Chapter 13

Tourism as an Instrument for Area Development and Poverty Alleviation with Focus on Nepal

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INTRODUCTION

Tourism in the beginning of the twenty-first century was described by Frangialli, the Secretary General of the World Tourism Organisation (WTO), as the biggest industry the world has ever seen (Frangialli 2000). In 2001, which was not a good year for international tourism, international tourist arrivals totalled 692.7 million and international tourism receipts 462.2 billion USD. The annual average growth rates for arrivals and receipts for the period 1995-2001 were 3.8 and 3.1%, respectively (WTO 2002a). South Asia’s tourism receipts were only 1% of this total. WTO’s study Tourism: 2020 Vision predicts that by 2020 international arrivals will reach 1.5 billion with tourism receipts above 2 trillion USD (WTO 2000). Tourist arrivals are predicted to grow by an average of 4.3% a year, while receipts will grow by 6.7% a year over the next two decades. If the market share of mountain tourism remains at 15–20% of total receipts, this will translate into 300 to 400 billion USD in the next 20 years, and this does not include domestic tourism! In the South Asian mountain context, in general, and Nepal in particular, tourism, in spite of its fragility as an industry as witnessed in the aftermath of 9/11, has a huge potential to generate income and employment. It provides an opportunity to partake of the fastest and the most dynamic economic sector the world has ever seen. Global financial institutions view tourism as the most lucrative export strategy. While there is another side to this view (de Chavez 1999), the lure of tourism as a development strategy is real. In spite of inevitable ups and downs, globally speaking tourism is a very resilient industry.

Whether understood as a pronounced deprivation in well-being (World Bank 2001) or a state in which people cannot secure minimum standards of well-being and have limited or restricted choices and opportunities for a tolerable life (UNDP 1997), poverty characterises mountain areas in
general, and the degree of poverty is more intense in the loftiest of all mountain ranges, the Himalayas. Several factors and processes have contributed to poverty in the mountains. Limited asset base, low levels of education and health, limited access to social infrastructure, limited skill capabilities and opportunities, lack of capacity to withstand shock, lack of autonomy in decisions and actions, powerlessness, vulnerability, exclusion, and lack of participatory institutions and organisations are some factors associated with poverty. Physical conditions and processes, such as remoteness, inaccessibility, and lack of adequate resources and access to means of sustainable livelihoods, have reinforced conditions of poverty (Papola 2002). There has also been growing pressure on environmental resources for the basic necessities of survival. The traditional processes of adaptation have been breaking down or have been made irrelevant by the processes of globalisation and liberalisation. The challenges of creating sustainable livelihoods in the Himalayas have never been so critical, nor the search for alternatives so urgent. This is where tourism makes an appearance in the development agenda of the countries of South Asia.

Tourism is attractive to poor mountain economies because it is one activity where constraints to development—remoteness, difficulty of access, natural and biological diversity, pristine natural beauty, insular cultures and ways of life—can be transformed into opportunities. Its backward and forward linkages, if properly managed, can enhance employment opportunities in tourism and related sectors. Since sustainable tourism depends on a sound environment, tourism has also been seen as a sector that promotes environmental restoration. As the linkages of tourism and development are explored both in its spatial and in its economic manifestations (Sharma 2000a) the realisation that tourism itself can be a development intervention with area-specific implications has begun to dawn on policy-makers and politicians. Tourism is a growing industry affecting millions of the poor. Though benefits may not directly affect the poor, the costs they face can be reduced. For countries where poverty alleviation is the singular challenge of development, the nexus between poverty alleviation, tourism, and development has been a matter of intense interest.

This paper examines the implications of tourism for area development and poverty alleviation in general, and looks at Nepal in particular. The following section provides a framework for analysing the linkage between tourism, area development, and poverty alleviation. The third section looks at the types of tourism in the HKH, and their implications for poverty processes. The fourth section examines the implications of tourism for poverty alleviation and area development with examples from Nepal, and reports on two specific initiatives to relate tourism development to poverty
alleviation. The final section provides a summary of issues that need to be addressed if tourism is to be a vehicle of poverty alleviation and mountain development.

**Tourism, Poverty Alleviation, and Area Development: Framework for Analysis**

In recent decades tourism—ecotourism, sustainable tourism, community-based tourism, responsible tourism, and the like—has been promoted as a win-win situation in which tourism contributes to environmental conservation as well as the well-being of the local population. The well-being of a population and communities is often mentioned in different formulations and perceptions of tourism. Ecotourism has been defined as “responsible travel to natural areas that conserve the environment and sustain the well-being of local population” (Ceballos-Lascurain 1996). Sustainable tourism broadly describes all types of tourism that contribute to sustainable development, a major component of which is that host communities should invariably benefit if tourism is to be viable and sustainable in the long term. Community-based tourism promotes initiatives of communities, the distinguishing feature being that the tourism agenda is set by the community so that there is a wide sharing of benefits (MF/TMI 1999). These different formulations emphasise the linkage between tourism and local economic development. The linkage with poverty alleviation is perhaps there but remains only remote. Recently deliberate attempts have been made to incorporate poverty alleviation in tourism development policies and programmes in developing countries, in general, and in South Asian mountain economies in particular. At the Johannesburg World Summit on Sustainable Development, the World Tourism Organisation vetted a report arguing that the cornerstone of sustainable tourism is the well-being of poor communities and their environment. The report reviews current experience in tourism and poverty alleviation, identifies the contribution that tourism can make to the elimination of poverty, and to that end recommends the actions required from government, the tourism industry, development agencies, and local communities (WTO 2002b).

**Pro-poor tourism**

Tourism as an activity is concerned with pleasure, adventure, entertainment, pilgrimage, or the desire to experience other environments and cultures. It is an activity of the relatively well-off. There are therefore obvious limits to the extent that tourism can be made pro-poor. But it has been argued (DFID 1999) that, compared to other economic sectors, tourism offers definite advantages for pro-poor growth. First, tourism is an in situ export in which the customer comes to the product rather than the other way
There are opportunities for additional sales from economic activities that would benefit the poor. Second, tourism can be relatively labour intensive, and also employ a higher proportion of women, because of the high proportion of low-skill, domestic type jobs. Third, many areas in poor countries have competitive advantages for tourism, which is not the case with many other exports from poor countries. Fourth, tourism products can be built on the assets of natural resources and culture that some poor areas have. Finally, tourism can enhance the environmental resources upon which most of the poor depend. This can particularly be the case in many mountain areas.

There are also processes imbedded in tourism that can work against the interests of the poor. The high import content of tourism products, disproportionate concentration of tourism revenues among urban-based travel and tour operators, increased dependency on the outside, negative social impacts including sexual exploitation of the poorer sections of the population, and the possibility that negative impacts can be so powerful that the host community will succumb to a variety of alien cultural influences are some of these processes.

Studies carried out in the mountain areas of the Hindu Kush–Himalayan region indicate that the central development concerns in the mountains—poverty alleviation, environmental regeneration, and empowerment of local communities—are not spontaneous processes but need to be deliberately planned and managed through an effective partnership with all the relevant stakeholders (Sharma 2000a, Shah and Gupta 2000). Tourism does not become spontaneously pro-poor. A variety of factors affect the economic participation of the poor in tourism. Ashley et al. (2001) have identified a number of tourism issues affecting the poor. Tourism thrives only in locations that have the advantage of quality tourism products (environment, heritage, culture, and other attributes) and infrastructure. Access of the poor to the tourism market needs to be assured. The poor need to have access to human and financial capital to engage in commercially viable activities that derive from tourism. The policy and regulatory framework of tourism in terms of land tenure, planning process, and the attitude of the government has to be sensitive to the needs of the poor. Government or NGO support is necessary to build on the social capital and organisational potentials of the poor. Barriers that inhibit the participation of the poor in tourism have to be addressed, while at the same time the wider concerns of the poor (such as reduced competition for natural resources, minimised trade-off with other livelihood activities, using tourism to create infrastructure for the poor) have to be incorporated in decision-making (Ashley et al. 2000). Nothing less than a multi-level, participatory, and
proactive strategic intervention is required for tourism to become pro-poor (PPT 2002).

Pro-poor tourism is tourism designed and managed with a view to benefiting the poor. Although experience in this area is quite limited, generally it can lift some of the poor from income poverty, can act as critical gap fillers for some of the poor, and (as the experience in community-based tourism suggests) it can enhance the access of the poor to information and infrastructure. But pro-poor tourism has to be nurtured at different levels through a variety of strategic policies and programmes, and through active involvement of the key actors and stakeholders—the government, non-governmental organisations, the private sector, community organisations, and the poor themselves. While government can create the policy environment and initiate strategic programmes to facilitate pro-poor tourism, non-governmental organisations can play a catalytic role in organising and facilitating the poor to recognise and take advantage of emerging opportunities, and in promoting their participation in local tourism planning. Community organisations can play a critical role in ensuring that communities (including the poor) derive sustained benefits from tourism development through their control over tourism resources. The private sector can directly forge partnerships with the poor, particularly in product and market development and in ensuring that opportunities identified for the involvement of the poor are commercially viable.

Figure 1 elucidates the framework for analysing the linkages among tourism, poverty alleviation, and area development. Tourism can have a positive impact on poverty alleviation if it enhances employment and income opportunities, if it provides avenues for building the capabilities and assets of the poor, if it is accompanied by a process which favours empowerment of the poor in terms of participation in decision-making, and if it facilitates resource sharing through the expansion of community infrastructures. Similarly, tourism can positively impact area development through the motivation it provides for location-specific economic activities and trade, through increases in the level and quality of services and infrastructure, through the impetus it provides for the development and conservation of local natural and cultural resources, and through the growth of settlements that can function as central places and markets for agricultural and other goods produced locally and regionally.

However, for such positive impacts to occur, a number of mechanisms and systems need to be in place. The impact of tourism on poverty is mediated, among other factors, by the extent to which government policies and regulations are pro-poor, the extent to which the poor have access to human and financial capital, the extent to which the capabilities of local
Figure 1: Tourism, poverty alleviation and area development
poor are enhanced through training and so on, by the extent to which the poor have a say in local-level tourism planning, and by the support existing for building up the social capital and organisation of the poor. Similarly, the linkage of tourism with area development may be contingent on the type and quality of tourism assets in the area, the extent to which tourism revenue is ploughed back for the development of community infrastructure, considerations of land-use planning, and the efforts made in monitoring of tourism impacts and measures taken to mitigate negative impacts, among others. The relationship between poverty alleviation and area development is basically expressed in tourism-induced linkages with local production systems and the mechanisms that support broader sharing of tourism benefits, in terms of both public goods and expansion of private opportunities.

**Tourism in the Himalayas: Implications for Poverty Alleviation and Area Development**

The implications of tourism for poverty alleviation in the Himalayas are not spontaneously positive. Mountain areas in general require a sensitive approach to tourism for various reasons. Inaccessibility and remoteness dictate that local capability and support systems need to be developed for mountain areas to be net beneficiaries from tourism. Since mountain areas in general tend to be scale-sensitive, the scale of tourism has to be commensurate with the carrying capacity of the area. The linkage of tourism with environmental conservation needs to be strengthened. Tourism has to be sensitive to agro-pastoral systems and resource management regimes. Employment and the market potential of traditional activities and crafts have to be explored. As the resource attributes differ from area to area depending on aspect, altitude, and so on, multidimensional institutions and technology options need to be explored in their relationship to the needs of tourism. Mountain areas are politically and economically marginal. Increased dependency, unequal terms of exchange, and gradual loss of autonomy over the resource use have been the manifestations of marginality in the mountains (Jodha 1991). As a result most proceeds from mountain tourism go to the plains and urban-based agencies. A number of institutions and processes are deemed necessary to reverse the marginalisation of mountain communities. These include participatory local institutions to promote tourism that contributes to local development and to defend the interests of the community, mechanisms for mandatory reinvestment of resources, and creation of conditions so that mountain people become the net beneficiaries of tourism development. Once the tourism agenda addresses the issues of mountain development, conditions can be set for examining processes that identify ways to address poverty.
The linkages of tourism with poverty alleviation and area development depend to a considerable extent on the nature and type of tourism. In the Hindu Kush-Himalayan region, four types of tourism are prevalent: trekking, mountaineering, and related adventure travel; resort tourism; tourism based on cultural experience and sightseeing of historic and cultural sites; and pilgrimage tourism. Table 1 shows the implications of different types of tourism for poverty alleviation and area development. The potential for poverty alleviation appears relatively greater in trekking and mountaineering because poverty is much more entrenched in rural areas in general and the mountains in particular. However, current employment opportunities are limited to portering and menial employment in teahouses. In areas which have the benefit of resource sharing, such as the Annapurna area in Nepal, tourism can also contribute to development of public infrastructure (trails and bridges, drinking water, schools and health posts, and so on) and training of human resources from which the poor can benefit.

Culture tourism based on heritage sites and in urban areas can also provide some opportunities for the poor, but these depend mostly on construction, sale of handicrafts, and indirect employment opportunities in transportation. In areas with resort or pilgrimage tourism, the poor could actually suffer due to migration of outsiders who buy land from the poor at low prices and benefit from the eventual growth of tourism.

All types of tourism have implications for area development in terms of physical growth of settlements, growth and expansion of functions, and environmental problems that may be associated with tourism. Resort tourism in particular can lead to ‘enclave’ development in which the impact of tourism on the local economy is insignificant.

**Tourism, Poverty Alleviation, and Area Development in Nepal**

**Characteristics and trends of Nepal’s tourism**

Although tourism in Nepal has been in the doldrums for the last few years, it grew quite rapidly up until the year 1999. Table 2, which provides tourist arrival data for selected years, shows that the average annual growth rate of international tourism was over 12.6% from 1962 to 1999. Between 1999 and 2001 there has been a conspicuous decline in tourist flow, and it may take some time before a reversal of this trend takes place.

In 2000 over 55% of the tourists to Nepal came for pleasure and sightseeing. Just over 25% came for trekking and mountaineering, of which 64% went to the Annapurna, 23% to the Everest region, 9% to Langtang–
Table 1: Types of tourism and implications for poverty alleviation and area development in the Himalayas

<table>
<thead>
<tr>
<th>Trekking/Mountaineering</th>
<th>Resort Tourism</th>
<th>Culture Tourism</th>
<th>Pilgrimage Tourism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty Alleviation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Employment opportunities as porters, mule drivers in transporting tourist provisions; some employment in tea-houses, lodges</td>
<td>- Some local employment during construction; menial jobs</td>
<td>- Mostly urban or heritage based, no impact on the rural poor</td>
<td>- Traditional pilgrimage based, frugal living, so little pressure on local economies</td>
</tr>
<tr>
<td>- Development of community infrastructure in areas benefiting from resource sharing</td>
<td>- Resort tourism based on natural preserves has potentials for providing sustained employment/income opportunities</td>
<td>- Some direct impact on employment in construction, sale of handicrafts/souvenirs</td>
<td>- 'Mass' tourism induced by easy access dependent on imports</td>
</tr>
<tr>
<td>- Competition for firewood, timber</td>
<td>- Some demand for local agricultural/livestock produce</td>
<td>- Indirect impact due to jobs created in sectors that serve the tourist industry such as transportation</td>
<td>- Business and trade owned by outsiders, changes in land ownership</td>
</tr>
<tr>
<td>- Inflation; increased dependency</td>
<td>- Changes in land ownership; loss of resources by the poor</td>
<td>- Some employment due to the revival of traditional crafts in which the poor engage</td>
<td>- Some income from sale of local crafts, religious produce</td>
</tr>
<tr>
<td>Area Development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Settlement and infrastructural growth along trails</td>
<td>- Social aberrations, exploitation</td>
<td>- Increased dependency</td>
<td>- Increased seasonal economic activity based on migrants</td>
</tr>
<tr>
<td>- Increase in variety and quality of goods and services</td>
<td>- Development of road</td>
<td>- Environmental problems (sewage, solid waste, slope failures, land use, sprawling</td>
<td>- Seasonal pressure on infrastructure</td>
</tr>
<tr>
<td>- Some impact on production regime due to tourist demand</td>
<td>- Infrastructure</td>
<td>- Growth of resorts, etc</td>
<td>- Settlement growth often at the cost of religious symbolism</td>
</tr>
<tr>
<td>- Environmental degradation in areas without benefit of management</td>
<td>- Potentials for sustained</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Dependent development</td>
<td>- Linkages with the production</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Poverty Alleviation in Mountain Areas of China

Helambu, and 4% to other areas. About 81% came by air, and the average length of stay was 11.9 days. Almost 58% were between the ages of 16 and 45, and about the same percentage were males. One-third of tourist arrivals were from western Europe. Japan (8.9%), USA (8.7%), U.K. (8.1%), and Germany (5.7%) were important countries of origin of tourists. About 21% were Indian. Indian tourists arriving by land are not recorded. In terms of seasonality of arrivals, 34% were in the months of September–November, while 28% came in February-April. Foreign exchange earnings from tourism stood at USD 168 million—12.9% of all foreign exchange earnings in the fiscal year 1999/2000, and 3.1% of the GDP.

Estimates based on recent research by the World Travel and Tourism Council for 2002 (WTTC 2002) show that the tourism industry will account for 3.8% (401,000 jobs) of all employment in Nepal, while tourism economy employment is estimated at 6.8% of total employment (715,000 jobs). WTTC estimates that in the next decade the travel and tourism demand in Nepal will grow by 5.8% per annum. The WTTC also estimates that the contribution of the travel and tourism economy to the GDP in Nepal is about 6%.

### Tourism and poverty alleviation linkages

Poverty is endemic in Nepal. Using the Nepal Living Standards Survey data, the NPC estimated that the incidence of poverty in Nepal was 42% in 1995/96 (poverty line estimated at NRs 4,404 based on per capita calorie requirement and a factor of non-food expenditure). This incidence was higher (56%) in the mountain districts than in the hill districts (41%) and the Terai districts (42%). In the mid-western and far-western regions

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Holiday/Leisure</th>
<th>Trekking &amp; Mountain-eering</th>
<th>Business</th>
<th>Pilgrimage</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>6,179</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>1970</td>
<td>45,970</td>
<td>91.1</td>
<td>1.2</td>
<td>2.0</td>
<td>--</td>
<td>5.7</td>
</tr>
<tr>
<td>1980</td>
<td>162,897</td>
<td>80.2</td>
<td>11.8</td>
<td>3.4</td>
<td>--</td>
<td>4.6</td>
</tr>
<tr>
<td>1990</td>
<td>254,885</td>
<td>63.5</td>
<td>15.7</td>
<td>4.6</td>
<td>--</td>
<td>16.2</td>
</tr>
<tr>
<td>1999</td>
<td>491,504</td>
<td>59.2</td>
<td>22.0</td>
<td>4.8</td>
<td>3.9</td>
<td>10.1</td>
</tr>
<tr>
<td>2000</td>
<td>463,646</td>
<td>55.2</td>
<td>25.6</td>
<td>6.4</td>
<td>3.4</td>
<td>9.4</td>
</tr>
<tr>
<td>2001+</td>
<td>365,477</td>
<td>56.6</td>
<td>23.2</td>
<td>5.9</td>
<td>4.0</td>
<td>10.3</td>
</tr>
</tbody>
</table>

+ estimated in MOF, Economic Survey 2001/2; -- classification not available
of Nepal, poverty is estimated to exceed 70%. Poverty in Nepal is more a rural than an urban phenomenon. The incidence of poverty in rural Nepal was 44%, compared to only 23% in urban areas. Only about 14% of Nepal’s population is urban. If the international ‘one US dollar a day’ poverty line is used, then the incidence of poverty in Nepal is estimated to be 53%.

Nepal Human Development Report 2001 (UNDP2002) has estimated that applying the Human Poverty Index (based on illiteracy, malnutrition among children, early death, poor health care, and poor access to safe water) to poverty in Nepal gives a 39% rate, with the mountains having the highest incidence (46%). Again, poverty is higher in rural (41%) than in urban areas (24%).

No studies in Nepal provide a picture of the national economic impact of tourism disaggregated by sectors and regions. We can therefore only make some generalised comments on the issue. Only about 25% of the tourists in Nepal visit rural areas in the central and western hill–mountain regions, and a large proportion of pleasure and sightseeing tourists do not go beyond the Kathmandu–Chitwan–Lumbini/Pokhara triangle. This suggests that tourism is not common in the poorest regions of the country. The impact of tourism on the livelihoods of the poor, except for portering and tea-houses along trails, is scant and indirect. Further, about 55% of trekkers are in groups, and 45% are free independent trekkers or FITs. Group trekking is a centralised, organised affair in which trekking agencies supply most of the group’s needs, and most of the benefits accrue to these urban agencies and suppliers rather than to rural areas. Only the budget trekkers contribute to rural economies, since all their needs are met by lodges and suppliers of other facilities on the trails. Under such conditions only a few poor individual entrepreneurs can possibly benefit from tourism. The poor generally are not aware of the opportunities tourism gives them. They lack organisation, training and credit support, and a pro-poor policy and programme framework from which they can benefit. Even in the Annapurna Conservation Area Project (ACAP)—a pioneering effort at making tourism environment and community friendly—except for the Ghalekharka-Sikles eco-tourism initiative, special efforts to organise and empower the poor are absent, and many of the opportunities provided by ACAP programmes are taken advantage of by the more affluent, with the poor and disadvantaged generally remaining outside the ambit of benefit.

A study in the Ghandruk and Ghodepani areas of the Annapurna trek notes that “many of the benefits from tourism go primarily to the small percentage of villagers who are lodge and restaurant owners. Porters,
guides and support staff often share in them, whereas the large percentage of subsistence farmers, specially of the poor lower classes do not directly benefit from tourism income” (Banskota and Sharma 1995, p. 106). The study estimates that among lodge owners as much as 50% of the money spent by tourists is retained locally. The regional economic significance of tourism is noteworthy. Banskota and Sharma (1997) estimated that a total of USD 3.8 million was accruing from tourism in the Annapurna region, including ACAP revenues from trekking permits, 26% of which was lodge-related earning.

In certain locations, such as Namche Bazaar on the Everest trek, tourism has induced a large-scale involvement of the local population. A survey in 1996 revealed that tourism-related activities provided the main source of income for 78% of the households. Some estimates show that revenues gained from tourism account for around 90% of the income of Khumbu, a feature similar to the European Alps (Nepal et al. 2002). In such situations the poor definitely benefit. Nepal reports that a survey of porters at the entrance gate of the Sagarmatha National Park for a 12-month period in 1996-97 registered 13,389 entries related to trekking, 14,279 merchandise porters, and 2,645 guides. The porters came from 17 districts, a high proportion from Solu and adjoining districts. Since the Khumbu Sherpas have moved up the income ladder, they do not normally work as low altitude porters. In Khumbu even the local agricultural work is undertaken by migrant workers, mostly from southern Solu. A comparative study of lodge-generated employment in the Khumbu and the Annapurna circuits showed that an average lodge generates 3.4 and 4.3 full-time jobs, respectively. Nepal et al. (2002) reported that 32.5% of employees in Annapurna and 27.7 % employees in Khumbu were outsiders and, in both cases, over 40% of the employees were women. An untrained lodge employee can make 6,000–16,000 NR per tourist season; a trained cook between 20,000–30,000 NR, and a porter can make up to 25,000 NR per season (in 1997, 1 USD = NR 60.20). So the potential for increasing incomes from tourism-related jobs is considerable. However, such potentials have been realised in only a few locations.

**Tourism and area development linkages**

Tourism has induced the development, expansion, and reorientation of settlements along trails and tourist destinations. This has been most remarkable in the Annapurna and Khumbu areas. On the Everest trail alone, 20 settlements have either emerged or grown directly as a result of tourism. These include settlements that have emerged solely due to tourism, temporary settlements that became permanent due to tourism, and settlements that are experiencing recent lodge development (Nepal 1999).
As a result the functional nature of settlements has undergone tremendous changes. Many now have communication linkages with the outside world, and the variety of services they provide has also increased. Also, in the Khumbu, tourism has contributed to a resurgence of trade with Tibet.

The dramatic development of lodges along settlements in the Annapurna circuit and Khumbu area is shown in Table 3. The number of lodges in the Annapurna went from 45 to 518 between 1980 and 1998, and the number of settlements with lodges increased from 29 to 84 during the same period. The case in Khumbu was similar.

### Table 3: Lodge and visitor development, Annapurna and Khumbu

<table>
<thead>
<tr>
<th>Year</th>
<th>Annapurna*</th>
<th>Khumbu**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No. of Tourists</td>
<td>No of lodges</td>
</tr>
<tr>
<td>1980</td>
<td>14,300</td>
<td>45</td>
</tr>
<tr>
<td>1990</td>
<td>35,800</td>
<td>203</td>
</tr>
<tr>
<td>1997/98</td>
<td>54,100</td>
<td>518</td>
</tr>
</tbody>
</table>

* data for 1998, ** data for 1997

Namche Bazaar (3,440m), the tourist hub in the Khumbu and a day’s march from the airport at Lukla, exemplifies the impact of tourism-induced growth. The built-up area of Namche Bazaar doubled between 1955 and 1997 (Nepal et al. 2002). The first hotel in Namche opened in 1971. In 1997 there were 33 lodges with a total of 800 beds within the built-up area. From a sleepy settlement barely 30 years ago, Namche now exudes an urban, cosmopolitan touch with a large number of shops offering a range of imported goods, German and Swiss bakeries, laundry service, video halls, and internet cafes.

In the Jomsom-Marpha area of the Annapurna circuit, the linkages between tourism and area development are vividly exemplified. Four years ago Jomsom was visited by about 18,000 trekkers annually. Jomsom is accessible by air but does not have a road connection. The nearest road is 4-5 days away by foot. Lying on the northern side of the Great Himalayan Range, the area has insular conditions with very little cultivable land. During the last two and a half decades the area has been a major attraction for trekkers, which has promoted a range of economic activities including lodge and tea-house operations, apple and apricot farming, vegetable
farming, cottage crafts, and mule transportation. These activities provide income and employment opportunities to many households in this food-deficit region. Once an area of out-migration, now it attracts investors from outside. Jomsom and neighbouring villages are some of the richest areas in the highlands. These settlements also have developed as regional service centres. Government support led to the establishment of a horticultural farm in the 1960s; and the formal and informal institutions for conservation, tourism, and development initiated by the Annapurna Conservation Area Project (ACAP) since the 1980s, and the multiple linkages of tourism with the local production base, are among the factors that have contributed to development of the Jomsom-Marpha area.

Not all such developments have been positive. The supply of lodges in many areas (such as Namche and Lukla on the Everest trek and Ghandruk on the Annapurna trek) has outstripped demand. Such settlements have oriented towards tourists, and the needs of the local population remain ignored. Rustic trails have been transformed into strings of lodges. Vernacular architecture is fast disappearing. Inflation has made life difficult for the local and regional population who do not depend on tourism. Jomsom-Marpha is a success story because of the tourism–local production linkage. Such linkages do not exist in many other areas.

The experience of Nepal suggests that spontaneous alleviation of poverty through tourism is an exception rather than the rule. Pro-poor tourism has to be deliberately planned and nurtured, keeping in mind the needs and capabilities of the poor. Tourism cannot address the structural roots of poverty embedded in unequal access to or control over resources. With appropriately designed and executed policies and programmes, it can at best provide a niche for the poor in providing goods and services to tourists, and in the process enhance their standard of living.

It would therefore be interesting to review two particular initiatives in pro-poor tourism that are underway in Nepal. Conceived and implemented as donor-funded projects, the sustainability of these initiatives is open to question.

**SNV’s experience in pro-poor tourism in Humla, far-western Nepal**

Bordering Tibet in the north-western corner of Nepal, Humla is perhaps the remotest district in the country, a full 10 days’ walk from the nearest road head. An airstrip connects Simikot, the district headquarters, to the outside world. Over 90% of the land area of Humla has slopes exceeding 30°. Less than 1% of the land area is arable. Humla is one of the poorest
districts in Nepal, with poverty so pervasive that by ‘$1 a day’ international standards over 90% of the population is poor (Seville 2001). SNV has been working to improve the infrastructure of Karnali Zone since 1985. In 1993, with the implementation of the District Partners Programme (DPP) which ended this September, work focused on three interrelated components: local governance, social mobilisation, and economic opportunities. The aim of the local governance component was to build capacities of local government bodies and NGOs. A local trust fund is established for local development initiatives. The social mobilisation component is run by four partner NGOs. These encourage and assist the community-based organisations in analysing, planning, implementing, and monitoring development programmes. The economic opportunities’ component builds on the first two and facilitates a process in which the poor, disadvantaged groups, and women can benefit from economic opportunities (Saville 2001).

The pro-poor sustainable tourism initiative in Humla that started in 1999 was built on the DPP process. It covered the main tourist attraction in Humla—the Simikot-Hilsa trail (about 70 km, from district headquarters at Simikot to the Tibetan border at Hilsa) to Mount Kailash and Lake Manasarovar (areas of pilgrimage for Hindus and Buddhists and also attractions for western trekkers). Trekking trails (all above 2,500m) are in good condition, and camping sites exist along the trail. In 2000 around 700 tourists walked the trail, mainly in organised groups; numbers since then have declined due to the Maoist insurgency.

Substantive activities related to tourism began through social mobilisation of poor people in groups or community-based organisations. This was undertaken through local NGOs, which supported CBOs in defining local tourist potentials and awareness of tourism impacts—economic, ecological and social, situation analysis, appreciative participatory planning exercises (APPA), group strengthening, and action and reflection including business planning. APPA is a methodology combining participatory action research and appreciative planning that encourages and facilitates the villagers to Discover (seek positive assets), Dream (envision a future), Direction (identify potential activities), Design (prioritise activities and plans), and Deliver (implementation/action). Once the groups select their activities, support is provided for small-scale enterprise development, employment generation, and market linkages. To enable potential entrepreneurs to take advantage of enterprise development support, the CBOs can supply training packages like feasibility studies and business plans. The venture capital fund for group members provides loans of up to NR 50,000. Priority is given to economic activities that employ poorer people and women.
By early 2002, 27 community-based groups were active along the trail. Five community camping sites were functional, as were portering services. Sanitation and hygiene along the trail has been improved considerably, with about 400 toilets built by community groups for their families. Exposure visits have been organised to other tourist areas in Nepal. An integrated tourism and transport plan has been developed. Almost all community groups have taken to vegetable farming so vegetables can be locally purchased by tourist groups.

The enterprises promoted under the programme are not exclusively related to tourism, but often have a larger local market—such as vegetable production, poultry and small livestock raising, opening tea shops along the trail, etc. Twenty-six business plans have been approved for loans from the venture capital fund. Thirteen have already repaid their loans in a year in spite of the declining number of tourists.

On the Simikot-Hilsa trail portering is more organised. After the improvement of the trail, local businessmen have bought mules and horses to use as pack animals. In 2000, 40–50 pack animal drivers were employed. In non-tourist seasons the pack animals are used to transport construction material. All tourists are required to pay a USD 2 tourism tax, which goes to the community development activities of the district development committee (Hummel 2002).

Things have not gone according to plan in the last two years because of the Maoist insurgency and consequent problems of security and decline in the number of tourists. It was expected that, by the end of 2002, a total of 400 poor households (2,600 people) would benefit from lodging and eating facilities, handicraft sales, camping sites, vegetable sales, cultural programmes and local tours, hot springs’ management, and local portering services to tourists (SNV 2000). This is about 5% of the Humla district population and almost a third of the population affected by the Simikot-Hilsa trail. Tourism earnings would not amount to much elsewhere, but in the dire economic conditions of Humla they amount to the difference between a full meal and often a half-empty stomach.

**Tourism for rural poverty alleviation project (TRPAP)**

The overall objective of the Ninth Plan of Nepal (1997-2002) is poverty alleviation. The tourism component of the plan identifies the need to make tourism assist the process of poverty alleviation, to establish backward and forward linkages of the tourism sector with the national economy, and to extend the benefits of tourism to the village level. Pro-poor sustainable tourism is being viewed as a possible tool for poverty reduction.
by many donor agencies in Nepal, including UNDP, ADB, DFID, and the Dutch Government (SNV). The TRPAP project, which started in March 2001, aims to contribute to alleviating poverty through policy and strategic planning for sustainable tourism development that is pro-poor, pro-environment, pro-women, and pro-rural communities (TRPAP 2000). The programme is designed to bring together poverty alleviation, decentralisation, and tourism development.

With an emphasis on policy and strategic planning for developing rural-based tourism, the TRPAP builds on SNV’s rural tourism experience, and the experience of the Participatory District Development programme in decentralisation and social mobilisation. There are three major components of the TRPAP—empowerment and social mobilisation, strengthening backward and forward linkages, and creation of sustainable tourism platforms. As part of the social mobilisation process, tourism is used as a vehicle to help alleviate poverty and allow villagers to contribute and share in tourism development. Before initiation of the programme, the community makes a self-assessment of its potential through application of the ‘development wheel’, where the villagers score themselves on 14 different attributes grouped into community resources, land resources, and commercial resources. The appreciative participatory planning and action (APPA) and social mobilisation tools are used in working through the development wheel. The idea is to facilitate a bottom-up approach to decision-making and planning and to provide a sense of empowerment to communities. To assess progress, the development wheel exercise is conducted each year.

Strengthening backward and forward linkages is the second major component. The idea of backward linkages is to enhance linkages from tourism-related private sector businesses to communities and groups in the community. It is based on the products and services the local community can provide and sell to the private sector and tourists. The idea is to strengthen the multiplier effect so that tourism benefits are spread more widely. Operationally, backward linkages are strengthened through social mobilisation (tourism awareness on possibilities and constraints, awareness of the programme and tourism committees, tourism and gender relations), local business planning, and skill development. Forward linkages go from the local/village-level to national and international tourists and are concerned with marketing local tourism products and services to various stakeholders. Forward linkages are strengthened through product development and marketing, and through the support of sustainable tourism development committees.
Sustainable tourism platforms are institutions and formal/informal networks created at different levels (micro to meso to macro) to ensure that tourism is organised and developed so that the poor and underprivileged benefit from it and so that there is a sustained linkage between supply and demand. At the local level, CBOs and functional groups (FG) are created through social mobilisation and are comprised of individuals with specific business interests. These groups are trained to develop business plans that can be implemented and which can be funded from sustainable tourism development funds. To co-ordinate the activities of community development (such as sanitation, trails, drinking water, etc.) or specific skills (lodge management, local guide, etc.), Sustainable Tourism Development Committees (STDC) are formed. Similar structures are created at the district and national levels. Village Tourism Associates provide technical support at the district and village levels. Sustainable Tourism Development Funds at the village and district levels provide facilities for investment in pro-poor tourism activities. Strategy and tourism plans will be developed for each settlement in a participatory way, and these plans will be linked with respective conservation policies and plans. By the end of the project, TRPAP aims to establish functioning Sustainable Tourism Development (STD) Sections and STD Funds at the district level, STDC funds at the village level, and a Rural Tourism Development Division at the Nepal Tourism Board at the centre.

There are six pilot sites chosen for the programme in Dolpa (7 Village Development Committees around Shey-Phoksundo), Lumbini (7 VDCs), Chitwan (4 VDCs), Langtang (9 VDCs), Solukhumbu (15 VDCs), and Kanchenjungha (6 VDCs). The target areas were selected on the basis of criteria including the human development index for the district, gender empowerment measure for the district, tourism potential, number of tourists visiting the area, institutions working in the region, remoteness, etc. It is a five-year programme with funding from UNDP, DFID, and SNV with a planned budget of around 5.2 million USD.

Achievements of the TRPAP are not yet visible, and it is too early to comment on the possible outcomes.

**Conclusions and Issues for Consideration**

Experience in Nepal and elsewhere (Ashley et al. 2001) suggests that the link between tourism and poverty alleviation is not spontaneous, but there are opportunities provided by tourism that can increase the income, employment, and capabilities of the poor. However, pro-poor tourism is not a panacea for dealing with poverty-generating processes. It only provides some leeway for the poor to take advantage of opportunities
emerging from tourism and to deal with the negative environmental and socio-cultural consequences of tourism. In this sense pro-poor tourism is a worthwhile effort in orienting the impacts of tourism in desirable directions. Pro-poor tourism cannot be promoted in isolation, and the context in which it is promoted determines the extent to which it can be successful.

A number of conditions and mechanisms needs to be in place for tourism to be oriented towards the alleviation of rural poverty. A checklist of issues that have fundamental implications for policy would include the following.

- The context of decentralised and participatory governance. Commitment to decentralisation and perception of the government as an ally of the poor are basic conditions for facilitating pro-poor tourism. Empowerment of the poor does not happen in isolation. It is the creation of a political, legal, socio-cultural, and economic environment that facilitates, encourages, and enables the powerless (i.e., the poor) to influence policies, decisions, and actions on their behalf (Sharma 2002).
- Tourism asset (and type of tourism) and tourism product development that facilitates interaction with the poor. Trekking and pilgrimage facilitate better interaction than resort tourism, for example.
- Organising the poor to benefit from tourism development. An intensive process of social mobilisation where the poor are not only enthused but also see and share concrete benefits from opportunities opened by tourism. NGOs can play a catalytic role in facilitating this process.
- Participation of the poor in local-level decision-making. Participation of the poor may be impossible unless specific conditions are created to listen to their voices and facilitate their participation. This would entail the removal of barriers that inhibit participation of the poor. Such barriers may be created by gender inequality, social discrimination or exclusion, and unequal distribution of resources.
- Resource-sharing mechanisms and wider community benefits. The creation of community infrastructure can be possible only when some proportion of tourism-generated resources is reinvested in areas visited by tourists. This may be in the form of entry fees such as in the Annapurna or taxes such as in Humla. The creation of community infrastructure based on the priorities of the poor can be linked to tourism development and can also be a confidence-building measure.
- Promoting business opportunities for the poor that have a broad demand base. The poor are vulnerable to fluctuations in demand that can result from decrease in tourist numbers. A broad demand base can minimise risks.
• Training and building the capabilities of the poor in specific skills linked to business opportunities.
• Establishment of revolving funds to ensure access of the poor and disadvantaged to financial resources.
• Mechanisms for pro-poor partnerships with the private sector. Such partnerships can create the basis for a complementary relationship between demand from private-sector entrepreneurs and the supply of goods and services from poorer groups. Such partnerships can also expand employment opportunities for the poor.
• Market linkage and tourism platforms at micro-, meso-, and macro-levels. Pro-poor tourism, particularly the product development and marketing part, requires institutional platforms at different levels that support initiatives taken at the local level. Market links are often the weakest aspect of pro-poor tourism, and the poor themselves are least capable of strengthening this link.
• Land-use planning and environmental safeguards. As tourism develops, the spatial manifestation of such growth requires careful consideration. Participatory land-use planning in nodal locations is called for to ensure orderly growth of settlements and to ensure that environmental safeguards are in place and that the poor do not lose their meagre resources, or end up on the wrong side of the bargain.
• Linkage of tourism with local production base. Tourism planning has to take into account the potentials of the local production base. A positive link between tourism and the local production base provides a sustainable basis for area development.

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ANNEX I: TEN STEPS FOR WORKING WITH LOCAL COMMUNITIES ON TOURISM

Phase 1: Identification

Step 1 High Tourism Potential Area Selection (District or Park area) – collection of secondary data on:
- unique and supportive tourism resources
- available ‘markers’
- number and types of tourists
- market opportunities and constraints

Step 2 Identification of potential tourism development areas and trekking trails – stakeholder analysis

Step 3 Participatory sustainable tourism inventory on potential trails and tourism development areas
- village site selection
- initial activities identified
- hiring economic[all]* opportunity staff for process facilitation and local NGO for social mobilisation and skill development

Phase 2 Feasibility studies

Step 4 Feasibility studies on:
- district-level tourism product elements, trail packages, and nodal points (multiple-use visitor centres), district-level activities
- sites level – first identified activities
- collection of market information for potential product elements and enterprises
- cost/benefit analysis

Phase 3 District level, village level, and business planning

Step 5 Establishment of Sustainable Tourism Platform
- stakeholder coordination and collaboration for district planning
- training at district level to DDCs, district-based NGOs, and SNV staff

* indicates that the [ ] brackets denote where an editorial deletion would have been necessary had the phrase not been a citation from a published document.
Step 6 District and trail development planning including
- land-use planning and zoning, limits of acceptable change
- multiple use visitor centres
- village level/sites planning (Appreciative Participatory Planning and Action)

Step 7 Training in business planning, organising entrepreneurs and CBOs through district-based NGOs:
- resource management strategy
- production strategy
- marketing strategy
- linkages with national trekking agencies; should result in agreements on tour itineraries, local services, and products

Step 8 Production and marketing skill training to entrepreneurs and groups (CBOs), entrepreneurship development

Step 9 Entrepreneur development and assistance to explore financial options
- implementation of business plans
- marketing through business or nodal points

Phase 4 Monitoring and evaluation

Step 10 Monitoring at different levels through individuals/CBOs, Sustainable Tourism Platform and SNV, and dealing with change

Source: Saville (2001)