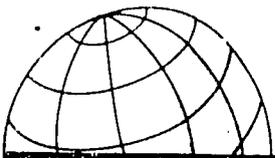


Northwest Frontier Province Tourist Development Strategy Project Pakistan

**Prepared for:
United States Agency for International Development/Pakistan
under contract number PDC-5517-I-00-0105-00
amendment of delivery order no. 13**

**Prepared by:
Tropical Research & Development, Inc.**

October 23, 1992



**Northwest Frontier Province
Tourist Development Strategy Project
Pakistan**

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Submitted to:

United States Agency for International Development/Pakistan

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Acknowledgments

I would like to thank all the people throughout Pakistan who contributed their time and ideas to this report. I am especially grateful to Randy Cummings and Ghaffar Mohmand of USAID/Islamabad, to Amjad Ali Khan, managing director of the Sarhad Tourism Corporation and to Shakil Durrani, secretary of tourism, NWFP.

John B. Yost

Glossary and abbreviations

DC	Deputy Commissioner (head of government in provincial districts)
Domestic tourist	Any tourist actually resident in Pakistan, whether Pakistani or of any other nationality
Foreign tourist	Any person visiting Pakistan from another country whose primary purpose is vacation rather than business or visiting friends or relatives
GM	General Manager
MOT	Ministry of Tourism (federal)
NWFP	Northwest Frontier Province
P&D	Planning and Development Department of NWFP
PTB	Pakistan Tourism Bureau (proposed)
PTDC	Pakistan Tourism Development Corporation
STC	Sarhad Tourism Corporation
TDCP	Tourism Development Corporation of Punjab
Tour operator	The organizer responsible for hotels, food, transport, guides and general tour itinerary planning
Travel agent	Retail seller of air tickets, tours, accommodations and other needs of the traveler
USAID	United States Agency for International Development
Wholesaler	International marketing agent for group or individual tours developed by a tour operator
WTO	World Tourism Organization of the United Nations

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Executive summary

Introduction

Why does a major guidebook to Pakistan refer to the country as "Asia's Best-Kept Secret"?

Praise? Yes, but praise is counter-balanced by the implication that Pakistan's touristic treasures are little known. Failure of Pakistan to make itself known to the world as a diverse and attractive tourist destination is a recurring theme in any discussion of Pakistani tourism, and it is an undercurrent throughout this report. Although the report deals primarily with tourism in the Northwest Frontier Province (NWFP), tourism in NWFP cannot be considered without considering national realities.

This report details possible actions on the federal and provincial governmental levels and on the private sector level that would contribute to development of tourism in NWFP. This report also includes a statement of specific activities to be pursued by the Sarhad Tourism Corporation (STC), the newly formed tourism organization for NWFP. Actions proposed for the STC would extend over the next one to three years. Recommendations are also provided for additional actions necessary to Pakistan and to NWFP for growth of tourism but are outside the scope of STC's short-term capabilities.

National policy

Pakistani government policy has historically ignored tourism marketing. Tourism grew slowly and sporadically during a long period of neglect. Whether because of fear of negative cultural influences from Western tourism or because of a lack of funds, priorities placed on other pursuits or because of other reasons, little was done to promote international tourism to Pakistan or to enhance Pakistan's image as a desirable tourist destination.

The federal Ministry of Tourism (MOT) created a quasi-private subsidiary, the Pakistan Tourism Development Corporation (PTDC), as an executive arm for its activities. The PTDC has successfully executed numerous projects beneficial to tourism development in Pakistan, most notably, building and operating tourist facilities, publication of tourist literature about Pakistan's attractions and establishment of tourist information centers in several prime in-country locations. The PTDC has failed, however, to develop adequate sales literature, to promote Pakistan abroad or to establish international tourism information centers overseas. The PTDC also has ignored the private sector rather than assisting it and has developed an unwieldy and unmotivated bureaucracy.

The 1990 national tourism policy may herald a much-needed reversal, increasing the amount of support previously provided to tourism. The policy includes a broad range of private sector incentives and statements promoting Pakistan internationally. This policy could revolutionize tourism in Pakistan and help tourism become the vibrant industry it should be in this country. Full implementation of the policy would address many national level tourism needs mentioned in this report.

The private sector and individuals in the public sector are skeptical that the federal government will carry out its published policy. Although the private sector may not be aware of it, some elements of the tourist policy already are in effect. These elements include duty-free importation of some tourism-related equipment; three- to eight-year tax holidays for some tourist projects; authorization of charter flights to

Pakistan; and a few other minor elements. Tourism offices are slated to open in the United Kingdom, the United States, Japan and Germany.

The federal government of Pakistan is obligated to support tourism. Tourism is the world's second largest industry, and Pakistan is getting far less than its share of tourists. International marketing and support of tourism at the federal level are essential.

NWFP recommendations

The NWFP is indisputably Pakistan's premier attraction. Most foreign and domestic tourists visit the province. Geopolitical stabilization in Central Asia would boost NWFP's foreign tourism dramatically as overland travelers enter the country through Peshawar. NWFP has little influence on the flow of foreign travelers to Pakistan but benefits directly from efforts to promote Pakistan overseas or improve regional conditions.

Planning is the single most important need for tourism development in NWFP. An environmentally and culturally sensitive master plan is urgently needed for areas under pressure from tourism. Plans for other areas and a province-wide plan should be completed before tourism significantly impacts other areas. This tourism plan should not be developed by STC, a public corporation, but should be developed by appropriate departments of the NWFP government.

NWFP also must prioritize development in key tourist areas of basic infrastructure elements, such as roads, power supply, water and sewage. This development of infrastructure is necessary to protect Pakistan's cultural heritage and to conserve natural resources. Although funds are scarce, investments are necessary to reap the benefits of tourism.

STC recommendations

STC's primary function should be to develop and to improve the tourism infrastructure within the NWFP and to increase domestic tourism to the NWFP. To accomplish these objectives the STC should:

- 1) Motivate the private sector to address weaknesses in tour operations and accommodations. The private sector should be informed of government incentives; assisted with bank loans; helped to obtain title to or long-term leases on appropriate land parcels; and encouraged to form joint ventures in order to develop tourist facilities in areas not frequented by tourists.
- 2) Serve as a communications link between MOT/PTDC, the provincial government of NWFP and the private sector to help them work together toward their mutual goal of tourism development.
- 3) Cooperate with PTDC in developing and distributing international standards sales materials about key attractions of NWFP, as well as supporting materials, such as maps or pamphlets.
- 4) Establish tourist information centers to distribute literature and to ensure that site-specific information is available at the sites.

- 5) Design and execute a domestic marketing plan to boost shoulder-season travel -- April to May and September to October -- as well as winter travel to summer destinations that already are popular.
- 6) Lobby with federal and provincial authorities for needed infrastructure, cultural preservation, conservation of ecosystems and wildlife, international marketing, funding of private sector tourism development and conservation of other priorities.

Projects and goals for STC and additional specific recommendations for the NWFP and the federal government are included in the body of this report.

Conclusions

STC's mandate must be accomplished with complete involvement of the private sector and without unnecessary ownership of development projects. Tourism growth must not be allowed at the expense of the environment or of the local people. Responsible development of NWFP's natural tourism assets in cooperation with the private sector will create a sustainable and predictable income flow for the province.

Pakistan and NWFP have the attributes necessary to attract increasing numbers of tourists from around the world and to develop a strong domestic tourism market. MOT and PTDC must aggressively bring these attractions to the attention of potential international visitors. STC must ensure that the province can provide a quality experience for tourists when they arrive.

1. Background

1.1. Scope of mission

The goal of this consultancy was specified in the United States Agency for International Development's (USAID's) scope of work as follows:

". . . to assist the Provincial Government of the Northwest Frontier Province (NWFP)- (through its NWFP Tourism Development Corporation) (sic) to formulate a tourism development strategy."

This assistance should include identification of prime attractions and target markets for NWFP and formulation of a marketing plan to reach these attractions. This assistance also should consider the infrastructure and the probable investment in growth of tourism. The consultancy was to culminate with workshops where

". . . the contractor will present his analysis and draft strategy to a wide range of public and private sector representatives for their review, comments, and acceptance."

At the beginning of the field work, it became clear that to satisfy the stated goal, work should focus less on market analysis and more on short-term development planning since domestic markets are adequate, and international markets are primarily a federal responsibility. Therefore, the scope of work was altered to emphasize completion of a one- to three-year action plan for the Sarhad Tourism Corporation (STC), the NWFP tourism development corporation referred to above. This action plan would be supported by a consensus of private, federal and provincial entities concerned with tourism.

An STC plan for tourism development would not make sense out of context, so the scope of the consultancy also included broad analyses of the state of Pakistani tourism, the needs of tourism, problems of the federal and provincial governments and possible solutions.

1.2. Execution

The consultancy was to last seven weeks. During this time, research on tourism in NWFP was conducted as described below. Efforts were made to avoid duplicating work previously done by a Dutch consulting firm (see Appendix C). That earlier project examined history, infrastructure and needs of tourism in the NWFP. Efforts also were made in this consultancy to take into consideration a brief written for the chief minister of NWFP by the managing director of STC in April 1992. The brief included STC's ideas for tourism development projects (see Appendix H).

1.2.1. Written sources

The evaluation team read all available material about Pakistan, including travel books, travel guides, promotional materials, previous studies of Pakistani and NWFP tourism, records of STC and MOT statistics. Appendix G contains a detailed listing of source materials consulted.

1.2.2. Individual meetings

In order to gather as many viewpoints as possible on challenges facing tourism in NWFP and STC's role in meeting these challenges, interviews were conducted with the broadest possible selection of private and public sector individuals involved in tourism. Many hours were spent with the managing director of STC reviewing all aspects of the work. See Appendix E for details of meetings.

1.2.3. Site visits

Travel to the primary tourist destinations in NWFP -- Swat, Kaghan and Chitral Valleys, the Galaits and Khyber Pass -- and to the sites of proposed STC projects was completed in the first three weeks of the consultancy. Details appear in Appendix F.

1.2.4. Workshops

One public sector and one private sector working session was held to address STC and tourism in NWFP. Both events were well-attended and resulted in lively discussions and a consensus on priorities for tourism in the NWFP. See Appendix B for agendas and summaries of meetings.

1.3. Consensus and commitment

The original scope of work stressed the importance of reaching a consensus on tourism development in NWFP among all public and private sector representatives involved. The scope of work also stressed seeking commitments to specific actions wherever possible. The consensus was reached through two working sessions and a final report to the chief minister of NWFP, the chief policy-maker in the province, and the federal minister of tourism. Attendees at the public sector workshop included the chief secretary and additional chief secretary of NWFP -- the province's top executive officials -- and a variety of other secretaries and department heads in the government of NWFP.

Representatives of the public sector and the private sector formed a consensus, made commitments in key areas and raised awareness of the needs of tourism and proposed activities of STC.

2. Tourism today

Tourism in Pakistan and NWFP in mid-1992 is summarized below. Detailed listings of physical and cultural tourism assets and statistics have been omitted since they are largely irrelevant, both to a national overview of tourism and to the short-term action plan devised for STC. Instead, this section of the report attempts to introduce the reader to the tourism sector in Pakistan. This section provides a backdrop to STC's proposed tourism development activities.

2.1. Product

What does NWFP offer to tourists? Plenty.

Pakistan's rich blend of historical heritage, adventure, archeological monuments and natural beauty is unanimously praised by guide books and travelogues. Fortunately for NWFP, a disproportionate share of these attractions is located in this province.

Snow-capped peaks and glaciers drain into spectacular valleys, building great river systems that irrigate the fertile plains of Peshawar before joining the Indus. Further south, the Indus becomes a great flowing sea, with desert shores bounded on the horizon by rugged hills and chasms. Huge man-made lakes stretch beyond view.

Relics and ruins of the Gandhara civilization dot the countryside. These sites are the birthplace of Mahayana Buddhism and once hosted Alexander the Great. Caravanserai and forts are constant reminders that, not many years ago, the Great Game unfolded in these wild environs, which also inspired Kipling. The Khyber Pass beckons. In impossibly contorted landscapes of canyon and cliff, the Pathan and other tribes lead lives little changed over the centuries.

World-class granite peaks lure climbers; whitewater runs and trekking trails abound. Spring flowers, summer cool and winter snows offer an attractive contrast to the lowlands. Wildlife roams the hills and forests.

In short, Pakistan has much to offer tourists, domestic and international. Whether Pakistan is packaged in a South Asian tour or offered on its own, foreign visitors will come to Peshawar, the capital of NWFP. Domestic tourists flock to the province from all over the country. Demand for the product can only rise as more potential travelers become aware of "Asia's best-kept secret."

2.2. Infrastructure

2.2.1. Roads, power and water

NWFP is a poor province in early stages of development. Its basic infrastructure is less than satisfactory. Roads between big cities generally are good. However, as roads head into rural areas and mountain valleys, they quickly deteriorate to virtual, and sometimes actual, impassability. Provincial and federal authorities gradually are addressing the problem, with priority being given to key tourism areas. However, for the foreseeable future, tourism flow will be restricted by transport difficulties.

Once at a rural destination, amenities are no better than the roads, with spotty and unreliable electric service and questionable water and sewage facilities. Perhaps tourism will spur progress and provide motivation to upgrade certain areas, then attract tourist money to pay for further improvement.

2.2.2. Hotels

A network of hotels barely adequate for the existing volume of tourism exists in NWFP. Quality is erratic, and hotel capacity in key tourist towns is limited. Hotels are not yet a constraint on tourism other than during the peak season of July and August. But, if neglected, hotels easily could become a year-round bottleneck. Fortunately for the NWFP, national and provincial hoteliers, as well as the federal government, are continuing hotel construction in NWFP.

2.2.3. Personnel

Lack of trained tourism personnel – guides, managers, hotel staff and tour operators – is glaring and creates a constraint both to the quality and to the volume of tourism NWFP can handle.

2.2.4. Attractions

Man-made tourist draws are scarce in the province, as are well-packaged natural ones. Amusement parks, chairlifts, resorts for water and winter sports, wildlife reserves and other facilities are few and far between. Tourism in the province has increased because of the natural beauty of the area, which is beginning to show the impact of heavy use. The natural beauty of the area is more in need of protective measures than of increased visitation. The private sector has shown an interest in investing in attractions for the province. With proper control, this interest will aid in tourism development.

2.3. Organization

2.3.1. National

Administration of tourism on the federal level is complicated and cumbersome. The Ministry of Tourism's executive arm, the Pakistan Tourism Development Corporation (PTDC), is a quasi-governmental share company burdened by bureaucracy and unclear goals. PTDC is both a competitor to the private sector in hotel, motel and tour operations and is entrusted with the task of making Pakistan known to travelers. PTDC has made excellent accomplishments in motel construction and operation and has pioneered the way to now-popular tourist areas in NWFP and elsewhere in Pakistan. In order to comply with privatization priorities instituted by the national government, PTDC seems to be considering positive changes, but these changes are being implemented slowly.

The Ministry of Tourism has expressed constructive ideas as well. MOT has adopted a tourism policy that would greatly benefit the country. However, few of the ideas contained in the policy have been realized. This limitation may be because the MOT lacks pull in the federal structure or because its effectiveness is dependent on political appointees of varying ability and short tenure. Such dependency curtails any continuity or momentum for change.

The prime minister, who has shown a marked interest in tourism, has appointed an assistant for tourism. The assistant's mandate is unclear but seems to be limited to soliciting financial backing for development

of man-made attractions. A senate committee on tourism addresses the problems of tourism but seems to lack the power to solve them. A tourism council comprised of key tourism personnel exists but has never met and has no agenda should it meet.

It is not surprising, then, that tourism has stagnated at the national level although it would appear from recent tourism-building activities that, in the future, tourism will thrive.

2.3.2. Provincial

Each of the four provinces of Pakistan has a ministry of tourism and a tourism development corporation similar to the PTDC. The tourism ministry offices share staff with other ministries, such as culture and sports.

Each provincial ministry has a politically appointed minister responsible for policy decisions, with an office staff and a secretary, who are responsible for implementation of policy. This structure slows progress and increases the risk of loss of continuity as a result of political change.

Provincial tourism development corporations cannot be considered private companies independent of this bureaucracy since their activities clearly are subsidiary to government policy and action. These corporations have clear-cut choices, however, as demonstrated by the contrast between the intentions of STC and the actions of the Punjab Tourism Development Corporation (TDCP) over the past several years. STC can learn from TDCP's example. TDCP created a central bureaucracy to own and operate tourist accommodations, attractions and transport; discouraged private sector development; and almost guaranteed a financial disaster for the Punjab government. After TDCP absorbed millions of rupees and floundered financially, it began to consider the advantages of privatization. TDCP has promoted tour operations within Pakistan but has done less to promote Punjab, which should have been its primary marketing function.

NWFP is fortunate to have a dynamic and far-sighted secretary of tourism, a progressive tourist corporation and support at the highest levels of provincial government for well-planned tourism development. Together with the managing director of STC, the secretary of tourism is formulating plans and policies that, if implemented, will enable NWFP to set an example for the other provinces of Pakistan.

STC's Board of Directors includes secretaries of the tourism ministries, representatives of the private sector and the chief secretary of NWFP. This organizational structure gives the Board both the influence to get things done and a cross-section of opinion, which helps keep its policies broad-based. See Appendix A for more information on the organizational structure of STC.

2.4. The market

2.4.1. Domestic

Approximately 95 percent of Pakistan's tourism is within Pakistan. Statistics compiled by the MOT are not accurate, and none exist for NWFP, but domestic tourism is so prevalent that accuracy is not critical.

According to MOT surveys, domestic sightseeing travel reached 3.2 million in 1990. This figure is impressive even though many travelers stayed with family or friends instead of at tourist facilities. Domestic tourism is family-oriented and concentrated during the summer. Domestic tourists to NWFP flood well-established resort areas during the peak season. Tourists seldom frequent outlying areas. In popular areas, occupancy rates at hotels are low in the spring and fall and non-existent in the winter.

Tourists traditionally want a lot for their money, with low prices and quality service. However, tourists have little or no regard for the environment, and litter and pollution often are problems. Tourists appear willing to try adventurous new activities when these activities are available.

Domestic tourism is clearly increasing in Pakistan as a result of increased disposable income, increased leisure time and increased marketing efforts of TDCP.

2.4.2. International

Pakistan receives almost no foreign visitors. Estimates from MOT and tour operators vary from 50,000 to 100,000 foreign visitors vacationing in Pakistan. It is difficult to separate business and family travelers from tourists so official statistics help little. The official 1990 figure for foreign tourists was 92,000, with only small increases since 1985.

Official statistics also track the country of origin for Pakistan's tourists. The numbers confirm the obvious. The greatest number of non-Indian tourists are from the United Kingdom, with roughly equal numbers from the United States, Europe and Japan. Tourism is too underdeveloped for these statistics to have any implications for tourism marketing other than to emphasize that Britain is probably the most fertile ground for marketing.

Statistics show that Pakistan is visited by only a small percentage of approximately 450 million annual international tourists. Tourism in Pakistan ranks far below comparable Asian countries as well. Foreign tourism to Pakistan has been hindered by the geopolitical situation in the country, which contributes to insecurity and a generally negative press in Western countries. Lack of international marketing also has kept foreign tourism at an insignificant level.

The lack of foreign tourists to Pakistan explains the low level of investment in high-quality tourism infrastructure in Pakistan and the scarcity of tour operators, tourist-type hotels, restaurants and well-developed attractions. The domestic tourist market, which has only recently developed, is still unsophisticated and accepts conditions as they are. Maturation of the domestic tourist market will pressure the tourist industry to improve, as would growth of the foreign tourist market.

2.5. Challenges

Developing tourism will not be easy for Pakistan and NWFP. Challenges exist in building the basic infrastructure and tourist facilities, in the marketing and administrative structure and in training personnel. The question is whether the expense and labor of addressing these needs is worth the benefits of tourism.

No easy way exists to attract foreign tourists to Pakistan. Stability in Afghanistan and Western tourists' access to Iran will automatically bring a dramatic increase in foreign tourists, but this increase alone will not justify serious development. If the geopolitical situation improves, Pakistan must make an effort to

improve its image in order to attract tourists. If the geopolitical situation remains as it is, results of tourism development will be minimal. In order to develop tourism, Pakistan must, at a minimum, take the basic steps outlined in the executive summary of this document.

NWFP's options are much clearer since it is not dependent on foreign tourists and can expect a continued flow of domestic tourists. NWFP can focus on specific structure, policy and training initiatives that upgrade and increase tourism. In this way, NWFP can prepare for inevitable growth in foreign tourism. Details of challenges facing NWFP and proposed solutions are covered in Appendix A.

3. Recommendations

3.1. National

3.1.1. International marketing

The private sector has been responsible for international marketing of Pakistani tourism. The federal government needs to create the means for expanding these efforts.

PTDC is responsible for developing and executing marketing plans. The structure of PTDC makes it less than desirable for the position. PTDC is a public corporation engaged in building and managing hotels and running tours and, as such, is in direct competition with the private sector. PTDC cannot be expected to impartially promote tourism in Pakistan. In addition, because of its bureaucratic and non-professional approach to staffing, PTDC is not equipped to meet Pakistan's marketing challenge.

The federal government should create a Pakistan tourism bureau (PTB), an independently funded and managed agency of MOT. The PTB would assume responsibility for marketing Pakistan overseas. The PTB could parallel PTDC; it could be an enhancement of MOT's existing but insignificant promotional office; or it could be a division of PTDC separate from, but equal to, another division that is concerned with infrastructure development. PTDC claims to be reducing its workload through privatization in order to focus on marketing. It is working on a new publicity campaign. These efforts would make establishment of the PTB more feasible.

PTDC, or PTB, if created, should hire professional sales personnel who have tourism marketing experience in the public sector or the private sector. This sales staff should promote Pakistan with potential travelers, both directly and through wholesalers. Representatives of the tourist industry in Pakistan not only are aware of the basic elements of a promotional plan such as this but also are starting to apply them. However, if such elements were haphazardly implemented, large amounts of government money would be wasted.

3.1.1.1. Shows

Travel wholesalers from all over the world attend international travel exhibits: ITB in Berlin, World Travel Mart in London, the Bourse in Paris, the Milan show, Pow-Wow in the United States and Pacific Area Travel Association's annual convention. At most or all of these events, Pakistan should be represented with a large, well-located, professionally staffed booth that is jointly financed by the public sector and the private sector. Most other tourism-oriented countries of the world do so, and it is not a particularly complicated or expensive goal for Pakistan.

A senior person in PTB (PTDC) should be appointed to coordinate the shows. Plans should be made two years in advance. This time frame would allow enough time to organize the Pakistan delegation and to reserve space in a good location. All tourism sector organizations that might be interested in sharing the booth should be contacted, including provincial tourism companies, tour operators catering to the foreign market, Pakistan International Airways (PIA) and international hotel and resort developers. Reservations should then be made with the show's organizers.

Federal government representatives attending the shows must be dynamic and professional and must be provided with high-quality sales materials about Pakistan. Brochures, posters, videos and slides are the absolute minimum. In order for the exhibit to stand out from the other countries represented, Pakistan's marketing efforts should include drawings and attractions, such as dancers and other cultural exhibits. The federal government's display should set an example for representatives of the private sector and the provinces.

3.1.1.2. Tourism bureaus

Plans are being made to open Pakistani tourism bureaus in four countries -- the United Kingdom, the United States, Japan and Germany. These bureaus would operate as part of Pakistan Houses and also serve as cultural centers and investment agencies. This plan is an excellent one provided the tourism bureaus have adequate space and easy access to the street, have adequate supplies of quality sales materials and are staffed by tourism professionals employed by the PTB (PTDC). The investment required to open these bureaus will be wasted if the preceding requirements are not met. If the tourism bureaus are poorly staffed and poorly supplied, they will fail.

3.1.1.3. Image

The PTB (PTDC) and the tourism bureaus must use press releases about Pakistan's attractions and stability to counter Pakistan's negative image in the media; distribute documentaries for cable TV; finance travel writers to see Pakistan first-hand; and sponsor events, such as cultural shows or Pakistani food festivals.

3.1.1.4. Private sector

The private sector has spent and will continue to spend substantial sums of money promoting Pakistan. This promotion has consisted of attendance at international shows; sales presentations to wholesalers in the West; printing attractive brochures; making videos; and organizing international direct mail marketing to wholesalers. MOT's cooperation and support is needed for participation in tourism shows; in providing basic sales literature; in sharing access to resources, such as slides, videos and texts; and ensuring that the financial and regulatory support due an export industry is accorded to tourism.

3.1.1.5. Sales materials

New brochures must be printed that are of substantially higher printing quality and design quality. These brochures should stimulate excitement about travel to Pakistan rather than be bland informational pieces about Pakistan. These brochures should be available to all interested organizations in the private sector and in the public sector.

Documentary videos about Pakistan should be made, and extra promotional materials, such as posters and post cards, also should be available. Without quality sales materials, the impact of other promotional efforts is vastly diluted. Promotional sales materials represent Pakistan to potential travelers.

3.1.2. PTDC

The recommendation to strip PTDC of international marketing responsibilities has a corollary: provincial tourism corporations should be responsible for operating domestic tourist information centers.

PTDC motel and hotel properties should be privatized.

So what's left for PTDC? PTDC should focus on the following:

- developing accommodation facilities in areas that private capital cannot be convinced to finance;
- developing tourist attractions under the same conditions;
- handling all aspects of tourism in federal areas;
- undertaking projects such as upgrading youth hostels International Youth Hostel standards;
- coordinating development plans with provincial tourism organizations;
- assisting the private sector and the provinces with transport; and
- any other infrastructure projects needed that no one else is willing to undertake. No development should be planned without consultation with and approval of provincial authorities.

The federal government should consult with provincial authorities before implementing its plan to buy 20 new buses and should consider giving some or all of the buses to the provinces. To capitalize on the color and culture of modern Pakistan, these deluxe tourist buses should be modified so that the exterior is a work of art similar to that of the most spectacular of the local buses traveling the nation's roads.

When provincial tourism agencies assume responsibilities previously handled by PTDC or MOT, appropriate funding also should go to the provincial tourism agencies.

3.1.3. MOT

The MOT must implement the 1990 National Tourism Policy (see Appendix D) and make concessions to the tourism sector. Specifically, the MOT must work with other federal departments to accomplish the following:

- ease controls and restrictions on tourists;
- reduce the number of regulations in effect and the number of permits required;
- allow photography at archeological and other sites;
- make the 500-million-rupee loan fund a reality;
- allow tourists 30-day visas upon arrival;
- ensure industry rates for water and power for hotels;

- lobby for reinstatement of government employee vacation benefits with a voucher system to control misuse;
- prioritize basic infrastructure development in key areas; and
- devise and implement more accurate statistical methods.

MOT, as the entity responsible for tourism in Pakistan, must anticipate needs of tourism and work with PTDC, the private sector and the provinces to see that these needs are met. The provinces should have a voice in all policies regarding tourism.

The controller of tourist services, an agency under the MOT's jurisdiction, is not performing its function of regulating NWFP tourist enterprises, such as hotels, travel agents, tour operators and attractions. If national standards regulating tourism are adopted, each province should be responsible for regulating tourism within its borders.

3.1.4. PIA

PIA, the national airline, has already become more aggressive in tourism development by introducing special fares and by consenting to the operation of charter flights into Pakistan. Its participation in international tourism shows and other marketing forums would continue this trend.

Limited air service to towns in northern Pakistan severely curtails tourism in Pakistan. Since PIA already charges low airfares, the airline is not financially able to buy more airplanes to service the towns in northern Pakistan. PIA should investigate a multiple tariff system in order to be able to afford more planes.

If travelers were given a choice between an inexpensive ticket on an unreliable F27 flight or an expensive ticket on a newer plane, most would choose the more expensive ticket since their time is more valuable than their money. The following questions must be considered: Could a budget to purchase or lease such a plane be developed? Can relevant airfields accommodate a newer plane, or could these airfields be improved to do so?

If the answer to these questions is "yes," group tourism will grow, and profitable, hard-currency foreign tourism will become far more realistic.

3.2. NWFP

3.2.1. Basic infrastructure

In order for tourism to expand, priority should be given to road construction and/or improvement; providing reliable electricity and clean water; and installing efficient sewage and garbage systems in areas most visited by tourists -- Swat, Kaghan and the Galaits.

3.2.2. Tourism plan

Future plans for tourism in Pakistan include an NWFP master plan for zoning and development. The MOT should not wait for this plan to be adopted but must adopt its own plan, which can be incorporated into the master plan. In Swat, Kaghan and the Galaits, heavily impacted areas, and in areas where impact

is imminent, basic use plans should be adopted soon. These plans should include guidelines for building, for conservation and for development of attractions. (See Appendix B, Summary of Public Sector Meeting.)

Provincial ministries of tourism, assisted by STC, must act as the catalyst for this tourism plan. Efforts should be made to find a foreign sponsor for the tourism plan and to hire a consultant or team of consultants to write the basic plan.

3.2.3. Regulation

As mentioned in Section 3.1.3, the federal government should delegate to the NWFP government all regulatory authority over tourism enterprises. Provincial MOTs should then create regulatory agencies. The first task of these agencies should be to set standards for accommodations and attractions. These standards should be included in the tourism plan discussed previously.

Regulations that restrict tourist activities, such as photography or travel to off-limits areas, should be rewritten wherever practical.

3.2.4. Conservation

Tourism officials do not directly control most aspects of forestry, wildlife, fishing and archaeology although these resources are essential to tourism. The NWFP government must ensure that departments responsible for these resources understand the importance of tourism and that they support it. Communications are essential between all branches of government concerned with tourism, and the highest level of support must be given to tourism.

Inadequate funding and subsequent understaffing are particular concerns of the departments responsible for the environment, forests, wildlife, fishing and culture. The heritage of NWFP must be preserved, but it will be preserved only if sufficient funds are available and are applied well. Income generated from tourism can partially justify conservation expenditures, and the probable return from tourism should be considered. Each department should seriously consider requests by tourism authorities. Since the tourism plan would affect each department's planning, input from each department is vital.

3.3. STC

The objective of this consultancy was to create an action plan for STC that would be supported by a consensus of those involved in tourism and by relevant NWFP agencies. The report to STC has been accepted as STC's short-term business plan (see Appendix A). Rather than duplicating that report in this section, the reader is referred to Appendix A.

The executive summary of Appendix A was not written as a summary of the report but was written to the chief minister of NWFP to justify the project with the hope that the chief minister would fully support the plan.

Appendix A:

**Action Plan for Tourism Development
in the Northwest Frontier Province**

Executive summary

At the request of the Government of the Northwest Frontier Province (NWFP), USAID sponsored a consultant to Sarhad Tourism Corporation (STC). The goal of the consultancy was to work with the MD of STC to write an action plan for STC's role in the profitable and responsible development of tourism in NWFP.

In the initial stages of the consultancy, it was determined that STC and NWFP's Ministry of Tourism had, with its planning and research, already laid a solid foundation for this project. As the consultancy progressed, it became clear that both the public and private tourism sectors were well equipped to nurture a growing tourism industry in NWFP. Excellent progress was made in achieving both consensus and commitment on the needs of tourism in NWFP and the role of STC in fulfilling these needs.

STC's work is done with four basic precepts in mind: privatization, cultural and environmental sensitivity, operational efficiency and coordination with other public and private parties interested in tourism development. The STC has chosen a route fundamentally different from the one followed by the Pakistan Tourism Development Corporation (PTDC) and the Tourism Development Corporation of Punjab (TDC'), both of which now suffer the burdens of huge overheads and money-losing investments. By working with the private sector, STC should be able to encourage tourism development without monopolizing it and without large expenditures of funds from the NWFP treasury.

The natural and cultural attractions of NWFP are world-class, far more than sufficient to draw tourists from around Pakistan and the world. The challenge for STC is how to make this tourism high-quality, profitable and environmentally sound. To accomplish these objectives, STC will need to:

- Work with various departments of the Government of NWFP to develop a tourism master plan as well as tourism personnel training, cultural and environmental preservation, basic infrastructure and implementation of changes that would encourage the growth of tourism. As a result of the September 8 tourism workshop sponsored by STC, a foreign donor is interested in financing a consultant to assist in researching and writing a tourism master plan.
- Educate domestic tourists, promote travel to NWFP in off-peak season and operate centers for tourism information.
- Using quality standard and price regulation, lease or co-develop properties transferred to the STC.
- Participate in the development of a few major man-made tourist attractions, such as theme parks, in NWFP.
- Create and promote trekking and walking trails, campsites and other facilities for the adventure traveler.
- Commission feasibility studies on tourism opportunities and make these available to potential investors.

A detailed action plan for STC has been written and is available upon request.

For the above-mentioned ideas to be executed, support from the government of NWFP is essential. It should be accepted that STC functions, such as promotion, information dissemination, master planning, land acquisition, feasibilities and privatization tenders require capital. Although income from leases of property will in the long run help finance STC, the NWFP also will realize savings from the privatization of rest houses now being maintained by it. In the short and medium run, the NWFP must be willing to invest in tourism by granting STC a sufficient budget to proceed with its plans.

STC has built the foundation for a solid tourist structure and has a blueprint for its construction. The time for action is now here, but further progress depends on prompt approval of the transfer to STC of the properties it has requested and on budgeting key project requests of STC. With environmental deterioration in key tourism areas evident and with an expected upswing in international tourism as well as an improving geopolitical situation and marketing efforts by PTDC, it is time for NWFP to get its tourism house in order. STC has not rushed to fulfill its mandate, but has proceeded cautiously, researching and weighing options. In the long run, STC's continuation of this approach will yield the best results. With the cooperation of the private sector and the government departments involved with tourism, this approach should be possible.

1. Introduction

The Sarhad Tourism Corporation (STC) was established to facilitate development of a profitable and responsible tourist industry in the Northwest Frontier Province (NWFP). This effort was to be undertaken both directly and in cooperation with other public or private domestic and international organizations.

The following plan outlines what STC must do in the near future to accelerate development of responsible tourism and how it can best accomplish this objective. A long-term marketing and development strategy for STC should be completed within the next year.

STC is a public corporation, not a governmental agency. As such, its role in policy making and enforcement is limited to advice and assistance, rather than implementation. Many primary needs for tourism development in Pakistan are beyond the scope of STC and will not be addressed in any length here. These additional needs include the following: international marketing, tourism master planning and zoning, regulation of private tourism development, conservation of archaeological and cultural treasures and preservation of wildlife and ecosystems.

The guiding philosophy of STC has been discussed and accepted. It consists of four principal elements: privatization, environmental and cultural sensitivity, cooperation and efficiency through non-duplication of existing facilities. The assumption is made that STC will focus on the increase and upgrading of domestic tourism in preparation for a future surge in international visitors. This framework is applied to all activities endorsed in this action plan.

2. Activities

Focus areas in short-term tourism development for STC are divided into three categories, each representing an integral area of need: promotion and information; infrastructure development; and support systems.

2.1. Promotion and information

2.1.1. Marketing

Domestic tourism in the peak season, July through August, needs no encouragement because, in some regions, its demands have already exceeded capacity. International tourism is primarily the responsibility of the federal government. Therefore, the role of STC in promoting tourism to the NWFP can be easily defined: production and distribution of sales materials and education for the domestic market concerning tourism to the NWFP. The goal of these efforts would be highlighting new areas and/or activities as well as shouldering seasonal and winter travel.

Brochures developed in coordination with other tourism agencies must improve on PTDC brochures in terms of quality, sales content, general style and timeliness of information. Specific brochures are needed on Gandhara sites, trekking routes and camping opportunities, walks in the Galais, winter activities and on tourism in the mountains and valleys of NWFP. To try to spread the impact of domestic tourism over a wider time period and area, each brochure must emphasize the attractions of spring and fall in NWFP and introduce areas not already well-known to potential travelers.

The opportunity to work with the private sector in funding these brochures should of course not be overlooked. By selling ads in the brochures, a partnership with the private sector is formed whereby funding is raised for STC and the private sector is given a marketing opportunity. Co-op ads (the travel industry term for cooperative advertisements) are a major part of tourism industry activities all over the world. Examples of these activities are contained in TDCP brochures.

Brochures should be distributed through STC, PTDC and TDCP information offices, through travel agents and tour operators throughout Pakistan, through hotels in NWFP, at appropriate tourism venues in NWFP and internationally, through PTDC at any shows or other tourism promotions undertaken (such as the opening of tourist bureaus in foreign countries). Sufficient brochures must be printed so that they can be given freely to any legitimate source requesting them.

Videos selling NWFP and a specific video on Gandhara art and archeology would be useful. Such videos should be produced, or, if they already exist at another tourist agency or in the archives of a video documentary company, they should be located. These videos should be aired on TV and made available for sale or rental to clubs, tour and travel companies and to any other parties interested in tourism in NWFP, including international travel wholesalers and tour operators. These can also be shown at travel shows and other public forums.

To educate the domestic market, a series of press releases should be made available on the importance of advance planning of summer travel in NWFP, on protection of natural resources -- including the problems created by littering, on the beauties of spring and fall in NWFP, on winter activities in NWFP and on new travel destinations in NWFP. Such press releases should be written and distributed so that

they can be picked up by major newspapers. A documentary with these themes could be produced for television.

To promote non-peak season travel in NWFP, it is extremely important to seek the support of the principal hoteliers, including PTDC, by endorsing discounted prices in the off seasons. To effectively market the off season to domestic tourists, a combination of promotion in sales literature, education through the media and discounting is necessary.

2.1.2. Tourist centers

STC will establish central information and hotel/tour booking centers in as many NWFP cities as is judged necessary from time to time by STC. In addition, information kiosks should be established at airports to provide information to arriving tourists.

Full-service tourist centers must have the capability of making hotel bookings or recommendations, guide recommendations and tour operator referrals. Information on hotels, guides/security guards and tour operators must be collected and maintained in such a way as to be easily available to an inquirer, including current rates that these entities have agreed to honor. Any such information supplied by an NWFP tourist enterprise should be distributed free of charge. Books, videos, pamphlets, posters and other material on NWFP should be attractively displayed for sale. If sufficient video footage is located or produced, a TV should be playing these videos. Mementos, such as reproductions of Gandhara art, post cards, T-shirts and various objects with NWFP place names on them, and fixed price, authenticated handicrafts or artwork should be sold as well.

This task is challenging, as it involves coordination with hotels and tour operators, location checking of guides, gathering of materials for sale or distribution and the creation of systems for reserving hotels and receiving commissions. Financial temptations could persuade the management of these offices to steer tourists towards a certain hotel or other tourist enterprise, so care must be taken to assure the impartiality of the offices.

By comparison, information kiosks at airports should be simple. These kiosks would distribute general brochures and specific information on the area, such as a list of hotels, prices and contacts for example. But the kiosks would not be the site of actual booking unless the volume of tourists and thus the demand rose substantially. A free telephone available to tourists who need to find a local hotel would be an excellent service to provide at the kiosks.

STC should immediately work on a list of locations for both full-service centers and kiosks and seek appropriate personnel to plan and open them.

2.1.3. Literature and mementos

A reasonable selection of travel books and guides on tourism in Pakistan is available and a number of books of interest to the tourist on NWFP have also been written. The latter generally need upgrading and a basic rather than specialist orientation would be preferred. Many more topics on tourism in the NWFP merit publicity in books or pamphlets. A comprehensive survey of available literature should be undertaken. From this survey, a list of other topics for books or pamphlets should be developed, then

qualified persons in the private sector should be encouraged to write the books and have them printed for sale.

The maps available from PTDC also need improvement. STC should work with STC to see that their maps of the cities and towns of NWFP are as good as possible. In addition, STC should begin designing a standard look for tourist maps of NWFP. This format should be clear, colorful, concise and easy to use. Because design and printing of maps takes quite some time, it would be best to begin on this effort soon. Specific maps needed and priorities for tourism-related maps include a map of the prime trekking routes being selected by STC, area maps of Naran and Kalam, a map of the archaeological/cultural treasures of NWFP and a master map of the province, highlighting all places of interest to tourists.

High-quality poster and post cards about the province are needed for sale as well, and the private sector should be encouraged to supply these. If it cannot, STC should produce a reasonable quantity and be prepared to defer to the private sector should businesses express an interest in supplying the materials. The videos that STC is able to locate or produce must be made readily available for sale as well.

Mementos of NWFP and its tourist sites are not available. One objective of tourism is to get the tourist to spend the maximum amount of money while visiting you, and a proven way to do this is through extra sales, like the items mentioned above, but most importantly, through sales of mementos, such as T-shirts, reproductions of carvings, scale models of famous attractions or just ordinary objects with the name of the place or the attraction on it and perhaps a clever slogan. Providing sales outlets for such items (the tourist centers) and explaining the opportunity to local entrepreneurs may be enough to stimulate this market. But if these efforts are not sufficient, STC should take a direct role by producing the initial objects and demonstrating the profit potential to the private sector.

2.1.4. Information

Marketing literature and materials must be supported by detailed information, ranging from lists of facilities in specific areas to information sheets that could be provided at the individual sites. General information flyers can probably be purchased from PTDC by STC or at least could be co-developed. Information on the Gandhara sites or other attractions could be developed by STC in cooperation with the NWFP department of archaeology/culture or with university students and inexpensively reproduced in black and white in sufficient quantity to distribute free to all visitors to the sites.

2.2. Infrastructure development

The most basic infrastructural needs -- roads, electricity, water sewage and garbage disposal -- are responsibilities of the federal and provincial government. STC must be concerned with the secondary infrastructure of accommodations, attractions and other facilities.

2.2.1. Accommodations

2.2.1.1. PTDC motels

STC's efforts to take back the land and pre-PTDC buildings at the motels in Kalam, Miandam and Naran and pay PTDC for the structures it has built must be fully supported by the provincial government so that transfer takes place by late 1992. This transfer will require NWFP government funding for the building

purchase with the assurance that the properties will be leased and the funds recovered shortly after this expenditure.

As soon as title to the properties is in the control of STC, tender offers should be solicited for private sector operation of these properties. Such a transfer should be as swift as possible because the private party will require adequate time to prepare for the next season. But since no feasibility study would be required and inspection of the sites and the books of the motels could be arranged immediately for interested investors, delays would not be necessary.

Bidders should be required to do whatever upgrading STC deems necessary to maintain certain standards under the supervision of STC and with penalties for violations and to agree to a price control mechanism. The motels should be required to maintain an area with brochure racks centrally located for guests and other travelers. The employees of the motel would distribute brochures and flyers supplied to them by STC. These employees should also be pre-qualified as to hotel management experience or the motels, as part of the tender, should be required to hire experienced managers.

2.2.1.2. Rest houses

STC will continue with its already approved plan to identify properties owned by the Government of NWFP. These identified properties will be transferred to STC and subsequently tendered to the private sector for tourism development. The list of properties awaiting final government approval for such transfer must be a high priority for processing. Basic feasibility studies to determine the commercial tourism potential of the properties and any environmental constraints on its development should be undertaken as soon as this approval is obtained.

These properties can then be let on outright leases (with development of each property) or can be developed as joint ventures to which STC contributes property and a private party contributes funds for development.

Identification of rest houses on trekking routes should continue with the subsequent take-overs of the properties and improvement of them either directly or with private sector assistance.

Further requests to the government for transfer of properties of this sort should be delayed until success is demonstrated with the leasing and development of the properties now requested. But research on desirable properties and simple development feasibility studies should continue.

2.2.1.3. Peshawar

The need for tourist accommodation in Peshawar is growing. The Pearl Continental is an overpriced business hotel of little appeal to tourists. The proposed privatization of Dean's is a positive development, but the tender offer requires upgrade of the property to the five-star category, which is not necessary for tourism. Group and international tourists generally require three-star or four-star hotels: clean and secure and with hot water, functioning electric and bathroom fixtures, laundry service, a moderately priced restaurant, working telephones, heating and cooling and an attentive service staff. They do not require the luxuries offered by five-star hotels.

STC should assist the private sector in securing land to develop appropriate accommodations. Two areas suggested are the Kachaguri Camp or a plot near the Cantonment railway station. Research on the availability of these sites and on how to open them to hotel construction should be undertaken by STC with the expectation of its involvement in the leasing of the land to the private sector.

2.2.1.4. Local homes

In other countries in which adventure and rural tourism is popular, and in which tourism infrastructure is not highly developed, private homes are often used for individual tourists. In a modified bed-and-breakfast approach, rooms in the home are kept open for rental to tourists, who are then offered meals in the home as well. Although this is an excellent way to bring the cash benefits of tourism to the grass-roots level and to gain the support of the local populace for tourism, it does not seem appropriate for Pakistan at this time. The tourism demand in rural areas does not at this time justify this approach. In addition, the rural culture of NWFP may not accept such an approach as local acceptance of tourism is still minimal. (Note: Local participation in other aspects of tourism development is discussed later.)

2.2.2. Development of attractions

STC should encourage creation of man-made attractions to bring more tourists year-round to NWFP and to focus the impact of tourism on small and controllable areas.

2.2.2.1. Theme parks

Three different projects have been discussed: a family amusement park at Kund, a resort for water sports at Thanda Dam; and a city park in Peshawar. STC's projected role in any of these would be similar: get approval of use of a piece of land for the purpose; get access or title to the land; work with the provincial or federal government to put the basic road, power and sewage infrastructure into place; conduct studies on best uses of the area and create an overall development plan; supply the basic needs, such as parking, security and toilets; then go to the private sector for development of the actual attractions on a concession basis.

The project at Kund is already moving ahead, with an initial plan proposed, work being done on road access and other basic infrastructure and a request already formulated by STC to turn the land and project over to it. Additional land on both banks of the Kabul River must also be purchased soon. Common knowledge of the Kund project will cause land values to rise steeply. And more land is needed both for facilities planned at Kund and to provide a buffer between the privately owned land where uncontrolled development could take place and the project itself.

Private developers have voiced considerable interest in building monorail or cable car systems and other amusements at the site. STC should pursue transfer of the project to it and proceed with careful land use planning to define exactly what development, such as accommodations, restaurants, activities, park area or campsites, is desired. STC should then tender the desired projects to the private sector, either as one concession or in parts, depending on the bids received. Quality and price control should be retained by STC as with the motels.

Other theme park projects should be carefully studied before any further work is done on them, remembering that unless these projects are aimed at different market segments and have different themes

than Kund, they would tend to dilute each other. The danger of short-term overdevelopment exists and should be taken into consideration in the sequential timing of the projects. It will also be critical for STC to fully consider potential environmental impacts and to minimize cutting of wild growth, alteration of existing ecosystems or possible pollution of the area. Through education in general, signs at the site and enforcement, the litter problem must be addressed.

2.2.2.2. Others

Substantial private sector interest exists in building smaller attractions, particularly cable cars. Rather than promoting these actively, it is probably best for STC to emphasize a selective attitude at this point. Factors to be considered in the siting of a chairlift or cable car include the following: need for the attraction; availability of road access and other infrastructure in the area; impact of construction of the attraction; and impact on the area to which the lift would transport people – an area which, presumably, they could not otherwise reach easily. A chairlift should go somewhere worthwhile: a proliferation of lifts with no goal, which are just rides, will surely quickly dilute the demand for these lifts.

A good example of a useful chairlift would be one built from somewhere around the point where the glacier crosses the road up the valley of the stream that drains Lake Saif-ul-Muluk in the Kaghan Valley to a ridge overlooking the lake. A chairlift in this location would allow the road up to be closed or limited to special use only, would reduce the air pollution in the area, would give tourists an absolutely spectacular ride and would fit a plan concentrating all facilities in the lake area in a single place on a ridge overlooking the lake. STC should look into the land ownership possibilities and encourage a private investor to tackle this worthwhile project.

Lifts and facilities for winter sports and for water sports should be allowed only after deciding where they fit. Delaying approval or encouragement of these until a tourism plan for the key areas is in place would be a function of NWFP tourism officials. When the time comes, it should not be difficult to find entrepreneurs eager to participate.

2.2.3. Roadside facilities

The need to have places where travelers can stop to rest and be able to consistently expect clean bathrooms, a snack bar and a small convenience store certainly exists. But the providing such facilities does not seem to be of the highest priority. STC should observe the functioning of similar stopping places being run or built by TDCP. STC should experiment with one or two such facilities, which it would build and operate itself (perhaps the Frontier Inns which STC has asked to take over) then produce a repeatable formula for roadside facilities that a private entrepreneur could duplicate. STC should then negotiate with petrol company chains to use extra land at their stations for these rest areas. The land would be leased for a token amount as the petrol station will gain business from the people stopping at the rest area. In order to keep STC involvement in these and to give the private sector incentive to develop them according to the STC format, it would be best if a single identifiable name brand or quality certification could be developed that would be easily identifiable when a traveler stops and would create identification with a brand.

2.2.4. Outdoors

2.2.4.1. Trekking

In cooperation with experts in the private sector, STC should select a few three- to five-day treks of 7 to 10 miles per day with overnight facilities. The STC should promote these trips as the top treks in NWFP. They should have reasonable access at both ends of the treks and should be in areas already frequented by tourists. The temptation to promote too many treks should be avoided, as quality control will likely be best if a small number of treks are initially selected.

Once these treks have been identified, STC must gain control of the rest houses along the route, upgrade these as necessary (nothing fancy), then promote the treks in a brochure and through articles. The management of the rest houses along the way could be contracted out to private groups who would charge, for food and overnights. Persons wishing to camp and carrying their own food would be accommodated as well and charged a small amount.

Maintenance of the trails would remain the responsibility of the Forest Department. Hiring locals for this could complement an STC program to train locals as trail guides. Local porters could also be trained but are not essential. Trekkers would need to carry few items with them as bedding and food would be available at the huts.

Information on more difficult treks, remote treks requiring camping and very long treks can be supplied through commercial books marketed to serious trekkers. STC should encourage experts to write these books and should help to market them.

2.2.4.2. Walks

Walks of at least one hour and no more than one day are of interest to mainstream tourists in heavily visited areas, such as Swat or the Galaits. Walks with reasonable access in these areas should be identified, checked for safety and enjoyment, improved as necessary, then promoted to the public through brochures or flyers distributed throughout the locale covered. STC should take responsibility for development and promotion of walking trails then should check as often as necessary to make sure that the trails are adequately maintained.

Litter, which is prevalent everywhere in Pakistan, is a concern for these trails. Educating the walkers to carry out whatever they carry in is the only practical solution to this problem, as patrolling a trail to enforce an anti-littering injunction is far-fetched, and cleaning the trail too costly.

2.2.4.3. Campsites

True adventurers will always find a wild campsite to fill their needs. However, families, inexperienced and occasional campers and anyone wishing to camp in a populated area need fixed and improved campgrounds such as are found in parks in the U.S.

These campsites can have either a parking area just outside the campground or parking slots near each campsite, but all should have central toilet facilities, garbage cans, barbecues, a picnic table and an attractive location. As camping is not now a common activity in domestic tourism, consideration should be given to renting tents and sleeping pads/bags at these areas.

STC should take the lead in developing campsites by securing the right pieces of land, putting in parking, toilets, garbage areas and barbecues, then leasing the campsites for management by the private sector.

The income gained by the STC from the lease could be expected to cover the cost of the development, but not the value of the land itself.

Campgrounds are an interesting area for local involvement. By negotiating with local people to improve community land, then turning over operation of the campground to the local people, locals are drawn into the tourism trade. In exchange for maintaining the facilities, locals could collect a camping fee that would be pre-set by STC. This would allow them to earn income from the piece of community land. Locals might also lease the campgrounds even when community land was not used since the cost of leasing the campgrounds should be low enough to allow entry level participation.

2.2.4.4. Caravans

If the private sector imports caravans, consideration should be given to making an area in campsites for these with electric and water hookups and a place to dispose of sewage. Appropriate motels might also be encouraged to have an area where caravans can park. This caravan trade is a low priority since the project would be relatively expensive, and Pakistan is many years from having enough caravan traffic to financially justify special overnight facilities for them. At this time, STC does not need to concern itself with facilities for caravans.

2.2.4.5. Winter sports

Cross-country and downhill skiing, ice skating, snowmobiling, sledding and just playing in the snow all give NWFP perfect opportunities to lengthen the NWFP tourism season. STC's direct involvement in winter tourism should be minimal in the short run; federal and private funds should be used for any developments. NWFP should, however, maintain some control in this sector to ensure that any facilities built are ecologically sound and comply with the tourism master plan.

Plans to make Ayudia a ski resort and to open Malam Jabba should be encouraged. If a chairlift is built at Saif-ul-Muluk and the road to Naran can be kept open year-round, the area would be ideal for winter sports. Any campgrounds or appropriately located motels that have year-round access can be bases for family snow play, snow-mobiling or cross-country skiing, as these require no infrastructure. The Adventure Foundation of Pakistan is planning two adventure centers that would be open to the public and would include ski instruction.

2.2.4.6. Water sports

Canoeing, kayaking, rafting, fishing, motor-boating, water skiing, swimming and jet-skiing can all be considered under this category. The first three items are private sector considerations that can be implemented by tour operators interested in adventure travel. If requested, STC could provide assistance in establishing start and end points for the trips. Fishing has its own NWFP department, which STC can support, but which must, of course, retain responsibility for improvements and licensing for fishing.

A lake-based resort that could offer motorized and non-motorized flat-water recreational activities would be an excellent addition to NWFP's tourism attractions. These recreational activities are best on artificial, lakes created by damming. Such lakes in the province should be carefully studied in order to determine access, proximity to urban areas, shoreline sites for camping and motels and the rise and fall of water level. One or two of these lakes could be designated for full feasibility studies. If a good area is found,

STC could put together a master plan, make sure the proper infrastructure is in place, then involve the private sector, as with the Kurd project described above.

2.3. Feasibilities

Needs

As mentioned above, basic feasibilities must be developed for all projects that might go out to tender to the private sector. As STC needs to offer numerous such projects in the near future, feasibility requests must as soon as possible be sent to P&D. Support must be sought to have P&D prioritize these feasibilities and to complete them promptly. STC should first consult with bankers, the private sector and P&D to determine what form these feasibilities should take, as it is possible that simple *pro-forma* reports or developed ideas that outline the potential of a project may suffice.

If P&D is slow in delivering these feasibilities or is unsatisfactory in any other way, STC should be prepared to begin writing the feasibilities or contracting with private consulting firms to do so.

Portfolio

When 6 to 12 months have passed and the selection of envisioned projects is well under way, STC should begin assembling a portfolio of brief feasibility studies. These studies should be presented in a format developed from experience and be offered to investors or international donor agencies looking for projects in tourism in Pakistan. To satisfy different demands that will arise, this portfolio should vary from huge hotel or park projects to very small motel or amusement ideas. The portfolio might be segmented by the amount of investment required for the project, so that potential investors could be pre-qualified and shown only ideas within their financial capacity.

Investor conference

If the geopolitical situation continues to improve, if STC and other concerned entities are successful in controlling and improving tourism in the NWFP, and when the portfolio of investment possibilities mentioned above is ready and large enough to justify serious attention, STC should consider requesting the help of a donor agency to organize a domestic and international investor conference. At this conference, the variety of opportunities available in NWFP would be exposed to a range of potential developers. Such a conference should be preceded by the adoption of a tourism master plan, completion of needed roads and basic infrastructure and the compilation of a broad, fully professional and diverse portfolio of investment opportunities.

2.4. Support systems

The following recommendations support continuing general improvement for tourism and would ensure that gains achieved through the direct, concrete measures outlined above would not be lost due to neglect.

2.4.1. Tourism personnel

Training

The Pakistan federal government and Austria have initiated a project to build a hotel and a hotel training institute in Swat. NWFP is now becoming involved in this project. STC should join in the direction of this project.

NWFP needs training, not only for all levels of hotel employees, from management to waiters and room attendants, but also for tour guides. No plans exist to incorporate guide training into the curriculum of this institute, but it would seem wasteful and duplicative to have two tourism training facilities in NWFP. Guide training would address language, historical/cultural, and field and behavioral courses. Teachers in all these subjects can be found at the university in Peshawar, and experts from private industry could be brought in to provide courses on how to deal with tourists.

STC should take the lead in developing a guide training curriculum and making sure that this curriculum is included in the offerings of the planned hotel institute. STC also should have funds from the government to pay tuition for a number of deserving candidates selected by STC to attend the guide training courses. Other students for guide training could be nominated and paid for by tour operators. Completion of the course would be recognized by the award of certificates. Such awards would represent the commencement of a provincewide certification procedure for guides. Experienced guides could earn certificates from the institute by completing examinations without taking the courses and/or by receiving credits for their practical experience.

Local involvement

As mentioned in other parts of this plan, whenever possible, opportunities to profit from tourism must be passed along to the local level to ensure local approval of and involvement in the business. Ad hoc training of local people as trail guides, porters, wildlife guides and guards, trail hoteliers, campground operators and guardians of local stretches should be undertaken. STC can in some cases be directly involved in this training but should at every opportunity encourage involvement of public and private organizations in tourism.

2.4.2. Tourism planning

As stated in the introduction, creation and enforcement of a tourism master plan in NWFP is a governmental responsibility. Nonetheless, STC cannot ignore this essential project. STC should actively seek foreign donor funding for development of such a plan. When a consultant team is in NWFP, STC should work with it on a day-to-day basis and actively support its efforts. When the consultants' report is submitted, STC should be a key player in drafting the plan that NWFP will eventually adopt.

2.4.3. Coordination

STC is not alone in the tourism field in Pakistan, and so it must either risk duplicated efforts and conflicts with other tourist agencies or fully coordinate its efforts with these agencies. Since the other organizations are very unlikely to actively seek dialogue or consultation with STC, STC must contact PTDC, TDCP and the federal MOT whenever it is considering a project that would affect them. A primary concern is production and distribution of new brochures and other sales information on NWFP. But regular sharing of information and plans in all areas are also important. After making contact and establishing a good relationship with these organizations, regular meetings of their managing directors should take place with an agenda encompassing the comparison of plans and projects and consideration

of areas of cooperation. Simple maintenance of good will and understanding is an important enough priority to justify such meetings even without the specific project gains which will likely result.

2.4.4. Private sector

STC should always be available to members of the tourist industry for discussions and should be willing to assist the industry whenever this is appropriate. In areas of specialization, such as hotels, trekking, wildlife and the development of chairlifts, STC should make use of *ad-hoc* committees to help it reach decisions on needed actions. So that it can easily call together a few knowledgeable people to discuss whatever problems may arise, STC should maintain a categorical list of specialists. In addition, STC should soon complete its plan to fill four openings on its board of directors with people from the private sector. Two of these positions have already been filled with a hotelier and a banker. The other two seats might be filled by a tour operator, possibly someone from out of province, and a travel agent or general tourism developer.

A basic theme of this plan is that STC should in every project involve the private sector as much as possible. Joint ventures and other partnerships between the public and the private sector are very much a part of such involvement, and STC should make it clear that it is willing to work together with a private partner when necessary.

2.4.5. Lobbying

STC can be an advocate for many small and large needs for tourism. Such needs include both the addition of regulations that would, for example, monitor hotel quality and require tourism development to comply with a tourism plan and the elimination of permits, such as untangling visa red tape and eliminating restrictions for tourism sites and prohibitions against photography. Additional tourism needs for which STC can advocate include the following: building of roads and other basic infrastructure; preservation and further excavation of cultural treasures of the province; maintenance and improvement of museums; protection of wildlife and creation of parks so that wildlife is accessible to tourists; protection and improvement of fisheries; operation of a world class tourist car on the railway to Khyber Pass; regulation of tourism to the Kalash Valleys; and allocation of tourism loan funds from RDFC to NWFP. These areas of concern are a sample but not an exhaustive list of problems.

Persons responsible for these concerns are varied and many may not care too much about tourism. It is a vital function of STC to be the voice of tourism with all the different people in the province and the country whose actions have an impact on tourism. Phone calls, reminders, demonstrations of why a certain action would benefit NWFP and position papers on the issues can all be done by STC to improve the chances that each area of importance to tourism gets the maximum attention possible.

2.4.6. Data collection

Without valid tourism data and statistics, it is difficult to undertake serious planning or to judge the success of a company like STC. One of STC's functions must be to begin the process of collecting data in NWFP and assembling information on other areas of the world that have faced or are facing similar challenges of tourism development. The World Tourism Organization of the United Nations (WTO) has an extensive library of case studies, project reports and statistics on tourism. From this library, most outside information sought can be found. STC should contact WTO and avail itself of its data. STC

should also seek donor funding for any statistical studies of NWFP tourism deemed necessary by WTO, the consultant on tourism planning or by other qualified tourism experts.

3. Funding

Although STC is a public corporation, many of its functions are those of a tourism bureau for NWFP, and it cannot be expected to be revenue producing. So that a commitment can be made to the funding of STC at an adequate level, activities that can be expected to be self-financing or profitable immediately or eventually must be separated from those that require ongoing investment by NWFP.

STC will make it a priority to make contact with appropriate international governmental and NGO donor organizations that might fund specific projects for tourism development research and planning in NWFP. Possibilities include a few Western countries, the European Economic Community, WTO, the International Union for the Conservation of Nature, World Wildlife Fund, Conservation International and the United Nations Development Project.

3.1. Revenue earning activities

STC's primary source of income will be from the leasing of properties and motels to the private sector or joint ventures in the development of tourism projects. Sales of books, videos, posters and mementos through the tourism centers and other outlets cannot be expected to earn enough income even to cover operating costs of the tourism centers. Commissions from hotel or tour bookings will similarly generate only small amounts of income. Co-op ads in publications simply subsidize some of the cost of that item. Therefore, to minimize STC draw on NWFP finances properties must be transferred to STC for leasing to and development with the private sector.

The government of NWFP must also be willing to purchase land in key areas, with the expectation that this short-term expense will be recovered from revenues that the land will produce when it is developed and leased. An example of this arrangement is the private land on both sides of the Kabul River at Kund; land for the Kund project should be purchased before the start of construction causes huge escalations in land costs in the area. But the cost of this land will not be recovered for some time.

3.2. Non-revenue items

Overhead

Salaries, rents and other expenses of maintaining the head office must be kept under control by adhering to the STC philosophy of efficiency. Essential to the financial well being of STC is a lean organizational structure, with minimum senior and support staff and maximum use of available services from NWFP government offices and from consultants financed by donor organizations. Repeating the errors of TDCP and PTDC, two organizations with bloated staffs and extremely high overheads, would be inexcusable.

Promotion

Promotion of tourism is the *raison d'être* of STC; such promotion is an investment in the overall well being of NWFP. If the government of NWFP believes the growth of tourism benefits the province, then it must be willing to budget the funds to pay for this promotion. Such a budget would include printing brochures and related materials, financing tourism centers, developing sample tourism projects, such as roadside facilities, and covering office overhead. As the income from property leases grows, STC's

burden on the treasury will be reduced and could be eliminated. But at the beginning, substantial financing is needed.

Support services

Participation in management of the hotel institute, in lobbying efforts with various other organizations and in basic research, such as feasibilities, as well as sponsoring conferences and other undertakings are important STC efforts to develop tourism, and none of these bring any direct income.

4. Organization

A basic part of STC's planning is definition of its organizational structure and of the personnel required to make the company function as effectively and efficiently as possible. STC's restrained approach to the hiring of employees during the first months of its existence has allowed it to research its exact needs before making any commitments to personnel who, if hired prior to a clear understanding of needs and goals, might not have fit into the daily functioning of STC.

4.1. Structure

A simple pyramidal or vertical organizational structure should apply to STC. At the top would, of course, be the managing director with the normal responsibilities of the CEO of any company: policy-setting, top-level contacts with other organizations, lobbying, control over managers that reporting directly to the managing director, major budget and financial decisions and operation of the company. To achieve the goals defined earlier in this plan, five different divisions are envisioned. These divisions would be of comparable importance and each would be headed by a manager reporting directly.

Management

General Manager

The manager is the number two person in the company, substituting for the managing director during the managing director's absence. Primary responsibilities would, however, be management of day-to-day operations, supervision and guidance of the execution of feasibility studies, input into the tourism master plan being done by NWFPP tourism officials and negotiation of agreements for the leasing and construction of accommodations and other tourist facilities.

Working under the general manager would be non-company consultants and, if necessary as a result of STC development and operation of tourist facilities, property managers.

Tourist centers manager

The tourist center manager would be responsible for the selection of sites for information centers, the staffing of these centers and the stocking of the sales division of the centers. This stocking would include locating appropriate items for sale, working with the private sector to get items or undertaking the initial manufacturing of items to demonstrate to the private sector the financial viability of the concept.

Reporting to the tourist center manager would be the tourism officers of the full-service tourism centers.

Marketing manager

The marketing manager would be responsible for the creation of brochures, videos, posters, post cards and other materials encouraging visits to NWFPP. And the marketing manager would be responsible for press releases and articles and the production of any information pamphlets or flyers necessary and not elsewhere available. If signs and other such information materials are needed, this department would produce them.

The marketing manager would oversee various writers or designers hired on a per-job basis, not employees of STC, and would work with university or museum personnel to create informational exhibits.

Special projects manager

This manager would be responsible for overseeing special projects, with an emphasis on adventure travel and responsible tourism. All trekking, walking, camping or caravan projects would be this manager's responsibility, as would be the responsibility of liaising with the government departments of wildlife, forests and fisheries in order to encourage the creation of parks. Other projects would include the institute for hotel personnel and tour guide training and the roadside facilities.

No assistants are envisioned initially for this position.

Accounting

A financial officer is already in place at STC. As the company and its financial operations grow, so will this officer's responsibilities: payroll, payables and receivables, financial statements, audits, taxes and supervision of the bookkeeping. This officer would work closely with the general manager, who would be a chartered accountant.

The accounting department should initially include a qualified bookkeeper/accountant and a budgeting assistant.

General staff

All operational staff would be supported by a secretarial/clerical pool to answer phones, type, do computer work, make copies, etc. One of the staff members would be appointed as supervisor of the general staff.

4.2. Personnel

With job functions of key STC personnel defined, it becomes necessary to describe the ideal candidate for each job and to then locate and hire the best qualified job applicants. A definition of the professional training and skills of needed follows, though flexibility must be shown depending of the attributes of the actual applicants.

As part of STC's policy of efficiency, it intends to hire as many of its workers as possible on contract. Disadvantages to the worker employed on a contract basis -- lack of security, status, benefits and upward mobility -- will require payment to the workers of wages substantially in excess of the going government rates. In the long run, STC and the government will save since STC will not be burdened with unneeded, long-term employees, and the workers will not become government pensioners. Similarly, managers will not receive cars or houses from the STC. It is the goal of STC to maintain the attitude of a private company in all personnel hiring matters.

General manager

The ideal candidate for this position will be a chartered accountant with planning and experience with feasibility studies and/or hotel chains. The successful applicant must have the personality and the breadth of vision to manage the company in the absence of the managing director. Orientation should be to detail and to budgets, as most of STC's income will come through the general manager's department.

Tourist centers

Manager

The head of the tourist centers should have management experience in a private sector retail store, as well as a good understanding of merchandising and an orientation toward customer service. This manager must have an MBA.

Staff at centers

The tourism officer in charge of each center must be fluent in English and Urdu, type and have a BA degree. An outgoing, enthusiastic personality is also a must. The tourism officer would need to accept a low salary structure with additional income based on the center's success in earning money from commissions and sales. An assistant to each tourism officer, a salesperson, would also be hired. This person should hold an intermediate certificate and speak English and Urdu. The salesperson should have a cheerful and energetic personality, preferably with sales experience and/or bookkeeping ability.

Marketing

This manager should be a former sales manager for a private sector tour operator, preferably with international experience. If such a person is not available, this position could be filled by a sales manager for an advertising agency. An MBA degree in marketing should be required; expertise in photography and design would be a big plus. This person must be able to write well since the position will require editing and composing brochures and other informational text.

Special projects

This manager should be an avid outdoors person with experience group trekking and camping and possibly a background as a guide. A degree in environmental sciences, forestry or similar would be best. Perhaps such a person could be recommended by the Adventure Foundation or by a private tour operator.

Accounting

The general manager would be the chief financial officer. A controller is already in place. Qualifications of his budget and accounts assistants mentioned in Section V A2 appear to be self-evident.

5. Conclusion

STC's first step must be to hire managers, who can then hire their staff or start contracting consultants to simultaneously undertake most of the activities outlined above. To hire these managers, however, STC must have the financial support of the government of NWFP, as well as prompt approval of its requests for transfers of property. Several elements lend urgency to this matter: the deterioration on a daily basis of key tourism areas; the improvement in the geopolitical situation; the beginning of PTDC's international marketing, which will increase the flow of foreign tourists; demographic and income pressures increasing the flow of domestic tourists; the need for STC to establish its credibility with the tourism marketplace; and the advantages of using the momentum of recent workshops to get tourism development moving.

The time for action is now.

6. Addendum

Comments on tourism areas visited

Chitral Valley

The physical beauty and cultural interest of Chitral give it excellent tourism potential, but I feel it is not worthwhile to develop this potential actively until the problem of accessibility is resolved. The extremely long and rough road access and the quite unreliable air flights combine to limit the area's appeal to rugged tour groups and individual travelers. In order to justify investment in expansion of tourist facilities in Chitral, either the tunnel below Lowari Pass must be completed and the road itself improved, or to make air service reliable, PIA or a private airline must put an all-weather plane into service on the route to Chitral and other northern airports. A reliable flight could charge considerably more than is charged on the F27 flight, making the financing of a new plane possible and giving travelers a choice between a cheap but unpredictable flight or a reliable but more costly flight.

Notes:

Chitral Town

- Open the fort to tourism.
- Simplify permit and registration system.
- Upgrade hotels to provide at least 80 rooms of acceptable tourism standards and provide advice and assistance to accomplish this upgrading.
- If access is improved, consider chairlift to and from motel at Bir Moghlaish (PTDC is looking at this) and make rest stops with toilet/food/drink along road.

Kalash Valley

Must be regulated to preserve Kalashi culture

Some possibilities:

- Kalash guide for groups of six or more;
- Guidelines in Urdu and English distributed at police checkpoints in Urdu and English;
- Allow entrance to only one valley at a time;
- Increase entrance fee;
- Penalties to enforce the guidelines
- Set dates well in advance for festivals.
- Consult Kalash people before making any changes

Garam Chasma

- Build baths and motels acceptable to tourists.

Road to Chitral

- Encourage completion by PTDC or others of motels at Mastuj, Hundar and Gulpis.
- Provide rest stops along road.
- Establish campsite at Shandur.
- To allow promotion and foreign organization of polo matches, set dates for matches several years in advance.

Swat Valley

En route: Churchill's Picket is well marked with a good trail, but it needs parking space, an information sheet and a food/drink vendor. It should be promoted at Chakdara Museum and vice versa.

- **Chakdara Museum** should charge more for foreigners. It needs information booklets for sale, displays on the history of the area, (including story of Churchill's Picket with encouragement to visit) and dated displays with more complete descriptions. A major attraction could be a section on British activity in the area with a special display on Churchill, including pictures, regimental artifacts and other items. As sites are developed, maps and information should be provided on nearby sites from which the sculpture in the museum came.
- **Malakand Pass** should have an informational signboard with historical information on the area and as statistical data on the pass.
- **Takht-i-Bahi** needs to be treated as the valuable asset that it is:

Signs should be posted to help visitors find it. It needs a parking area, a snack bar/restaurant, toilets, a gift shop with post cards, reproductions of Gandhara art, T-shirts and other mementos, a flyer and books describing the ruins and Gandhara art for sale. Entrance fee should be raised and the money used for preservation and keeping qualified guards and guides at the ruin.

- **Attock Bridge** (if coming from Punjab) should have a sign welcoming tourists to NWFP, land of Gandhara and natural beauty.

Gandhara sites in general

Everything is needed: excavation and maintenance, better signs along roads to find them, information flyers at ruins, guards, a brochure for tourists on the various sites available. Entrance fees should be charged.

Saidu Sharif needs more tourist class hotels. The museum needed upgrading, and directions to Butkara should be easily available to tourists. At Butkara, an information flyer is needed.

Shogran

Beautiful spot that must be protected immediately. Regulate and make current guest houses into quality hotel. Provide trails and campsites further along the road through Shogran.

Kalam

Perfect example of instant overdevelopment responding to tourist demand. Hotel building must be regulated before it is too late.

Lake Mohadand

Make into National Park without permanent structures. Establish camping area and walking trails. Encourage building of quality motel at least ten miles from lake. Regulate trash disposal and enforce regulations with park rangers. (Entrance and camping fees could go towards this). Have toilets and snack bar situated out of sight of lake, but convenient.

Ushu Valley

- Regulate
- Develop fishing/hiking opportunities

Kaghan Valley and the Galaits

- **Ayubia**

Suffering badly under Hazara Hill Tribe management. Urgently needs upkeep, repair, paint. Big litter problem must be addressed. No excuse for having the chairlift rides at midday without any posted notice. It should stay open. Provide information on elevation and length of chairlift. There appears (amazingly) to be no toilet at the top. Upgrade all-around standards.

- **Bhurban**

Too expensive and poorly run for tourism. Needs a lot of work in order to be successful.

- **Nathiagali**

Nice spot on the verge of being destroyed. Enforce moratorium on new construction until regulation/zoning is in place. Develop day walks and multi-day hut-to-hut treks in area.

- **Thandiani**

Great potential with better road and infrastructure. Regulate hotel development to preserve area as much as possible.

- **Naran**

Beautiful site with great potential. Regulate development right away. Upgrade PTDC motel. Do not encourage deforestation by heating hot water at motel with wood. Establish walking trails across river and around area.

- **Saif-ul-Muluk**

Keep lake area free of permanent structures. Make vehicles stop at the top of the ridge above the lake, where toilets, food/drink and a snack bar should be.

- **Abbottabad**

Not a tourist destination except as a crossroads. Attractions to be developed might include (per suggestion of local hoteliers, not checked or endorsed by consultant): artificial lake with water sports in Kash Plain, campsite at Jangle Mangle, better maps of city and area, tour and transport facilities, and a chairlift from Simla Hill to Sarban Mountain.

Peshawar Area

- **Khyber Pass**

Eliminate permit; just have registration at police checkpoint on entering Tribal Areas and pick up police escort there (which tourist should pay for). Needs drink and souvenir stand at stopping point, and a flyer on the history of the area pointing out sites of interest along the road. Signs should be posted at any of these sites. When the trips are allowed to continue to Torkham, the PTDC motel there must be reopened.

- **Darra Adam Khel**

No advance permit, just registration at checkpoint. Otherwise leave it as it is.

- Peshawar Museum hours should be uniform and known (same for all museums throughout NWFP would be best);
- Upgrade information on displays;
- Provide more information on recent history, such as caravans and the British.

- **Peshawar Town**

- Open Bala Hisar Fort to tourism -- do not make it into a hotel;
- Get Khyber Pass train running with "luxury" car for tourists (private operator?);
- Develop tour operators with trained guides;
- Provide information at airport counter;
- Consider selecting old caravanserai for renovation as tourist guest house;
- Create better access to the famous banyan tree in Khyber bazaar;
- Develop three-star and four-star tourist hotel(s);

PRIVATE SECTOR WORKING SESSION
SEPTEMBER 1, 1992

SARHAD TOURISM CORPORATION

The intention of this working session is to give the tourism private sector the opportunity to discuss the various options open to Sarhad Tourism (STC) for the development of tourism in the NWFP. A series of topics/questions follows. After discussion of these and any other topics anyone attending the meeting may wish to raise, we will attempt a summary of the various discussions and a prioritization of these options.

- 1) INFORMATIONAL OFFICES Are these needed? If so where? What should the offices do? How should they be financed? How should they differ from PTDC information offices? What additional printed materials are needed for these if any? Should guides/security guards be available through them?
- 2) GENERAL TOURIST INFORMATION What is needed? How can the private sector be involved in map or guidebook production? What information is needed to make tourist sites more attractive to potential tourists?
- 3) DOMESTIC TOURISM PROMOTION Are more tourists needed? High season? Shoulder season? What could STC do to bring more tourists if these are needed?
- 4) HOTEL/MOTEL DEVELOPMENT Discussion of lease/tender offers and standards/price controls on new properties which the STC helps to develop.
- 5) KUND PROJECT How to involve the private sector.
- 6) FEASIBILITY STUDIES Are these needed by private sector before development projects are put to tender? What should be included in these? Are they needed for major projects? Is foreign investment to be encouraged for major projects?
- 7) TOURISM ZONING/MASTER PLAN Is this needed? How should areas be regulated to protect the environment and to prevent the spread of hotels damaging the tourist attraction?
- 8) ROADSIDE FACILITIES Are these needed? How should they be developed in areas of little popularity?
- 9) WILDLIFE Is it an important component of tourism? Should wildlife-viewing be pursued as tourism development?
- 10) GUIDE & HOTEL EMPLOYEE TRAINING Secretary Tourism describe current status of this project.
- 11) WORKING COMMITTEE FOR PRIVATE SECTOR Should committee be established to meet on a regular basis to convey the

priorities of private sector to STC/Tourism? How?

12) TREKKING TRAILS & HUT SYSTEMS How important to tourism? Who should develop these? What are most important areas?

13) CAMP SITES & CARAVANS How important to tourism development? Will private sector pursue these? What support can STC give?

14) CABLE CARS How important for tourism? How should STC try to regulate spread of these or help in getting more?

15) MUSEUMS & CULTURAL SITES How important to tourism? What can STC do to improve these? Any private sector involvement?

16) WATER SPORTS PROJECTS Are these important to tourism? How will private sector develop these?

SUMMARY OF KEY POINTS

TOURISM PRIVATE SECTOR MEETING

September 1, 1992

This working group was assembled to discuss the needs of tourism in the NWFP and the role of Sarhad Tourism Corporation (STC) in fulfilling these needs. In attendance were a selection of hoteliers, tour operators, cultural tourism experts, and tourism entrepreneurs, along with Shakil Durrani, NWFP Secretary for Tourism, Amjad Ali Khan MD STC, and USAID representatives.

I. Governmental/STC obligations

TOURISM MASTER PLAN AND ZONING

A master plan for tourism development including restrictions on various types of projects, protection of wild areas and the enforcement of standards for hotels and other buildings was rated as the top need of tourism. Creation of plans for heavily impacted areas such as Swat and the Galis with the assistance of foreign consultants are needed immediately as a basis for all other tourism activities.

FINANCING

Loans for tourism projects in appropriate areas should be available at concessionary interest rates and with low down payments. NWFP should be guaranteed access to a preferential percentage of any funds made available through the RFDC.

WILDLIFE AND ADVENTURE

It was recognized that wildlife through casual tourism and through hunting is a top income-earner in international tourism and that NWFP is perfect for adventure tourism. NWFP must create access to and control of wildlife preserves and parks for the purpose of tourism, as well as develop and promote trekking trails and hut systems.

CULTURAL TOURISM

The richness of the Gandhara civilization should be a primary draw for tourists, but better access to the sites, better promotion of these sites, more information at the sites, and better directional signs for tourists looking for the them are all need, as is a general upgrade of provincial museums. All sites and museums should pass to NWFP control. Communication and cooperation between STC and Culture/Archaeology officials is required, as well as increased funding through entrance fees, foreign individual and institutional donors and private sector support.

II. Joint Private/Public Sector Projects

TOURISM INFORMATION AND PROMOTION

Up-to-date, high quality sales and informational literature on NWFP must be developed by STC. The private sector can support this financially through purchase of ads in publications. The private sector should also make available for sale maps, pamphlets, and other publications appealing to tourists. STC must open informational offices in key areas with the capability for booking hotels and tours, as well as brochure distribution, sales of books, post cards, mementos and handicrafts, and any other service of use to the tourist. Information kiosks at airports are also an STC obligation. All information distributed should emphasize the advantages of visiting NWFP in the shoulder season (spring or fall) and make clear the problems of visiting during the summer. Brochures should be distributed nationwide through PTDC or TDCP offices; newspaper and magazine articles, and press releases, should be placed with the media. Documentary videos on NWFP attractions should also be made available.

REAL PROPERTY DEVELOPMENT

STC can play a vital role with the private sector to encourage building of hotels, motels, campsites, caravan parks, etc. by acquiring the land needed for these activities and leasing it to the private sector. All present at this meeting agreed that the private sector would be eager to take advantage of any opportunity to build and run facilities in areas of need, and would accept restrictions and standards imposed by tourism officials. There is a need for land for tourist hotels in Peshawar.

GUIDE/HOTEL PERSONNEL TRAINING

The Hotel School planned in Swat was widely supported by those attending the meeting. Guide training and certification should be organized in Peshawar by STC using the resources of the University, the foreign cultural centers, and the like. Financial support for this could come from the private sector in the form of tuition, and some expertise for the faculty could also come from the private sector.

III. Private Sector Initiatives

It was agreed and demonstrated that the private sector would develop on its own facilities such as cable cars, accommodations (with help from STC on land), water sports, caravans, restaurants, and other infrastructure items. A master plan is needed to control this, with support from tourism officials being essential, but the private sector will develop these facilities primarily on its own as demand rises from both international and domestic tourists.

PUBLIC SECTOR WORKING SESSION AGENDA

September 8, 1992

SARHAD TOURISM CORPORATION

PURPOSE OF WORKING SESSION

This meeting is intended to bring together the key public sector officials concerned with tourism in the NWFP to discuss the needs for tourism development, come to a consensus on the priority of the needs and commit to an action plan for satisfying the needs, including potential sources of funding.

AGENDA

- 1) Introduction by moderator/consultant
- 2) Summary of work done during the consultancy
- 3) Tourism needs to be discussed:
 - A. Planning for land use
 - B. Promotion and marketing
 - C. Acquisition and privatization of real property; portfolio of feasibility studies
 - D. Guide and hotel personnel training
 - E. Wildlife preserves
 - F. Cultural sites and museums
 - G. Coordination with federal government
 - H. Private sector needs and potential
 - I. Regulation of private sector development
- 4) Needs and role of STC in tourism development
 - A. Limitations of STC
 - B. Organizational structure
 - C. Personnel
 - D. Funding
 - E. Support from Government of NWFP
 - F. Key projects
- 5) Conclusions

SUMMARY OF PUBLIC SECTOR MEETING

September 8, 1992

SARHAD TOURISM CORPORATION

Operating principles

A general consensus on the operating principles of Sarhad Tourism Corporation (STC) is:

- 1) Privatization of all possible tourism projects
- 2) Consideration of cultural and environmental conservation in all development projects
- 3) Lean and efficient organizational structure making full use of services available from private consultants and NWFP government departments
- 4) Coordination with relevant federal, NWFP or private parties on any tourism projects

Conclusions reached

As each topic was discussed, an effort was made to bring the discussion to a conclusion and to seek commitments on implementation from the public entities at the workshop.

Tourism planning

The highest priority was given to immediate pursuit of complete tourism development plans for areas of NWFP now suffering from uncontrolled growth (Swat, Kalam, the Galiats). Although a tourism plan would normally be a subset of an overall provincial land use and zoning plan, the urgency of the situation resulted in unanimous agreement that in this case a tourism plan must precede the overall plan, and be fit into the latter when it is prepared. Since planning is a government function inappropriate to STC, the tourism officials of NWFP assumed the responsibility for producing the final plan.

The discussion then turned to consideration of immediate steps which could be taken to slow further degradation of key tourism areas. It was stated that laws to do this were in place but were being ignored. The Chief Secretary promised to issue a circular to the district governments to enforce existing laws and specifically to stop building encroachments into the rivers. The CS further suggested that district laws be reviewed to see if they could be used to restrict building or stop such practices of dumping of effluents directly into the rivers, and that consideration be given to declaring certain cities as urban areas so existing urban planning laws could be applied to them.

ACTION: Ministry of Tourism NWFP to pursue tourism plan including research on existing district laws. CS to send circular to districts requesting enforcement of existing provincial or federal building and pollution laws. Research on use of existing urban laws for enforcement not assigned.

Marketing and information

Production of more up-to-date and sales-oriented literature on NWFP should be pursued in coordination with PTDC, with the possibility of sharing printing costs. PTDC, TDCP and STC should distribute each others' brochures. STC marketing should focus on education of the domestic tourism market on NWFP, specifically promotion of shoulder season and winter travel and of new destinations, to spread out the summer crowds.

Full-service urban information distribution centers must be funded and opened as a priority. Greeting counters with local information and appropriate brochures should be opened at the key airports for tourism. Recognition that these are non-revenue tourism development functions of STC which must be funded by the Government of NWFP was made.

ACTION: STC to discuss production of new literature on NWFP with PTDC and ensure that this is available as soon as possible. STC to select sites for tourism centers, hire appropriate personnel and open these centers as possible. Funding for these non-revenue activities must be requested by STC and approved by the Government of NWFP.

Infrastructure Development

A primary role of STC is the acquisition of land suitable for tourism development through transfer from NWFP government agencies or purchase. This land would be developed by the private sector in joint venture arrangements, and/or leased to the private sector with quality standards and price controls (and penalties for violations) written into all contracts. Properties currently requested for transfer to STC must be approved so this can proceed. Feasibility studies for commercial tourism use of these properties and others under consideration by STC should be undertaken and financed as necessary.

ACTION: Approval of property transfers requested must be made. STC to request feasibility studies from P&D department and do all possible to have these studies completed quickly. STC to tender properties as possible and negotiate joint ventures/leases with private sector which ensure rapid development of tourist facilities.

Guide & Hotel Personnel Training

The Hotel Institute being developed in Swat by the federal government with Austrian assistance must include guide training courses as well. NWFP should have full input into this project. The guide school curriculum should be developed in consultation with STC.

ACTION: Official involvement of STC in the creation of the institute must be established by Ministry of Tourism NWFP. STC should work to plan guide curriculum and propose appropriate instructors, and make sure that hotel training on both management and general staff levels is included.

Wildlife/forests/fishing/trekking

The conservation of natural resources is important to tourism though not the direct responsibility of tourism officials. Tourism can support the various departments concerned with the environment by helping select areas of focus important for tourists, by encouraging the formation of National Parks where wildlife can be viewed by tourists, and by supplying information to the relevant departments on the cash income which can be produced by wildlife and forest tourism. STC must develop trekking and walking trails and campsites, and promote these to potential travelers.

ACTION: STC should write relevant NGOs or world tourism bodies for information on financial value of wildlife and nature tourism, then use this information to encourage the financing of conservation. STC should research trekking and walking trails, conduct necessary feasibilities on developing these, then produce and distribute promotional materials on them.

Cultural Sites & Museums

These are the responsibilities of different departments but are important to tourism. STC should promote cultural sites available for tourism, help get these ready for tourism and find private concessionaires to provide tourist facilities at the sites and generate income for conservation.

ACTION: None immediate. Once NWFP finalizes an archeological-cultural department and acquires control over sites currently administered federally, then provide the assistance listed above.

Coordination with government agencies

An important role of STC is to ensure that all projects being undertaken at any level receive input from as many concerned parties as possible, and to strive to avoid duplication or conflict between tourism-oriented enterprises.

ACTION: Establish regular communications with PTDC, the federal MOT and TDCP. Continue to work closely with departments of the Government of NWFP to promote all development in any way related to tourism (e.g. environment, archeology, roads, planning).

Private sector needs

The problems faced by the private sector include funding, land acquisition and government red tape. STC must provide assistance to it with all of these things and any other problems which arise in the future.

ACTION: Appropriate NWFP government section must contact the federal government immediately concerning the R500 million loan fund being established for tourism through RDFC to request that a percentage of this be guaranteed for use in NWFP, that Khyber Bank be allowed to distribute these funds and/or that STC's endorsement be required before the funding of any project in STC. STC should continue with its attempts to take title to properties and lease them to the private sector for development. STC should assist with feasibility studies on tourism projects required by banks for loans, and do anything else possible to help get loans approved. The federal tourism officials must implement the elements of the 1990 tourism plan, and ensure that efficient, no-red-tape procedures are used to make its key elements available to the private sector.

Regulation of private sector

All agreed that for the good of tourism in general development must be regulated. This is a function of the government, but NWFP lacks adequate authority to regulate tourism enterprises. Requests to take over some functions from the federal government and passing of any needed new legislation should be pursued.

ACTION: NWFP tourism officials should request full authority to regulate hotels, tourist attractions & tour operators, then within the context of a tourism master plan establish a system to develop and enforce standards.

Appendix C

Government of the NWFP
Technical Assistance Project
"Strengthening of the Planning and Development Department"

TOURISM IN THE NWFP:
SECTOR REVIEW AND DEVELOPMENT PROSPECTS

MISSION REPORT

MARCH 1990

EUROCONSULT BV

THE NETHERLANDS

BEST AVAILABLE DOCUMENT

CONCLUSIONS AND RECOMMENDATIONS

1. Tourism assets

- 1.1 Compared to the other provinces in Pakistan, the NWFP has an average better climate, scenery and variety of tourist attractions, jointly providing excellent opportunities for the expansion of tourism.
- 1.2 The most unique asset of the province is the Gandhara heritage, having - in combination with the many other natural, cultural, historic and folkloric attractions - the potential to attract much larger numbers of foreign visitors than at present, in particular tourists from western Europe and southeast Asian (Buddhist) countries.
- 1.3 The vast extent of mountain areas in the province has the potential to attract large numbers of domestic holiday tourists, seeking the cooler climate of the North for recreation and sight-seeing during the hot summer months. The popularity of the mountain resort of Murree and the rapid development of other tourist villages in its surroundings are evidence to this.

2. Tourism infrastructure and services

- 2.1 Compared to the other provinces, physical infrastructure in the NWFP, particularly in the mountain areas, is limited and constitutes a constraint for the expansion of existing tourism areas and the development of new destinations. Existing roads and utility networks do not cater for substantially larger volumes of tourists.
- 2.2 It should be recognized that the provision, operation and maintenance of roads, utilities and tourist facilities in the lightly inhabited mountain regions is technically more difficult and is more costly than in the flat and more populated lowland areas.
- 2.3 Basic tourist facilities and services in the province such as accommodation, transport and travel services are in existence, but their provision and level of service are limited. Demand for hotel accommodation in the mountains during the summer season already exceeds supply.
- 2.4 For both, international and domestic tourists, major demand is for simple, but well serviced lodging facilities in a moderate price range. New accommodation should be sited and designed so as to attract both sight-seeing visitors and leisure holiday tourists. This calls for resort-type hotels and motels with adequate leisure facilities.

more cases insufficient professional and managerial skill in the province, both in the private and in the public sectors, to adequately operate and further develop the tourism industry. As a result, prevailing standards of facilities and services are low and few development initiatives are undertaken at present. Training is a matter of immediate priority.

Marketing and promotion

3.1 Under the prevailing conditions of political unrest in the country and the region, the growth of international holiday tourism to Pakistan will continue to stagnate. As a consequence, international tourism promotion efforts and budgets should not be increased at present.

3.2 It is recommended to redirect current international marketing budgets towards promotion of those tourist attractions meeting the interest of the most accessible markets. More attention should be focussed on promotion of the cultural and historic assets and in particular on the Gandhara art and architectural remains in the province.

3.3 It is recommended to carry out a comprehensive market research study for the tourism product of North Pakistan in the industrialized countries, notably in Europe and in Japan.

3.4 Although foreign holiday tourists visit Pakistan mainly during the summer season at present, the NWFP should be promoted as a winter and spring holiday destination in view of ideal weather conditions and scenery in that season for sight-seeing and active tourism.

3.5 Marketing and promotion of the NWFP for the domestic market should for the time being concentrate on selling the area as an attractive destination for autumn-to-spring visits. The organization of excursions to popular spots in the province is a first priority. The NWFP should not be promoted as a summer destination until accommodation capacity has been increased.

3.6 Considering present high demand for a limited supply of holiday accommodation in the province, it should be considered to establish a central holiday accommodation reservation and booking office for the province in Peshawar. As such an office will greatly facilitate the prior arrangement of a holiday for customers living at far distance from the NWFP, this service could well become an important marketing and sales promotion instrument for the province.

3.7 From the point of view of marketing the NWFP as a "must" for visiting, it would be desirable to establish a major

popular attraction central in the area, possibly near Saidu Sherif in the Swat Valley. It would act as a focal point during the summer holiday season and should be capable also of attracting visitors the year round. The attraction could be a leisure park with sports and entertainment facilities, including a zoo, an exhibition centre, portraying the culture and history of the region, the Pathans and the various tribes, etc.

Product planning

4.1 In essence, a physical tourism product of a region consists of an integrated network of destination areas and routes. It is urgently required that a concept for such a network be established for the province, together with a programme for staged implementation and expansion. This network should capitalize upon existing attractions and already established destinations (e.g. Swat Valley and Murree Mountains) and routes (e.g. major highways, air routes, etc.).

4.2 The tourism network should be designed in such a way that it can function as much as possible for both, domestic and international tourism and as well for summer as winter use to maximize economies of scale. The routes should be designed so as to include a maximum of attractions in the route zone and be located through the most scenic areas. In addition, the routes should interconnect in a way that permits optimum circulation between the various tourism sub-regions (e.g. between the Dir, Swat and Kaghan river valleys).

4.3 The destination areas will be defined and located on the basis of rate of attraction and suitability for the intended development, taking land availability, technical, environmental and cost considerations into account. The destination areas can consist of a single trekking hut, a highway resthouse, an existing village, a new resort or an entire town as Peshawar. All existing and future destination areas should be identified, planned and programmed as to their desired development size and content and with regard to the tourism facilities and services deemed required. The planning of the areas and the staged implementation programme should be based on projections of short- and long-term demand.

5 Tourism development strategy

5.1 To develop tourism in the NWFP, at first, action is required by the provincial government. With the current federal policy calling for further deregulation and decentralization of development responsibility, in the future no major intervention in this sector by the Central Government is expected. The private sector is limited in

what it can do at present until the provincial government has prepared a tourism strategy and development programme and has made the necessary financial commitments for its implementation.

5.2 The NWFP government's action for tourism development should concentrate on the following priorities:

1. the establishment of a NWFP Tourism Council as a platform for early consultation between those public and private parties, directly or indirectly engaged in tourism development in the province;
- consultation with the Federal Government on division of future tasks and responsibility concerning tourism development in the provinces and on long-term commitments for technical and financial support for the implementation of provincial tourism development programmes;
- the establishment, funding and proper staffing of a public tourism organization capable of planning, development and promotion of domestic and international tourism;
- the establishment of an institute in Peshawar for middle and lower level tourism and hospitality training, to include curricula for staff to be employed in the hotel, restaurant, transport and information services sectors and also providing language courses;
- the establishment of a Gandhara research and exhibition centre, to be located centrally in the province and preferably near or in Peshawar; it is understood that the Government of Japan is already considering the funding of such a centre;
- the establishment of a centre for the preservation of folklore and the development and marketing of traditional local handicrafts.

INTRODUCTION

Scope of the mission

This report has been prepared as a result of a study mission to the North West Frontier Province (NWFP) of Pakistan in the period of 15 Januari to 9 Februari 1990. The mission was carried out within the framework of a bilateral agreement between the Government of Pakistan and the Government of The Netherlands. The mission was executed by Franz W. Ziegler, tourism planner of Euroconsult, The Netherlands.

The terms of reference of the mission called for the following:

"Considering the climatic conditions and scenic geography of NWFP and the increase in number of both domestic and foreign tourists, P&D Department has requested a sector study of the tourist industry be undertaken. To speed up the actual implementation study under the long term Technical Assistance Project "Strengthening of Planning and Development Department", it is requested that a short mission would visit NWFP early 1990 to establish a data base for this study and make a preliminary analysis thereof to determine in more detail the scope and requirements for the actual study.

The mission is expected to take about four weeks, mainly in Peshawar but with visits to Islamabad and possibly other potential data sources, and about two weeks at the home office for preparation and finalization of this preliminary study. Draft TOR for the sector study should be part of the output of this mission."

Execution of the mission

The mission has largely concentrated on fact-finding by means of interviews of officials and experts engaged in the tourism sector, desk research and through field surveys to inspect and evaluate the tourism product and resources of the NWFP. As the mission was carried out during the winter season, survey in the high mountain areas was restricted, due to unreliability of air flights to Chitral and Gilgit, and has been omitted.

In particular, investigations were made into the organization and activities of the Tourism Development Corporation of Punjab. This agency presents the first fully-fledged provincial tourism organization in Pakistan and may stand as example for similar corporations about to be established in the NWFP and the other provinces.

The author is grateful for the cooperation received and the information obtained from all persons interviewed during the mission; the names of which are listed in Appendix C.

Definitions and general observations

Tourism, as we define it today, means the activities undertaken by people while on travel, irrespective the motivation of travel and involving at least one overnight stay in accommodation not being located in the usual area of residence. Thus, tourism includes domestic, regional and international travel for purposes as varied as family visit, pilgrimage, medical treatment, education, business, sight-seeing and recreation.

The propensity to travel is related to the economic welfare of people and their access to transport facilities. The motivation for travel and the activities carried out during journeys also vary with the level of socioeconomic development and depends on cultural and religious backgrounds and travel experience. Highly industrialized countries today generate largely business and holiday motivated international tourism, while in many of the less developed countries domestic tourism is only beginning to emerge as an expression of economic progress and stimulated by expanding transport networks and a steady rise of the average disposable family income.

Domestic tourism is increasingly accepted in most countries as a phenomenon to be encouraged as it assists in:

- distributing income and employment opportunities from the richer to the poorer regions,
- creating understanding and appreciation between different population groups, and
- generating national pride and identity.

It is now better understood than in the past that a balanced development of domestic and incoming tourism in any one country is preferred over singular development of either one or the other. Even many industrialized countries today heavily invest in national tourism development to stimulate incoming tourism to counterbalance foreign currency losses, caused by the massive exodus of their holiday tourists to other countries. Many less developed countries already experience the same phenomenon. It indicates the need for each country to develop tourism facilities and services for its own population and for incoming visitors alike.

Pakistan is about to embark on a more active policy on tourism, a sector for years been given a low priority by successive governments. It is understood that the roles and responsibilities of the public and private tourism sectors are being redefined, an issue of critical importance to be settled before commitments can be made and concerted action undertaken by all parties concerned.

Despite relatively low levels of government investment and support in the past, domestic tourism growth in Pakistan has closely followed progress in national economic development. Demand for basic tourism facilities such as transport, accommodation and travel services has largely been met by the private sector. These achievements, in addition to much improved international and domestic air services, could give further impetus to international tourism to Pakistan. Nonetheless, as travel is for many Pakistani citizens a new or relatively unknown experience, still much needs to be done to develop tourism as a social benefit for larger sections of the population. Facilitating international tourism will stimulate domestic tourism and vice versa.

Layout of the report

This report describes at first (in Chapter 2) the present situation and achievements of the tourism sector in Pakistan. In Chapter 3 the potential for further tourism development in the NWFP is discussed and related to existing tourism resources vis-a-vis prospective markets. Tentative strategies are presented for discussion and for future detailed study, market research and economic analysis. In

TOURISM SECTOR REVIEW

General

- 1.1 Pakistan's land surface measures 87,9 million hectares and that of the NWFP 10,7 million hectares. The population of the country and the NWFP at present are estimated at around 104 and 14 million respectively. The NWFP can be characterized as to present the most balanced proportional share of the country's natural features and resources, climate zones and population as compared to the other provinces. It has fertile, highly productive and densely populated lowlands in the Indus basin and more sparsely inhabited mountains in the North. Various minerals are mined and the province makes a substantial contribution to the country's energy supply such as through hydro-power from the Tarbela dam. Only in economic development and particular in the sector of manufacturing industry it lags behind the national average.
- 1.2 Planning for tourism development in the NWFP can not be done in isolation. Insight is required in the overall market demand at national and international levels and in the relative strength of the tourism offer in each of the respective provinces. Therefore, aspects of supply and demand at national level have also been analysed in this study. Moreover, only aggregate tourism statistics are available for the country as a whole. No provincial statistics exist, at least not for the NWFP.
- 1.3 This reconnaissance study merely has looked into prospects for the development of holiday tourism as distinct from other motivations for travel such as business tourism and family visits. These latter types of tourism are the largest generators of travel to and in Pakistan at present. Although their contribution to the overall demand for improvement of tourism infrastructure in the country is substantial, these types of tourism need no further encouragement and do not require development of new destinations.
- 1.4 This chapter presents only the major findings of the sector review. Factual information on the existing tourism product and tourist profile is presented in Appendix A.
- 1.5 Domestic tourism is now worldwide perceived as a collateral of socioeconomic development and is considered to generate substantial social and economic benefits. It can assist in spreading income from richer to poorer regions, improve understanding between different population groups and create national pride and identity. The Punjab Tourism

Development Corporation has been established two years ago for the purpose of promoting and developing domestic tourism. A vigorous approach, successful operations and an immediate positive market response have not remained unnoticed and other provincial governments such as NWFP and Sindh are in the process of setting up similar types of public companies. It is also understood that the Federal Government will soon be presenting revised tourism policies, following similar approach and priorities for development.

1.6 International (inbound) tourism is generally perceived as the most easy and obvious way to generate foreign income and to gain international recognition and prestige. However, the number of new tourist destinations opened up in the world in recent years has grown faster than international tourism can absorb. Consequently, trade has become highly competitive as tourists are offered almost unlimited choice, also between similar types of destinations. Moreover, ample supply has made tourists more critical of the level of facilities and services provided and price levels. They stay away from countries reputed for security problems. On these aspects Pakistan scores fairly low and has a neutral to negative tourism image. Therefore it is highly questionable whether intensification of international tourism promotion activities will yield the desired effect as long as political unrest in the country prevails.

The tourism product

2.1 The tourism product is generally defined to include the total offer: the primary and complementary tourist attractions and the integrated network of tourism facilities and services (tourism infrastructure).

A. Primary tourist attractions

2.2 The areas of primary attraction for recreation and domestic holiday tourism in Pakistan are natural areas such as parks, forests, mountains, lakes and beaches. During the hot summer season the cooler mountain areas are the most sought after; Murree in the north of Punjab is today the most popular and most diversified mountain holiday resort in the country. It has rapidly grown to its limits and suffers from overcrowding and deficient infrastructure. Its formula appears so successful that similar resorts are rapidly being developed nearby. Also the sea coast is increasingly becoming a popular holiday destination, but so far largely patronized by the population of Sindh.

2.3 For the average foreign visitor the primary tourist attractions of Pakistan in general and the NWFP in particular is rather a rich blend of natural, cultural, historic and folkloric assets, than one or more particularly outstanding or unique attractions. Even the high mountain ranges of the

Hindu Kush and Karakoram, however impressive, have their competitors in the nearby Himalayas's. In the NWFP an exception must be made for the artistic remains of the Gandhara civilization, located entirely in this province, which clearly stand out in importance and uniqueness. This heritage is too little known and once better promoted and presented, could easily trigger a much larger influx of visitors than the present. As Buddhism was early established in this region, for many Buddhists the Gandhara monuments are of high interest and increasing numbers of tourists, particularly from Japan, Korea and other southeast Asian countries travel to Pakistan for the single purpose of visiting the revered sites.

2.4 In the NWFP the areas north of Peshawar are the most attractive for both domestic and international tourists. Little opportunities for tourism development exist in the agriculture dominated southern part of the D.I. Khan Division. The northern part, and in particular the Malakand Division and Hazara Division offer beautiful mountain scenery, colourful valleys and are abund of historical, cultural and archeological remains. Jointly they present a testimony of the many important empires and successive civilizations this region has hosted at least over the last 2500 years.

2.5 So far, the Swat Valley is the most popular, the most varied in attractions and the most developed tourist district of the NWFP. The Kaghan Valley offers excellent opportunities for development in particular since the opening of the Karakoram Highway (Silk Route) has greatly improved access to the valley. Further to the east, the popularity of the mountain resort of Murree in the Punjab province is creating demand for expansion of holiday facilities in this part of the mountains and new development is rapidly spilling across the provincial boundary into the adjoining areas of the NWFP. The most western valley in the NWFP, the Dir Valley, is largely visited by tourists travelling to Chitral, being the most northern popular tourist destination in the province. Proposed improvements of the road to Chitral and in particular of vehicular access through the Liwari Pass could stimulate tourism development also in the Dir Valley.

B. Complementary attractions

2.6 Complementary tourist attractions for the foreign visitor comprise particular qualities of the physical and social environment such as climate, hospitality, (verbal) communication, security, cuisine and urban and rural scenery. With exception to security, incommunicado of the female section of the society and the rigid imposition on the use of alcoholic drinks, Pakistan scores high on complementary attractiveness. The NWFP has a narrow (monsoon) climate zone located across the lower mountain

ranges with moderate temperatures throughout the year, attractive for tourism both in the summer as in the winter season.

C. Supporting facilities and services

2.7 Basic tourist facilities and services such as transport, accommodation and travel and information services are in place, also in the NWFP, but these do not adequately match extent and location of demand. The tourism infrastructure needed for the visitor to experience the full variety of attractions the country has to offer is still much underdeveloped. The travel industry is restricted in the organization of tours and excursions to a limited number of standard routes along which hotels are located. In the summer season tours to the most popular mountain destinations have often to be cancelled since hotels become fully occupied. This shortage affects foreign visitors and domestic tourists alike.

The tourism market

A. International tourism

3.1 According to statistics of the Ministry of Tourism, in 1988 a total of 460,000 tourists visited the country as compared to around 300,000 in 1980. The growth rate has been fairly steady with an average of 6% per year.

3.2 Of the total number of arrivals, 47% originated from countries in the region of which India was by far the largest generator with 183,000 visitors (40%) most of which come to visit relatives in Pakistan. Very few regional tourists are believed to visit the country for holiday purposes.

3.3 Of the (non-regional) international tourists, 50% arrived from Europe and 34% from the United Kingdom alone. The USA and Canada generated 17% and the remaining odd 30% arrived from other countries in the world, to which Japan contributed 3%. The large influx from the UK results from the large Pakistani community living in the UK (family visit).

3.4 At the point of entry, of the non-Indian foreign tourists 27% declared to visit the country for purpose of business, 25% to visit family and 32% to come for holiday reasons. The resulting total of around 90,000 tourists coming to Pakistan for holiday as main purpose is expected to be too high. Various tourism experts believe this number not to exceed 25,000.

3.5 The majority of the foreign holiday visitors take part in organized group tours and only few travel individually. The main purposes of holiday travel are sight-seeing and

special interest. The principle destinations of foreign visitors are the cities of Karachi and Lahore and the areas of Pakistan north of the line Islamabad-Peshawar. Of the large cities, Lahore is by far the most attractive and has the largest number of places of interest. Special interest travel is largely generated by the high mountains (mountain-eering and trekking) and by the Gandhara sites, visited predominantly by Buddhists from southeast asian countries.

3.5 In view of geographic location, available tourist attractions and present price levels, Pakistan has considerable potential to increase its market share in international holiday tourism. However, political stability and enhanced security is an absolute prerequisite for further growth.

3.6 Principle market segments will most likely be found in industrialized countries among middle to highly educated urban citizens, employed in professional and managerial positions and predominantly in the age group of 25 to 45 years.

3.7 Development opportunities for international tourism are considered to exist in the following product/market combinations:

- (a) sight-seeing tours to major Islamic monuments for special interest visitors from Islam countries in the winter season;
- (b) general sight-seeing tours in the northern provinces and lower mountain areas but using visits to the Gandhara monuments and museums as leitmotif, principally aiming at short holiday tours in the winter season by tourists from Buddhist countries and Western Europe;
- (c) sight-seeing and trekking tours in the Hindu Kush and Karakorams in the summer season for special interest tourist from all industrialized countries;
- (d) adventure tours: there is a rapidly growing demand in the industrialized countries for "ecotourism", involving pioneering in remote areas, exploring nature and isolated tribes, using a minimum of facilities and largely concentrating on hiking, horseback riding, (wild water) rafting and camping; Pakistan offers excellent opportunities for such adventure tours, in particular the NWFP, and this should be promoted and marketed more intensively;
- (e) multi-country sight-seeing tours such as the existing Silk Route tours, the combined Pakistan-India tours and other regional itineraries.

B. Domestic tourism

3.8 In 1988, according to the Ministry of Tourism, 34 million domestic tourists were estimated to have travelled in the country. The growth rate since 1980 shows a constant figure of 3.5% and it is likely that the estimation is merely based on extrapolation of an assessment some years ago.

3.9 Social visits are given as the main motivation for domestic travel (50%); followed by business travel with around 19%; sight-seeing ranks third with 9%. It is not clear from the statistics whether "other purposes" include other holiday travel than the listed sight-seeing. No data are available on the number of holiday trips per tourist, nor on the national participation ratio of holiday travel. This latter ratio evidently must still be very low: if the stated 34 million trips are correct and 10% of those are holiday motivated, then the holiday participation ratio does not exceed 3%.

3.10 Perceived demand for recreation and holiday facilities in Pakistan can be divided into three categories, related to frequency of visit and length of stay:

- (a) urban parks and playgrounds for daily use,
- (b) large urban periphery parks (with sport and entertainment facilities) and excursion destinations in the region for weekend outings, and
- (c) summer holiday resorts, preferably in cooler areas such as in the mountains and near lakes or beaches for an extended stay.

3.11 Sustained growth of domestic tourism seems assured. Multiple factors contribute to this growth such as the increase in population, disposable income, urbanization and mobility, in addition to better access to information and the change of traditional customs and behaviour. It is believed that there already exist a large, unfulfilled demand for holiday travel, for instance, evidenced by the large response for the low-budget tours and excursions recently brought into operation by the tourist corporations of Pakistan and Punjab. This growth will further be augmented by government policies expected soon to be forthcoming which aim to facilitate and induce domestic tourism.

4. Tourism effects

4.1 Official statistics indicate that the tourism sector in Pakistan employs about 200,000 persons. Public revenues generated from the tourist industry during 1986-87 amounted to Rs 6.87 billion, while foreign exchange earned in that year was \$180 million. Despite the growth in number of visitors, foreign exchange earnings have declined in recent years, reported to be due to a decrease of the average

length of stay of visitors, devaluation of the Pakistani currency and black market activities.

4.2 Although no regional data are available, it is believed that in recent years tourism in remote districts, such as those of the northern mountain areas, has made a substantial contribution to the increase of regional income and employment.

4.3 Little is known about the social, political and environmental impact of tourism, but considering the still relatively small-scale tourism operations in the country, negative side effects are believed to be minimal. Only in a few tourist concentration areas, such as in Murree, environmental problems begin to show deficiencies in forward planning and development control.

5 Tourism organization

A. The private and public sectors

5.1 Nearly 90 percent of the tourist trade, such as hotel, transport, travel and marketing operations, is carried out by the private sector. Although this sector is well established and generally operates successfully, it can not diversify its product or expand into new areas without the consent and support from central and local governments, responsible for the provision of access and infrastructure.

5.2 At federal level a special minister has been appointed for tourism affairs in the Ministry of Culture, Sports, Tourism and Youth Affairs. The Department of Tourism has largely a coordinating, regulatory and promotional task and assists provincial governments with the execution of tourism projects by provision of matching grants. However, the development programmes of this Ministry are restricted by low budgets which underline the low priority extended to tourism development by the Federal Government. In the Government's Seventh 5-Year Plan an allocation has been made for tourism development of only Rs. 209 million.

5.3 The Pakistan Tourism Development Corporation, a commercial offshoot of the Ministry, was established in 1970 for the development and operation of tourism facilities and services. The company principally aims to serve domestic and low-budget tourists. In 1989 it operated 4 hotels, 14 motels, youth hostels and a camping site. It further organizes package tours and excursions through its subsidiary Pakistan Tours Ltd. Although PTDC could have played a much more active and stimulating role, it has consistently lacked adequate financial and moral support from the government. Its facilities and services are now operated at a level not considered to open up new market

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segments and the organization is running at growing losses in recent years.

5.4 At provincial government level tourism affairs is generally dealt with by a minister who carries several other portfolios as well. In the NWFP the minister responsible for tourism heads the Department of Information, Sports, Culture, Tourism, Archives, Museums, Libraries and Public Relations. Only Public Relations is kept directly by the Chief Minister. The chief executive officer of this department is the Secretary. Tourism affairs are formally delegated to the Director of the Department of Sports and Tourism who deals with the few activities himself as the Department has no other staff allocated to tourism. This marginal number of public officials engaged in the sector is illustrative for the limited role the NWFP government plays in the operation and development of tourism in the province at present.

5.5 Besides the provincial government, the federal government is involved in tourism affairs in the NWFP through the provision of tourism information services by PTDC in the most popular tourist areas. PTDC also operates a hotel inspection office for the province, located in Peshawar.

5.6 At present the NWFP Government is considering to set up a provincial tourism company, a similar organization as established in Punjab three years ago. The federal government has in principle approved the initiative. Articles of association are being drafted at present. It is also understood that the NWFP Government has agreed to provide basic funding capital. In view of its reputation and the apparently successful operation of the new Punjab tourism corporation, investigations were made into this organization, the results of which are discussed separately below.

B. The Tourism Development Corporation of Punjab

5.7 Partly out of discontentment with the performance of PTDC, the Government of Punjab established its own public tourism company in 1987: the Tourism Development Corporation of Punjab (TDCP). It was incorporated under the Public Company Act and has been provided with basic seed capital. The Chief Minister of the Punjab took the chair of the Board of Directors himself and appointed as other board members the secretaries of the most tourism related departments, such as of Finance, Planning and Forestry. Also two experts from the private sector were appointed.

5.8 As General Manager was appointed a senior civil servant from the ranks of the District Management Service with an outstanding management record, who was seconded from the federal to the provincial government. Since its foundation,

TDCP has been given rigorous and continuous support by the board and the Government of Punjab. In view of the short period it is in operation, the achievements of the company are impressive. It employs about 50 managerial, professional and administrative staff and the total manpower is around 300. Its present paid-up capital worth is estimated at around Rs 500 million.

5.9 The organization of the company is composed of the following four sections:

1. Marketing and Promotion
 - a. Tours
 - b. Information flow and Promotion
 - c. Resort Management
 - d. Transportation Networks
2. Finance and Administration
3. Planning and Development
4. Research Cell (brain tank for all sections)

5.10 To avoid conflict of interest between commercial and political objectives, the company works with two corporate account systems, one for fully independent commercial operations and one for more social tourism oriented programmes. For the time being the latter are supported with public funds but the ultimate goal is that the commercial operations will create the profits to subsidize the social programmes.

5.11 The financial structure of the company has been regularly adjusted and has recently been completely overhauled with a view to reduce tax liabilities. All grants have now been changed into loans. The equity/loan ratio has been established at 40/60%.

5.12 The major fields of operations of TDCP are tour operating and project development, both with the object of providing tourism facilities and services, primarily but not exclusively, for the benefit of the inhabitants of Punjab.

5.13 TDCP's development ambitions concentrate on the establishment of highway service facilities, recreational amenities such as leisure and theme parks (e.g. Jallo Park), and the development of new recreation villages and holiday resorts such as Patreata in the Murree Mountains. In this capacity it acts as a real estate development company. Land is provided at little or no cost by the government to TDCP which carries out the planning, design and development of the intended projects. After construction and completion, the projects are generally leased to private entrepreneurs through public tender in which account is taken of both price and the management capability of the lessees to ensure good performance. In larger projects, such as the development of public parks and resorts, TDCP constructs only the basic infrastructure and retains overall development and management control. Building development is

left to the private sector. TDCP's investment cost are recovered by land sales: experience has learned so far that after the land has been serviced and developed by TDCP, land prices increase to such levels permitting repayment of initial investments and so risk is kept to a minimum.

5.14 TDCP carries out assertive marketing and has produced new promotion material, including high quality information brochures, posters, postcards and most recently, five video films on the tourist attractions of Punjab and other parts of Pakistan. The latter material will also be used for international promotion.

5.15 TDCP provides on-the-job training for its own staff and has established a 90-days training course for its tourist guides. This course is also available for other trainees, generally recruited among university students.

5.16 Although the articles of association and the development objectives of PTDC and TDCP are very similar, TDCP has proven that dedication, support and professionalism are of critical importance for successful operation of a public company of this nature. The direct coordination of activities with other government departments and agencies via the Board has shown to facilitate and speed up decision taking and project implementation.

PROPOSED ACTIONS, STUDIES
AND TECHNICAL ASSISTANCE

General

1.1 Despite evidence of growing demand for facilities and services, tourism development in the NWFP appears to stagnate in recent years. Very few new hotel development and other tourism projects are planned or under construction at present.

1.2 The main cause of stagnation is considered to be the lack of sufficient government initiative and support for the tourism sector. This can partly be attributed to the prevailing socio-political instability in the region and partly to development priorities for other economic sectors, exacerbated by limited resources of manpower and finance.

1.3 It is important that the present and potential socio-economic cost and benefits of tourism in the NWFP be analysed and the results be used for strategic planning and policy making by the NWFP Government. The long-term project "Assistance to the P&D Department", financed by the Government of The Netherlands and due to start this year, is recommended to carry out this study as a matter of high priority.

1.4 The initiative to set up a provincial tourism company in the NWFP is supported. When given sufficient authority and means, such a company will assist in giving tourism development in the province purpose and direction and as a result will stimulate private investment and development.

Proposed short-term government actions

2.1 It is important and urgent that a platform be established in the NWFP for regular consultation between the public and private tourism sectors on all matters of tourism development in the province and to improve coordination and concerted action. In such a NWFP tourism council the private hotel, transport and travel trade sectors should be represented. Other members would include officials of at least the Tourism, P&D, Transport and Forestry departments. It is recommended that the chairman and the secretary of the organization will be the Minister of Tourism and the Secretary of the Tourism Department respectively.

2.2 The proposed NWFP Tourism Corporation should be established as soon as possible. The private sector should be fully consulted on the intended fields of operation and scope of activities of the new organization in order to minimize conflicts of interest and to ensure that the public and private sectors will continue to complement, rather than

compete each other. The above-mentioned tourism council would serve as the platform for this discussion.

2. The tourism corporation should only be established when the Government of the NWFP is prepared to make the necessary commitments for adequate financing and staffing of the organization. The tasks the corporation are recommended to assume are, in order of priority, the following:

- a. Strategic planning, Market research and Monitoring
- b. Promotion, Tourist Information and Booking Services
- c. Hotel and Hospitality Training
- d. Product development.

2.4 A comprehensive tourism development plan should be prepared for the province as a basis for coordinated action and development by the public and private sectors. This master plan should be prepared in close cooperation with the P&D Department to ensure coordination and integration of tourism with the development of the other economic sectors and with the development of regional infrastructure.

2.5 It is recommended to establish a school in Peshawar for middle and lower level tourism and hospitality training and to include curricula for staff to be employed in the hotel, restaurant, transport and information services sectors; it would also provide language courses and training courses for tourist guides. As no such training facility exists in North Pakistan, the school would serve a region well beyond the provincial boundaries. In view of the high tourism development potential in the NWFP the location of such facility in the province is warranted and would ensure that future employment in the tourism sector can be retained for NWFP residents.

2.6 In view of the national and international importance of preserving and displaying the remains of the Gandhara civilization, it is desired to establish a Gandhara research and exhibition centre, preferably located centrally in the province and possibly near or in Peshawar. It is understood that the Government of Japan is already considering the funding of such a centre. This centre would help to raise international interest for the Gandhara heritage and should aim to stimulate funding and support for further archeological explorations in the province.

Proposed studies

3.1 In order to ensure that the most appropriate actions are undertaken and for the preparation of tourism development programmes, it is deemed essential that a number of studies are carried out, either separately, or as part of the preparation of the recommended NWFP Tourism Development Plan. The following studies are recommended:

- A. Product-market study with the following components:
 - A1. Product identification survey
 - A2. Domestic and international tourist market survey
 - A3. Product development plan
 - A4. 5-Year development programme and budget
 - A5. Data information system
 - A6. Monitoring and evaluation system
- B. Tourism marketing and promotion study:
 - B1. Domestic marketing and promotion plan
 - B2. International marketing and promotion plan
 - B3. Publicity and Public Relations Plan
- C. Organization and Manpower development study
 - C1. Organization plan
 - C2. Tourism manpower development plan
 - C3. Curricula development and training plan
 - C4. Organization and management of a tourism training institute in the NWFP
- D. Study of the regional impact of tourism
 - D1. Socioeconomic cost and benefits of tourism
 - D2. Environmental impact of tourism
 - D3. Intersectoral linkages
 - D4. Intergrated sectoral development strategies

3.2 It is advisable that these studies, with the exception of the study under (D), be carried out by, or under supervision of the newly to establish NWFP tourism organization. This would facilitate the organization to become involved in and responsible for execution of the results of the studies. The studies would also provide a medium for training and professional development of the organization's technical and managerial staff. As mentioned above, the regional impact studie of (D) would best be carried out under the aegis of the P&D Department in the framework of the Dutch cooperation project.

3.3 For carrying out the product identification survey and for the purposes of product development planning, it is important that up-to-date topographical and land use maps be available. It was learned that the Special Development Unit of the P&D Department is presently planning to carry out a land use survey in the highlands of the NWFP for which study satellite images will be used. Investigations were made with Spot Image in France as to the area coverage by SPOT imagery of the northern part of the NWFP. This information is presented in Appendix E.

External assistance

4.1 It is highly probable that for the staffing of the new tourism organization, professional and managerial experts need to be recruited from outside the province.

4.2 It is recommended that foreign consultants be engaged in the international product-market and marketing studies. These would be in the best position to evaluate the tourism product and to design new products vis-a-vis international demand and standards. The consultants recruited for the market survey should have direct access to market survey data in the pertinent international tourists generating countries.

4.3 For training in the tourism sector there exist plenty of international training facilities such as those of the ILO, the UN and of various universities in Europe and the USA. It would be recommended to select staff from the newly to establish NWFP tourism corporation for enrollment in any of the available courses on offer. Various training institutes also provide assistance in setting up training facilities in other countries on a consultancy basis and these should be considered for advise on the proposed school in Peshawar.

BEST AVAILABLE DOCUMENT

PAKISTAN TOURISM PRODUCT AND TOURIST PROFILE

Tourism resources and existing product

1.1 For the purpose of this study, tourism resources are defined as the existing and potential attractions of Pakistan which, once developed and improved, could increase holiday tourism in the country. Although the importance of stimulating socio-cultural tourism, such as religious, youth and sports tourism at national scale is fully recognized, scope and opportunities for these types of tourism have not been investigated and need further detailed study.

1.2 Pakistan is well endowed with attractions appealing to many segments in the domestic and international markets. There is a good spread of existing tourist destinations throughout the country but the northern part of Pakistan (north of the line Peshawar-Islamabad) offers the more numerous and varied assets and draws the largest number of holiday visitors at present. With the exception of the Northern Areas and the popular hill resort of Murree, the NWFP contains the majority of the tourism resources of North Pakistan.

1.3 The tourism product of Pakistan consists of the following major elements:

A. Unique primary attractions:

- | | |
|--------------------|---|
| nature: | the high and lower mountains of Hindu Kush and Karakoram, |
| cultural heritage: | remains of Indus civilizations, Gandhara, Hindu, Moghul empires, etc., on site and in museums, |
| history | monuments of historic significance including trade routes (e.g. Silk route), army routes (e.g. of Alexander the Great), forts, shrines, palaces, etc. or their remains, |
| folklore: | hill tribes, traditional handicrafts, festivals, music, dance, etc., |
| contemporary: | unique human activities and achievements of today such as mining (e.g. of emeralds), local manufacture (textiles, wood and brass |

products, jewelry, etc.) and civil works (e.g. the Farel Dam), etc.

complementary attractions: wide convenient access to the northern and southern various climate zones facilitating summer and winter tourism,

Climate:

social environment: a very hospitable and service oriented population; a fair proportion of the population commands the English language

Food: ample supply of the most varied food commodities and an excellent and renowned cuisine,

physical environment: although hygiene deficiencies exist in most human settlements, the rural areas offer a relatively pollution-free environment, particularly in the less populated areas and the mountains, making these areas attractive for active, nature and recuperation oriented holiday tourism,

price levels: prices for most goods and services are low by international standards and most purchases provide foreign visitors generally good value for money.

physical infrastructure:

roads: a well developed network of national highways and local roads of generally good standard, permitting vehicular access to all but the most mountainous districts at all seasons;

Road transport services: GTS, the national bus transport company serves all regional and urban routes but generally operates equipment and services at standards not conducive to holiday travel; private bus/coach services operate at better levels and capture increasing volumes of recreational and tourist travel; most cities have ample supply of taxis and car rental facilities, both operating with fair equipment and demanding low to reasonable prices;

Railways: a well distributed network of railways but in view of long distances and slow speed, the train is little used for tourist travel;

**International
airways:**

two international airports (Karachi and Islamabad) provide convenient, direct access to the northern and southern parts of the country; they are served by the national carrier PIA and a considerable number of international airlines. No charter flights are being operated as yet.

**domestic
airways:**

PIA serves an extensive network of 44 domestic airports and has an excellent record of safety, service and reliability within the constraint of limited navigational aids at most airports, affecting scheduled flights in particular to the fog and bad weather prone airports in the mountains;

utilities:

generally good supply and distribution of (drinking) water and electricity in all but the most remote districts; the present national shortage of power is expected to be overcome in the next few years;

communications:

telecommunication systems are well developed and distributed throughout the country, including telephone, telex, telefax, television and radio; many hotels are equipped with international dialling facilities and PTV broadcasts also english spoken programmes;

hotel and other tourist accommodation:

hotels:

a well distributed supply of hotel accommodation in all standards throughout the country with available capacity closely in proportion to demand except for the mountain regions and resorts which have a shortage of supply in the peak summer season; most of the hotels and all international standard hotels are operated by the private sector; while most 4- and 5-star hotels provide excellent, international competitive levels of service, lower grade hotels are often weakly managed and operated;

**other tourist
accommodation:**

other visitor accommodation includes:
- 8 youth hostels and 2 YMCA hostels,
- resthouses (owned by and only available for staff of government departments,

- 1 official camping site (in Islamabad) but many hotels in the mountains have a camping ground at the hotel site.

tourist services:

travel services:

the travel trade is well developed in Pakistan; the larger private agencies, such as Waljis and Sitara Travel, serve both outbound and inbound international tourists as well as domestic tourists; for incoming tourists they serve as ground operators for many international agencies; they frame their own packages and excursions for international and domestic tour groups alike and provide efficient cross-counter travel, accommodation and transport information and reservation services;

also some public organizations are providing travel and tour operating services such as PIA, PTDC and TDCP (Tourism Development Corporation of Punjab), but their overall share in this market is small,

entry formalities:

except visitors from a few countries tourists require a visa to enter Pakistan; custom allowances are similar as for most other countries in the world with the exception of alcoholic drinks which are not allowed to be imported;

currency exchange:

foreign currency can only be exchanged at the ports of entry, state banks and major hotels;

tourist information:

information centres (29) are available in the major cities, airports and popular tourist sites; the services are provided by the Ministry of Tourism through the Pakistan Tourism Development Corporation (PTDC); due to limited funds the services are restricted to the provision of brochures, postcards, agenda's of local events and a limited selection of books; verbal information is extended on local matters of interest only; the information centres do not make bookings or

reservations for hotels, transport, etc.; printed information such as books about Pakistan are plenty available and there are also some excellent visitor guide books.

souvenirs:

souvenirs (other than local consumer products) of objects of sight-seeing interest are almost non-existent, except for postcards and some booklets, being generally outdated and of low quality.

health:

foreign tourists visiting Pakistan are officially advised to take preventive measures against malaria, hepatitis and other food and water born diseases; medical facilities are readily available except in rural and remote areas;

security:

in areas with restricted access (high mountains, border and tribal areas) authorities control the access of people and goods through the issuance of access permits; this also facilitates surveillance and prompt assistance to visitors in trouble; there is no special tourist police in the country.

2. Tourist profile

2.1. Incoming tourists:

regional tourists:

according to statistics, in 1988 Pakistan received 460,000 foreign visitors of which around half of them arrived from neighbouring or nearby countries in the following proportions:

- India 80%
- Bangladesh 8%
- Iran 3%
- other countries 9%

Total regional 100%

By far the majority of tourists from India travelled to Pakistan to visit relatives while the visitors from the other countries came largely for business purposes.

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**International
tourists:**

of the remaining 230,000 tourists from other parts of the world, the share of the major generating countries is as follows:

- United Kingdom	36%
- USA	14%
- F.R. Germany	5%
- Japan	5%
- Canada	3%
- Saudi Arabia	3%
- France	3%
- other countries	31%
Total international	100%

**purpose of
visit:**

the large share of visitors from the U.K. is prompted by the many Pakistanis living in England who visit relatives in the country; US visitors include a large group of business men and technical and military advisors;

statistics indicate that 18% of the visitors register at arrival holiday to be the main purpose of visit; however, experts in the tourism trade estimate this number not to exceed 25,000 or about 10% of the international arrivals;

**length of
stay:**

no statistics are available on the average length of stay of tourists; this is a serious and unnecessary omission as the arrival and departure dates of all visitors are registered by the immigration authorities;

**visitor
growth:**

Incoming tourism has grown in the period 1980-1988 with an annual average of 6%; the rate of increase over 1987-1988 was a high 8.2%; during the period 1980-88 the number of visitors from the USA has grown faster than the average and those from SE Asia and the Middle East were slower;

domestic tourists

**number of
tourists:**

according to statistics in 1989, 34 million domestic tourists were estimated to have travelled within the country; annual growth since 1980 is reported to be 3.5%;

**purpose of
travel:**

social visits are the main motivation for domestic travel (50.2%), followed by business travel with 18.5%; sight-seeing ranks third with 8.8%; it is not clear from the statistics whether "other purposes" include other holiday travel than the listed sight-seeing.

HIGHLIGHTS OF THE TOURISM POLICY

1. Tourism shall henceforth be accorded the status of an industry.
2. All tourism facilities would be treated as industrial concerns and would qualify for the same benefits, concessions and treatment as is extended to other recognized industries.
3. "Deemed Export Status" has been granted to the tourism industry including hotels.
4. Monetary incentives provided to export industries shall henceforth be admissible to tourism related projects.
5. All tourism related projects established between July 1990 and June 1993 shall qualify for an eight year tax holiday, if established in areas where such concession to other industries is allowed.
6. Concession of duty free imports admissible to industries in the prescribed areas would also be allowed for tourism projects.
7. Concessionary loan financing as admissible for tourism projects in the Northern Areas would henceforth also be available to projects established in Hazara Division and the Coastal areas of the country.
8. Accommodation facilities for pilgrims visiting various shrines in Multan and Sehwan Sharif would also qualify for loans at concessionary rates.
9. All tourism projects would henceforth be eligible under the Non-Repatriable Investment Scheme.
10. All machinery and equipment for hotel industry, recreation, amusement, aviation and transport sector not manufactured in Pakistan would be allowed free import under NRI scheme.
11. Provincial Governments would allot state land for tourism projects on long lease basis.
12. Federal and Evacuee land where available shall be similarly allotted.
13. Land adjacent to Government rest houses would be leased out on nominal lease basis for construction of 2-3 star hotels and motels.
14. Income from log cabins, log lodges, campers, cabanas etc. build in Kirthar National Park, Keenjhar and Halji Lakes, Khunjerab Park and the Northern Areas will not be taxed for a period of five years.

15. Youth hostels and Camping grounds established by PTDC would be leased out to private sector for operation.
16. Kitchen and other hotel equipment not manufactured within the country shall be allowed to be imported free of duty and sales tax.
17. Incentives admissible to other industries would be allowed to Tourism Zones or Enclaves established exclusively for foreign tourists.
18. Imports of tourist coaches with a seating capacity of 15-20 persons and 4 wheel drives will be permitted in built up condition by registered travel agents and tour operators. Custom duty and sales tax on such vehicles will be realized in 5 equal instalments against a bank guarantee.
19. Approved travel agents and tour operators shall be provided telephone, telex and fax facilities on priority.
20. Special equipment for adventure tourism will be allowed to be imported free of custom duty and sales tax.
21. Charter flights shall be allowed henceforth under a regulated programme to operate on point to point (city to city) basis.
22. Tourist helicopters/small planes in the private sector would be allowed to operate.
23. Pakistan Railways would operate steam locomotives and narrow gauge trains under a package programme.
24. 72 hour transit visas shall henceforth be granted free of cost on arrival to tourists at entry points, subject to overall policy considerations.
25. Multiple entry visas will also be granted by Pakistani Missions abroad if such a request is made at the time of visa application.

Appendix E - LIST OF PERSONS CONTACTED

August 6

Randall Cummings, Office of Private Enterprise & Energy,
USAID: Project Manager.

Discussed Scope of Work, USAID's goals, initial meetings and
overview of project.

August 8

Shiraz Poonja, Director, Sitara Travel Consultants.

Discussed Sitara's current and past tour operations in NWFP,
including group & individual, domestic and in-bound.
Evaluated strengths and weaknesses of the region and
necessary improvements, and how Pakistan in general and NWFP
in specific might better compete with India and Nepal for the
tourist dollar.

August 9

Ghaffar Mohmand, Program Specialist, Rural Development
Division, USAID

Primary project contact. Discussed USAID expectations and
general plans and schedule for the project. Background
history of the project and long-term view of what USAID hopes
to accomplish in NWFP/Northern Areas tourism.

Frank Pavich, Division Chief, Rural Development Division,
USAID

Brief informational meeting to keep him in the loop on this
project, brief him on my plans and find out what concerns he
might have which need to be incorporated in the project.

Umar Khan Afridi, General Secretary of Ministry of Culture,
Sports & Tourism

Discussed Ministry of Tourism's plans for tourism
development, privatization of PTDC holdings, promotion of
Pakistan as a tourist destination, infrastructure creation
and general support for tourism. Specific ideas for NWFP
tourism also examined.

Shirin Walji, President, Walji's Travel

General critique of government's role in tourism in Pakistan.
Discussed weaknesses of tourism development in Pakistan in
general and specific problems in NWFP as well as possible
remedies for the shortcomings.

August 10

Amjad Ali Khan, General Manager Sarhad Tourism Corporation

Consulting project being financed by USAID at his request. Introductory meeting and overview of his expectations for my stay in NWFP.

Khalid Hassan Khan, Pakistan Express Ltd.

Travel agent and possible future tour operator. Contact to private sector here. Discussed Peshawar-based tour operations past and present.

August 11

Riaz-ur-Rehm Qazi, Deputy Manager PTDC Peshawar

Discussed current operations of PTDC, relationship to Sarhad Tourism Corporation, patterns of individual tourism in NWFP and needs of tourism industry in the area.

Wiqar Zeb, Deputy Secretary for Tourism, Culture etc. and Shakil Durrani, Secretary of same NWFP Ministry

Introduction to project, background discussions and definition of this department's goals for tourism in the near future. Identification of problems and possible roles for the public and private sectors in resolving problems. Input in establishing agenda for myself while in NWFP.

Mahmood Khan, Secretary for NWFP Ministry of Forests

Background on forests and wildlife in NWFP. Plans of this ministry in regards to tourism. Discussion of needs of tourism in the province and my role in resolving these.

August 12

Mohammed Ali Ayub, General Manager PTDC Peshawar

Discussion of role of STC in developing NWFP tourism and of conflicts and complementary situation between STC and PTDC. Discussion of past local tour operators and their ability to start back up.

Khalid Hassan Khan (repeat) and Maqbool Elahi Peracha of Shirket-e-Maqbool Travel Agents

Quite good talk about what STC plans to do. Sought input from them on what most important actions by STC would be from their point-of-view. Also covered federal and provincial level needs for development of tourism in NWFP.

August 15-16

Series of meetings with hoteliers, tour leaders of French and Spanish tour groups, a Pakistani guide with one of the groups and other private sector individuals

Discussed current status of tourism and tourist infrastructure in NWFP and requested recommendations from all as to their priorities for improvements.

August 16

Maureen Lines, cultural advisor to Kalash people

Expressed her strong opinions on steps necessary for the protection of the Kalash culture from destruction in the face of tourism.

August 17

Mohammed Shehzad Anbab, Deputy Commissioner Chitral District

Solicited his ideas on the needs of tourism in Chitral and of his thoughts on how to address these needs. Focus on roles to be played by federal & provincial governments, by the private sector and by his own office.

August 19

Ijaz Ali, Manager PTDC motel Kalam & Hamid Afridi, Manager PTDC motel Miandam

Discussed seasonality of their business and occupancy rates, and needs for tourism in upper Swat. Also answered their questions about STC's intended activities.

August 20

Idtikhar Ahmad, General Manager Swat Serena Hotel, Saidu Sharif

Very strong opinions on problems with public sector and general lack of support from government. Pessimistic about prospects for improvement. Discussed occupancy statistics and breakdown of tourists by nationality.

August 22

Iqbal Walji, President Walji's Travel, Islamabad

Analyzed government policy on tourism. He made numerous suggestions for activities for STC. Went over client statistics for past and present and discussed future of tourism in Pakistan with and without government promotion.

August 23

Shah Alam Khan, Economic Analyst MOT

Discussion of tourism statistics available. Expressed negative view on tourist promotion paying for itself in light of geopolitical realities.

Mohammed Iqbal, Joint Secretary MOT

Discussed priorities of federal tourism agencies on tourism development in promotional and infrastructure matters. He explained the government tourism policy in-depth, and gave details on government objectives for foreign tourism.

Maj. Gen. Malik Abdul Waheed, Managing Director PTDC

Explained roles of different departments at PTDC and budget processes for these. Detailed PTDC's plans for further hotel development. Discussed interaction of STC and PTDC and his ideas for best roles for STC in development.

Group Capt. Naunehal, cabinet member for tourism, Prime Minister's office

He explained the mandate of this new position and requested input on many of his ideas and plans, including suggestions on the basic directions the federal government should take in tourism.

Sen. Syed Faseih Iqbal, Chairman, Senate Commission on Tourism

Described various levels of tourism authority. Discussed plans of the federal government to develop tourism and encourage privatization.

August 25

Bobby Joseph, President, Hazara Hotelier's Association

Expressed his strong opinions on the need of government to provide adequate basic infrastructure (roads, water, electricity) and listed specific ideas of tourist projects which he wants undertaken in Abbottabad area.

Brigadier Jan Nadir Khan, President, Adventure Foundation of Pakistan

Explained goals of his Outward Bound-type organization. Expressed opinions on development of domestic tourism and how to alleviate current overcrowding.

August 26

Arshad Mohammed, Acting Manager, Naran PTDC Motel

Discussed occupancy and high expense of running motel so far off the main road. Many problems were described.

August 30

Fidaullah Sehrai, Lotus Tours, former Director, Peshawar Museum

Discussion on conservation of and tourism to sites of the Gandhara civilization, and immediate improvements needed at the principal sites.

September 1

PRIVATE SECTOR WORKING SESSION

Five-hour working group meeting, attended by Ghaffar Mohmand & Frank Pavich, USAID; Shakil Durrani, NWFP Secretary of Tourism; Amjad Ali Khan, MD STC; Mohammed Moin, MD Walji's Peshawar; Adil Shah, Green's Hotels; Meqbool Elahi, Galaxie Hotels; Khalid Hassan, Express Tours; Fidaullah Sehrai, Lotus Tours; Ali Raza, Continental Express Travel; Malik Khalid, Parks Pakistan; Tariq Zulfikar, Swing Air Travel; Dr. Farzand Ali Durrani, Professor of Archeology, Peshawar University; Haroon Pirzada, Transpak Adventure Tours

Consensus-building discussions on primary needs for tourism development in NWFP, and of the role of STC in fulfilling these needs.

September 2

Arif Aslam, President, Shangri-La Resorts

Solicited his point-of-view as major hotel developer in Pakistan on tourism in NWFP. He presented the plans of Shangri-La and his feelings on public-private sector cooperation.

September 3

Mian Shahid Mehmood, GM Central Zone and Mohammed Jameel Gishkori, GM, TDCP

Long conversation on Punjab Tourism's five years of activities, including marketing, property development, tourism transport, future plans and cooperation with STC.

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Tayyab Syed, Tours Manager, Indus Guides, Lahore

Detailed ideas on micro-improvements which can be made quickly by STC. Discussions on marketing and competition between the private sector and PTDC/TDCP in tour operations.

September 8

PUBLIC SECTOR WORKING SESSION

Attended by Randall Cummings, Frank Pavich and Ghaffar Mohmand, USAID; Maj. Gen. Malik Abdul Waheed, MD PTDC; Major Jehangir Khan, GM PTDC Peshawar; Shakil Durrani, Secretary Tourism NWFP; Irshad, Pehsawar Museum; representative of NWFP Directorate of Information; Javed Alam Khanzada, Secretary Physical Planning & Housing NWFP; Mohammed Rafiq, Chief Environment Department NWFP; Baz Mohammed Khan Khattak, GM, Peshawar University; Mohammed Iqbal, Chief Conservator Forests NWFP; Shan Ahmed Naveed, Director Fisheries NWFP; Adil Shah, Greens Hotels; Khalid Hassan Khan, Pakistan Express; Ms. Nasreen Khattak, World Bank; Mohammed Azam Khan, Chief Secretary NWFP; Khalid Aziz, Add'l Chief Secretary NWFP; Arif Aslam, President, Shangri-La Hotels; Meqbool Elahi, Galaxie Hotels; Fidaullah Sehrai, Lotus Tours; Capt. Naunehal, Prime Minister's office on tourism; Amjad Ali Khan, MD STC

Discussion by key government officials of the need to tourism, with consensus on action plan for STC and commitment by government of NWFP to support STC and execute functions necessary to develop tourism beyond the scope of STC.

September 16

Shahzada Mohiuddin, federal Minister of Tourism, and M. Iqbal, Joint Secretary MOT

Recap of project conclusions and accomplishments with specific emphasis on the needs on the national level.

USAID debriefing with Chief of Mission, assistant chief and most department heads

Summary of my activities in Pakistan, discussion of report and of future participation of the Mission in tourism development of Pakistan and NWFP.

Appendix F - FIELD VISITS

August 14

Takht-i-Bhai: Ruins of Buddhist monastery

Darra Adam Khel: Village where British set up gun-making industry a century ago and still going strong

Bala Hisar: Ancient Buddhist site; little remains today

August 15

Charsadda Museum: Buddhist statuary and bas-reliefs plus some contemporary ethnographic materials

Churchill's Picket: Small fort where Winston Churchill served and actively fought

August 16-17, Chitral Vallley

Garam Chashma: Hot springs

Birmogh Lasht: Old royal summer palace where PTDC intends to build luxury hotel and perhaps chairlift

Kalash Valley: Home of pagan tribes; top tourist attraction in Chitral

Nagar: Small town where former prince has opened guest house next to an ancient fort

August 18-20, Swat Valley

Saidu Sharif, Mingora, Miandam, Bahrain, Kalam: All resort towns with full tourist amenities

Malam Jabba: Ski resort with 50-room hotel and chairlift

Jahanabad Buddha: Bas-reliefs in riverside cliffs

Lake Mahodand: Alpine lake with excellent tourist potential

Saidu Sharif Museum: Buddhist relics and local ethnography

Butkara Stupa, Gogdara Petroglyphs, Shingerdar Stupa: Old Buddhist sites along main road to Peshawar

August 24-27, the Galiats and Kaghan Valley

Murree, the Galiats, and Ayubia: Domestic resorts and vacation centers and a chair lift

Shogran & Naran: High altitude resorts and fishing/trekking centers with excellent development potential

Lake Saif-ul-Muluk: Prime Kaghan tourist attraction

August 27

Tarbela: Lake site for possible resort and water sports development

Kund: Area for planned roadside development including theme park, wildlife park, lodging etc.

August 28

Khyber Pass: Half-day trip to prime attraction of Peshawar
area on Afghanistan border

September 4-5

Lahore: Visits to all major tourist attractions including
museum, fort, mosque and gardens

September 12

Peshawar: Peshawar Museum

Appendix G - WRITTEN SOURCES USED IN RESEARCH

- 1) Minutes of Board of Directors and official presentations made by STC, and STC's Articles of Association
- 2) Mission Report March 1990 by Euroconsult entitled "Tourism in the NWFP: Sector Review and Development Prospects"
- 3) 1990 publications of the Planning, Development and Research Wing, Tourism Division:
 - Tourism Growth in Pakistan
 - Cultural Tourism in Pakistan
 - Tourism Price Indices
 - Lodging Industry in Pakistan
 - Convention Tourism in Pakistan
 - Adventure and Sports Tourism in Pakistan
- 4) "National Tourism Policy", Ministry of Tourism, June 1990
- 5) "Investment Opportunities in Tourism Sector", Tourism Division, November 1991
- 6) Tourism Marketing: Pakistan in U.K.'s Context, Zafarullah Siddiqui, Crystal Printers, Islamabad 1988
- 7) "Distribution and Status of Wildlife in NWFP", Wildlife Wing, NWFP Forest Department, 1992
- 8) Sets of promotional brochures from PTDC and TDCP
- 9) Sets of brochures from various private sector companies
- 10) "Tourism Development: A Summary of Donor Experiences", Michele Wozniak Schimpp, USAID/CDIE, March 1992
- 11) Kalash, the paradise lost, Alauddin, Progressive Publishers, Lahore, 1992
- 12) Pamphlets by Fidaullah Sehrai published by the Peshawar Museum entitled "A Brief Guide to Peshawar Museum", "The Buddha Story in the Peshawar Museum", and "A Guide to Takht-i-Bahi". Also numerous newspaper articles on Gandhara Buddhism by the same author
- 13) Beyond the Northwest Frontier, Maureen Lines, Oxford Illustrated Press, 1988
- 14) Spectrum Guide to Pakistan, Facts-on-File, New York 1989
- 15) Pakistan Handbook, Isobel Shaw, The Guidebook Company, Hong Kong, 1989

16) Information from National Heritage Foundation, a
Pakistani NGO dedicated to cultural preservation

17) To the Frontier, Geoffrey Moorhouse, Holt, Rinehart &
Winston, New York, 1985

BRIEF ON ACTIVITIES OF SARHAD TOURISM CORPORATION LIMITED .

1. INTRODUCTION :

A study of available tourism data on Pakistan indicates that the chances of an increase in foreign tourism in the near future are remote due to :

- a) Law and order profile of the region.
- b) Unstable political climate of the region.
- c) Lack of investment in tourism infra-structure and promotion.

However, for domestic tourism there seems to be tremendous scope because of :

- a) Changing income distribution patterns.
- b) Growing urbanization.
- c) Increasing flow of remittances of Pakistani expatriates.

Accordingly STC is of the view to concentrate on the promotion of domestic tourism by developing the necessary infra-structure which will in time serve to attract foreign tourism.

2. OBJECTIVES OF STC :

1. Promote and develop Tourism Industry in NWFP.
2. To carry on the business of Tourism and provide other connected facilities and services in NWFP.

3. Promote and develop Tourism resorts/areas in NWFP and provide connected facilities like Information Centres in NWFP and elsewhere.
4. Acquire, design, establish, construct and run hotels, motels, restaurants, refreshment rooms, rest houses, camping sites, resorts, hunting lodges, amusement parks, aquariums and places of interest and entertainment of all kinds to tourists.
5. Project and publicize the area's history, culture, art, literature, archaeological monuments and other features of interest to the Corporation with a view to attracting tourists.

ORGANISATIONAL MATTERS:

1. The Company head office has been established in a rented house. However efforts are being made to locate suitable government property in which permanent offices could be established. One such property was requested for but the S&GAD turned down the request. The proposal will now be submitted to the BoD for consideration.
2. Service rules/regulations for the company have been prepared. (Annex I)
3. Most mandatory provisions under the company laws, such as appointment of legal advisor and first auditors; and National Tax No etc have been fulfilled.
4. Establishment of sub-offices in Abbottabad, Saidu Sharif and D.I. Khan shall be established on identification of activities to be under-taken in those areas.
5. The organization structure has been defined (Annex II). A number of positions will be left unfilled so as to provide an incentive to the

- officers of the STC to perform well and seek promotions against vacant posts. Again this strategy will enable the STC to respond expeditiously to staffing requirements on identification of feasible activities.
6. Recruitment will be effected on a need basis only after identification of viable activities purely on the basis of merit.
 7. Where-ever feasible company business will be conducted through consultants especially in the fields of publicity/promotion and Research and Development. The purpose behind this strategy is to avoid building up a bureaucracy and to avail of existing professional expertise at lower costs.
 8. The Board of Directors (BoD) is being re-constituted so as to give representation to the private sector on it. The proposed BoD would comprise of the Chief Secretary, Additional Chief Secretary, Secretaries Tourism, Forest, Finance and Managing Director STC and four directors from the private sector drawn from the hotel industry, tour operators, travel agencies and financial institutions. A financial sub-committee comprising of Secretary Tourism, Secretary Finance and Managing Director STC has also been notified to facilitate decision making.
 9. Work Shop.

A work-shop on tourism development is being organised with US-AID assistance and financing in June 1992. The work-shop participants will comprise of government functionaries, hoteliers, tour operators, financiers and experts in the field of tourism with interest in development of tourism as an industry in NWFP. The participants will

identify various options for development in the sector with probable actions required.

10. Regulatory Powers.

Presently there is no forum of the Provincial government which is empowered to regulate the Hotels/Restaurants and Travel Agencies in the province. The Federal Ministry is exercising powers in this regard bestowed upon them under the Pakistan Hotels and Restaurants Act, 1976 and the Rules, 1977; and the Travel Agencies Act, 1976 and the Travel Agencies Rules, 1977. The mushrooming of Hotels at the cost of the environment and the difficulties in securing travel facilities indicates the level of attention which these vital tourist organs are receiving. Tourism being a concurrent subject between the Federal and Provincial governments vide constitution of Pakistan 1973 Fourth Schedule [Article 70(4)] at serial No 42, there is an urgent need to either have the Federal government delegate these powers to NWFP or for NWFP to enact its own Acts/Rules by the Provincial Assembly. The issue is presently being looked into by the Legal Advisor to STC for indicating appropriate action.

11. National Parks.

The charm of our Province lies in its dales and valleys with its uninhabited wilderness and snow capped peaks with gushing rivers. However the spate of residential houses and hotels threatens to destroy the very beauty which attracts tourists. The STC is therefore working on a

proposal to regulate construction in some areas and to ban development altogether in other places by declaring them as national parks so that posterity may benefit from the bounties with which nature has adorned our province.

FINANCIAL MATTERS :

The STC by virtue of being a public limited company is committed to functioning as a business organization. The Board of Directors in its first meeting unanimously decided that where-ever possible, the key for opening the doors upon tourism related development would be "Privatisation" with the Sarhad Tourism Corporation acting as the catalyst. As a test case, the Board in said meeting committed that STC would construct a hotel/car park through attraction of private capital once the now being developed park at Bahrain is completed and property transferred to STC.

The Finance Department has so far released Rs. 5 million to the company as seed money to meet the initial expenditure of the organisation. Recently, the Finance Department has also given a three month loan of Rs. 100 million to the Corporation at very feasible rates of interest. The STC will earn about Rs. 2 million as interest on the loan amount within the next three months. The money available to the company is anticipated to fulfill the basic requirements upto December 1992. However, additional finances would be required for development activities within the next few months when the proposals are finalized and activities determined.

Where-ever possible necessary finances will be obtained through private parties in the form of joint ventures. Also, the possibilities of raising loans through financial institutions is being investigated. The declaration of the government to grant loans at 8% for tourism development has opened new vistas in the field. However, as yet no credit lines have been established. A proposal to determine the possibility of the provincial government ear-marking money for purposes of tourism development at a mark-up of 8% is being formulated by the STC. The STC is also committed to attracting foreign capital and will mount a concerted effort in the near future. The work-shop with USAID assistance is hoped to provide a launching pad for the achievement of this objective.

DEVELOPMENT PLANS :

Excepting a solitary study on tourism by Dr. Ziegler with the assistance of the Netherlands in 1990, there appears to be little or no out-line available for development of this sector. It has been only in the recent past that we seem to have grown conscious of the vast potential in this field. Formal and informal deliberations with Board members and others with an interest in the field clearly spells out the need for short term plans, medium term plans and long term plans. The STC intends to adopt a three fold strategy for development to be preceded with feasibility studies as follows :

a) DEVELOPMENT OF ROAD-SIDE INFRA-STRUCTURE.

Development of roadside infrastructure for tourists is a medium term plan spread over one to three years. The plan envisages setting up of infrastructure on the roadside under an integrated two tier concept. Firstly a motel concept and secondly a stop over concept. The motel would be located on the highway beginning with the Punjab NWFP Entry Point upto Naran and Kalam in Hazara and Malakand Divisions respectively and upto Darya Khan Bridge in D.I. Khan Division. Under this concept a twin purpose highway facility is intended to be developed which in providing services to tourists would also serve as a recreational place for the dwellers of the adjacent town/city. This twin purpose would help in promoting tourist infrastructure and also making it commercially viable by way of large turn over expected from the adjacent town/city. The concept envisages the provision of residential accommodation for over-night stay, a restaurant, a club house with sports facility, barbeque area, play-land facility for children (indoor and out-door subject to availability of land), youth/low income group dormitory accommodation, shopping area, parking lots and land-scaping.

The second aspect of road-side facility is the provision of stop-overs dove-tailed with gas stations. This is similar to the concept of services provided in the West. Negotiations with leading oil companies will be initiated for obtaining land in petrol pumps on lease where public toilets and a small coffee shop is intended to be provided the motel as well as the stop-over would in variably provide tourist information and

specific counters for this purpose would be catered to. It is expected that in 18 months road-side facilities would be laid down from the NWFP Punjab Entry Point and extending to the extremities of NWFP to the North and South at intervals of 50 miles or so.

b) DEVELOPMENT OF TOURIST RESORTS.

The development of tourist resorts comprises long term planning as well as medium term planning. The major project under the long term planning would be the Development of Tourist Resorts such as Mahaban in Buner and Shangla Par in Swat. Under the medium term plan it is proposed to develop the already existing tourist resorts in the NWFP for example Nathiagali, Naran and Kalam. This concept to begin with will concentrate on development of existing rest houses which cannot operate as motels/guest houses without necessary modifications. Accordingly work on converting the rest houses into motels/guest houses by way of providing proper fencing, an approach road with a gate, a restaurant alongwith a few servants quarters would be initiated. As per decision of the Board Of Directors efforts are being made to prepare a master list of government properties from which select properties would be considered for transfer to STC. The list so far compiled has been examined by the STC from three view-points :

- a) Suitability for establishment of infra-structure on the road side,
- b) Potential for upgradation and construction of reasonably priced accommodation in the hill resorts,
- c) Commercial viability.

Of the properties identified so far the following appear to fulfill the above listed criterias :

<u>Property</u>	<u>Ownership</u>	<u>Probable Proposed Utility.</u>
1. Kulalai Rest House.	Forest dept:	Rest House.
2. Dassu Rest House 3 rooms.	"	Wayside Motel/Rest & Recreatic area.
3. Thandiani Rest House.	"	Rest House.
4. Thai Rest House.	"	Rest House.
5. Kalabagh Rest House.	"	Rest House.
6. Barrian Rest House.	"	Rest House.
7. Dadar Rest House.	"	Rest House.
8. VIP Guest House Shogran.	"	Rest House.
9. Inspection House Shogran.	"	Rest House.
10. Inspection House No I. Shogran.	"	Rest House.
11. Inspection House No II. Shogran.	"	Rest House.
12. Naran Rest House.	"	Rest House.
13. Darosh Rest House.	"	Rest House.
14. Bahrain Rest House.	"	Rest House.

BEST AVAILABLE DOCUMENT

<u>Property</u>	<u>Ownership</u>	<u>Probable Proposed Utility.</u>
15. Band Kalam Rest House.	Forest dept:	Rest House.
16. Shangla Rest House.	"	Motel/Rest House.
17. Kund Rest House.	C&W dept:	Wayside Motel/Rest & Recreation area.
18. Rest House Haripur 12 Kanals.	"	wayside Motel/Rest & Recreation area.
19. Batrassi Rest House.	"	Wayside Rest House.
20. High Way Rest House Khanpur dam on Lake side.	"	Rest House/Motel.
21. Thandiani Rest House.	"	Rest House.
22. Inspection Bungalow Kawai.	"	Rest House.
23. Inspection Bungalow Mohandri.	"	Rest House.
24. Inspection bungalow Naran Upper.	"	Rest House.
25. Inspection Bungalow Naran Lower.	"	Rest House.
26. Naran Annex Naran.	"	Rest House.
27. Inspection Bungalow Sherkol.	"	Rest House.
28. Inspection Bungalow Thakot.	"	Rest House.

29.	Inspection Bungalow Dungagali	C&W dept:	Rest House.
30.	Annex Dungagali	"	Rest House.
31.	Inspection Bungalow Chand View Murree.	"	Rest House.
32.	Secretariat Cottage No 1 Nathiagali.	"	Rest House.
33.	Secretariat Cottage No 2 Nathiagali.	"	Rest House.
34.	Fan House Nathiagali.	"	Rest House.
35.	Inspection Bungalow Kalapani.	"	Rest House.
36.	Annand cottage.	"	Rest House.
37.	Hill side cottage.	"	Rest House.
38.	Vindya cottage.	"	Rest House.
39.	Additional cottage.	"	Rest House.
40.	Inspection Bungalow Nathiagali.	"	Rest House.
41.	Shimla House.	"	Rest House.
42.	Highway Rest House Peshawar.	"	STC Complex.
43.	Inspection Hut Peshawar.	"	STC Complex.
44.	1-Tariq Road dilapidated Bungalow.	"	STC Complex.
45.	Naran PTDC Motel.	"	Hotel.
46.	Miadam PTDC Motel.	"	Hotel.

Kalam PTDC Motel.	C&W dept:	Hotel.
Kabal Golf Course Swat with C&W Rest House.	Not known as yet.	Efforts will be made to attract private capital to construct hotel.
Falak Sair Hotel Kalam, Swat.	Commissioner Malakand.	Hotel.
17 Kanals land at Naran.	GTS	Motel or camping facility.
TOR MOR Rest House Malakand Agency.	Local Govt & Rural Area Development dept:	Wayside Motel/Rest & Recreation area.
Changla Gali Rest House.	DC Abbottabad possession with Dist: Council Abbottabad.	Rest House.
Frontier Inn Khushal- Garh Kohat.	D.C. Kohat.	Wayside Motel.
Frontier Inn Banda- Daud Shah.	D.C. Karak.	Wayside Motel/Rest Area.
Frontier Hut Malakand.	P.A. Malakand.	Wayside Motel/Rest Area.
Kund National Park.		Kund Tourism Complex.

On transfer of these properties to the STC, effort would be made to develop them by attracting private capital in the form of joint-venturships, where-ever possible. In certain cases, direct government investment may be required. The income accruing from these facilities would go towards meeting the expenditures of the STC in the years to come.

Note : Further requests are pending investigation due to inaccessibility at present.

c) PUBLICITY AND PROMOTIONAL ACTIVITIES :

A break through in tourism promotion is closely inter-linked and dependant upon a comprehensive publicity and promotional programme. This effort is envisaged to comprise of the following :

- a) The audio-visual media with tourism oriented quiz programmes and documentaries on various aspects of tourist attractions etc.
- b) A radio programme geared to introduce places of tourist interest to various target groups.
- c) Printing of literature like view cards, posters, maps and brochures in Urdu as well as in English.
- d) Guided city and Area tours in NWFP and elsewhere.
- e) Setting up of Bill Boards on the roads.
- f) Preparation of documentaries on journey through Ghandara, Alexander's route and tourist spots.

The options before the STC to achieve the promotion and publicity objectives are to either establish a full fledged section for the purpose or to turn to professional firms to provide relevant services through consultancies. In view of the Company's policy to have a lean organization oriented to flexibility and generating profitability, the STC is of the view to utilize consultancy services. The proposal will be placed on the agenda of the forthcoming Board Meeting.

GOVERNMENT OF NWFP PROPERTIES AT NARAN, MIADAM AND KALAM

ON LEASE TO PAKISTAN TOURISM DEVELOPMENT CORPORATION (PTDC).

On 1st July 1985, the provincial government entered into lease agreements with PTDC in respect of subject mentioned properties as per following details :-

<u>NAME OF PROPERTY</u> =====	<u>AREA / NATURE OF PROPERTY</u> =====	<u>LEASE MONEY</u> =====
1. Naran Rest House (converted into motel by PTDC).	9 bed rooms on land measuring 29 Acres, 7 Kanals and 24 1/2 Marlas.	Rs. 12,000/- per Annum
2. Miadam Rest House (converted into motel by PTDC).	8 bed rooms on land measuring 10.83 Acres.	Rs. 15,000/- per Annum
3. Kalam Rest House (converted into motel by PTDC).	9 bed rooms on land measuring 5 Acres.	Rs. 15,000/- per Annum

LEASE CLAUSES :

Salient lease clauses state that :

- i) The lease rate is liable to revision after every five years.
- ii) The lease period will remain in force initially for a period of 30 years and may be renewed after expiry to 30 years on the terms and conditions as mutually agreed upon.
- iii) In case of termination of lease agreement by the lessor before the expiry of its term, the lessor shall pay to the lessee costs of improvement at

current market prices to be agreed upon mutually.

- iv) In case of any dispute arising between the lessor and the lessee, the dispute shall be referred to the Chief Secretary, NWFP, for arbitration as sole Arbitrator and his decision thereon shall be final.

The lease agreements came into force on 1st July 1987 and are due to expire on 1st July 1992. In view of the establishment of the STC and the Proposed Privatisation of 14 hotels owned by the PTDC, the STC is of the opinion to gain control of said properties as the present returns from them are negligible. The standing of the STC would receive an immediate boost with the acquisition of these properties. Accordingly, the tourism department, NWFP has taken up the issue with the Secretary Tourism to the Federal Government through the Chief Secretary, NWFP. It appears from the correspondence on record, that the PTDC is reluctant to part company with said properties even though under the terms and conditions of the lease agreement, the NWFP is within its rights to terminate the lease agreement of 1st July, 1985. However, at present the STC is going slow on pressing the issue as the Federal Tourism Ministry is considering handing over the Malam Jabba resort to NWFP on soft terms. Final proposal on the fate of the properties at Naran, Kalam and Miadam will thus be presented once the Malam Jabba issue is settled.

EXECUTION STRATEGY :

In the first eighteen months of its operation the STC aims at implementing short gestation schemes/projects against a criteria of commercial viability with a view to achieving financial sustainability.

The activities which it envisages during this period have been identified, a tentative list of which with rough estimated costs is as follows :

MEDIUM AND SHORT TERM DEVELOPMENT SCHEME :

- 1) Improvements to the on-going scheme of development of Kund park. Rs.15.00 million
- 2) Development of Recreational Park at Tanda Dan with emphasis on water sports. Rs.20.00 million
- 3) Conversion of launch S.S. Jhelum into a floating restaurant (to be shifted to Kund or Nowshehra). Rs. 5.00 million.
- 4) Up-gradation and improvement to existing rest houses. Rs.20.00 million.
- 5) Establishment of shooting gallery at Peshawar. Not determined
- 6) Construction of Rest and Recreation facilities on way-side at ten locations. Rs.40.00 million.
- 7) Development of Recreational Park in the vicinity of Peshawar city. Rs.30.00 million.
- 8) Development of two or more existing Bridle paths for trekking purposes in Hazara Division with log cabins as rest areas on the route. Rs. 2.00 million
- 9) Establishment of log cabins for trekking

	purposes in Mahoo Dand Swat.	Rs. 0.50 million
10)	Purchase of ten mobile homes for tourists for use in Naran and Kalam.	Not determined
11)	Development of Recreational park in D.I. Khan	Rs.20.00 million.
12)	Establishment of 4 wilderness Parks.	Not determined.
13)	Motel and water sport facilities at Lake Saif-ul-Maluk	Rs. 3.5 million.
14)	Chairlift scheme between Lalazar Nathiagali-Miranjani and Thandiani.	Not determined
15)	Water Sports/Motel/Picnic Area at Khanpur Dam.	Not determined
16)	Park and golf course at Lalazar Nathiagali.	Not determined
17)	Improvements to Ayubia Resort.	Not determined
18)	Development of Harno Nullah into Picnic area Location 10 kms from Abbottabad.	Rs. 4.00 million.

MEDIUM AND SHORT TERM NON-DEVELOPMENT SCHEMES

1)	Establishment of head-office of STC at Peshawar.(excluding cost of land).	Rs. 3.00 million
2)	Establishment of sub-offices of STC at Abbottabad, Saidu Sharif and D.I. Khan.	RS. 3.00 million
3)	Tour Packages to various parts of NWFP.	Self-financing
4)	Purchase of six air-conditioned flying coaches.	Rs. 2.6 million

- | | | |
|----|---------------------------|------------------|
| 5) | Promotion and Publicity. | Rs. 5.00 million |
| 6) | Research and Development. | Rs. 3.00 million |
| 7) | Training of Tour Guides. | Rs. 0.5 million |

LONG TERM SCHEMES :

- | | | |
|----|--|-----------------|
| 1) | Development of hill resorts at | |
| | a) Miadam extension - Swat | Not determined. |
| | b) Mahaban - Buner | Not determined |
| | c) Samana - Kohat | |
| | d) Sheikh Buddin - D.I. Khan | |
| 2) | All weather toll road to Nathiagali,
Naran and Kalam. | Not determined |
| 3) | National Parks at Mahoo Dand and
Barawal with International Union of
Conservation of Nature (IUCN) assistance. | Not determined |
| 4) | Supply of electricity to new
resort areas. | Not determined |
| 5) | Preparation of data Bank including
aerial survey of NWFP. | Not determined |
| 6) | Establishment of an institution for
middle and lower level tourism and
hospitality training, to include
curricula for staff to be employed in
the hotel, restaurant, transport and
information services sectors and also
providing language centres. | Not determined |

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CONCLUSION :

The thrust of STC in the first six months of its operation aims at the formulation of an administrative and corporate base on which the company will be built in the years to come. At the same time the company is striving to determine its short, medium and long term goals, both in the development and non-developmental sectors. Again the company is committed to filling the information and regulatory void which exists in the province for despite tourism being a concurrent subject between the provinces and the Federal government, these roles are being performed by the Federal government below the desirable level. With a gigantic and challenging task ahead of it, the STC is being geared to avoid the burden of being dependant upon the provincial government for survival as is the case with existing sister companies. Therefore, strict criteries are being developed for all aspects of the company's functioning ranging from management by objectives to recruitment on merit. The whole gamut of objectives which the STC plans to implement is a first time attempt on a clean slate and changes for the better will be incorporated in due course of time as more information, data and experience accrues to the company.

Appendix I

Project funding from non-Pakistani sources

Sources of funding for specific tourism development projects vary with the type of projects, since different donors have chosen to specialize in specific fields of interest. STC (probably through WTO) should undertake research on donors and on typical projects each donor currently funds, then direct appeals for funding to potential sources appropriate to the project.

1) Ideas specific to USAID

A. Establishing a camping-picnic-hiking-water activities site by Tarbela Lake in USAID Gudun-Kalbach project area. Training local people as guides and caretakers for the facility.

B. Through USAID training facilities in Peshawar already in existence, undertake the training of guide trainers to meet the immediate need for guides while the Hotel Institute in Swat is being developed.

C. Sponsor a small delegation to the U.S. to attend a key tourism convention as observers, to initiate discussions with top tour wholesalers in the U.S., and if possible for training in tourism marketing.

D. Archeological work and conservation of cultural sites in existing USAID project areas.

2) General Projects

A. NWFP

1. Research, drafting and publication of maps. Specific map projects include a general NWFP tourism sites map, maps of the Naran and Kalam areas, one of the cultural sites of NWFP and maps of selected trekking routes.

2. Informational/sales video documentaries on NWFP's tourist attractions and/or on the "Land of Gandhara" Buddhist civilization.

3. Organization and execution of a tourism investment seminar after STC has completed a portfolio of investment opportunities (See Appendix A).

4. Province-wide long-term tourism planning for NWFP, with specific prescriptions for STC and recommendations of which areas to develop as tourism grows, including a general land use analysis.

5. Environmental impact analysis and development recommendations for lakeside sites under consideration as water sports resorts, with the objective of selecting the ideal site before further work is done in this area.

6. Sponsorship of an NWFP and/or a federal delegate to travel to Madrid to do statistical research with the materials of WTO, and to establish a relationship with them to get support for tourism development in Pakistan.

7. Implementation of a Kalash Valley tourism and protection plan supported by the Kalashi people.

B. National

1. Informational campaign (video, articles, brochures, signs) on low-impact tourism with emphasis on environmental concerns and basic elements like litter.

2. National tourism plan similar to the STC action plan, with specific recommendations for federal level tourism authorities like MCT and PTDC.

3. Devising a tourism marketing strategy for the international market.

4. Research on the establishment of national parks and other conservation areas (specific interest may be found among the NGOs like World Wildlife Fund or Conservation International for a wildlife-oriented project)

5. Protection of individual cultural treasures and archeological sites.

3) Donor agencies

1. Other countries

USAID and equivalent agencies funded by the European countries, Canada, Australia and Japan.

2. International

United Nations organizations like WTO or UNESCO; the assistance agency of the European Economic Community; World Bank; Asian Development Bank.

3. Non-governmental

Wildlife: World Wildlife Fund (WWF), International Union for the Conservation of Nature (IUCN), Conservation International, Nature Conservancy, Audobon Society (all U.S. based) and equivalent European organizations. Other: Cultural Survival, Smithsonian Institution, Greenpeace.