

# New Opportunities for Mountain Economies

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**Mountain areas are much more vulnerable in the physical, economic, and social contexts than the plains because of constraints imposed by their inaccessibility, marginality, and fragile environment. These vulnerabilities need to be addressed for mountain development by tapping the opportunities offered by the other characteristics of mountains, namely mountain niches or comparative advantages and diversity, and the ability of mountain people to adapt.**

Opportunities do not come by chance. They are created and facilitated by human and natural capital, the bio-physical conditions that characterise the mountain areas, their human resources, and institutions, and by an appropriate policy environment. Most mountain areas have not been able to adequately harness their unique resources to improve mountain livelihoods because of inadequate and unfavourable policies towards mountains. Harnessing mountain niches appropriately through better management of natural resources and application of technologies and new methods of production and exchange do generate employment and income opportunities in the mountains.

The lives of mountain people are intricately linked to their natural environment. Though there is evidence pointing in both directions, there is general consensus that the Himalayan natural resource environment is degrading in many areas. Downstream effects that include high sedimentation load, floods and landslides, are increasing in some areas. In addition, severe inaccessibility has resulted in the underpricing of mountain resources, products, and services and concomitant structural and operational inequalities.

The development process must also ensure that communities, especially disadvantaged groups, women, and geographically excluded areas are not left out of mainstream development. Inequalities present across regions and groups of people need to be narrowed. In many parts of the Himalayan region, local governments and communities are being empowered following the decentralisation, local governance, and social mobilisation paradigms. However, development policies must ensure that all segments of society, regardless of their status and geographic area, are able to voice their concerns and make strategic and informed choices.

Over the years, many mountain areas have been breaking away from some of these vulnerabilities and are finding new and secure livelihoods through generating new and diverse opportunities in sectors other than traditional agriculture and animal husbandry. The following section elaborates on some of those unique opportunities that are helping mountain people secure more sustainable livelihoods.

## **Emerging opportunities: transforming vulnerability to security**

Economic opportunities arise when value is added to old activities or new products and services develop in the markets that enable people to generate employment and income in a sustainable way. Harnessing mountain resources for hydropower and tourism development and for the production of food and non-food products for urban centres, and conserving resources to generate valuable environmental services, among others, can create new employment and income opportunities in mountain areas.

Limited accessibility and the lack of infrastructure to overcome the barriers of terrain and altitude are significant constraints to generating opportunities in mountain areas. While this limits access to markets for many mountain products and resources and the ability to harness mountain niches, it also constrains delivery of development inputs and services to the communities. As a result, marketable surpluses and mountain niche resources have remained grossly underutilised and undervalued. Improved access (through roads, ropeways, bridges, and trails, among others) enhances accessibility and inclusion (as opposed to isolation); communication and mobility reduces transport costs. All of these besides directly benefiting mountain communities also open new opportunities in the mountain areas. But given the acute poverty in large parts of the region, constructing roads and other infrastructure alone is unlikely to generate these opportunities unless they are followed by complementary investments that enhance local production and harness mountain niches.

Besides roads, the gravity ropeway technology helps reduce mountain inaccessibility and has the potential to add value to existing roads. These are important, given that many settlements in the mountains are away from main roads. Gravity ropeways save considerable time in transport, labour, and drudgery, particularly in transporting bulky mountain products.

Technologies help improve livelihoods by raising productivity and product quality and diversity, and reducing the cost of raw materials and energy requirements



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Isolated mountain community in the Tibet Autonomous Region of China

and can lead to improved sales of mountain products and an increase in mountain incomes. Technologies can furthermore develop the capability within both farm and non-farm sectors and supporting institutions to respond to the changing needs of the markets, or to new opportunities as they arise. Technology thus plays a key role in generating opportunities.

Markets play a significant role in realising economic opportunities for the poor. Access to markets has enabled mountain communities to produce according to the comparative advantage of their regions. Markets influence diversification from traditional to market demand-led production.

Apart from conventional agricultural products, the rich biodiversity of the Himalayan region also opens scope for marketing niche products and services internationally. Also growing are markets for environmentally-friendly traded products. Organic eco-labelling and other forms of certification are market-based tools that enable consumers to differentiate products based on their social and environmental qualities. This market opportunity has been a driving force in promoting sustainable management practices in both forestry and agricultural products worldwide. A certification logo enables consumers to differentiate the products they buy based on the social and environmental impacts of their production, harvesting, and processing.

To reduce the pressure of increased market demand and the negative effects on the environment, certification can also result in the implementation of long term management plans, and internal control systems such as monitoring and record keeping, apart from enabling access to niche markets. Under the current system of illegal trade and adulteration of many mountain products, especially NTFPs, certification ensures that the 'chains of custody' for NTFPs comply with acceptable norms and standards. Since market pressure has led to many unsustainable and unethical practices, making the markets work for the poor is an essential strategy to make businesses more responsible to environmental and social concerns, notably concerns for generating livelihoods in poor rural mountain communities.

Certified organic products receive a premium price over non-certified products provided that markets for them exist. Mountain regions have an advantage in this sector as use of external chemical inputs has been minimal, which substantially reduces the conversion period required for certification. There is also a huge scope to transfer significant portions of the profits from products traded internationally to rural producers through fair trade mechanisms.

These concepts are creating opportunities for countries in the region to tap the emerging global market. Where these potentials are being tapped, mountain people

have been able to realise better incomes than from traditional agricultural practices.

Mountain areas are highly diverse in renewable natural resources and environmental services. This diversity is helping reduce internal competition in mountain areas and partially offsetting the physical vulnerability of the fragile mountain environment. The mountains' biodiversity provides important values to agriculture, medicine, food security, and industry, besides spiritual, cultural, aesthetic, and recreational values. The ecosystem services rendered by mountain biodiversity, such as pollination, nutrient cycling, soil maintenance, and climate regulation, are beginning to be appreciated. Where concerted efforts have been made, mountain niches are providing fresh opportunities for mountain people.

However, many of the ecosystem services that provide sink functions such as purification of air and water, detoxification and decomposition of wastes, regulation of climate, regeneration of soil fertility, and production and maintenance of biodiversity are only beginning to

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be appreciated. Because these benefits are not traded in the markets, they do not carry with them a price that can provide scarcity signals to society. The threats to these systems are increasing, especially in mountain areas. There is a need to start valuing these ecosystem services at the micro level where they are generated and incorporating them in decision-making.

#### **Enabling environment**

Mainstream development approaches, strategies, and policies often have little relevance in generating new opportunities in the mountain areas. A policy environment needs to be created that will mitigate mountain vulnerabilities, and harness mountain niches and diversity and human adaptation skills in order to generate and sustain opportunities in mountain areas.

Despite all the development rhetoric and significant development expenditures poured into it, mountain people, especially minority caste, and ethnic groups and women, continue to be marginalised. Government should play a primarily facilitative role. They can develop the opportunities available in the mountains by creating the conditions that will favour economic expansion in mountain areas. Highlighted in the next section are some of the critical elements of a policy environment that creates and sustains economic opportunities in mountain areas and confronts existing mountain vulnerabilities.

An area-focused development approach is likely to be more effective than a broad-based household targeting approach in the mountain areas, given the mountains' isolation and geographical exclusion. This requires integrated rural accessibility planning, delineating areas using spatial methodology like geographic information systems on the basis of a watershed approach while at the same time developing rural-urban linkages with the ultimate aim of graduating from a watershed to a 'market-shed' approach.

Information and communication technology (ICT) offers new opportunities for accessing information on emerging technologies and markets in more effective ways. ICT enables mountain people to take advantage of the poverty reducing opportunities offered by new technologies and marketing. The potentials for using ICT to widen access are important and compensate for the constraints imposed by poor linkages. Ways and means need to be explored to utilise these opportunities on a wider scale to benefit mountain people.

The central goal of mountain development should be to strengthen human resources through education, health, and productivity, and to overcome existing inequities and exclusionary processes that prevent

women and men in mountain areas, especially socially excluded groups, from developing their full potential. This should begin with providing them with the means to voice their concerns and make strategic choices.

Promoting decentralised planning within agencies and governments and involving mountain communities are prerequisites for effective conservation and sustainable development in mountain regions. Ways and means have to be explored to overcome problems and difficulties in decentralisation arising from years of centralisation and little local participation, including internal power conflicts and bureaucratic hassle and policy and legal barriers.

Good governance is essential for generating and sustaining mountain niche opportunities. The current emphasis on relying to a greater extent on markets for development and poverty alleviation should not undermine the central role of government, especially in mountain areas, where the state should continue to invest in infrastructures and services and continue to evolve policies in favour of mountain areas. This is to ensure that markets function better and that risks and effects of market failures are minimised. Investments made by governments in the region to develop their mountain areas and promote the welfare of mountain peoples need to be seen as the price of environmental services rendered by mountains rather than as subsidies in the conventional sense.