



USAID FIRMS PROJECT

5-Month SWAT Tourism Strategy (2010)



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Abstract

Swat Valley has been a prime tourist destination, with its lush green pine forests, snow-capped mountains, cool ravines, historical sites, golf course, trekking routes, ski resort, trout fishing, handicrafts, gem stones, fruit orchards and historical sites of the world renowned Gandhara Civilization. Considered to be the Switzerland of Pakistan, thousands of domestic and foreign tourists were drawn to its breathtaking natural beauty and impressive historical background until Taliban militants took over. A three-year Taliban insurgency in Swat Valley and adjoining areas has badly affected the tourism trade in Swat, depriving thousands of their sources of bread and butter.

In peaceful times the major source of revenue in Swat Valley was tourism. According to the All Swat Hotel Association (ASHA), there were more than 400 small and large hotels located at various tourist spots in Swat Valley. These establishments were contributing more than USD\$50 million in to the economy of Swat Valley annually in addition to providing more than 20,000 jobs to local people. As a result, the cumulative losses of the tourism sector in Swat Valley have been very high.

This document suggests a framework for the revival of tourism in Swat in a phased out plan based on detailed consultation will all the concerned stakeholders to develop a strategy and PR plan for the revival of the tourism industry. In the first stage, it is important to regain the confidence of domestic tourists so that they may to return to Swat Valley. A tourism promotion campaign to promote Swat as a safe tourist destination is very much needed. At the same time efforts will be made to start the implementation of tourism value chain development activities though a grants program, with a prime focus on repair and renovation of hotels and restaurants, upgrade of tourism services and information availability, capacity building of tourism and hospitality service providers and the development of new tourism products based on adventure and ecotourism to attract more tourists to the region. It is expected that the largest demand will be in the hotel sector in upcoming years, as it has been the most affected sector during the last three years.

Acronyms

ACP	Alpine Club of Pakistan
AFP	Adventure Foundation of Pakistan
AHAN	Aik Hunar Aik Nagar
ASHA	All Swat Hotel Association
ASTA	All Swat Transportation Association
COTHM	College of Tourism & Hotel Management
FINCON	FINCON Services Inc.
GACA	Gandhara Art & Culture Association
GoKPK	Government of Khyber Pakhtunkhwa
GOP	Government of Pakistan
I-LED	Improving Livelihoods & Enterprise Development
KPK	Khyber Pakhtunkhwa
MCCI	Margalla Climbing Club Islamabad
MICE	Meetings, Incentives, Conferences & Events
MoT	Ministry of Tourism
NHA	National Highway Authority
PAITHOM	Pakistan Austria Institute of Tourism & Hotel Management
PARRSA	Provincial Reconstruction, Rehabilitation & Settlement Authority
PTDC	Pakistan Tourism Development Corporation
PTL	Pakistan Transport Limited
SCOR	Strengths, Challenges, Opportunities & Risks
SFP	Ski Federation of Pakistan
STC	Sarhad Tourism Corporation
TIC	Tourist Information Center
TNSM	Tehreek-e-Nifaz Shariat Mohammadi
TTP	Tehrik-e-Taliban Pakistan
UNESCO	United Nations Educational, Scientific & Cultural Organization

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EXECUTIVE SUMMARY

Once known as the Switzerland of Pakistan, Swat has attracted thousands of Pakistani and foreign visitors annually with its scenic beauty and other natural and manmade attractions, cool summer months, abundance of fresh fish, fruit, and vegetables, and handicrafts. The tourism industry began withering away in the late 1990s in the face of militant violence and insecurity. The situation completely deteriorated with a mass exodus as the Pakistani military finally moved in to check the problem in 2009. Uncertainty about security remains to this day due to sporadic violence and curfews. While trends appear to be positive, returning Swat to its former glory as the premier tourism destination in Pakistan can only be achieved through an aggressive effort to restore the district's tourism assets, the full re-establishment of air and road (private vehicle, bus and truck) transportations, cataloging and promoting accommodation and tourism sites, and a sustained, well-targeted promotional campaign.

Tourism was the major economic driver for the valley, with hotels and guesthouses acting as the economic 'anchor' that all other relevant business activities relied on. The slow decline of tourism in Swat coincided with the emergence of Islamic militancy, and by 2007 there were almost no tourists visiting the Swat Valley. Many of the hotels and guesthouses were damaged and looted by the Taliban. Along with the destruction of other infrastructure such as electricity, telephone networks, hospitals, schools, government offices and other civic facilities, roads and bridges were also badly damaged.

According to ASHA there were 405 hotels in Swat Valley, with an estimated total room capacity of 6,480 rooms. Although no reliable data has been collected on room occupancy, it is estimated that these facilities had peak season occupancy of approximately 80% in four months, with shoulder season occupancy of 10% in eight months. Lower Swat is a year-round destination while most of the hotels in Upper Swat, such as Bahrain and Kalam, only remain open during the summer season. The total direct economic impact of tourism in the Swat Valley pre-Taliban is estimated to be USD\$47 million per year. Out of 518,400 tourists, only 5,800 (1.11%) high-end foreign tourists were visiting the region with the main motivation to visit the cultural sites of Gandhara in Lower Swat Valley and a very limited interest in trekking or nature-based tourism.

Regional tourism focused on the considerable and growing middle class market of Pakistan, as family groups visiting the area usually came in their own vehicles from the major cities of Pakistan (Table 4). They would book their accommodations and activities when they arrived in the Valley and spend an average of four nights at different locations in the valley. The major destinations were Kalam, Bahrain, Madyan, Miadam, Malam Jabba and Mingora/Saidu Sharif. The major focus of tourist activities (almost 95%) was rest and relaxation, with the cooler mountain air climate drawing in people from the hotter lowland cities in the summer. Only about 4% of the tourists visited for adventure and eco-tourism in the region. The high season was June-August, fueled by

school holidays, and the majority of the tourism businesses were open from mid-May through mid-September as a result.

After consultations with a variety of different stakeholders across Pakistan, Firms made an initial determination of five market segments that are most likely to offer short-term results in terms of generating economic activity and restoring confidence in Pakistani tourism.

Summer Holiday Family Tourism

Swat has been relatively successful in the past at attracting domestic tourists that form a significant portion of Pakistan's overall tourist market. This is important as domestic and regional tourists are crucial in maintaining a flexible tourism industry that is able to weather unforeseen international pressures or events. The target demographic for this segment is low/middle income residents of Pakistan who come with families and stay in hotels and guest houses during the summer months.

Cultural Heritage Tourism

Swat is in a good position to promote its historical heritage as the birthplace of the Gandhara Civilization. Cultural heritage tourism is one of the fastest growing market segments and accounts for about 10% of tourists worldwide. Interestingly, some of the most popular Buddhist pilgrimage destinations (e.g. shrines, temples, and sites) in the world are located in Swat and there is growing interest among Korean, Japanese, and Chinese Buddhists to restore and experience them. This large constituency of potential international tourists (over 500 million people) is represented in Pakistan by the Gandhara Art and Culture Association. The association is currently in the midst of planning a visit by Korea's chief monk to Taxilla.

Adventure Travel

Adventure Travel continues to be one of the fastest growing niche markets in the travel industry. This market includes a wide variety of activities, including hiking, trekking, cycling, rock climbing, camping, ballooning, mountain biking, water sports and horseback riding. Swat's rugged and varied terrain provides the perfect venue for almost any adventure activity a traveller would want to participate in, from the casual to the most challenging. Contrary to popular belief, this market does not just include the young, backpacking, low-budget traveler. Many participants are often at the peak of their careers, with a large amounts of disposable income.

Ecotourism

Ecotourism is a dynamic market in which preservation and conservation are central to the destination's appeal. Approximately 20 percent of tourists worldwide are involved in ecotourism and nature-related tourism. Swat has the potential and need to develop this segment in rebuilding and preserving its manmade and natural resources. Activities include wildlife viewing, hiking, interpretive learning, and plant identification. Ecotourists

are likely to spend more money than a general tourist. At least eighty percent of ecotourists are college graduates.

Meeting, Incentives, Conferences, and Events (MICE)

This segment aims to capture high-level domestic, multi-national and political meetings. Events create significant economic impact in the region and the community. Swat is well-suited to this segment given its prominent location in the Malakand Division and the nature of international attention focused on revitalizing this division. The explosive demand for meeting, seminar and conference facilities creates a natural opportunity for the tourism industry to capitalize on this demand. Some indirect benefits from this strategy include a longer tourism season and a greater likelihood of tourists that were traveling for business returning to the destination for future leisure activities.

Table 1: 2010 Plan of Activities

Market Segment	Key Challenges	Proposed 2010 Activities
Summer Holiday Family Tourism	<ul style="list-style-type: none"> • Ambiguity in the security environment • Capacity/availability of hospitality facilities 	<ul style="list-style-type: none"> • Google Map of Hotels, Restaurants and Primary tourist sites in Swat. • Minor physical rehabilitation of conflict-affected hotels, guesthouses, and restaurants. • Working capital grants to conflict-affected hotels, guesthouses, and restaurants. • Support to STC in Dawn Tourism Fair/Karachi.
Cultural Heritage Tourism	<ul style="list-style-type: none"> • Maintenance and presentation of the key sites and artifacts • Complexity in arranging and facilitating international travelers to Swat 	<ul style="list-style-type: none"> • Support Gandhara Arts and Culture Association to develop a 2010 action plan/MOU. • Develop logistics and lodging arrangements to accommodate the chief monk visit in June. • Work with tour operators to make tour packages for Buddhist pilgrims available. • Additional financial and technical support to support association's implementation of action plan per MOU.
Adventure Travel	<ul style="list-style-type: none"> • Lack of adequate infrastructure, facilities and staff • Complexity in arranging and facilitating international travelers to Swat 	<ul style="list-style-type: none"> • Support community-level development of required infrastructure and facilities for base camp/launching point for adventure travel. • Additional financial and technical support as necessary.

Table 1: 2010 Plan of Activities

Market Segment	Key Challenges	Proposed 2010 Activities
Ecotourism	<ul style="list-style-type: none">• Lack of adequate infrastructure, facilities and staff• Complexity in arranging and facilitating international travelers to Swat	<ul style="list-style-type: none">• Help local tour operators establish partnerships with international ecotourism companies to develop packages.• Help local tour operators promote to the domestic market (college graduates).• Additional financial and technical support as necessary.
MICE	<ul style="list-style-type: none">• Lack of adequate infrastructure, facilities and staff• Ambiguity in the security environment	<ul style="list-style-type: none">• Work with tour operators to develop packages appropriate for MICE and work with facilities to make accommodations and logistics acceptable.• Additional financial and technical support as necessary.

1.0 INTRODUCTION

1.1 Background

The objective of the USAID Pakistan Firms Project is to improve government service delivery and develop dynamic, internationally competitive firms to accelerate sales, investment, and job growth to undercut the basis of extremism. Project activities focus on specific “at risk” districts—among them, Swat—and on specific economic sectors, such as tourism, because of its fundamental importance to the economy of Swat. Once known as the Switzerland of Pakistan, Swat has attracted thousands of Pakistani and foreign visitors annually with its scenic beauty and other natural and manmade attractions, cool summer months, abundance of fresh fish, fruit, and vegetables, and handicrafts.

However, from 2007 to early 2009, Swat’s political, social, and physical infrastructure was wrecked by militant violence. Tourism, the former lifeblood of the district, withered away in the face of violence, insecurity, resulting in a mass exodus as the Pakistani military finally moved in to check the problem in 2009. Uncertainty with security remains to this day due to sporadic violence and curfews. While trends appear to be positive, returning Swat to its former glory as the premier tourism destination of Pakistan can only be achieved through an aggressive effort to restore the districts tourism assets, the full re-establishment of air and road (private vehicle, buses and trucks) transportation, cataloging and promoting tourism and accommodation sites, and a well-targeted, sustained promotional campaign. The challenge of this consultancy is to design a multifaceted approach to accomplish these efforts in coordination with the Provincial Government of Khyber Pakhtunkhwa (GoKPK), the Provincial Reconstruction, Rehabilitation & Settlement Authority (PaRRSA), and Swat’s private sector and local communities, prior to the advent of the 2010 tourism season in late-May.

1.1.1 Introduction to Swat: Brief History & Current Situation

Swat, a former princely State, was merged with Pakistan in 1969 as an administrative district and given a special status under Article 247 of the Constitution of Pakistan and was designated as a “Provincially Administered Tribal Area” in legal terms. This means that civil administration is controlled from the Provincial Capital at Peshawar and the legislative control of the area is directly under the President of Pakistan through the Provincial GoKPK.

The downturn started in the early 1990’s with the emergence of the Tehreek-e-Nifaz Shariat Mohammadi (TNSM) movement, which means “The movement for the imposition of the Shariat of Mohammad”, and later the Tehreek-e-Taliban, Swat. In 1992, Sufi Mohammad Khan established the TNSM in Swat, as a party seeking the Islamic order. The party rose to national prominence in 1995, when Khan demanded the immediate imposition of Sharia, the Islamic law. Violence followed as paramilitary forces began an operation against him.

After Khan's imprisonment in 2002, his son-in-law, Maulana Fazalullah, a former chairlift operator, took over the TNSM at the age of 28. By 2007 he had aligned himself with the hardline Tehrik-e-Taliban Pakistan (TTP), setting up dozens of illegal radio stations in Swat from which he preached his message of jihad (holy war).

Tourists began looking to other destinations, such as the Galiats (Murree, Nathia Gali, Dunga Gali, etc.), to spend their leisure time. Despite the presence of the militant organizations in Swat, tourists were resilient enough and continued visiting the region until 2007, when the militants took control of the majority of the district. At that point in time, tourism came to a dead halt and has remained that way ever since. The government is still in the midst of trying to wrestle control of Swat from the Taliban back to the civil administration.

In order to keep militant persons or organizations from galvanizing the people towards this destructive path again, an immense exercise to come up with a blueprint for the future of Swat must be undertaken, involving local politicians, businessmen, ulema (religious leaders), the hospitality industry, local people, etc. The representatives must be empowered to create legislation for their area so that laws can be enacted in accordance with the wishes of the local community.

Tourism in Swat Valley: Estimated Accommodation & Tourism Revenue Baseline Data

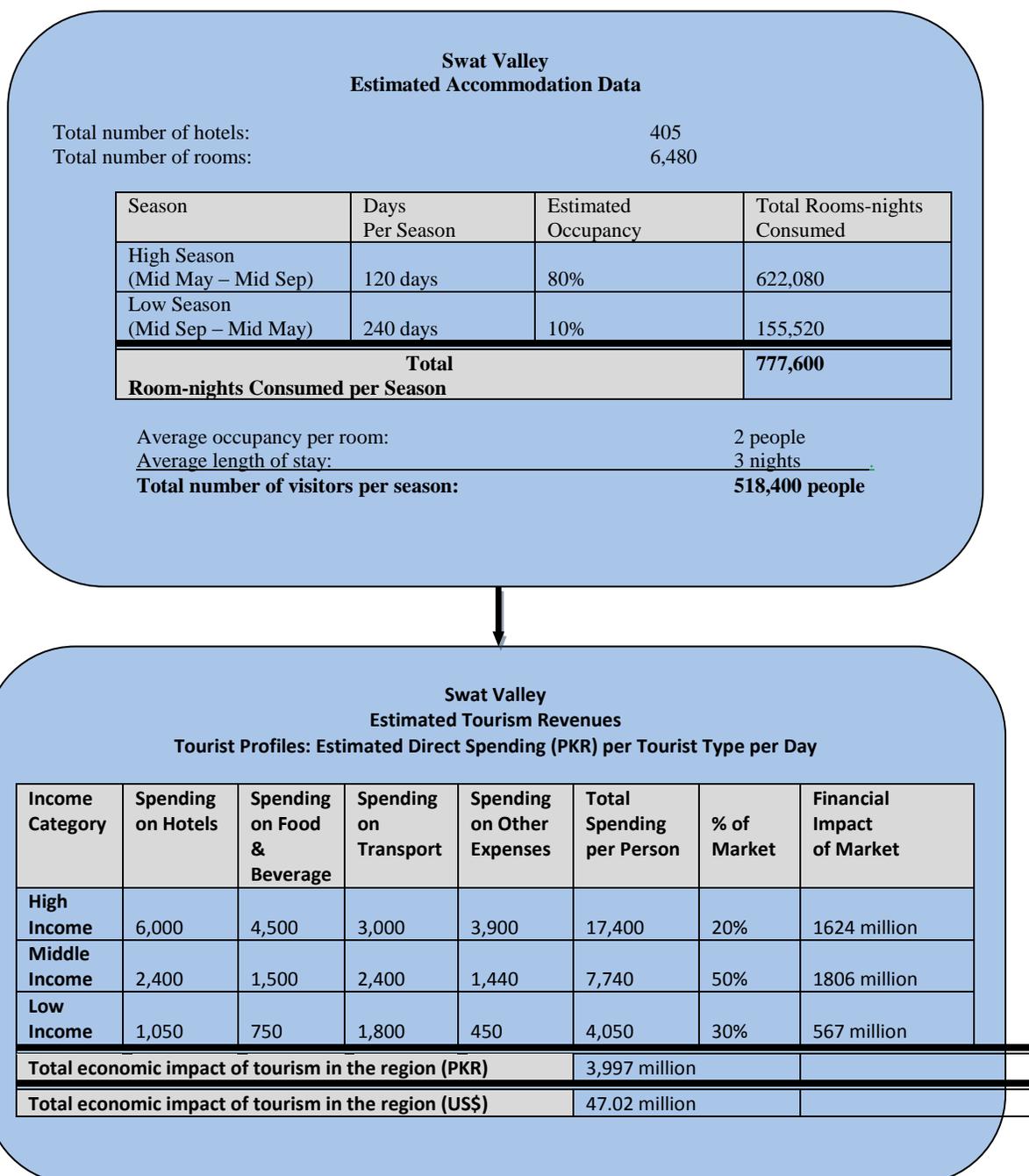


Figure 1 Economic Impact of Tourism in Swat

Despite the impact of the war against terrorism in the region there is great potential to restore and enhance the tourism economy for Swat as well as help create a small-scale, low impact tourism product in the less developed valleys of Atrot and Gibril in Upper Swat Valley. This opportunity includes restoration of the existing tourism assets, adding additional tourism products to the region, extending the tourism season, and providing regional 'role models' that demonstrate methods to mitigate the negative impacts of tourism in the region.

There is considerable opportunity to help make Swat stand out as a unique tourism experience and positioning the region competitively in the market. The opportunity the region has over other areas is its cultural and heritage richness, the untouched and undiscovered locations in the region and its stunning natural beauty. New development of the regional tourism product should focus on cultural, nature and adventure tourists, and those seeking higher-end getaways.

At the regional level, in Pakistan, it is difficult to get reliable tourism information. The following data is a 'best assessment' of the tourism situation prior to the war against terrorism in Swat Valley as well as post-war estimates. Majority of the information was gathered through interviews and predictions from the hotel association, transport association, tour operators, local people, and other experts such as Aftab-ur-Rehman Rana, I-LED's Tourism Specialist.

In peace times the major source of revenue generation in Swat Valley was tourism. According ASHA, there were more than 400 small and large hotels located at various tourist spots of Swat Valley and they were annually contributing more than USD\$50 million to the economy of Swat in addition to providing more than 20,000 jobs to local people. Due to this, the cumulative losses of the tourism sector in Swat have been very high.

Tourism was the major economic driver for the valley, with hotels and guesthouses acting as the economic 'anchor' that all other related business activities relied on. Since the war against terrorism tourism has been dramatically reduced in the Valley. During 2007, 2008 and 2009 there were almost no tourists in Swat Valley. Many of the hotels and guesthouses were damaged and looted by Taliban. Roads and bridges were also badly damaged along with destruction of other infrastructure such as electricity, telephone network, hospitals, schools, government offices and other civic facilities.

The regional tourism product focused on the considerable and growing middle class market of Pakistan, visiting the area as family groups that tended to come in their own vehicles from the major cities in Pakistan. They would book their accommodations and activities when they arrived in the Valley and spent an average of four nights in different locations in the valley. The major destinations were Kalam, Bahrain, Madyan, Miadam, Malam Jabba and Mingora/Saidu Sharif. The major focus of tourist activities (almost 95%) was rest-and-relaxation with the cooler mountain air drawing people from the hotter lowland cities in the summer. Only about 4% of the tourists were for adventure and eco-tourism in the region. The high season was June – August, fueled by school holidays, the majority of the tourism businesses were open from mid-May through mid-September.

According to ASHA there were 405 hotels in Swat Valley, with an estimated total room capacity of 6,480 rooms. Although no reliable data is collected on room occupancy, it is estimated that these facilities had peak season occupancy of approximately 80% (4 months), with shoulder season occupancy of 10% (8 months). Lower Swat is a year round destination while most of the hotels in upper Swat, such as Bahrain and Kalam, only remain open during the summer season.

The total pre-Taliban direct economic impact of tourism in the Swat Valley is estimated to be USD\$47 million per year. Out of 518,400 tourists only 5,800 (1.11 %) high-end foreign tourists were visiting the region with a main motivation in cultural sites of Gandhara in lower Swat Valley and very limited interest in trekking and nature based tourism.

Major Domestic Tourism Source Markets for the Swat Valley

- Lahore
- Islamabad/Rawalpindi
- Faisalabad
- Gujranwala
- Sialkot
- Multan
- Karachi
- Hayderabad
- Sukkur

Table 2: SCOR Analysis of Swat	
Strengths	Challenges
<ul style="list-style-type: none"> • Lush green valleys and splendid landscape, waterfalls, crystal clear water lakes and white-water rivers. • Many sites of historical and cultural interest. • Good opportunities for trekking, rock climbing, river rafting, skiing and mountaineering. • Ideal locations for ecotourism and community-based tourism in upper Swat Valley and parts of the lower valley. • Medicinal herbs, wildflowers, and wildlife. • Local handicrafts and woodcarving. • Hospitable and friendly people • Easy accessibility from Islamabad and Peshawar. • Large number of hotels and restaurants • Open all year around. 	<ul style="list-style-type: none"> • Unstable law and order situation • Poor security arrangements for visitors • Poor condition of link roads in the valley. • Unreliable public transport to side valleys. • Lack of tourism infrastructure • Poor publicity and promotion • Untrained staff in tourism trade • Poor health facilities • Limited supply of electricity • Lack of information about places of tourist interest • No waste management system • Uncontrolled development of tourism facilities. • No check on the quality of tourism services and standards of hotels and restaurants.
Opportunities	Risks
<ul style="list-style-type: none"> • Improve the law and order condition through effective coordination among concerned departments/agencies. • Launch a strong publicity and marketing campaign by actively involving ASHA, STC, PATO and PTDC. • Improve condition of link roads in valley. • Improve tourist transport facilities by giving micro-grants to local transport service providers. • Improve the condition of boarding and lodging facilities by giving grants/loans for repair, renovation and up gradation. • Improve supply of electricity by giving grants and loans for installing micro hydro power stations. • Develop camping sites to provide lodging and boarding to nature tourists in remote areas of upper Swat Valley. • Establish Tourist Information Centers (TICs) at Mingora, Bahrain and Kalam. • Promote adventure tourism and camping outings by helping PATO, AFP, ACP and MCCI develop and market package tours. • Improve the standard of existing hotels and restaurants by introducing quality 	<ul style="list-style-type: none"> • Law and order very fragile. • Potential of environmental degradation if tourism is not properly planned. • Poor maintenance of natural resources and increase in deforestation • Disturbance of wildlife • Soil erosion from uncontrolled development • Increase in solid waste production and air and noise pollution due to increase in tourist traffic. • Poor maintenance of existing infrastructure. • Decrease in standard of tourism services and hygiene conditions of hotels and restaurants. • Influence of outside investors and leakage of tourism income

<p>control standards and hotel management skills training.</p> <ul style="list-style-type: none"> • Training of local porters and guides. • Establish tourists' security system at each tourist spot/site by involving local community. • Introduce new tourism products such as river rafting, mountaineering, rock climbing, mountain-biking and other adventure sports to increase interest of tourist in Swat Valley. • Establish waste management and sewerage management systems at all tourist spots. 	
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1.1.2 SCOR Analysis of Tourism Prospects of Swat Valley

The following SCOR (Strengths, Challenges, Opportunities, and Risks) analysis is based on information collected from various stakeholders through individual/group interviews about the tourism potential of the Swat Valley.

Challenges facing the Tourism Industry in Swat

The industry, as presently constituted, is not well-positioned to surmount the challenges. However, the events of the past years have greatly increased the awareness among the public and decision makers of the importance of tourism to Swat's and Pakistan's economy as a whole. For tourism to regain its position as a thriving economic sector in Swat, aggressive action is required in order to revive tourism in Swat.

There are four key challenges facing the tourism sector in Swat today:

1. *Facilities/Infrastructure*

A good number of the tourism facilities in the Swat Valley were severely damaged by the Taliban. Renovation and repair of these facilities (mainly accommodation facilities) is vital to the revitalization of the tourism industry and economy of the region, as they are the 'anchor' for the regional tourism economy. Tourism in the region is based around accommodation facilities, without them the tourism markets, the vast majority of whom travel a minimum of five hours to reach the valley, will not come. With accommodation as a base, value added products are able to thrive, such as restaurants, tea shops, guided tours, souvenir/craft sales, jeep rentals, etc.

The basic infrastructure (bathrooms, telecommunication systems, catering, promotional literature, and other services) at various tourist destinations in Swat needs improvement. Transportation and communication networks and facilities next to potentially attractive sites also need significant improvement.

Making it more accessible for visitors to get to, and travel around, the region by improving road conditions, establishing roadside facilities, and minimize security check posts is vital. Swat should focus on creating an environment supportive of tourism development. Local infrastructure remains inadequate and cannot meet the needs of a growing tourism industry.

To ensure that the region maintains or grows the length-of-stays (and therefore economic impact) from tourists it is vital that the facilities in areas such as Mingora, Saidu Sharif, Madyan, Miadam, Malam Jabba, Bahrain and Kalam are helped to reopen after repair and renovation. The average length of stay in the region was 3-nights before the unrest, with tourists staying 2 nights in Kalam and 1-2 nights in other places. If the hotel industry is not supported to repair and renovate there is a danger that the average length of stay will decrease, severely limiting the tourism economy of the valley.

Innovation should be an important part of the programs efforts in the tourism sector. All grant applicants should be encouraged to be innovative in their renovation and repair efforts. This can be done by providing technical assistance and information to the applicants and related groups, such as ASHA, about innovative technologies or techniques that can be utilized in the region.

Repair and renovation activities should include:

- Technical assistance to assess what type of renovation and repair work will be required, i.e. will the facility need to be demolished and rebuilt or can it be restored and retrofitted.
- Help to ensure that all repair and renovation funded by the project meet the recognized standards and is approved by concerned government agencies. A working committee of Firms, ASHA and STC should be established to help facilitate this process.
- Provide grants to select accommodation facilities that can restore their facilities on their own.
- Provide a hotel grant package for accommodations that need to be repaired or renovated. This packet should help in ensuring a speedy application process for the applicant. The package should include but not be limited to electricity supply improvement, such as solar, mini-hydro, water and sanitation improvement, solar hot water, improved kitchen equipment, provision of room furnishing items such as furniture, fixtures and electronic appliances, etc.

Grants to the entrepreneurs should be based on in-kind or on matching basis, with a cash match from grantee to ensure that only genuine and serious entrepreneurs get benefit of this scheme.

Roads

There are transportation issues (poor road conditions, lack of public transit, and connections between destinations) across the district that act as barriers to smooth travel for tourists.

One major issue in Swat is the condition of the roads. Without good road access, tourism in these areas will always be limited. Swat's network of major roads is good, but though there has been improvement, the quality of secondary roads outside Mingora and Saidu-Sharif and within tourist sites is generally poor. The project can have only limited impact in this area, but pushing the government to improve the roads, especially Mingora Kalam Road would have a considerable impact on the economy of the region.

The Government of Pakistan (GOP) has improved the road between Mardan and Mingora and the construction of Islamabad – Mardan section of motorway has also improved the travel experience between Islamabad and Mingora and Peshawar and Mingora. The improvement of Mingora Kalam Road, Shangla Pass Road and Dir Chitral Road is also in the plans of the GOP. Within the next three to four years these improvements will improve access to the region and increase tourism traffic. Once these roads are complete opportunities will arise to increase the international tourism markets, as the majority of foreign tourists traveling to the high mountain areas of Chitral, Gilgit-Baltistan will also pass through this region. However this is a long-term outlook and will probably not be complete for the next 2-3 years.

Another major challenge related to road travel are the excessive check posts in the area that hinder the flow of travel, and a sense of safety and security in the mind of the traveler. The Pakistan Army must consider the psychological impact of the excessive check posts on potential tourists. There is a need to sensitize the army on proper handling/interaction and facilitation of tourists in the area. These elements are not conducive to tourism revival or development and must be taken into consideration and properly managed.

2. Image

The image of Swat and Tourism has been severely damaged due to internal events such as militancy and heavy presence of military, and due to external events such as 9/11 and the war on terror (next door).

In order to regain the confidence of domestic as well as foreign tourists to come to Swat Valley, marketing and promotion for the region is the key to the re-establishment of tourism in the valley. The valley is already well known in the domestic market, however after the war against terrorism the region's tourism industry was impacted by pervasive public perception that the region is not safe to travel, that most of the hotels were damaged, and the area is unsafe. There is therefore a need to promote the region as 'open for business' and dispel the negative perceptions and concerns within the market.

Parallels can be drawn between disasters in other popular tourist destinations and the Swat Valley. Kaghan Valley tourism industry plummeted following the earthquake of October 2005; however through effective PR and marketing, the destination was once again able to rebound remarkably quickly to surpass its pre-earthquake tourism numbers. In the same way, an effective marketing and promotion campaign will re-establish the link between domestic tourists and the Swat Valley.

Promotional efforts for Swat should start in May 2010 with a focus on the domestic tourist market. A broader promotional campaign for Swat Valley should be planned immediately. This campaign should include:

- PR (press releases, press packets, press trips, targeted story themes, etc.)
- Direct Marketing (limited newspaper, radio, and TV ads or co-sponsorship or programs)
- Promotional collateral (website, hotel directory, regional brochure, map, etc.)
- Outreach to Tour Operators (sales manual, familiarization trips, etc.)
- Festivals (tie in promotional activities with specific regional events)
- Swat Travel Road Shows in Karachi, Lahore and Islamabad and participant in marketing events such as Dawn Travel & Tourism Show at Karachi.
- Promoting market segments by organizing high-profile tours to target areas such as the Gandhara Peace Tour highlighting the cultural and heritage richness of Swat.

Sarhad Tourism Corporation (STC), Pakistan Tourism Development Corporation (PTDC), Pakistan Association of Tour Operators (PATO) and All Swat Hotel Association (ASHA) should be involved as partners in this campaign as active stakeholders.

3. *New Products*

The focus in the industry tends to be on marketing what already exists, with less emphasis on research-based development of new products.

The existing tourism product of the region tends to focus on specific 'resort' areas that consist of many accommodation facilities and support businesses clustered in one area. The reason for this is collective customer recognition, for example, tourists recognize Kalam as a destination in the Swat Valley more readily than they do specific hotels located within Kalam. This is a successful marketing and business technique and one that can be used for other products in the region.

There are a large number of guesthouses and small hotels in the Swat Valley that appear to be underutilized but offer a significant opportunity for the region if effectively linked together and marketed. Additional opportunities exist through the same model with seasonal middle to high-end tented camps in the regions. There exists an opportunity to connect these facilities within the region through a collective marketing and booking agent.

This model has worked effectively in other locations around the world. A series of small-scale accommodation facilities become a tourist route that enables tourists to experience a new place every day or two, while walking or traveling via other means (e.g. horseback, jeeps, etc.) between each destination. As the destinations are small they are centrally marketed and booked and in some cases centrally managed and operated. This concept would require coordination with local governments as well as identification of local entrepreneur(s) interested in this concept.

Access to good tourism information and easy booking services are vital to improving the tourism product in the region. A private sector driven central booking office for Swat Valley will provide the tourists with one central location to easily learn about the facilities and activities in the region as well as book those services. This office will be established with a business model approach to tourism information dissemination and booking, taking a small commission for each reservation that will contribute to staffing of the office and marketing for the region.

Traditionally, the majority of domestic tourists to the region do not book their accommodations or activities before arriving in the region. However, during peak season people have ended up sleeping in their cars because they are unable to find accommodations. Tourism coordination offices, properly integrated into marketing and promotional efforts and well located near the gateway to the region will ensure that tourists have a better tourism experience and are better informed about the region, especially as this facility will provide tourists with improved peace of mind while not costing them anything more than they would pay if they booked directly with the tourism businesses. These facilities would considerably improve the quality of the tourism experience, increase tourism numbers, and enhance the economic impact of tourism in the regions.

4. Capacity Building: Human Resource Development

In a world full of travel choices, quality and service are extremely important considerations for many travelers.

The need for tourism training is apparent throughout Swat Valley as most of the trained work force of the region has moved to other parts of the country in search of employment.

The training programs should include basic, introductory skills for hotel employees (front office operations, housekeeping, food and beverage service and cooking) as well as basic management training for hotel owners. These will help bring hotel employees and owners up to speed in the operation of hotels after several years out of operation in the Swat Valley or to help improve their level of services. Pakistan Austrian Institute of Tourism & Hotel Management (PAITHOM) at Gulibagh, Swat needs to be immediately re-opened and necessary grants should be provided to renovate and repair the institute building and to meet the initial operational cost for at least the first year.

Guide training is also essential as guides can educate potential markets on the safety of Swat as a destination by taking tourists to local areas, and encouraging contact with local people. All programs should include a local Swati tour guide to welcome groups upon arrival and stay until the groups' departure. There is also a need to identify the tour guides role in marketing Swat. This can be accomplished by enhancing communication between tour guides and tour operators as the first feel restricted by programs promoted by tour operators. Guides can be encouraged to form linkages with other tourism associations (domestic/international).

Ultimately though, success depends on the hundreds of tourism sector businesses in the region; it is they that provide the jobs, generate the revenues and produce the profits that drive economic growth. They will only achieve this growth by understanding their customers and providing them with the high quality experiences that will make them all ambassadors for the region.

1.2 Introduction to Key Tourism Segments

The methodology used to identify the five potential market segments for development of tourism in Swat was collecting information and data from meetings with various stakeholders and concerned agencies (MoT, STC, PATO, GACA, etc.) based on tourism in Swat prior to 2007. Three of the market segments identified (Summer/Winter Holiday Family Tourism, Cultural/Heritage Tourism, and MICE) were the main tourist draw prior to the insurgency, but were never properly managed or marketed to their full potential. The two “new” market segments identified (Eco-Tourism and Adventure/Sports Tourism) are niche markets that are perfect for the natural environment and climate of Swat and will increase the long-stay tourists to Swat. Swat, in the past, has been more of a “transit” route for other tourist destinations in the region (Chitral, Gilgit-Baltistan). By developing these market segments, Swat will be in a position to compete with these regions and become a tourist “destination”.

- Summer/Winter Holiday Family Tourism
- Cultural/Heritage Tourism
- Ecotourism
- Adventure/Sports
- Meetings, Incentives, Conferences, & Events (MICE)

Summer/Winter Holiday Family Tourism

Attracting domestic and regional tourists is a key to maintaining a flexible tourism industry able to weather unforeseen international pressures or events. Swat was relatively successful at attracting the domestic tourists and they formed a significant portion of Pakistan’s overall tourist market. One untapped hidden resource is the “summer-long fun segment”. In Swat’s case, tourists in this market are usually residents of Pakistan who come with families and stay in hotels for the summer. The main draws for them are climate, food, attractions (natural beauty) and the cooler climate.

Better coordination of the timing and marketing of local events (festivals, fairs, tournaments, etc.) is needed, taking into account the seasonal spread and the need for advance planning and promotion to reach the largest possible audience in the region and eventually internationally.

Fishing is another leisure activity that needs to be revived and was popular among the tourists. Trout river fishing is an activity that can be offered to people visiting the northern part of Swat. Swat fisheries and trout in particular is a valuable asset for tourism. Day permits can be bought at the fisheries department. People also come to Swat to eat trout, considered by many as a delicacy. Numerous little fish restaurants

specialized in serving trout are lined up along the rivers. Cross sector collaboration would be needed to develop a Swat quality label for trout, as a way both to increase trout farmers income while at the same time ensure sustainable development.

Cultural/Heritage

Cultural heritage tourism is one the fastest growing market segments and accounts for about 10% of tourists worldwide. The typical cultural tourist is 45-60 years of age. The segment is expected to grow due to the ageing of the baby boomers. Tourists interested in cultural heritage tourism are typically well traveled, affluent, highly educated and stay in high quality accommodations.

As western culture ages, there is a growing need to get reacquainted with historical places, especially areas that serve as the birthplace of societies. Swat is in a good position to further develop this market segment and traditionally has done quite well in promoting its historical heritage through promotion of the birthplace of the Gandhara Civilization. Gandhara Art & Culture Association (GACA) is a key stakeholder and partner for developing this segment of tourism. The economic benefit for Swat to develop this market segment is staggering. There are over 500,000 million potential pilgrimage tourists from Korea, Japan and China for Gandhara in Pakistan.

Ecotourism

Ecotourism is a dynamic market where preservation and conservation are central to the destination's appeal. Approximately 20 percent of tourists worldwide are involved in ecotourism and nature-related forms of tourism. Activities include wildlife viewing, hiking, interpretive learning, and plant identification. Ecotourists are likely to spend more money than general tourist. At least eighty percent are college graduates. Swat has the need and potential to develop this segment in regenerating and preserving its manmade and natural resources.

The major tourism attractions of the affected region are natural assets. Whether it is lakes, forests, mountains, or the grassy plateaus that tourists come to see, these destinations are all dependent on the protection of the environment to maintain these tourism resources. Protecting the environment is about protecting the tourism product, and informing people about the economic reasons for protecting the environment is important in the program areas. All of the training components should include at least one session on this aspect. All small and large grant recipients should also be required to attend a training that includes this as well as other business related skills.

The most pressing issues include trash collection and solid waste management. Starting a program to address these issues in collaboration with the local NGOs will help to kick start the environmental awareness and protection activities. To maintain the momentum, the program will have to identify a local champion for this cause and in collaboration with them establish long term management plan for these activities.

Adventure/Sports Tourism

Adventure tourism continues to be one of the fastest growing niche markets in the travel industry. Contrary to popular opinion, this is not only a young, backpacking and low-budget market. Participants are often at the peak of their careers, with a large amount of disposable income. This market includes a wide variety of activities including hiking, trekking, cycling, rock climbing, camping, water sports and horseback riding. There are considerable adventure sport opportunities in main Swat Valley and all of the side valleys. These opportunities are presently not utilized.

The passes in the area (Kachkhani Pass, Handarap Pass and Daderelli Pass) have not been used to their full potential of attracting the sports/adventure enthusiasts to the area. Target groups for mountaineering and trekking would be youth groups, universities and colleges. The Adventure Foundation is an organization that could be helpful in organizing such trekking trips. Some sources for information related to trekking in the region are the Lonely Planet Guide, Footprints, Isobel Shaw's books on Pakistan (Pakistan Handbook, Pakistan Trekking Guide: Himalaya, Karakoram and Hindu Kush).

Matiltan, near Kalam the ultimate destination for tourists in Swat, is situated about 12 Kms NE of Kalam with a population of approximately 15,000. Matiltan's strategic location is ideal for setting up a center for adventure tourism and guides training for trekking, mountaineering and rock-climbing activities. Financial assistance could be provided to establish individual business that provide specific adventure sport activities or if the right investors are identified, an adventure sports center could be created that would service the entire range of adventure sports.

Adventure Foundation Pakistan, Alpine Club Pakistan, Ski Federation of Pakistan, Margalla Climbing Club of Islamabad and other such organizations should be invited to establish adventure sports clubs in Swat Valley by giving them start up grants. Swat's rugged and varied terrain provides the perfect venue for almost any adventure activity in which a tourist in this segment would want to participate, from the casual to the most hardcore.

Activities could include:

- Trekking
- White Water Rafting
- Mountaineering
- Rock Climbing

Potential Partners:

- The ACP can be sub-contracted to provide mountaineering training, identification of camping sites and the equipment list required for mountaineering. The Alpine Club of Pakistan has suggested mountaineering training camps in the high mountains of Swat, as they are non-technical, low altitude and perfect for the novice climber.
- The AFP can be sub-contracted to provide training for guides and porters and for developing new trekking routes, and white water rafting trips and guides training.

- The MCCI can be sub-contracted to identify and develop potential sites for artificial and natural rock-climbing walls and rock-climbing training.

The sports travel market consists of two distinct components. One is travel for active participation in a sport or event, the other is travel to view an event. In the past decade, international sporting events such as the Olympics and the World Cup have grown to epic proportions, but events do not have to be large-scale and world-class to attract spectators and participants. It is one of the fastest growing areas of the global travel and the tourism industry. Besides the benefit it offers the youth, sport tourism can be favorable for generating/increasing overnight stays, the economy, investment and job creation. Sport Tourism sector offers great potential for Swat tourist. The possibilities are endless in all seasons ranging from skiing, paragliding, hiking/trekking, rafting, to cricket tournaments.

The Ministry of Sports (Provincial and Federal) can promote the image of Swat in its recreational, cultural sports and traditional activities and locations. It can contribute in building the necessary infrastructure for youth tourism through its support of the Pakistan Youth Hostels Association which offers youth lodging, indoor and outdoor activities at very low prices in different areas of Pakistan thereby enabling the tourist to benefit from nature, sport activities, traditions and the weather of Swat at a modest cost.

The development of winter sport facilities and activities would diversify the tourism product of the region, increase the economic impact of tourism, and in the case of the Swat Valley significantly lengthen the tourism season. Malam Jabba was developed as a ski resort with the financial assistance of the Austrian government, but it has been badly damaged by the Taliban. Effort should be made to revive this project as there are excellent opportunities to develop activities such as:

- Cross Country Skiing
- Downhill skiing
- Snow Tubing

Meeting, Incentives, Conferences & Events (MICE)

This segment attracts large groups of educated and affluent people. This segment aims to capture high-level domestic, multi-national and political meetings. Each event creates significant economic impact on the region and community. One of the benefits of this segment is that it helps extend the length of the tourism season. Tourists in this segment are more likely to return to the destination for leisure activities in the future.

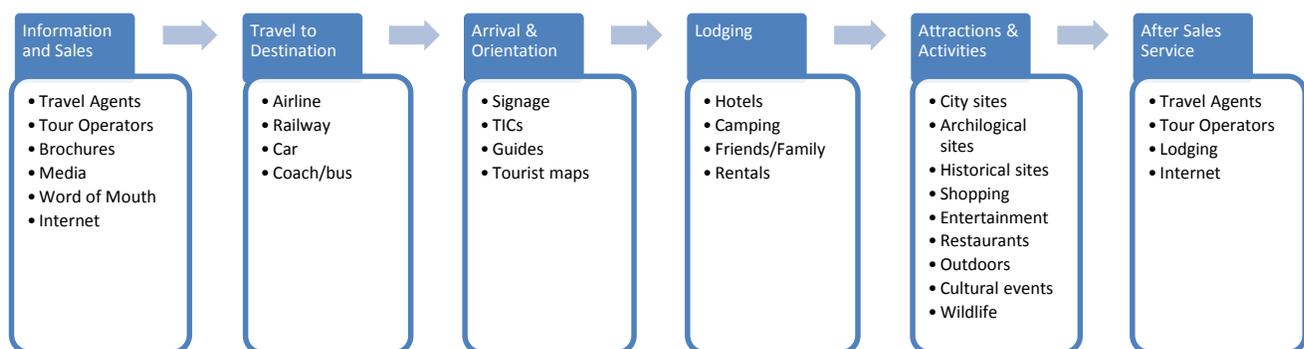
1.3 Monitoring & Evaluation Targets for Market Segments

Table 3: M&E Targets
<p>Publications produced, printed and readily available at entry points; No. of hours it takes to pass through check posts; No. of domestic bus and/or airline tickets sold by tour operators; No. of accredited tour operators and hospitality service providers; Increased tourism satisfaction; No. of events; No. of total guests per months; % of increased private expenditure in marketing (typology of tourism business/firm); No. of tourist; No. of tourist activities; No. of tourist packages sold; % of increased government expenditure on marketing; No. of tourism assets per km. with easy and adequate road access; % increase in Km road networks effectively maintained; Revenues from handicrafts and ancillary services (from tourist expenditure surveys)</p>

1.4 Introduction to the Tourism Value Chain Model

The tourist experience consists of a series of individual experience points provided by multiple different entities from air carriers and hotels to restaurants and tours. Failure to provide a good experience at any point may undermine the entire experience and accordingly destroy the competitiveness of the destination. A country’s competitiveness in the provision of tourism services is, therefore, complex and requires the harmonization of a diverse set of inter-dependent industries and the public sector.

Understanding the nature of constraints confronting the tourism industry itself, therefore, requires a rigorous assessment of the role of each value chain component in the overall tourism experience, the linkages to other agents, and the performance of the service providers, industries and institutions.



1.5 Introduction to Key Stakeholders

Table 4: Key Stakeholders in the Tourism Value Chain

Component	Private	Government
Information and Sales	All Swat Hotel Association (ASHA), Travel Agencies (Zeb Travel, Walji's Travel, Oriental Links, etc.), Pakistan Association of Tour Operators (PATO), All Swat Transportation Association (ASTA), Gandhara Art & Culture Association (GACA), Travel Guides/Books (Lonely Planet, Pakistan Handbook: Isobel Shah, etc.), Brochures, Travel Websites (travel agencies/tour operators/airlines), Media (journalists, radio, private news channels – Dawn, Express News, Aaj, Geo, etc.), Maps	Federal MoT, TICS of STC, PTDC, PTL, Ministry of Foreign Affairs, Ministry of Environment, Ministry of Culture, Travel Websites, PIA, Shaheen Air, Air Blue, Media (PTV), Radio
Travel to/from Destination	Tour operators, travel agents, hotels, taxis, private car, car and coach hire companies, rickshaws, Daewoo	International & Domestic Airlines (PIA, Shaheen Air, Air Blue), PTL, ground handlers, rail transport providers, hotels
Arrival & Orientation	Hotels (Serena, Rock City, Continental, etc.), Restaurants, Tour Operators, Travel Agents, local guides, security services	International & Domestic Airports, TICs of PTDC, STC, signage, security services, National Highway Authority (NHA)
Lodging	Hotels, guest houses, camping sites, family, friends	Hotels (PTDC), resorts (Malam Jaba), rest houses
Attractions & Activities	Shops, restaurants, adventure activities, Adventure Foundation of Pakistan, Alpine Club of Pakistan, Margalla Climbing Club Islamabad, GACA, private entrepreneurs	TICs of STC, PTDC, custodians of public museums, monuments, cultural and heritage sites, festivals, cultural shows organized by STC
After Sales Service	Tour operators, travel agents, hotels, internet (travel/tour operator & travel agent websites)	International & Domestic Airlines (PIA, Shaheen Air, Air Blue), Hotels/Motels, Websites (GOP, MoT travel website)

SCOR Analysis of Key Tourism Stakeholders of Swat Valley

The following SCOR (Strengths, Challenges, Opportunities, and Risks) analysis of tourism stakeholders of Swat Valley is based on information collected from various stakeholders through individual/group interviews about the tourism potential of Swat Valley.

Strengths	Challenges
<ul style="list-style-type: none"> • National Tourism body support by Federal Government. • Well experienced in tourism sector. • Owner of four motels in Swat Valley. 	<ul style="list-style-type: none"> • Large staff but low motivation level • Frequent changes at top management level. • Low interest in public private partnerships. • Top management works in bureaucratic style. • Low motivation to work with private sector • No experience of working with donor agencies
Opportunities	Risks
<ul style="list-style-type: none"> • Staff and organizational capacity building. • Introduce of use of IT in management and operation. • Improve marketing skills. • Improve productivity of staff. 	<ul style="list-style-type: none"> • Mismanagement of funds. • Slow implementation. • Self-interest more dominant. • Slow decision-making and possibility of delays in starting project activities.

Strengths	Challenges
<ul style="list-style-type: none"> • Regional tourism body supported by NWFP Government. • Highly motivated and less bureaucratic top management. • Supporter of public-private partnerships. • Good ability to understand donors' approach. • Good knowledge of project area. • High level of support at ministerial level. 	<ul style="list-style-type: none"> • Limited staff. • Limited secretarial support. • No experience of working with donor agencies.

Table 6: Sarhad Tourism Corporation (STC)	
Strengths	Challenges
<ul style="list-style-type: none"> • Availability of Pashto-speaking staff. • Registered as an autonomous corporation 	
Opportunities	Risks
<ul style="list-style-type: none"> • Staff and organizational capacity building. • Building goodwill and working partnership with PK Government. • Already working on starting some support activities in Swat area. • Can also bring funds from their side. 	<ul style="list-style-type: none"> • Mismanagement of funds. • Local staff may have some self-interests. • Unnecessary government interference in project implementation. • Favoritism in selection of grantees.

Table 7: All Swat Hotel Association (ASHA)	
Strengths	Challenges
<ul style="list-style-type: none"> • Group of experienced members in hotel and restaurant business • Good knowledge of project area. • Availability of Pashto speaking staff/members. • Local presence. • Reasonable ability to understand the key issues and find out solutions. 	<ul style="list-style-type: none"> • No experience of working with donor agencies. • Limited experience of tourism-related projects. • No full time staff. • Limited secretarial support
Opportunities	Risks
<ul style="list-style-type: none"> • Staff/members and organizational capacity building 	<ul style="list-style-type: none"> • Mismanagement of funds. • Slow implementation. • Favoritism in selection of grantees. • Need more time to understand tourism sector.

Table 8: Pakistan Association of Tour Operators (PATO)	
Strengths	Challenges
<ul style="list-style-type: none"> • Group of experienced members in the tourism operation business • Good knowledge of project area. • Availability of Pashto speaking staff/members. • Reasonable ability to understand the key issues and find out their solutions. 	<ul style="list-style-type: none"> • No experience of working with donor agencies. • No full time staff. • Limited secretarial support
Opportunities	Risks
<ul style="list-style-type: none"> • Staff/members and organizational capacity building 	<ul style="list-style-type: none"> • Mismanagement of funds. • Self-interest more dominant

Table 9: Gandhara Art & Culture Association (GACA)	
Strengths	Challenges
<ul style="list-style-type: none"> • Group of experienced members in Gandhara Art, culture and Buddhism • Good knowledge of restoration for heritage sites. • Availability of Pashto-speaking staff/members. • Building goodwill and working partnership with MoT/GOP. • Already working on starting some support activities in Swat area (Gandhara Peace Tour) • Can also bring funds from their side. • Strong linkage with potential tourist market (Korean/Japanese chief monks + followers). • Ability to understand the key issues and find out solutions. 	<ul style="list-style-type: none"> • No experience working with donor agencies. • No full-time staff. • Limited secretarial support. • Limited technical support.
Opportunities	Risks
<ul style="list-style-type: none"> • Restoration of heritage sites. • Development of market segment with huge economic potential and increase in long stay tourism. • Staff/members and organizational capacity building. 	<ul style="list-style-type: none"> • Unnecessary government interference in project implementation. • Need more time to understand tourism sector. • Slow implementation. • Chances of focusing more on other related projects (Taxila University).

2.0 GRANTS PROGRAM(S)

A significant regional need is access to capital. A considerable proportion of the regions liquid assets have been used up since the war against terrorism, helping residents to survive over the last three years, move houses, repair, etc. Therefore local entrepreneurs have only limited access to personal capital or money from friends and family.

The banks should provide loans to the private sector on low interest rates. Linking local entrepreneurs with bank financing could help those people that cannot come up with the cash match for the grants program to borrow this money for their projects.

Technical assistance will be required to help local entrepreneurs and bankers work together. This could include getting detailed information from the banks as to exactly what documentation they need from entrepreneurs and ensuring that the local entrepreneur can provide all of this information.

Investment promotion could also play a vital role in rebuilding of the tourism economy in the region. The project can provide this vital link to capital through investment promotion seminars and investment promotion trips that will help educate potential investors about the region and link local entrepreneurs with investors so that they can explore co-investment opportunities. Assistance will be required to find potential investors, collect and disseminate information for investors (e.g. general regional information, investment project specific packets, etc.), and provide a venue through which entrepreneurs and investors can meet.

2.1 Rehabilitation Matching Grants

Table 10: Rehabilitation Matching Grants		
Value Chain Component	Companies	Rehabilitation Needs
Information and Sales	PTDC, STC, PIA, GACA, PATO	Improve Signage to tourist destinations/heritage sites, repair/renovate TICs, Marketing/Promotional packages, Exposure visits
Travel to/from Destination	NHA, PTDC, PTL, PIA, PATO	Link roads to tourist sites (e.g. Mahodand Lake, Malam Jaba Resort, etc.), Transportation (private entrepreneurs/PTL buses/coaches), revive flights to Saidu Sharif ,
Arrival &	NHA, STC, Archeological	Improve Signage to tourist

Table 10: Rehabilitation Matching Grants

Table 10: Rehabilitation Matching Grants		
Value Chain Component	Companies	Rehabilitation Needs
Orientation	Department	destinations/heritage sites, repair/renovate TICs
Lodging	ASHA (Hotels), ASHA (Restaurants), PTDC, Pakistan Austrian Institute of Tourism & Hotel Management (PAITHOM)	Repair/Renovation of hotels and restaurants, re-construction of Malam Jaba Ski Resort, repair/renovation of PAITHOM
Attractions & Activities	GACA, UNESCO, Malam Jaba Ski Resort Pvt. Ltd. (Fed.MoT/PTDC), Adventure Foundation of Pakistan (AFP), Alpine Club of Pakistan (ACP), Pakistan Ski Federation (PSF), STC, traditional rafting (private entrepreneurs),	Repair/renovation/excavation of various Buddhist sites damaged during insurgency (Jahanabad Buddha, Butkara I-II, etc.), partnership with UNESCO to establish sites as world heritage sites, revive skiing at Malam Jaba Ski Resort, purchase equipment for rafting (private entrepreneurs)
After Sales Service	N/A	N/A

2.2 Working Capital Grants

Table 11: Working Capital Grants

Table 11: Working Capital Grants		
Value Chain Component	Companies	Business Recovery Needs
Information and Sales	STC, PTDC, ASHA, PATO, GACA, Cogilent	Change image of Swat by developing aggressive Marketing/Advertising media campaigns and increase media coverage. Provide exposure visits to travel writers, journalists, tour operators/agents, develop a one-stop/interactive Travel Web Portal to link the tourist with service providers (tour operators/agents, hotels, transportation, etc.) and facilitate, inform and streamline tourist's needs/interests/requirements.
Travel to/from Destination	PATO, PTL (PTDC), PIA, DAEWOO, Private bus services	Purchase of buses/coaches for local/regional transport service providers dedicated for tour groups

Table 11: Working Capital Grants

Value Chain Component	Companies	Business Recovery Needs
		to/around Swat (inbound and locally). Purchase jeeps for local private transportation service providers to take adventure/eco-tourist for trekking/mountaineering, etc. Partnership with PIA and domestic carriers (Shaheen Air/Air Blue) to develop affordable tour packages for domestic tourists.
Arrival & Orientation	STC, PTDC (PTL), NHA, Private hotels, signage, TICs of STC, PTDC	Development of informational material / promotional packages related to tourist sites, activities in Swat. Supplies (furniture/equipment/computers) for rehabilitation of TICs. Training/skills development of local Guides.
Lodging	ASHA, PTDC Motels, Campsites, Private guest houses	Repair and renovation of damaged hotels/restaurants. Procurement of equipment/materials needed to renovate hotels/restaurants (kitchen equipment, décor (curtains, carpets, linens, etc.), generators, sanitary fittings, beds, chairs, tables, etc.). Training for service staff (food/beverage, management, services, etc.). Establishment of camping sites and all equipment to support the sites (tents, stoves, sleeping bags, dishes, etc.).
Attractions & Activities	STC, PTDC, AFC, ACP, MCCI, GACA, NHA, traditional rafting (private entrepreneurs)	Revival of existing market segments (cultural/heritage and summer/winter family holidays and MICE) and development of new products (eco-tourism, adventure/sports tourism). Improved signage to/around tourist destinations. Subcontract AFP, ACP, MCCI to conduct an assessment to identify trekking/mountaineering routes, establish artificial/natural rock climbing walls, adventure rafting locations and provide a list of all

Table 11: Working Capital Grants		
Value Chain Component	Companies	Business Recovery Needs
		equipment needed to support adventure tourism activities. Provide technical assistance/support to GACA for development of a 5 year strategy. In partnership with the Dept. of Archiology, GACA and UNESCO provide Technical/Financial assistance to repair damaged Buddhist sites, continued excavation of existing sites.
After Sales Service	PATO, Travel Agencies (Domestic/International) PTDC, STC	Technical skills/training for development and management of a one-stop Travel/Tourism Web Portal.

2.3 Grants Implementation

The goal of the project should be to increase the incomes of grant recipients through employment generation, improved assets base and quality of services of the entrepreneurs of the war affected region of Swat Valley. To make effective use of grants money it is important that the grants are distributed through a transparent process and are spent for the purpose that will ultimately help in the revival of tourism in the region.

Based on the experiences, best practices and lessons learned in Kaghan Valley under the I-LED project of USAID, the following procedures were adopted by the project for the successful implementation of grants in the earthquake affected areas of Mansehra District of KPK. The following steps are very important for a purposeful and result oriented implementation of grants scheme:

- a. Develop a grantee selection criteria based on key elements such as experience in business, location of business, grantee's domicile, ownership status, financial position, assets etc.
- b. Each grant recipient has to submit a well conceived business plan along with the details of items needed and work to be done to improve already running business or restart business along with the grant application form. Grant should be given only to commercially viable projects. The project should have competent staff to do the verification of project.
- c. Grant recipient should submit a work plan to complete the job within given time frame.

- d. To maintain the quality of work and items to be procured a system needs to be developed to check the quality of work at each stage through a mutually agreed bench mark system. Verification should be done by the project team at each stage to ensure the grants funds are properly utilized. Grant funds should be released in installments after the completion of each bench mark.
- e. Grantee should also bring in a matching contribution (20 % to 50 %) from his/her side in cash or kind to ensure seriousness and commitment of the grant reception. Grants with higher grantee contributions should be give preference. It also ensures that the grantee is financially capable to implement the grant. Micro level businesses should have less grantee contribution and small to medium level businesses should have more grantee share in the overall investment on the renovation repair work. Grant recipients should be encouraged and assisted to seek other sources of private equity investment and apply for commercial loans from banks to arrange matching contribution.
- f. Grantee will require technical assistance in the up-gradation process from the project side so project should have enough staff to support implementation of grants.

3.0 MARKET LINKAGES AND FACILITATION

3.1 Summer/Winter Holiday Family Tourism

Table 12: Summer/Winter Holiday Family Tourism

Value Chain Component	Challenges	Proposed Interventions	Stakeholders
Information and Sales	<ul style="list-style-type: none"> Damaged image of Swat in terms of safety/security Media fall short of delivering positive message of Swat Inconsistent/outdated information re: tourist destinations/sites/activities in Swat Difficult to obtain current information re: Swat Undeveloped market segments 	<ul style="list-style-type: none"> Select an advertising agency that can help develop and implement a PR and promotional campaign for the Swat Valley. The PR/Promotion campaign needs to have demonstrable return on investment, which can be shown to hoteliers to encourage their participation. Secure a financial contribution from the STC or PTDC to match FIRMS funds for a grant that will fund the campaign Develop a press package about the region and contact selected press writers to pitch them on a story and press trip to the region. The focus should be on the tourism product rather than the project or recovery efforts, as this will be more appealing to travel writers. Suggested 'story pitches' could include: <ul style="list-style-type: none"> Weekend trip for relaxation in the Swat Valley Trekking the Swat Valley, the forgotten 	<p>News Channels (PTV, Geo, Media (Domestic/International - Dawn, Aaj, Express News, BBC, CNN, etc.), Radio Stations (Gov. and Private), Journalists, Travel Writers, MoT, STC, PTDC, ASHA, PATO, GACA, Cogilent, Army</p>

Table 12: Summer/Winter Holiday Family Tourism

Value Chain Component	Challenges	Proposed Interventions	Stakeholders
		<p>wonders</p> <ul style="list-style-type: none"> ○ What you didn't know about exploring the Swat Valley, a local guides walk through the Upper valley ● Create and launch Swat Tourism website that includes information about the region, tourism businesses and contact information. Develop a wire frame for the website that can then be used by a web developer. Link this site to all promotional and RP products that are developed and distributed. It is vital that the website is 'owned' by some entity. This could be STC initially but should be transferred to the regional tourism promotion association at a later stage. ● Develop collateral material for promotion of the region (The level of collateral development will depend on the size of the project budget). Collateral material could include (in order of priority): <ul style="list-style-type: none"> ○ Hotel Directory ○ Combined brochure and map in Urdu and English. ○ Dedicated trail map ● Additional promotional activities should be pursued that fit the available budget. The most cost effective method 	

Table 12: Summer/Winter Holiday Family Tourism

Value Chain Component	Challenges	Proposed Interventions	Stakeholders
		<p>and quickest impact would be a radio program that can highlight the region and interview key stakeholders. A film crew could also be encouraged to develop a documentary in the region, this may be combined with one of the events. A limited amount of direct newspaper advertising may also be conducted, however this should be highly targeted in Sunday papers (preferably in the travel related sections of the national newspapers or magazines which have larger circulation in the target market)</p>	
Travel to/from Destination	<ul style="list-style-type: none"> • Only one reliable bus service operating to Swat (Daewoo) • No flights • Poor link roads • Excessive check posts • Airport closed to civilian air traffic 	<ul style="list-style-type: none"> • Procurement of additional vehicles for tour operators/bus service companies. • High level meeting with GoP/Army/PIA re: resumption of PIA flights to Swat and access to Saidu Sharif airport. • Rehabilitation grants to sub-contractors/local laborers for repair of link roads. • High level meeting with GoP and Army to facilitate smooth entry/exit for tourists to Swat; sensitize Army on proper treatment/handling of tourists to Swat. 	<p>Daewoo Bus service, Niazi Bus Co. Skiways Bus Co, Pakistan Tours Limited, STC, PIA, Civil Aviation Authority and Pak Army</p>
Arrival & Orientation	<ul style="list-style-type: none"> • Shortage of TICs • Lack of proper 	<ul style="list-style-type: none"> • STC and PTDC should be given grants to reopen their 	<p>STC,PTDC, ASHA, NHA,</p>

Table 12: Summer/Winter Holiday Family Tourism

Value Chain Component	Challenges	Proposed Interventions	Stakeholders
	<p>signage of roads and tourist sites/destinations</p> <ul style="list-style-type: none"> • Shortage of trained local guides. 	<p>TICs at Saiful Sharif and Mingora.</p> <ul style="list-style-type: none"> • ASHA should be given grant to establish a hotels information and reservation centre at Mingora and Kalam. • NHA should install proper road signs to facilitate the orientation of tourists. • Archaeological Department should install local and information signs along the roads about all sites of historical interest. • Trained tour guides are not available in Swat. PIATHOM should be supported to conduct training courses for the tour and trekking guides. 	<p>Archaeological Department and PAITIOM</p>
Lodging	<ul style="list-style-type: none"> • Hotels/restaurants need repair/renovations • Excessive load shedding • Proper waste management 	<ul style="list-style-type: none"> • Provide assistance to hoteliers to improve their existing tourism product. This will include applications for repair/renovation, improvement of furnishing and equipment for the hotel/restaurants but other innovative technologies should be suggested and pursued with applicants. These could include: <ul style="list-style-type: none"> ○ Micro-Hydro plants (a collective application from several hotels) ○ Improved sewage systems and waste management system ○ Improved water supply systems ○ Small practical training 	<p>ASHA, STC and PTDC Motels</p>

Table 12: Summer/Winter Holiday Family Tourism			
Value Chain Component	Challenges	Proposed Interventions	Stakeholders
		facilities within hotels/restaurants <ul style="list-style-type: none"> ○ Introduction of solar lights and water heating system. 	
Attractions & Activities	<ul style="list-style-type: none"> ● There are limited cultural activities for tourist. ● STC has developed a calendar of event, but does not have the budget to implement. 	<ul style="list-style-type: none"> ● Explore opportunities to organize promotional events, especially during May and June as the tourism season starts up <ul style="list-style-type: none"> ○ May – Swat Food and Tourism Festival at Lahore and Islamabad) ○ June – Swat Food, Music and craft Festival at Mingora, Bahrin and Kalam ○ June – Gandhara Peace Tour ○ July - Swat Jeep Rally ● Implement Guide Training for existing and aspiring guides in the region. This can be conducted after the summer season (due to time constraints) and can be implemented through the Pakistan Adventure Foundation and Alpine Club of Pakistan. 	STC, GACA and Departments of Archaeology and Culture
After Sales Service	<ul style="list-style-type: none"> ● Quality of tourism products is low in terms of standard of services. ● No mechanism in place for getting tourist feedback on quality of services of tourism service providers. 	<ul style="list-style-type: none"> ● Introduce quality standard in hotel, restaurant, and transport and tour operation. ● Set up a feedback getting system by introducing a standard comments cards ● Conduct visitors satisfaction surveys during tourist season 	Ministry of Tourism, STC and ASHA

3.2 Cultural/Heritage Tourism

Table 13: Cultural/Heritage Tourism

Value Chain Component	Challenges	Proposed Interventions	Stakeholders
Information and Sales	<ul style="list-style-type: none"> • There is not enough information material about the sites and activities of cultural and heritage tourism in Swat Valley. • Outdated information leaflets. • Less coverage by media 	<ul style="list-style-type: none"> • STC and PTDC should be supported to publish information material in different languages such as English, Urdu, Japanese, Chinese and Korean. • Invite press and electronic media on exposure visits 	PTDC, STC, GACA and media companies
Travel to/from Destination	<ul style="list-style-type: none"> • Poor link roads to historical sites • Proper tourist coaches are not available 	<ul style="list-style-type: none"> • Procurement of additional vehicles for tour operators/bus service companies. • Rehabilitation grants to sub-contractors/local laborers for repair of link roads. 	Archaeological Department, STC, PTL and local transporters.
Arrival & Orientation	<ul style="list-style-type: none"> • Lack of proper signage at sites of historical interest • Shortage of trained tour guides. 	<ul style="list-style-type: none"> • Archaeological Department should install location and information signs along the roads and at the sites of historical interest. • Trained tour guides are not available in Swat. PIATHOM should be supported 	STC, PTDC, Archaeological Department and PAITIOM

Table 13: Cultural/Heritage Tourism

Value Chain Component	Challenges	Proposed Interventions	Stakeholders
		to conduct training courses for the tour.	
Lodging	<ul style="list-style-type: none"> • Same as summer and winter holiday tourism 	<ul style="list-style-type: none"> • Same as summer and winter holiday tourism 	Same as summer and winter holiday tourism
Attractions & Activities	<ul style="list-style-type: none"> • There are limited cultural activities at sites of historical interest. • Art of wood carving is in danger 	<ul style="list-style-type: none"> • Arrange sound and light shows at selective sites of Gandhara. • Implement Guide Training for existing and aspiring guides in the region. • Wood carving art need to be supported by establishing a training institute 	Archaeological Department and GACA
After Sales Service	<ul style="list-style-type: none"> • Quality of tourism products is low in terms of standard of services. • No mechanism in place for getting tourist feedback on quality of services of tourism service providers. 	<ul style="list-style-type: none"> • Introduce quality standard in hotel, restaurant, and transport and tour operation. • Set up a feedback system by introducing a standard comments cards • Conduct visitors satisfaction surveys during tourist season 	Ministry of Tourism, PATO, STC and GACA

3.3 Eco-Tourism

Table 14: Eco-Tourism			
Value Chain Component	Challenges	Proposed Interventions	Stakeholders
Information and Sales	<ul style="list-style-type: none"> Limited information available about the sites of ecotourism in Swat valley Less coverage by media 	<ul style="list-style-type: none"> STC and PTDC should be supported to publish information material about the ecotourism attractions of Swat Valley. Invite press and electronic media on exposure visits 	STC , PTDC and media organizations
Travel to/from Destination	<ul style="list-style-type: none"> Poor link roads to nature interest sites. Local jeeps are not of good standard 	<ul style="list-style-type: none"> Rehabilitation grants to sub-contractors/local laborers for repair of link roads. Certify good standard jeeps and provide grants to local entrepreneurs to purchase new good standard jeeps for tourists. 	Forest and Wildlife Department for roads and STC for jeeps
Arrival & Orientation	<ul style="list-style-type: none"> Lack of proper signage at sites of ecotourism interest Shortage of trained nature guides. 	<ul style="list-style-type: none"> Forest and Wildlife Department should install location and information signs along the roads and at the sights about of ecotourism interest. Trained nature guides are not available in Swat. PIATHOM should be supported to conduct training courses for nature guides. 	Forest, Wildlife Department and PIATHOM
Lodging	<ul style="list-style-type: none"> No accommodation is available at sites of ecotourism interest. 	<ul style="list-style-type: none"> Community guest houses and camping sites can be established by providing grants to local entrepreneurs. 	ASHA, STC and AFP
Attractions & Activities	<ul style="list-style-type: none"> In spite of good potential presently there are no facilities available for ecotourism activities in the region. 	<ul style="list-style-type: none"> Explore the unexplored locations of the valley. The upper regions of the Swat Valley such as Atrot and Gibril valleys are relatively untapped from a tourism perspective and have 	STC, PATO and AFP,

Table 14: Eco-Tourism

Value Chain Component	Challenges	Proposed Interventions	Stakeholders
		<p>considerable potential for especially ecotourism and nature based tourism. If developed properly small-scale guesthouses, restaurants and other low impact facilities could be developed that would service the tourism market that wishes to escape the crowds as well as the summer heat. Where possible these areas should be explored further and entrepreneurs interested in such facilities encouraged to apply for a grant. These remoter, un-crowded areas are an attraction within the market but will lose their appeal if improperly developed. There is opportunity to introduce this type of product to the region, while also ensuring that the unique aspects that attract people to it remain intact.</p> <ul style="list-style-type: none"> • Implement Guide Training for existing and aspiring guides in the region. This can be conducted after the summer season (due to time constraints) and can be implemented through the Pakistan Adventure Foundation and Alpine Club of Pakistan. 	
After Sales Service	<ul style="list-style-type: none"> • Quality of tourism products is low in terms of standard of services. • No mechanism in 	<ul style="list-style-type: none"> • Introduce quality standard in hotel, restaurants, transport and tour operation. • Set up a feedback getting system by introducing a 	Ministry of Tourism, STC, AFP and PATO

Table 14: Eco-Tourism

Value Chain Component	Challenges	Proposed Interventions	Stakeholders
	place for getting tourist feedback on quality of services of tourism service providers.	standard comments cards <ul style="list-style-type: none"> Conduct visitors satisfaction surveys during tourist season 	

3.4 Adventure/ Sports Tourism

Table 15: Adventure/Sports Tourism

Value Chain Component	Challenges	Proposed Interventions	Stakeholders
Information and Sales	<ul style="list-style-type: none"> Limited information available about adventure and sports tourism activities in Swat valley Less coverage by media 	<ul style="list-style-type: none"> After developing adventure and sports activities publish attractive leaflets and brochure on various adventure and sports tourism activities in Swat Valley. Invite press and electronic media on exposure visits 	AFP, ACP, PSF, PGF and private entrepreneurs
Travel to/from Destination	<ul style="list-style-type: none"> Poor link roads to sites of adventure tourism 	<ul style="list-style-type: none"> Rehabilitation grants to sub-contractors/local laborers for repair of link roads 	Local government and concerned agencies/dep artments
Arrival & Orientation	<ul style="list-style-type: none"> Lack of proper signage at sites of ecotourism interest Shortage of trained adventure guides. 	<ul style="list-style-type: none"> STC should install location and information signs along the roads and at the sights about of adventure interest. Trained adventure guides are not available in Swat. AFP/ACP should be supported to conduct training courses for nature guides. 	STC, AFP, ACP, PSF and PGF
Lodging	<ul style="list-style-type: none"> No accommodation is 	<ul style="list-style-type: none"> Community guest houses, log huts, youth hostels and 	Local entrepreneurs

Table 15: Adventure/Sports Tourism			
Value Chain Component	Challenges	Proposed Interventions	Stakeholders
	available at sites of adventure interest	camping sites can be established by providing grants to local entrepreneurs and concerned departments.	, Pakistan Youth Hostel Association and Forest Department
Attractions & Activities	Adventure tourism activities are available on limited scale in the region. If developed properly it can diversify the tourism product and potentially extend the length of visit tourists make to the valley. At the present time there is a limited adventure and sports activities that tourists can do in the valley.	<ul style="list-style-type: none"> • The following is a list of possible activities that could be introduced in partnership with investors/ local entrepreneurs and concerned organizations that would increase economic activity and extend tourists stay in the region. <ul style="list-style-type: none"> ○ River Rafting ○ Mountaineering and repelling ○ Guide services (hiking, nature walks, etc.) ○ Trekking and camping ○ Fishing ○ Mountain biking ○ Skiing (cross country and possibly downhill) ○ Golfing • Implement Guide Training for existing and aspiring guides in the region. This can be conducted after the summer season (due to time constraints) and can be implemented through the Pakistan Adventure Foundation and Alpine Club of Pakistan. 	Adventure Foundation, Alpine Club of Pakistan, Margalla Climbing Club Islamabad, Ski Federation of Pakistan, Golf Federation of Pakistan and private entrepreneurs
After Sales Service	<ul style="list-style-type: none"> • Quality of tourism products is low in terms of standard of services. • No mechanism in place for getting 	<ul style="list-style-type: none"> • Introduce quality standard in hotel, restaurants, transport and tour operation. • Set up a feedback getting system by introducing a standard comments cards 	Ministry of Tourism, STC, AFP, ACP, PATO and Pakistan Ski

Table 15: Adventure/Sports Tourism			
Value Chain Component	Challenges	Proposed Interventions	Stakeholders
	tourist feedback on quality of services of tourism service providers.	<ul style="list-style-type: none"> Conduct visitors satisfaction surveys during tourist season 	Federation

3.5 Meetings, Incentives, Conferences & Events (MICE)

Table 16: Meetings, Incentives, Conferences & Events (MICE)			
Value Chain Component	Challenges	Proposed Interventions	Stakeholders
Information and Sales	<ul style="list-style-type: none"> Limited information available about convention tourism possibilities in Swat valley. Tour operators have no options for conference packages in Swat. Less coverage by media 	<ul style="list-style-type: none"> After developing convention facilities publish attractive leaflets and brochure on various options of MICE in Swat Valley. Encourage tour operators to develop special MICE package tours for Swat. Invite press and electronic media on exposure visits 	STC, PTDC, Media organizations and PATO
Travel to/from Destination	Same as summer and winter family tourism	Same as summer and winter family tourism	Same as summer and winter family tourism
Arrival & Orientation	Same as summer and winter family tourism	Same as summer and winter family tourism	Same as summer and winter family tourism
Lodging	Few hotels with proper MICE related facilities	<ul style="list-style-type: none"> Encourage local hoteliers to expand their facilities by developing additional facilities in their hotels Work with banks to provide loans for expansion projects. 	Private entrepreneurs

		<ul style="list-style-type: none"> • Introduce short duration on job training courses for hotel staff, focusing on introductory level skill development for accommodation providers and restaurants. As much as possible the training should target the businesses and their staff that are working with the grant program as well as new entrants into the tourism industry. Courses in front office management, housekeeping skills, food and beverage services and cooking and food preparation can be conducted in collaboration with PAITHOM, Swat or COTHM, Lahore 	
Attractions & Activities	Same as summer and winter family tourism	Same as summer and winter family tourism	Same as summer and winter family tourism
After Sales Service	<ul style="list-style-type: none"> • Quality of tourism products is low in terms of standard of services. • No mechanism in place for getting tourist feedback on quality of services of tourism service providers. 	<ul style="list-style-type: none"> • Introduce quality standard in hotel, restaurants, transport and tour operation. • Set up a feedback system by introducing a standard comments cards • Conduct visitors satisfaction surveys during tourist season 	Ministry of Tourism, STC and ASHA

4.0 TOURISM IN PAKISTAN

Pakistan has a significant foreign tourism market, but it met setbacks in terms of inbound foreign tourist arrival and foreign exchange earnings from tourism during 2008, mainly due to the law and order situation in the country.

Pakistan hosted 822,828 tourists in 2008 as compared to 839,500 tourists in the year 2007, recording a decrease of 2.0 percent. Similarly, foreign exchange earnings from tourism also decreased to \$243.5 million in 2008 from \$276.1 million in 2007 (Table I). The estimated number of domestic tourist is 45.5 million out of this only 14.2 percent people traveled for recreational purpose. Unfortunately no data exists on the income generated from domestic leisure tourists.

Table 17: Highlights of Tourism in Pakistan (2008)

Foreign Tourist Arrivals	<u>0.895mn</u>
Foreign Tourism Receipts	<u>\$243.4mn</u>
Average Spending per tourist	<u>\$295.9</u>
Domestic Tourists	<u>45.5mn</u>
International T&T Direct spending:	<u>\$245mn</u>
During 2007-08 the GNP of the country	<u>\$94.747bn</u>
Tourism contribution in GNP	<u>0.3 %</u>
Number of hotels	<u>1,684</u>
Number of rooms	<u>40,847</u>
Number of Travel Agents and Tour operators	<u>2,376</u>

According to the Ministry of Tourism an estimated 822,828 'international' tourists traveled to Pakistan in 2008, however this figure is somewhat misleading. This includes business travelers, government related travel and the significant number of overseas Pakistanis returning to Pakistan to visit family.

From conversations with local tourism experts it is estimated that only about 60 to 70,000 recreational tourists arrived in Pakistan in 2008 (Table 18). The majority of the international market appears to be the Pakistani Diaspora, who spends very little in the local economy as they stay with relatives and do not tend to participate in significant

tourist activities. Out of this small number of real foreign tourists only 5,800 tourists visited Swat Valley in 2006 (Table-II) and their total impact on the local economy was not more than \$1.71 million.

Country	Visitation Numbers
UK	285,720
USA	114,094
Afghanistan	66,353
India	54,101
Canada	39,875
China	30,078
Germany	22,414
Iran	14,178
Norway	13,954
Bangladesh	12,230

* The vast majority of these visitors are Pakistani diaspora

Location	Domestic Visitor Numbers	Foreign Visitor Numbers	Total Visitor Numbers
Chitral Valley	30,000	2,200	32,200
Hunza Valley	38,300	7,700	46,000
Kaghan Valley	73,600	1,000	74,600
Murree	1,157,800	2,900	1,160,700
Nathiagali	84,600	100	84,700
Skardu	67,300	1,800	69,100
Swat Valley	470,000	5,800	475,800

Due to the limited number of true international recreational tourists visiting Pakistan, the focus of tourism activities in the war-affected area of Swat should be on the domestic market. The image of Pakistan and its competitive advantage in comparison with other international markets is weak mainly due to poor law and order situation and is unlikely

to improve significantly in the next 3-4 years despite considerable tourism resources. Therefore, international recreational tourism will not be a significant factor to the tourism economy in the affected areas for at least the next 4 years.

Despite the limited potential for international recreational tourism, the overseas Pakistani is a viable tourism market for the region and should be a focus for marketing at the later stages of this project (Table 19). The main focus of this project however should remain on the domestic tourism market.

As with many destinations, there is considerable competition for the tourism market from other regions in northern Pakistan. The major competition for a similar tourism product is the Murree region (top mountain tourism destination in the country) and the Galiats and Kaghan Valley in the Hazara region of KPK (number three and four mountain tourism destination in country). All of these regions, including the Swat Valley, are well known to the domestic tourism market.

Table 20: Murree and Galiats

Table 20: Murree and Galiats	
<i>Competitive Advantage</i>	<i>Competitive Disadvantage</i>
Open year round Good road access Easily accessible (within one to two hours of Islamabad and between the Mansehra region and all of the major tourism source markets) A large second home market	Overcrowding and overdevelopment creating a negative image of the destination. Scenic and natural tourism assets not as considerable as other competing locations. Limited number of tourism activities in the region.

Table 21: Kaghan Valley

Table 21: Kaghan Valley	
<i>Competitive Advantage</i>	<i>Competitive Disadvantage</i>
Impressive 'scenic' tourism assets in the mountains, lakes, and general natural environment of the area Cool during the summer A number of areas that are undeveloped, creating opportunity for new, small-scale middle/high-end tourism	Poor public perception due to earthquake Poor road conditions Limited amount of tourism product operational at the present time

Table 22: Swat Valley

Table 22: Swat Valley	
<i>Competitive Advantage</i>	<i>Competitive Disadvantage</i>
Majority of valley is accessible all year round with good road access High quality mountain scenery Strong combination of historic, cultural, and natural sites	Close to the Tribal areas, with possible security issues Hot in the summer with possible rain in lower part of the valley. Overcrowding at some locations

Table 22: Swat Valley	
Competitive Advantage	Competitive Disadvantage
Well established tourism product with a considerable number of facilities and tourism assets (e.g. attractions, activities)	

Annex-III: Business Report: Swat Hotel Business in Tourism Year 2006-2009**Table 23: Business Report: Swat Hotel Business in Tourism Year 2006-2009**

Year 2006 - Report												
Location	Total Hotel	Total Unit / Day	Total Unit / Season	No of Sales Unit	Avg. Rate	Total Income	Maintenance & Utility Bills	Expenses & Rent	# of Staff	Salary Without Tips (12 month)	Total Expenses	BALANCE
Mingora	120	100	360000	2160000	300	648000000	15000000	20000000	2500	273750000	62375000	24250000
Kalam	175	200	5250000	3150000	400	1260000000	26250000	35000000	3500	350000000	96250000	29750000
Behrain Madyan & Miandam	110	120	2772000	1663200	350	582120000	16500000	13200000	2200	158400000	45540000	126720000
Total	405	420	11622000	6973200		2490120000	57750000	68200000	8200	782150000	204165000	448470000
Year 2007 - Report												
Mingora	120	100	360000	252000	200	50400000	15000000	20000000	600	54000000	40400000	-35360000
Kalam	175	200	5250000	367500	250	91875000	26250000	35000000	875	39375000	65187500	-56000000
Behrain Madyan & Miandam	110	120	2772000	194040	200	38808000	16500000	13200000	550	39600000	33660000	-297792000
Total	405	420	11622000	813540		181083000	57750000	68200000	2025	132975000	139247500	-1211392000

Year 2008- Report												
Mingora	12 0	10 0	36000 00	36000	20 0	72000 00	15000 0000	20000 0000	600	54000 000	404000 000	- 396800 000
Kalam	17 5	20 0	52500 00	52500	25 0	13125 000	26250 0000	35000 0000	875	39375 000	651875 000	- 638750 000
Behrain Madyan & Miandam	11 0	12 0	27720 00	27720	20 0	55440 00	16500 0000	13200 0000	550	39600 000	336600 000	- 331056 000
Total	40 5	42 0	11622 000	11622 0		25869 000	57750 0000	68200 0000	202 5	13297 5000	139247 5000	- 136660 6000
Year 2009- Report												
Mingora	12 0	10 0	36000 00	0	20 0	0	15000 0000	20000 0000	600	54000 000	404000 000	- 404000 000
Kalam	17 5	20 0	52500 00	0	25 0	0	26250 0000	35000 0000	875	39375 000	651875 000	- 651875 000
Behrain Madyan & Miandam	11 0	12 0	27720 00	0	20 0	0	16500 0000	13200 0000	550	39600 000	336600 000	- 336600 000
Total	40 5	42 0	11622 000	0		0	57750 0000	68200 0000	202 5	13297 5000	139247 5000	- 139247 5000

Hotel Loss 2007+2008 +2009 = 1211392000 + 1366606000 + 1392475000
= Rs.-3970473000

Restaurant Loss 2007 +2008 +2009 = 1282750000 + 1241080000 + 994750000
= Rs.-3518580000

Total = Rs.-7489053000

If a tourist spends Rs.10 at a hotel, they would spend more than Rs.100 in the bazaar which amount to Rs.7489053000 * 10 = Rs.74890530000.

Total number of jobless persons in hotels (2007 – 2009) = 9755

Related person (i.e. milk, chicken, beef and mutton, vegetables and karyana items supplier) = 25000

Without Taxi driver and transporter up to Sep 2007 – 2009 - The beginning of military operation in swat.

Annex-IV: Business Report: Swat Cafés & Restaurants Tourism Year 2006-2009

Table 24: Business Report: Swat Cafés & Restaurants Tourism Year 2006-2009

CAFÉ & RESTAURANT YEAR 2006 - REPORT												
Location	Rest. / CA FE	Guest / Day	# Of Days	Total Guest	Charge / Guest	Total income	Maintenance & Utility Bills	Expenses & Rent	# of Staff	Salary Without Tips	Total Expenses	Balance
Mingora	150	150	300	6750000	120	810000000	390000000	180000000	1500	135000000	705000000	105000000
Kalam	200	200	150	6000000	150	900000000	520000000	120000000	2400	108000000	748000000	152000000
Madyan Behrain & Mian dam	130	175	200	4550000	150	682500000	260000000	156000000	1950	117000000	533000000	149500000
Total	480	525	650	17300000	420	2392500000	1170000000	456000000	5850	360000000	1986000000	406500000
CAFÉ & RESTAURANT YEAR 2007 - REPORT												
Mingora	150	30	300	1350000	100	135000000	225000000	180000000	750	56250000	461250000	-326250000
Kalam	200	25	150	750000	100	75000000	300000000	120000000	1000	37500000	457500000	-382500000
Madyan Behrain & Mian dam	130	25	200	650000	120	78000000	182000000	156000000	520	26000000	364000000	-286000000
Total	480	80	650	2750000	320	288000000	707000000	456000000	2270	119750000	1282750000	-994750000
CAFÉ & RESTAURANT YEAR 2008 - REPORT												
Mingora	150	4.5	300	2025000	100	202500000	225000000	180000000	750	56250000	461250000	-441000000
Kalam	200	3.5	150	1050000	100	105000000	300000000	120000000	1000	37500000	457500000	-447000000
Madyan	130	3.5	200	910000	120	109200000	182000000	156000000	520	26000000	364000000	-

an Behr ain & Mian dam			0	0		00	000	000		00	000	353080 000
Total	480	11.5	65 0	3985 00	320	416700 00	707000 000	456000 000	227 0	119750 000	128275 0000	- 124108 0000
CAFÉ & RESTURANT YEAR 2009 - REPORT												
Ming ora	150	0	30 0	0	100	0	225000 000	180000 000	750	562500 00	461250 000	- 461250 000
Kala m	200	0	15 0	0	100	0	300000 000	120000 000	100 0	375000 00	457500 000	- 457500 000
Mady an Behr ain & Mian dam	130	0	20 0	0	120	0	182000 000	156000 000	520	260000 00	364000 000	- 364000 000
Total	480	0	65 0	0	320	0	707000 000	456000 000	227 0	119750 000	128275 0000	- 128275 0000

Restaurant Loss 2007 +2008 +2009 = 1282750000 + 1241080000 +
994750000= Rs.-3518580000

Annex-VII: Project Area Map



Figure 2 Map of Swat

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