry	Head
Ms. Karma C Tshering	Planning and Policy Division Ministry of Trade & Industry	Planning Officer
Dasho Ugen Tshechup Dorji	Association of Bhutan Tour Operators (ABTO)	President
Mr. Sonam Dorji	ABTO	Secretary General
Mr. Tenzin Namgyel	ABTO	Assistant Sec General
Mr. Rinzin Ongdra	ABTO	Vice President / Yu Druk Tours
Mr. Heshey Tshering	ABTO	Executive Member / Bhutan Heritage
Mr. Wangchuk Wangdi	ABTO	Exec. Member /Thunder Dragon Tours
Mr. Nim Gyeltshen	ABTO	Executive Member / Etho Metho
Mr. Tshering Jamtsho	ABTO	Executive Member / Sky Travel
Mr. Chimmi Tobgay	ABTO	Executive Member / Beyul
Mr. Kinley Gyeltshen	ABTO	Executive Member / Gangri
Mr. Karma Lotay	ABTO	Executive Member / MD Yangphel
Ms. Sonam Ongmo	ABTO	Executive Member / Yu Druk Tours
Dr. Lam Dorji	Royal Society Protection of Nature (RSPN)	Executive Director
Ms. Rebecca Pradhan	RSPN	Representative
HE Amb Kanwar S. Jasrotia	Embassy of India	Ambassador
HE Amb Md Enamul Kabir	Embassy of Bangladesh	Ambassador
Ms. Aum Dago Beda	Etho Metho Tours	Managing Director
Ms. Phub Zam	Yarkey Group	CEO
Mr. Karma Tsering	Nature Conservation Division	Head
Mr. Karma Jimba	Bhutan Consultants and Research	Principal
Ashi Khendum Dorji	Chhundu Tours	Managing Director
Mr. Karma Nyedrup	National Environment Commission	Head EA Section
Ms. Yanki Tobgyel Wangchuk	Ministry of Finance	Finance Secretary
Mr. Daw Tenzin	Royal Monetary Authority of Bhutan	Managing Director
Mr. Nawang Gyetse	Bhutan Development Finance Corporation	Executive Director
Mr. Thinley Dorji	Hotel & Tourism Man. Training Institute	Director
Mr. Tandin Jamso	Druk Air Royal Bhutan Airlines	Deputy Managing Director

NAME	ORGANIZATION	DESIGNATION
BHUTAN (cont.d)		
Ms. Renata Lok Dessallien	United Nations Development Programme (UNDP)	Resident Representative
Ms. Dierdre Boyd	UNDP	Deputy Resident Representative
Mr. Jigme Tobgyal	UNDP	Environment Associate
Ms. Marie-Christine Weinberger	Austrian Coordination Office for Development Cooperation	Counselor and Head of Office
Ms. Susanne Kraus-Winkler	Austrian Coordination Office	Consultant
Mr. Martin Uitz	Austrian Tourism Consultants	Senior Partner
Mr. Martin Zeppezauer	Austrian Tourism Consultants	Masterplan Consultant
Ms. Cecilia Keizer	Netherlands Development Agency (SNV)	Country Director
Mr. Kasper Tideman	SNV	Private Sector Development Advisor
Mr. Robert Doff	SNV	Marketing Specialist
Ms. Nguyen Thi Kieu Vien	SNV Vietnam	Program Manager
Mr. Sonam Namgyal	Director	Bhutan Trust Fund
Mr. Kinzang Namgay	World Wildlife Fund (WWF)	Country Representative
Mr. Chadho Tenzin	World Wildlife Fund	Senior Programme Officer
Mr. Phuntscho Wangdi	Dept of Roads Min of Works & Human Set	Director
Mr. Chencho Tshering	Olathang Hotel	General Manager
Dasho Tobgay & Ms Genzing Zam Dorji	Gangtay Palace Hotel	Owners Managers
Mr. Robin Wangdi	Thimpu	Tourism Lecturer
Mr. Sonam Tenzing	Excel Consulting	Consultant
Mr. Stuart Campbell	Uma Resort Paro	General Manager
Mr. John Reed	Aman Resorts Bhutan	General Manager
Ms Sue Reitz	Aman Resorts Bhutan	Project Manager
INDIA		
NEW DELHI		
Ms. Rathi Vinay Jha	Ministry of Tourism	Secretary
Mr. Amitabh Kant	Dept of Tourism, Ministry of Tourism	Joint Secretary
Dr. Venu V	Dept of Tourism, Ministry of Tourism	Deputy Secretary
Mr. D.D. Mathur	Ministry of Tourism and Culture	Deputy Director, Market Research Div
Mr. Navin Berry	SATTE and Cross Section Publications	Managing Director
Mr. M. Narayanan	Tourism Finance Corporation of India Ltd	Managing Director
Mr. Rajendra Sharma	Tourism Finance Corporation of India Ltd	General Manager

SOUTH ASIA SUBREGIONAL ECONOMIC COOPERATION

NAME	ORGANIZATION	DESIGNATION
NEW DELHI (cont.d)		
Mr Anoop Bali	Tourism Finance Corporation of India Ltd	Asst. General Manager
Mr. Akio Saito	Japan Bank for International Coop (JBIC)	Senior Representative
M.r P. Rajasekharan	Japan Bank for International Coop. (JBIC)	Project Officer
Mr. Sudipto Mundle	ADB India Resident Mission	Chief Econ India & Dep Country Dir
Ms. Kavita Iyengar	ADB India Resident Mission	Senior Consultant Regional Development
Mr. V.K.Sexena	Industrial Development Bank of India North Zone	Chief General Manager,
Dr. Charan D. Wadhva	Center for Policy Research	President and Chief Executive
Ms. Ranjana Khanna	Fed. of Ind Chambers of Comm. & Industry	Director FICCI
Mr. M.I. Jain	India Tourism Development Corp (ITDC)	Representative
Ms. Rohita Jaidka	Air India	Com. Man. Tourism and Business Dev.
Ms. Madhu Mathur	Top Travels	Manager
Mr. SM Khanna	Everett Travel	Manager
Mr. Inder Sharma	Select Holiday Resorts	Chairman
Mr. OP Ahuja	Holiday Maker Pvt Ltd	Managing Director
Mr. Ashok Bhatnagar	PATA India Chapter	Executive Director
Mrs. S. Kumar	Travel Mate India Pvt Ltd	Managing Director
Mr. Ravi Bhoothalingam	Kuoni Travel India Pvt Ltd	Board Member
Mr. Ravi Duggal	Sita Incoming Services	Head
Mr. Sandeep Dayal	Sita Charters	Vice President
Mr. Varun Gupta	Sita Mice	Vice President
Mr. Ratan Kr Paul	Trav Talk	Senior Assistant Editor
Mr. Vijai Lal	The Judges Court, Himachal Pradesh	Owner
Mr. Lajpat Rai	Lotus Trans Travels Pvt Ltd	President
Mr. I. Majumder	Ashok Travels and Tours	General Manager
Mr. Mritunjoy Kumar Verma	Ashok Travels and Tours	Asst. Manager
Mr. Manoj Dhawan	Ashok Travels and Tours	Executive Tours
Mr. Kumar	JPS Associates Ltd	Director
Mr. Amit Jain	JPS Associates Ltd	Consultant
Mr. S. Kumar	Techno Management Services	Member
Mr. Nishanat Sirohi	Grand Hotel	Manager Convention Sales
Mr. Benoy K Behl	New Delhi	Art Historian
Mr. Sudir Sahi	UNDP Rural Tourism Programme Nagaland	Consultant Tourism & Environ. Services
Mr. Toby Sinclair	Global Tiger Patrol	Trustee

NAME	ORGANIZATION	DESIGNATION
NEW DELHI (cont.d)		
Ms. Vira Mehta	Business and Tourist Services	General Manager
Ms. Caroline MacDonald	New Zealand High Commission	High Commissioner
Mr. Ian Goodger	New Zealand High Commission	First Secretary
Ms. Sonia Khanna	Hotel Uppal's Orchid	H.R. Manager
Mr. Hiranya Bharadwaj	Trav Talk	Reporter
Mr. T Namgyal	Windhorse Expeditions, India	Manager Operations
Mr. Vikram Sharma	Cross Section	Assistant Editor
Mrs. Amrita Talwar	Pioneer Darpan	Trainee Darpan
Mr. Arijit Hajra	Confederation of Indian Industry	Executive Officer
Mr. N.C. Joshi	Press Information Bureau	Representative
Ms. Lara Kharkongor	Government of Meghalaya	Representative
Mrs. M Roy	Confederation of Indian Industry	Deputy Director General
Mr. Rajesh Mudgill	Planet India Travels	Managing Director
Mr Arun Anand	IATO and Midtown Travels	Managing Director / Hon. Treasurer
Mr. Lally Mathews	IATO and Vacations Travels and Tours	Director Operations
Mr. Sunirmol Ghosh	IATO and Indo Asia Tours Pvt.	Representative
Mr. Vijay Thakur	IATO	Vice President
Mr. KK Basu	IATO and Ideas Cell Tours	General Manager
Mr. N Bhattacharji	Hotel Association Of India	Representative
Mr. Rajesh Agrawal	UNESCO	Expert Consultant
Mr. Anoop Sehan	China Airlines	Marketing Manager
Mr. MD Kapoor	Rai University	Dean
Mr. Sarabjit Singh	ITTA	President
Mr. Harkripal Singh	Travel Agents Association of India	Chief Representative
Mr. Subash Verma	Travel Plus	Managing Director
Mr. Balaji Arunachalam	Tourism Finance Corporation of India (TFCI)	Assistant Manager
Ms. Avantika Dhar	TFCI	Manager
Mr. Gautam Chadha	Journeymart	Chairman
Mr. Rajbir S. Mayal	TAAI	President
Mr. Anil. K. Bhandari	Travel House	Representative
Mr. Gautam Khanna	IHHR Hospitality	Chairman
Mr. Sudripto Roy	IAS Government of H.P	Principal Resident Commissioner
MN Chopra	Indian Railway Catering and Tourism Corp.	Managing Director
Mr. Mohan P. Dhillon	Travels and Tours Cab Service	Representative
Mr. P C Pandey	FH and RAI	Assistant Sec. General (Research)
Mr. Rajiv Sikri	Ministry of External Affairs	Secretary

SOUTH ASIA SUBREGIONAL ECONOMIC COOPERATION

NAME	ORGANIZATION	DESIGNATION
NEW DELHI (cont.d)		
Mr. Jayant Bhuyan	ASSOCHAM	Secretary General
Mr. V. S. Raghav	Hotel Uppal's Orchid	Security Manager
Mr. S. K. Mishra	INTACH	Chairman
KOLKATA		
Mr. RK Tripathy	Tourism Department, Govt. of West Bengal	Principal Secretary
Mr. MK Sengupta	Tourism Department, Govt. of West Bengal	Director and Jt. Secretary
Mr. SN Bhattacharjee	West Bengal Tourism Development Corp.	Managing Director
Ms. Alka Kohli	Govt of India Tourism Office, Kolkata	Regional Director
Mr. BN Mishra	Govt. of Orissa Tourist Office, Kolkata	Assistant Director
Mr. TK Sinha	Govt. of Bihar Tourism Office, Kolkata	Tourist Officer
Mr. R. Prabakaran	Govt of Tamil Nadu Tourism Office, Kolkata	Tourist Officer
Ms. LH Thangi Mannen	Tourism Department Govt of Nagaland	Secretary
Mr. Mrinal Chatterjee	Project Lifeline Sundarbans	Project Director
Mr. Harmeet Singh Bajaj	Sunderban Tiger Camp	Manager
Dr. Andrew Hall	British Deputy High Commissioner	British Dep High Commissioner to India
Mr. Manoj Saraf	Travel Agents Association of India	Hon Secretary Eastern Region
Mr. MS.Balakrishnan	Indian Airlines Kolkata	Regional Director
Ms. Sushma Dutt	Air India	Asst. Manager Commercial
Mr. BP Swain	S.E. Railways Kolkata	Chief Commercial Manager
Mr. Ravi Bhatia	Nathan Wetland Ecopark and Water Sports	General Manager
Mr. Subir Sengupta	Khorla Coop. Ecotourism Society, Kolkata	Representative
Mr. Ashim Mukherjee	Balmer Lawrie Co Ltd	Branch Manager
Mr. SK Mitra	Travair Connections, Kolkata	Executive Director
Mr. Samar Roy	Safeway Travels	Proprietor
Mrs. C. Paljan	Sikkim Tourism, Kolkata	Tourist Officer
Mr. Soumen Biswas	SAFAR International.Kolkata	Tourism Advisor
Mr. Arijit Mazumdar	Creative Research Group Kolkata	Principal Consultant
Mr. TK Basak	Creative Research Group Kolkata	Senior Consulnt
Mr. Kamal Gupta	Assoc. of Tourism Service Providers of Bengal	Secretary
Mr. Abhijit Dhar	M.P Tourism, Kolkata	Tourist Officer
Dr. Shyamal K. Chakravarty	Indian Museum, Kolkata	Director
Mr. A. Bengian	Arunachal Pradesh Tourism, Kolkata	PRO
Mr. Swapan K Choudhury	Eastern Railways, Kolkata	Divisional Manager
Mr. Choudhury	Hotel and Restaurants Assoc of Eastern India	Representative
Ms. Aditi Bose Mitra	Swosti Plaza, Bhubaneswar, Orissa	Manager

NAME	ORGANIZATION	DESIGNATION
KOLKATA (cont.d)		
Mr. Vijesh Marwa	Mercury Travels Ltd. Kolkata	Branch Manager
Mr. Sanjay Manda	The Telegraph, Kolkata	Reporter
Ms. Uttara Gangopadhyay	Kolkata	Journalist and tourism writer
Mr. SP Saha	The Ashok Group	Deputy General Manager
Mr. Praveen Chawla	Hyatt Regency	General Manager
SIKKIM and SILIGURI / BAGDOGRA		
Mr. SW Tenzing	Government of Sikkim	Chief Secretary
Mr. Karma Gyatso	Dept of Tourism, Government of Sikkim	Principal Secretary cum MD
Mr. PK Dong	Sikkim Tourism Development Corporation	Executive Director
Mr. Atul Kaura	Chumbi Residency	Manager
Mr. Surendra K Pradhan	Siniolchu Group	Managing Director
Mr. PD Rai	State Planning Commission Government of Sikkim	Member & Chairman ECOSS
Mr. Karma Nidup Bhutia	Finance Div. Income Tax & Commercial Tax	Special Sec. & Vice Chairman ECOSS
Mr. Renzino Lepcha	Ecotourism & Con Soc of Sikkim (ECOSS)	Executive Secretary
Mr. RP Gurung	ECOSS	Treasurer
Ms. Sarikah Atreya	ECOSS & "Now!" Magazine	Correspondent
Mr. Peter Lepcha	ECOSS	Member
Ms. Bidhya Pradhan	ECOSS	Member
Ms. Christine Langstich	ECOSS	Volunteer
Mr. Sherab Lepcha	Dzongu Ecotourism Committee	General Secretary
Mr. Robin Gurung	Envir Info. System for Ecotourism (ENVIS)	Representative
Mr. Jigme Bhutia	ENVIS Department of Science & Technology	Representative
Mr. Paul Karma Rai	Kehedi Ecotourism & Ecodev Prom (KEEP)	Vice President
Mr. Ashok Rai	KEEP	Member
Mr. Loday Gaungyalpa	Sikkim Development Foundation (SDF)	Executive Member
Mr. Ganden Lachungpa	SDF & Travel Agents Assoc Sikkim (TAAS)	Executive Member
M. BB Rai	Voluntary Health Assoc of Sikkim (VHAS)	Former Director
Mr. Sandeep Tambe	Mountain Institute & Indian Forest Service	Project Manager
Mr. Ashwin Oberoi	Sikkim Hotel and Restaurant Assoc (SHRA)	Vice President
Mr. Rajesh Lakhota	SHRA	Former Pres and Dir Hotel Tashi Delek
Mr. ST Wangdi	SHRA	Former Gen Sec, MD Hotel Rendezvous
Mr. Alok Raj Pradhan	SHRA and Lions Club of Gangtok	Immediate Past President
Mr. Raju Khati	New Horison NE Travel Magazine	Representative

SOUTH ASIA SUBREGIONAL ECONOMIC COOPERATION

NAME	ORGANIZATION	DESIGNATION
SIKKIM and SILIGURI / BAGDOGRA (cont.d)		
Mr Naresh Tamang	SCE Publications	Representative
Ms. Dawa Lepcha	Dzongu Ecotourism Project	Member
Mr. BR Lama	Norbu Ghang Resort, Pelling, Bhutan	General Manager
Mr. Paras Chettri	Norbu Ghang Resort, Pelling, Bhutan	Accountant
Mr. Pema Gyaltzen Bhutia	Khangchendzonga Conservation Comm (KCC)	General Secretary
Mr. Kinzong Bhutia	KCC	Member
Ms. Tshering Uden Bhutia	KCC	Member and Yuksom Village Head
Mr. Chewang Bhutia	KCC	Member
Mr. Ugyen Tempa	KCC	Member
Mr. Hirak Joyoti Maitra	Sinclairs Hotel Siliguri	General Manager
Mr. Tirtharup Biswas	Sinclairs Hotel Siliguri	Assistant Manager F&B
Dr. SK Bajpayee	NHPC Ltd Teesta Hydro Electric Project	Environmental Officer
Ms. Lakshmi Jorden	Jet Airways Bagdogra	Station Manager
Mr. DT Lepcha	Regional Tourist Bureau Govt of West Bengal	Deputy Director
Mr. Subrata Sengupta	West Bengal Tourism Development Corp	Deputy General Manager North
Mr. Deepak Gupta	Eastern Him Travel & Tour Operators Assoc	Coordinator
Mr. Samrat Sanyal	Eastern Him Travel and Tour Operators Assoc	Secretary
Ms. Abhaya Bose	MCC School	Principal
Mr. Subratim Raj Basu	Association for Conservation and Tourism	Vice President
Mr. Neelkamal Chhetri	Neel Consulting	Consultant
Mr. Dorjee Pema Bhutia	Ashoka Trust for Reseach Ecology & Environ.	Field Officer
Dr. MS Faning	Kalimpong Horticulture Society	President
Mr. Amode Yonzone	Hotel & Restaurant Assoc of Kalimpong Kalimpong	President and MD Park Hotel
Dr. RB Bhujel	Kalimpong College	Reader in Botany
Mr. Kankan Roy	Siliguri College	Lecturer
Dr. Jeta Sankityayana	Dept of Economics North Bengal University	Reader in Economics
Dr. Maitreyee Choudhury	Center for Him Studies North Bengal University	Reader in Geography
Mr. Partha Guha	NESociety for Protection of Nature (NESPON)	Member
Mr. Achintam Bardham	Exotic Voyager	Partner
Mr. Bimal Gazmer	Darjeeling Gurkha Hill Council Tourism Dept	Area Manager Kalimpong
Mr. Roshan Rai	Darjeeling Ladenla Road Prerna	Program Officer
Mr. Ajoy Edwards	Glenary's Darjeeling	Managing Partner
Mr. DR Chhetri	Darjeeling Government Cottage	Botanist

NAME	ORGANIZATION	DESIGNATION
SIKKIM and SILIGURI / BAGDOGRA (cont.d)		
Mr. Samir Sharma	Darjeeling Initiative	Coordinator
Mr. Harish Mukhia	WWF India Project SERVE Darjeeling	Coordinator
Mr. Jon Miceler Arunachal Pradesh	Inner Asian Conservation Expl MtnTravel	Exec Dir & Dir Highasia
Ms. Anandha	The Telegraph	Correspondent
Mr. Subhendu Ray	The Statesman	Senior Reporter
Mr. Animesh Kumar	Bagdogra Airport	Assistant Manager
NEPAL		
Mr. Lova Kumar Devkota	Ministry of Culture Tourism & Civil Aviation (MOCTCA)	Secretary
Mr. Shankar Prasad Koirala	MOCTCA	Jt Sec Tourism Industry Division
Mr. Birendra Kumar Singh	MOCTCA	Under Sec. ASA / ICAO Airlines Ops
Mrs. Riddhi Baba Pradhan	MoCTCA	Former Secretary
Mr. Devendra Nath Gongal	MoCTCA	Former Jt Sec ADB program
Mr. Tek Bahadur Dangi	Nepal Tourism Board (NTB)	CEO
Mr. Subash Nirola	Nepal Tourism Board	Director Tourism Products & Resources
Ms. Nandini Lahe-Thapa	Nepal Tourism Board	Dir. Tourism Marketing & Promotion
Mr. Neil Curtis	Nepal Tourism Board	Tourism Research & Strategic Planning
Mr. Robert Travers	Nepal Tourism Board / TRPAP	Marketing Advisor
Ms. Rojee Kattel	Nepal Tourism Board	Media Consultant
Mr. Sarad Pradhan	Nepal Tourism Board	Media Consultant - Tourism
Mr. Hikmat Singh Ayer	Nepal Tourism Board	Man.Tourism Product & Resource Dev.
Mr. Aditya Baral	Nepal Tourism Board	Manager PR and Publicity
Mr. Soji Kitano	Nepal Tourism Board	JICA Tourism Volunteer
Mr. Lila B. Baniya	Nepal Tourism Board	Manager
Mr. Kalyan Bhandari	Nepal Tourism Board Standards	Officer Tourism
Mr. Rabi Jung Pandey	Tourism for Rural Poverty Alleviation Project (TRPAP)	Country Director
Ms. Brigitte Nitsch	TRPAP	Village Tourism Advisor
Mr. Dechen Sherpa	TRPAP	Gender Specialist

SOUTH ASIA SUBREGIONAL ECONOMIC COOPERATION

NAME	ORGANIZATION	DESIGNATION
NEPAL (cont.d)		
Mr. Mingma Norbu Sherpa	TRPAP	Environment Specialist
Mr. Chet Nath Kharel	TRPAP	Monitoring and Evaluation Specialist
Dr. Sultan Hafeez Rahman	ADB Nepal Resident Mission	Country Director
Mr. Sungsup Ra	ADB Nepal Resident Mission	Senior Country Program Specialist
Mr. Laurent Chazee	ADB Nepal Resident Mission	Agriculture and Rural Dev. Specialist
Dr. Binod Karmacharya	Asian Development Bank	SASEC Senior Project Analyst
Ms. Snimer K Sahni	Asian Development Bank Manila	Senior Project Economist
Mr. Steve Tabor	Asian Development Bank	Consultant
Dr. Shanka Sharma	National Planning Commission	Vice Chairman
Mr. Matthew Kahane	United Nations Development Programme (UNDP)	Resident Coordinator
Ms. Lisa Singh	UNDP	Senior Program Officer
Mr. Vijaya Singh	UNDP	Program Officer
Ms. Mangola Pradhan	UNDP	Program Officer
Dr. Gabriel Campbell	ICIMOD	Director
Dr. Eklabya Sharma	ICIMOD	Program Manager Natural Resource Man.
Mr. Nakul Chettri	ICIMOD	Regional Off Transboundary Biodiversity
Ms. Srabani Roy	ICIMOD	Program & Project Dev. Specialist PPDU
Ms. Alka Sabharwal	ICIMOD	Coordinator Ecotourism
Dr. Kamal Banskota	ICIMOD	Snr Resource Economist
Mr. Pradeep Mool	ICIMOD	Remote Sensing Analyst
Mr. Kesang Wangdi	SAARC	Director Bhutan
Mr. Masud Bin Momen	SAARC	Director Bangladesh
Mr. Rajiv Chander	SAARC	Director India
Mr. Pradhumna Shah	SAARC	Director Nepal
Mr. Amjad Hussein Sial	SAARC	Director Pakistan
Mr. CAHM Wijeratne	SAARC	Director Sri Lanka
Mr. Sailendra Thakali	DFID Nepal	Senior Program Officer
Mr. Prabin Bahadur Panday	PATA Nepal Chapter	Chairman
Mrs. Ambika Shrestha	NTB, SKAL International and Dwarikas Hotel	Board Member
Mr. Martin Lama	Thai International Airways	Manager Nepal
Mr. MG Maleku	Department of Roads	Director General
Mr. Mohan Prasad Khanal	Royal Nepal Airlines	Managing Director

NAME	ORGANIZATION	DESIGNATION
NEPAL (cont.d)		
Mr. Raju Bahadur KC	Royal Nepal Airlines	Director Marketing
Col. Narayan Singh Pun	Karnali Helicopters	Chairman
Mr. Jan De Witte	SNV Netherlands Development Assistance	Head of Office & Honorary Consul
Ms. Srijana Rana	SNV	Manager Private Sector Division
Mr. John Hummel	SNV Nepal and Bhutan	Senior Tourism Advisor
Mr. Sun Heping	Embassy of the People's Republic of China	Ambassador
Ma Yingchen	Embassy of the People's Republic of China	Second Secretary
Dr. Steven Tabor	Economic Management Services Netherlands	ADB Advisor
Mr. Megh Ale	Nepal River Conservation Trust	Founder President
Dr. Mahesh Baskota	IUCN	Director
Mr. Brian Peniston	The Mountain Institute	Director
Mr. Lhakpa Norbu Sherpa	The Mountain Institute	Director
Mr. Ang Rita Sherpa	The Mountain Institute	Senior Program Manager
Ms. Jyoti RM Kaphle	Royal Nepal Academy	Representative
Ms. Renchin Yonzan	Eco Himal	Advisor
Mr. Prakash Poudel	Envir & Nat. Res. Conservation Campaign	Executive Director
Mr. Dilendra Raj Shrestha	Restaurant and Bar Assoc of Nepal (REBAN)	President
Mr. Narendra Man Singh	REBAN	Member
Mr. V. Gyanendra	TURGAN Tour Guides Association	President
Mr. Bikash Lohani	Rastriya Samachar Samiti (RSS)	Reporter
Mr. Sanjaya Neupane	Kantipur Publications	Sub Editor Business Department
Mr. Dhana Pradhan	MD Publishing inc. Himalayan Travel Trade	Managing Director
Mr. Nipendra Bantawa	Kantipur TV	Reporter
Mr. R. Timilsina	Kantipur TV	Reporter
Mrs. Angur Baba Joshi	Taragaon Development Board	Chairperson
Ms. S. S. Thapa	Taragaon Development Board	Manager
Mr. Ghanashyam Dhungel	Taragaon Development Board	Assistant Manager
Mr. Ananda Ghimire	Travel and Tourism Teacher	Teacher
Mr. Basant Adhikari	Forum for Sustainable Development Nepal	Executive Member
Mr. Upendra Karki	Forum for Sustainable Development Nepal	Executive Member
Mr. Anup Ranjan Bhattarai	Nepal China Executive Council	Member
Mr. Shiva Rajbhandari	METCON Consultants	Managing Director
Dr. Bhuvan Bajracharya	METCON Consultants	Director
Mr. Omkar Prasad Gauchan	Lumbini Development Trust	President
Mr. D. N. Tiwari	Bhaktapur Monument Maintenance Office	President

SOUTH ASIA SUBREGIONAL ECONOMIC COOPERATION

NAME	ORGANIZATION	DESIGNATION
NEPAL (cont.d)		
Mr. Neel Tamrakar	Bhaktapur Tourism Development Committee	President
Mr. Bhim Nepal	Department of Archaeology / Patan Museum	Director
Mr. Mandakini Shrestha	Patan Durbar Museum	Manager
Mr. Manoj Raj Upadhaya	Patan Tourism Development Organization	Consultant
Ms. Jharna Joshi	Patan Tourism Development Organization	Conservation Architect
Ms. Meena Joshi	King Mahendra Trust for Nature Conservation	Program Officer
Mr. Rajendra Bista	Tourist Police	Inspector
Mrs. Meena Khanal	Nepal Academy of Tourism & Hotel Man	Director
Mr. Samir Thapa	Silver Mountain School of Hotel Management	Principal
Mrs. Chhaya Sharma	Nepal College of Travel & Tourism Man.	Principal
Mr. Arjun Chokhal	New Hotel Floride	Director
Mr. Karna Sakya	Kathmandu Guest House Group	Chairman
Mr. Siddhant Pandey	Trinal Finance Management	Managing Director
Mr. Robin Marston	Skal International Club of Nepal	Member
Mr. Marcus Cotton	Tiger Mountain Pokhara Lodge	Managing Director
Ms. Carolyn Syangbo	Durbar Associates	Managing Director
Mr. Raju Singh	Trekking Agents Association of Nepal	Executive Director
Mr. Bandi Neema Sherpa	Trekking Agents Association of Nepal	First Vice- President
FOURTH TWG		
Mr. Masaaki Nagata	Asian Development Bank, Manila	Head, Regional Cooperation Team & Principal Programs Specialist Operations Coordination Division
Ms. Ma. Theresa Abaquita-Bugayong	Asian Development Bank, Manila	SASEC Senior Advisor
Ms. Cherry Ann Santos	Asian Development Bank, Manila	SASEC Senior Project Analyst
Ms. Lourdes Serrano-Magaoay	Asian Development Bank, Manila	SASEC Project Assistant
Ms. Montira Horayangura	UNESCO, Bangkok	Project Coordinator
Ms. Himalchuli Gurung	UNESCO, Kathmandu	Program Officer
Ms. Vanessa Satur	World Tourism Organization, Madrid	Dept of Technical Cooperation
Mr. John Moon	UNESCAP	Chief Transport Policy & Tourism Sect.
Ms. Montira Horayangura	UNESCO	Project Coordinator

APPENDIX 7: DOCUMENTS CONSULTED

- ACT Association for Conservation and Tourism Community. 2002. *Tourism Initiatives of East and North East India*. Siliguri.
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