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ASSESSMENT OF NATURE-BASED TOURISM POTENTIAL IN THE KARNALI RIVER BASIN
Cover photo: Karnali River Basin outside of the Magar Homestay in Sunpur, Jamu

Photo credit: Christel Bonaro for USAID Paani Program
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EXECUTIVE SUMMARY

The USAID Paani Program (Paani) - also known in Nepali as the “USAID Water Project” - is a 5 year, $25 million USAID-funded project in Nepal. Water is the single most important natural resource underpinning Nepal’s economy and livelihoods. The sustainable management of water resources in Nepal depends on addressing climate change and protecting healthy, biodiverse ecosystems. Paani aims to enhance Nepal’s ability to manage water resources for multiple uses and users through climate change adaptation and the conservation of freshwater biodiversity.

The development and growth of nature-based ecotourism is one of the project’s strategies to strengthen river-based economic opportunities, thus promoting co-benefits for aquatic biodiversity conservation. Paani secured the support of two international ecotourism specialists to map a strategy and action plan for specific sites in the Karnali River Basin, as well as provide more granular information on the potential value of the tourism sector across key sites, and investments needed to realize the value identified by previous assessments. For the purpose of this report, the term Karnali River Basin (KRB) encompasses a region defined as a tourism circuit with Bardiya National Park at its southernmost limit, Rara National Park at its center, and two linear routes: one to the west towards Simikot and further towards Mount Kailash in China, and one to the east towards Dolpo and the Shey Phoksundo National Park.

It is important to note that ecotourism as such is not currently implemented in the KRB for the following reasons:

- There is a lack of environmental education components in most tourism activities conducted in the region;
- Activities and services are not implemented using best environmental management practices for accommodations or tourism service providers;
- At this moment, tourism is not contributing in any significant way to generate income for protected areas or for local businesses; and
- There has been limited participatory planning in the management of protected areas and their development as tourism destinations.

In that regard, what the KRB is currently experiencing is the slow growth of a nature-based tourism sector in its discovery phase. Whether this kernel could be turned into an opportunity to develop ecotourism at a broader scale, bringing economic benefits to local communities and protected areas and, in turn, benefitting conservation, is the research question we attempt to answer in this report.

SITUATIONAL ANALYSIS

Overall, the tourism sector, nature-based or otherwise, is underdeveloped in the KRB. Attractions in the basin are underdeveloped and under-promoted, with the Karnali region often referred to as “wild” in compared with more established tourism sites. In fact, the Karnali basin’s representation on the Nepal Tourism Board’s Visit Nepal 2020 campaign is limited to just the Dolpo region, with Bardiya and Rara National Parks named as attractions. White-water rafting is the only call out for the KRB in the Lonely Planet Nepal’s top 15 experiences in Nepal.

Currently, the main attractions in the KRB are Rara National Park to the west and the Shey Phoksundo National Park in the Dolpo area of the upper Karnali basin. The largest national park in the Terai, Bardiya National Park is recognized as presenting the highest likelihood of seeing Bengal tigers. Gangetic dolphins can also be spotted on the Geruwa River, an eastern channel of the Karnali River, although populations are at dangerously low levels. Rafting along the Karnali river and its
tributaries which cut through the park, sports fishing for mahseer, as well as elephant and 4WD safaris have become popular tourism activities in the region. There are additional opportunities for wildlife observations a short drive to the west of Bardiya National Park at Blackbuck Conservation Area and the Badhaiyatal Lake and Wetland.

Mountaineering and trekking is one of Nepal’s flagship tourism products, and the Karnali region has established trekking routes anchored around Rara Lake, Shey Phoksundo Lake, and in the Tibetan valleys of the Dolpo region, as promoted by the Trekking Agencies Association of Nepal. Developing new itineraries in the Karnali is constrained by the lack of qualified guides, limited number of tour operators, and high operating costs. The Great Himalayan Trails – east/west trekking routes through Nepal’s high altitude mountains or mid hills – are also opening up new trekking routes in Karnali and supporting rural development in these areas. While municipal governments and entrepreneurs in the region have tried to establish sports adventures in the middle hills region, tour operators and the Nepal Association of Rafting Agencies (NARA) cite the lack of qualified guides as a key constraint to developing new rafting products in this part of the KRB. Another constraint to attracting international visitors is that tour operators are required to hold a type of insurance that is not available for purchase in Nepal’s insurance market.

To evaluate the value of the Karnali region’s resources for tourism development purposes, we adapted the United Nations World Tourism Organization’s (UNWTO) tourism attraction hierarchy matrix. Notably, the KRB lacks a Hierarchy 1 attraction, such as Mt. Everest or the Taj Mahal, which by its presence alone would draw international tourists to the region. The value allocated to each attraction is based on key informant interviews and focus group discussions with local and national tourism providers and site visits. These data confirm that, while Karnali has a diverse offering of tourism products, these currently cater only to specialty markets.

Reflective of the KRB’s underdeveloped tourism market, there is a low rate of international and domestic tourists to the area as compared to other regions within the country. In 2018, 1.2 million international visitors came to Nepal but only 1.5-2% visited the KRB. Tourist arrival figures to the main areas of Karnali are as follows:

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>INTERNATIONAL ARRIVALS</th>
<th>DOMESTIC ARRIVALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bardia National Park</td>
<td>6,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Rara National Park</td>
<td>400</td>
<td>30,000</td>
</tr>
<tr>
<td>Dolpa Region</td>
<td>1,500</td>
<td>None reported</td>
</tr>
<tr>
<td>Simikot</td>
<td>15,000*</td>
<td>10,000</td>
</tr>
</tbody>
</table>

* transit visitors from India on route to Mt. Kailash
STRATEGIC ANALYSIS

The Karnali River Basin as a tourism product is in a **discovery phase**. This phase is characterized on the demand side by visitors coming in small numbers restricted by difficult access and few facilities. From the supply side, product offerings are limited in variety and length, as there is limited market demand to stimulate the entrance of new competitors into the market. Building an entirely new market for the KRB as a standalone destination at this stage would be an enormous challenge for any project alone to undertake. For that reason, visitors to KRB must primarily come from three main sources: a) current main regional markets to Nepal b) the domestic market and c) extensions for international visitors to Nepal coming for other destinations in the country. These three markets should constitute the primary source of visitors to KRB in its initial development as a tourist attraction, as they are already the largest sources of nature-based visitors for the region. While visitors from these markets do not deliver high economic benefits, they have a low environmental impact. It is important to note that average daily expenditure for visitors travelling to KRB (US$34) is currently below average visitor expenditure to Nepal as a whole (US$44).

<table>
<thead>
<tr>
<th>SOURCE MARKET</th>
<th>TOTAL NUMBER OF VISITORS (2018)</th>
<th>AVERAGE DAILY EXPENDITURE IN KRB</th>
<th>AVERAGE LENGTH OF STAY</th>
<th>TOTAL EXPENDITURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic visitors</td>
<td>70,000</td>
<td>US $17</td>
<td>3 days</td>
<td>US $51</td>
</tr>
<tr>
<td>Regional visitors (Indian)</td>
<td>14,000</td>
<td>US $25</td>
<td>3 days</td>
<td>US $75</td>
</tr>
<tr>
<td>International visitors</td>
<td>8,900</td>
<td>US $60</td>
<td>5 days</td>
<td>US $300</td>
</tr>
<tr>
<td><strong>Total Priority Markets</strong></td>
<td><strong>92,900</strong></td>
<td><strong>US $34</strong></td>
<td><strong>3.6 days</strong></td>
<td><strong>US $7,290,000</strong></td>
</tr>
</tbody>
</table>

The Paani team also evaluated more than 135 tour packages offering similar products in other destinations within Nepal to understand the competitive positioning of KRB at the national level. When offered as a packaged product, the KRB is predominantly the territory of small or very niche operators. As the analysis shows, KRB is not price-competitive with comparable tours in other Nepali destinations with a much more established reputation, more demand, which are therefore easier to sell. Prices per day for individual passengers to destinations in the KRB are, on average, 20 - 40% higher than similar packages in selected competitor tours. This situation explains the lack of interest the team found among Kathmandu-based tour operators to actively sell the KRB as a tourism product.

A further integration analysis confirmed that only tours to Bardiya National Park (with an average length of 3 nights/4 days) are currently a feasible add-on to packages sold for Sagarmatha National Park.
Park and to the shorter end of trips to Annapurna Conservation Area. This confirms the opinions of tour operators who indicated that tours to Bardiya are typically as an add-on or for expatriates living in Kathmandu. In terms of integration with other packages to Nepal, it is important to note that Rara National Park contains what is probably the best value proposition in the KRB. Not only it is unique to the region, it is unique to Nepal. Moreover, anecdotal evidence suggests that most domestic and regional visitors complete the tour of the Lake in around 2 to 4 days, which suggests that a package of that duration can be set up for international visitors as well. However, the lack of reliable air transportation as well as quality accommodation severely hinders its inclusion as an add-on to more price competitive and time-sensitive tours.

**STRATEGIC PLANNING.** The greatest short-term marketing opportunity for the KRB is to grow its existing customer base of regional and domestic visitors and increase their daily expenditure. In the mid-term, the goal should be to integrate Bardiya National Park and Lake Rara National Park as popular add-ons to itineraries to tours into Annapurna Conservation Area and Sagarmatha National Park. Specific strategies include:

- **Focus promotion efforts on information and especially, branding,** to reassure customers of the quality and uniqueness of the product and differentiate it from other Nepali attractions.

- **Integrating into existing and firmly established tourism itineraries,** such as pilgrimage to Mt. Kailash, in order to facilitate the sale of additional services and products to visitors in transit.

- **Prioritize the development of relationships with intermediaries, such as tour operators,** as they constitute the best distribution channel for the highly profitable international market.

The key issue for an economically, socially and environmentally successful tourism product in the KRB will be the quality of the overall experience. This presents a great opportunity for KRB but also a challenge. In order to address these challenges, the product development strategy should focus on the following aspects:

- **Land use planning for Rara National Park and Bardiya National Park,** to identify the most appropriate areas for the development of tourism activities and the development of first quality visitor infrastructure.

- **Establishment of eco-tourism development zones outside KRB protected areas,** to provide the appropriate management framework for quality accommodation products and ensure local community members’ participation.

- **Construction of visitor and interpretation infrastructure,** to position Rara National Park and Bardiya National Park as centers of excellence in natural history interpretation, with a focus on Tarai wildlife (Bardiya) and Highlands wildlife (Rara).

- **Implementation of a micro and small-size enterprise development and training program (MSE),** to create linkages between the tourism concession and the local economy, guarantee the quality of the product, and create employment and business opportunities for local people.

If these strategic investments were realized, the economic impact of tourism could be expanded without resorting to creating new markets at great expense. Our team prepared a simple financial analysis to calculate the potential economic impact of increasing current markets’ expenditure by 10, 15, and 20 percent. They are presented in Table 7 below:
As the table illustrates, if service providers in the KRB manage to increase visitor expenditure by a modest US$2 per day, the economic impact of the activity increases by a significant US$700,000 per year. If that increase were US$3.5 per day, that impact increases by almost US$1,500,000 per year, to a total of US$8,748,000. This is equivalent to Rs.1,003,341,362.

**What is the implication of this analysis for the KRB?** There are multiple answers to that question:

- For a region that saw foreign investment of US$447 million in 2017/2018\(^2\), increasing visitor expenditure by 20% would generate revenues equivalent to 2% of this amount. This represents a significant amount of capital injected into the local economy with the same markets.

- The increase would be achieved without increasing the number of visitors but rather ensuring that they spend more money on locally produced goods or services.

- It also indicates that if additional visitors were attracted, the economic benefits of the sector into the local economy would be exponentially expanded. For example, a mere 5% growth in the number of domestic and regional visitors (only 4,645 more people) would generate almost US$9,200,000 per year – an additional US$500,000.

Improving the management of the KRB protected areas as tourism attractions would allow for a substantial increase in visitation numbers without compromising the integrity of the region’s natural resources. A direct economic stimulus of the magnitude described above could generate substantial local employment and promote the development of linkages with more established economic sectors such as agriculture, handicrafts, etc. Properly developed and managed, nature-based tourism

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\(^2\) Nepal’s Ministry of Finance: Economic Survey 2017/2018

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**TABLE 3: POTENTIAL ECONOMIC IMPACT OF ECOTOURISM IN THE KRB**

<table>
<thead>
<tr>
<th>SOURCE MARKET</th>
<th>CURRENT</th>
<th>10% INCREASE</th>
<th>15% INCREASE</th>
<th>20% INCREASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic visitors</td>
<td>US$51</td>
<td>US$56.1</td>
<td>US$58.65</td>
<td>US$61.2</td>
</tr>
<tr>
<td>Regional visitors (Indian)</td>
<td>US$75</td>
<td>US$82.5</td>
<td>US$86.25</td>
<td>US$90</td>
</tr>
<tr>
<td>International visitors</td>
<td>US$300</td>
<td>US$330</td>
<td>US$345</td>
<td>US$360</td>
</tr>
<tr>
<td>Total Priority Markets</td>
<td>US$ 7,290,000</td>
<td>US$ 8,019,500</td>
<td>US$ 8,383,500</td>
<td>US$ 8,748,000</td>
</tr>
</tbody>
</table>
could make a substantial contribution towards improving the economic and social situation in the KRB.
CHAPTER 1: BACKGROUND & INTRODUCTION

The USAID Paani Program - also known in Nepali as the “USAID Water Project” - is a 5 year, $25 million USAID-funded Project in Nepal. Water is the single most important natural resource underpinning Nepal’s economy and livelihoods. The sustainable management of water resources in Nepal depends on addressing climate change and protecting healthy, biodiverse ecosystems. Paani aims to enhance Nepal’s ability to manage water resources for multiple uses and users through climate change adaptation and the conservation of freshwater biodiversity. Paani employs an integrated, whole-of-basin approach with activities under four “intermediate result” (IR) areas at the watershed, river basin, and national scales, to reduce threats to freshwater biodiversity and strengthen the resilience of targeted human and ecological communities through improved water management.

The development and growth of nature-based ecotourism is one of the project’s strategies to strengthen river-based economic opportunities, thus promoting co-benefits for aquatic biodiversity conservation. Paani secured the support of two international ecotourism specialists to map a strategy and action plan for specific sites in the Karnali River Basin, as well as provide more granular information on the potential value of the tourism sector across key sites, and investments needed to realize the value identified by previous assessments. These specialists analyzed water-based and other ecotourism products in this area - such as river-based activities, including rafting, sport fishing, riverside accommodation, handicrafts, guiding, culture fisheries tourism, and others. This analysis provides a realistic estimated value of river-based tourism products and proposes a growth and investment strategy to increase that value.

For the purpose of this report, the term Karnali River Basin (KRB) encompasses a region defined as a tourism circuit with Bardia National Park at its southernmost limit, Rara National Park at its center, and two linear routes: one to the west towards Simikot and further towards Mount Kailash in China, and one to the east towards Dolpo and the Shey Phoksundo National Park. The map below illustrates the tourism corridor defined under this study. Coincidentally, it aligns with the main corridor proposed by the ongoing tourism development plan funded by the Karnali Province government and WWF.

Figure 1: Karnali Tourism Corridor
The KRB is one of the least visited areas of Nepal due to difficult access, lack of marketing, poor visitor infrastructure and a reputation as the last bastion of Maoist insurgency that still looms large among Nepalis. In that regard, the assessment focused on understanding the existing supply of tourism products (understood as attractions with a minimum of infrastructure or services around them to make them accessible and “consumable” by visitors), characterize existing market demand, and evaluate whether conditions exist for Paani or other development partners to invest in developing this economic sector for the benefit of local communities. As we will see in Chapter 2, one of the main tenets of ecotourism development is the provision of socio-economic benefits for local people. These benefits can take many different forms; from direct employment in tourism businesses to more elaborate revenue-sharing mechanisms for environmental management and conservation. The small number of visitors and limited geographic dispersion of tourism in the area currently limits the number of local people benefitting from the activity. However, those who benefit are seeing a significant influx of money that supplements their main livelihood in way suggestive of great potential if existing barriers were to be removed.

This report has been structured in four different chapters: Chapter 2 presents a quick overview of ecotourism and the principles that frame this assessment. Chapter 3 presents an overview of existing supply and demand for tourism products and services in the KRB, with an emphasis on the involvement of local communities in the tourism economy. Chapter 4 uses that information to conduct a strategic analysis of the feasibility of developing sustainable ecotourism in the KRB. This analysis compares the KRB against competing destinations in Nepal and what value proposition, if any, it could offer. In addition, the strategic analysis quantifies visitor demand and resulting economic impact to better gauge benefits to the local communities. Finally, Chapter 5 presents a series of short- and medium-term recommendations to remove barriers to the growth of the nature-based tourism sector in the KRB as well as to ensure that local communities benefit from this investment, thus ensuring it becomes an incentive for environmental conservation.
CHAPTER 2: A BRIEF INTRODUCTION TO ECOTOURISM

Adventure, cultural, archaeological, historical, ethnic, sports, event, nature-based, mystic and beach tourism are examples of activity-based (or interactional) market segmentation. Climbing the Himalayas, sunbathing in the Caribbean, a photo safari in Kenya or sightseeing the pyramids in Egypt fit in one of the previous categories and do not make reference to the internal organization and management of the tour. This type of segmentation encompasses consumers’ expectations of a holiday and is related to the demand side of the industry. It also constitutes the essence of tourism marketing.

The terms mass or conventional tourism, ecotourism, sustainable tourism and community-based tourism are examples of methodology-based (or operational) segmentation. They reference different sets of principles and/or practices implemented by tourism planners, entrepreneurs, governments and grassroots organizations. This type of segmentation is strictly related to the supply side of the tourism industry and constitutes the core of the debate around what are the appropriate forms of tourism for natural protected areas.

The differentiation between interactional and operational definitions of tourism has important implications for the planning of ecotourism, because this latter concept refers to a form of making tourism rather than a market segment. For that reason, most ecotourism projects and studies (including this one) use data associated with the nature-based segment of the travel market to illustrate the rapid growth of this market. It has become customary to cite statistics showing increasing numbers of people visiting protected areas as an indication of the market appeal of ecotourism.

However, not all nature-based travel or tourism in protected areas can be considered ecotourism. Some people have used the term to attract conservation-minded travelers to nature-based programs that cause negative environmental impacts and provide no economic benefits to nearby local communities. Perhaps more critical for the financial success of ecotourism, this confusion often leads planners and managers alike to focus their efforts on attracting the non-existent ecotourism segment of the market. This usually results in overlooking existing market segments (such as adventure, cultural, diving, casual nature, etc.), which are more likely to contribute to conservation and community development if the supply chain is organized around principles of sustainable development. For example, tourism planners often fail to establish management and collection systems to ensure that entrance fees and other tourist-related revenue is effectively captured. This is usually the case regardless of whether visitors arrive in the area to see wildlife, trek, enjoy a cultural experience or dive. This is an example of how successful ecotourism development is a factor of the supply and not the demand.

Over the last 30 years, international organizations, governments and industry members have committed to promoting the sustainable development of the tourism industry. Traditionally, this has been associated with the protection of natural resources, promoting conservation and managing the

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impacts of tourism on host communities. In this context, ecotourism brings the promise of achieving conservation goals, improving the well-being of local communities and generating new business: a rare win-win-win situation.

However, the concept of ecotourism has many different and evolving definitions depending on when and by who it is being used. For example, in 1990, the International Ecotourism Society (TIES) defined ecotourism as:

“Responsible travel to natural areas which conserves the environment and improves the well-being of local people.”

In 1996, the International Union for Conservation of Nature (IUCN) adopted a more comprehensive definition. This version responded to the increased awareness and experience of the activity among conservation and tourism practitioners:

“Ecotourism is environmentally responsible travel and visitation to natural areas, in order to enjoy and appreciate nature (and any accompanying cultural features, both past and present) that promote conservation, have a low visitor impact and provide for beneficially active socio-economic involvement of local peoples.”

As recently as 1999, Martha Honey (former president of TIES) proposed an even more detailed definition of ecotourism. In her influential book “Ecotourism and Sustainable Development: Who Owns Paradise?” Honey describes ecotourism as:

“Travel to fragile, pristine and usually protected areas that strives to be low impact and small scale. It helps educate the traveler; provides funds for conservation; directly benefits the economic development and political empowerment of local communities; and fosters respect for different cultures and for human rights.”

As the examples presented above illustrate, definitions of ecotourism could be viewed as a ‘travel to natural areas’ spectrum. On one end, we have nature tourism or tourism to natural areas with no mechanisms to ensure social and environmental sustainability. On the other end, we have travel to protected areas that benefits conservation, promotes political empowerment, and provides economic benefits to local people.

Figure 2: Ecotourism Spectrum

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Most organizations involved in the development of ecotourism recognize that, as an important tool for protected area management and protection, this activity must be implemented in a flexible manner. Nonetheless, this flexibility must be framed within certain criteria that are crucial to the success of an ecotourism initiative. These criteria are:

**Environmental sustainability.** Ecotourism has a low impact on the natural resources of a protected area. It is usually small scale and provides an educational opportunity to both visitors and local stakeholders. It is planned to establish mechanisms to control the number of visitors and monitor their impacts in a consistent and timely manner. This consideration would not only be important to secure environmental benefits but also for ensuring the long-term economic sustainability.

**Social sustainability.** Ecotourism planning involves all local stakeholders (visitors, local communities, private sector, protected area managers, local authorities and other government institutions). It promotes respect for local cultures, traditions and social organizations. It seeks participation of local people in protected area management as well as the development, management and monitoring of tourism activities. It should also ensure engagement of local communities in various dimensions of eco-tourism. The social dimension addresses conservation education and understanding nature and natural systems, including local norms, practices.

**Economic sustainability.** Ecotourism generates sustainable income for protected area conservation and for local service providers (including local communities and private sector). It promotes the economic empowerment of local communities through business alliances and partnerships with the private sector (see Figure 2 above).

Balancing these criteria with the protected area’s specific conservation goals is the challenge for successful ecotourism planning and management and have therefore served as the guiding principles for this assignment. It is important to note that ecotourism as such is not currently implemented in the KRB for the following reasons:

- There is a lack of environmental education components in most tourism activities conducted in the region;
- Activities and services are not implemented using best environmental management practices for accommodations or tourism service providers;
- At this moment, tourism is not contributing in any significant way to generate income for protected areas or for local businesses; and
- There has been limited participatory planning in the management of protected areas and their development as tourism destinations.

In that regard, what the KRB is currently experiencing is the slow growth of a nature-based tourism sector in its discovery phase. Whether this kernel could be turned into an opportunity to develop ecotourism at a broader scale, bringing economic benefits to local communities and protected areas and, in turn, benefitting conservation, is the research question we attempt to answer in the sections below.
CHAPTER 3: SITUATIONAL ANALYSIS

3.1 ANALYSIS OF TOURISM SUPPLY IN THE KARNALI RIVER BASIN

Overall, the tourism sector, nature-based or otherwise, is underdeveloped in the KRB. For example, sites in the region are not reflected in the international tour guide Lonely Planet’s top 15 experiences in Nepal; however, the Karnali region offers comparable attractions to many on the list, such as Bardiya National Park as a counter to Chitwan National Park. This section will focus on the elements that constitute the current supply of tourism resources, products and services in the KRB and present international and domestic tourist arrival data for key sites.

3.1.1 EVALUATION OF MAIN TOURISM RESOURCES

From its headwaters on the slopes of the sacred Mt. Kailash in China, the Karnali River flows 671 miles south through the mid-hills and Terai of Nepal to the confluence with the Ganges River in India. The Karnali River is culturally, economically and ecologically significant, and the Paani Program has identified promotion of the Basin’s natural and cultural attractions as a potential counterpoint to pressures on aquatic biodiversity. Attractions in the Basin are underdeveloped and under-promoted, with the Karnali region often referred to as “wild” in compared with more established tourism sites. In fact, the Karnali basin’s representation on the Nepal Tourism Board’s Visit Nepal 2020 campaign is just limited to the Dolpo region, and Bardiya and Rara National Parks as attractions. White-water rafting is the only call out for the KRB in the Lonely Planet Nepal’s top 15 experiences in Nepal. The following section presents an overview of the region’s primary tourism attractions. Given the scope of this assignment, it is not intended to be comprehensive inventory of all current and potential tourism products.

Natural Attractions

High Mountain Parks: The upper Karnali Basin is home to two national parks, each centered around a pristine high-mountain lake: Rara National Park to the west and Shey Phoksundo National Park in the Dolpo region to the east. Both parks offer opportunities for boating (non-electric), hiking, horseback riding, cultural interactions, and observing wildlife. In Rara NP, visitors can observe 20 species of mammals and 214 species of birds, including the endangered red panda, musk deer, Himalayan black bear, leopard, jackal, Himalayan tahr, yellow-throated martin, wild dog, wild boar, common langur, rhesus macaque and the common otter. Snow trout is the primary fish stock in Rara Lake, but sport or commercial fishing is strictly prohibited. Dolpo boasts a similar diversity of flora and fauna and offers the opportunity to experience Tibetan heritage and culture. People in this region speak Tibetan and retain Tibetan traditional customs and beliefs. There are 130 Buddhist monasteries in the Dolpo region.
**Terai Parks and Conservation Areas:** The largest national park in the Terai, Bardiya National Park is recognized as presenting the highest likelihood of seeing Bengal tigers, despite having a smaller population compared with Chitwan National Park, Nepal’s other national park in the Terai. Bardiya also is home to 30 species of mammals, including one-horned rhinos, leopards, wild elephants, and the gharial crocodile, as well as 250 species of birds. Gangetic dolphins can also be spotted on the Geruwa River, an eastern channel of the Karnali River, although populations are at dangerously low levels. Other visitor attractions include visiting the Park’s Tharu Cultural Museum, visitor center, and elephant and gharial crocodile breeding centers; rafting along the Karnali river and its tributaries which cut through the park; sport fishing for mahseer; and elephant and 4WD safaris. Tourism operators in and around Bardiya National Park are the most promising constituency for promoting riverine management given that their livelihoods directly depend on terrestrial and aquatic biodiversity flourishing in the area.

There are additional opportunities for wildlife observations a short drive to the west of Bardiya National Park at Blackbuck Conservation Area and the Badhaiyatal Lake and Wetland. Established in 2009, Blackbuck Conservation Area is a protected area in place to provide habitat for the endangered blackbuck. A large herd of blackbucks roams the conservation area, allowing visitors a guaranteed chance to see them. New observation towers allow for improved viewing. The Badhaiyatal area is large marshy natural area supporting many resident and wintering waterfowl. The local municipality recently made a considerable investment to build a picnic area, observation tower and bathroom facilities at the location.

**Mountaineering/Trekking:** Mountain access and the associations that support it are divided into categories based on peak height. Nepal designates peaks between 5,800-6,500 meters as expedition/climbing peaks with usage permits required, and the Nepal Mountaineering Association (NMA) serving as the industry association. Usage of peaks above 6,500 is managed directly by the Ministry of Culture, Tourism and Civil Aviation. Usage below 5,800 does not generally require a permit, and the promotion is led by the Trekking Agencies Association of Nepal (TAAN). NMA advised that they are currently advocating with the Karnali province and national authorities to open 22 peaks in the Karnali regions for use. While the Karnali region has established trekking routes anchored around Rara Lake, Shey Phoksundo Lake, and in the Tibetan valleys of the Dolpo region and promoted by TAAN, developing new itineraries in the Karnali is constrained by the lack of qualified guides, limited number of tour operators, and high operating costs. The Great Himalayan Trails – east/west trekking routes through Nepal’s high altitude mountains or mid hills – is also opening up new trekking routes in Karnali and supporting rural development in these areas.
**River-based Adventure Sports:**
Nepal is internationally recognized as one of the world’s best rafting and kayaking destinations, with the Karnali River cited by some international adventure tour operators as a top 10 river in the world. Municipal and provincial governments are highly motivated to promote river-based adventure sports, going so far as to make direct investments to purchase rafts and safety equipment, such as in Rara National Park and the Aathabisha Municipality. Tour operators and the Nepal Association of Rafting Agencies (NARA) cite the lack of qualified guides as a key constraint to developing new rafting products in Karnali. Another constraint is that insurance tour operators are required to hold is not available for purchase in Nepal’s insurance market.

**Sport Fishing:** The Karnali River is famous for mahseer, the giant South Asian river carp. Angling experts advised that while mahseer can reach up to 80kg in weight, a large catch in the Karnali is 30kg and can’t be guaranteed. Historically, fishing trips to the Karnali required a considerable time and financial investment, as the Karnali region’s inaccessibility required 7-9 day trips and costly raft boat transfers from Kathmandu or Pokhara to the basin. However, with the growth of rafting activities on the KRB, accessibility is improving and cost is decreasing. While angling experts point to increasing interest in fishing from younger Nepalis, guides are only organizing 2-3 trips per year. Currently, most sport fishing in the west occurs on the Babai River, 40 km outside of Bardiya National Park, which is more easily accessible, and where mahseer are more abundant with higher average catch weights. The Paani Program’s ongoing fisheries research in the Karnali should be shared with angling experts to inform the packaging of sport fishing trips.

**Cultural and Historical Attractions**

The Karnali region’s cultural and religious diversity is considerable and reflected in each region of the Karnali. Hindu and Buddhist temples dot the landscape, with Chhayanath Temple in Mugu and Chandannath Temple in Jumla designated as proposed tourism development sites by the Nepal Tourism Board (NTB). Culturally, the legacies of the Maoist insurgency, which began in the

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6 Most tour operators store rafting equipment in Pokhara or Kathmandu and this equipment must be transferred into the Karnali Basin when tours are booked.
midwestern region in the mid-1990s linger. Another destination designated by the NTB in the region is a People’s War Museum in Pili, Kalikot, where there was a well-known clash between the Maoists and the Nepal Army. Simikot in northwestern Nepal is a gateway for pilgrims to the sacred Mt. Kailash and associated religious sites, with one estimate of 15,000 Indian visitors transiting through Simikot to the Mt. Kailash area per year.

**General Ranking of Tourism Attractions**

To evaluate the value of the Karnali region’s resources for tourism development purposes, we adapted the United Nations World Tourism Organization’s (UNWTO) tourism attraction hierarchy matrix. This matrix is a tool consisting of three different categories, as presented in the table below:

### TABLE 4: TOURISM ATTRACTION HIERARCHY MATRIX

<table>
<thead>
<tr>
<th>Hierarchy</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hierarchy 1</td>
<td>Resources with exceptional characteristics and high significance for various segments of the international tourism market. They on their own can motivate an important number of people to visit an area.</td>
</tr>
<tr>
<td>Hierarchy 2</td>
<td>Resources able to attract a specific segment of the market on their own or in combination with other nearby attractions.</td>
</tr>
<tr>
<td>Hierarchy 3</td>
<td>Resources with some appeal to specific segments of the market and interesting to visitors who arrive in the area attracted by other motivations or attractions.</td>
</tr>
</tbody>
</table>

This matrix is designed to evaluate the resource from the perspective of tourism demand, not tourism supply. As stated in the descriptions, the value of each attraction is determined in relation to its potential market appeal. The assumption is that the higher the hierarchy of a resource, the better the opportunities to attract visitors to the area. It is important to note that the original UNWTO’s matrix has been slightly changed to reflect the social marketing orientation that has guided the preparation of this study. The original descriptions were developed to evaluate the demand of a generic, mass visitor. However, the description of the different hierarchies in our matrix reflects the increasing segmentation of markets that characterizes modern tourism. In that regard, our matrix recognizes that purchasing and visitation decisions depend on the perceptions and valuations of specific segments of the market. In this case, a Hierarchy 1 attraction would be one that is highly significant not only for nature-based visitors but also for adventure, cultural, trekking, rafting and other various segments. This adaptation of the matrix also helps tourism planners to manage local expectations, since it would become clear that Hierarchy 2 and below attractions will receive fewer visitors, as their market appeal is more specific to certain segments.

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Notably, the KRB lacks a Hierarchy 1 attraction, such as Mt. Everest or the Taj Mahal, which by its presence alone would draw international tourists to the region. The value allocated to each attraction is based on key informant interviews and focus group discussions with local and national tourism providers and site visits. These data confirm that while Karnali has a diverse offering of tourism products, these currently cater only to specialty markets.

### TABLE 5: KARNALI RIVER BASIN – TOURISM RESOURCE VALUATION INDEX

<table>
<thead>
<tr>
<th>Resource</th>
<th>Hierarchy</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-mountain parks and trekking</td>
<td>Hierarchy 2</td>
</tr>
<tr>
<td>Terai Parks and Conservation Areas</td>
<td>Hierarchy 2</td>
</tr>
<tr>
<td>River-based adventure sports and sport fishing</td>
<td>Hierarchy 2</td>
</tr>
<tr>
<td>Traditional cultural sites and social practices</td>
<td>Hierarchy 3</td>
</tr>
</tbody>
</table>

Notably, the KRB lacks a Hierarchy 1 attraction, such as Mt. Everest or the Taj Mahal, which by its presence alone would draw international tourists to the region. The value allocated to each attraction is based on key informant interviews and focus group discussions with local and national tourism providers and site visits. These data confirm that while Karnali has a diverse offering of tourism products, these currently cater only to specialty markets.

#### 3.1.2 INFRASTRUCTURE

**Air Access Infrastructure**

Currently, Tribhuvan International Airport (IATA Code: TIA) in Kathmandu is the country’s only international airport. As depicted in Figure 3, below, international visitors arriving to Nepal, and Kathmandu-based domestic visitors, access western Nepal by air on domestic flights, including to Nepalgunj, Pokhara, and Surkhet. Notably, Buddha Air, which has 50 percent of the market share in Nepal’s domestic airline travel, cancelled flight operation between Pokhara and Nepalgunj because of low demand.

Figure 3: Flight routes from Kathmandu to Western Nepal
Commercial air access into the KRB is provided by domestic airlines – Tara Airlines, Sita Air, Summit Air, and Makalu Air – primarily from the Nepalgunj airport, and to a lesser extent from Surkhet. Flights into the mountains are infrequent and can be unreliable largely due to the limitations of propeller aircraft flying in bad weather conditions. Anecdotally, the field team’s flight into Talcha outside of Rara National Park was postponed several times due to stormy weather in the Rara region. Figure 4 outlines flight paths from Nepalgunj and Surkhet into key tourism destination points: Simikot, Talcha (servicing Rara National Park), Jumla, and Dolpa (servicing Shey Phoksundo National Park).

Figure 4: Flight routes into the Karnali river basin and immediate surrounding area

Plans are underway to upgrade and convert three domestic airports into international airports, two of which are near to the KRB. Both Gautam Buddha International airport outside Lumbini located in the Siddharthanagar municipality in Province 5 (estimated to be completion in 2020), and Pokhara International airport under construction in Pokhara in Province 3 (estimated to be completion in 2021) have the potential to become new gateways for international travelers into the basin.

**Road Access Infrastructure**

Road quality, connectivity and signage in the mountainous upper Karnali region in Province 6 is poor and improves south of Surkhet and into Province 5. By road, the Karnali Basin is accessible via three primary highway networks: the north-south Ratna Highway connecting to the Karnali Highway

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8 Makalu Air offers irregular flight service from Surkhet. Offering is dependent on weather forecasts and conditions.
(H13); the new east-west Mid-Hill Highway under construction through the mid-hills region; and, in the far south, the east-west Mahendra Highway (H1) through the Terai. In the north, the Karnali Highway, 232 kilometers of mountainous terrain between Jumla and Surkhet, is a critical north-south transportation corridor that links the mountainous upper Karnali with the mid-hills region. Completed in 2007, it is recognized as strategically important in improving access to education, healthcare and markets. However, in its current condition, it is a rudimentary road, prone to washouts, landslides and marked as one of the most dangerous highways in Nepal. Its poor safety reputation, particularly in the rainy season, is a deterrent in and of itself to traveling in the region. The field evaluation by Paani found that it takes more than 12 hours to cover the distance between Jumla and Surkhet, with large stretches of the road severely damaged. Despite its poor condition, the very completion of the road is a source of pride and viewed as paving the way for tourism market growth. During a focus group discussion in Kalikot with local government and tourism operators, the Khandachakra Municipality Ward Chairperson remarked that, with highway construction completed, there can bring new investments in the sector, as exemplified by the soon to be completed Hotel Chandra Surya in Kalikot. Road conditions and connectivity improve in the mid-hills and Terai region, as illustrated in Figure 5 below:

Figure 5: Road networks in the Karnali River Basin

In the southern part of Province 6, the ongoing Mid-Hill Highway road project is an ambitious 1,900-kilometer road network through the mid-hills region, Nepal’s second east to west highway. In the Karnali Province, it traverses Dallek, Jajarkot and West Rukum, intersecting with the north-south Karnali Highway in Dailkeh. Road quality is best in the more heavily populated Terai region. The paved north-south 113-kilometer Ratna Highway (H12) connects Nepalgunj in Province 5 with Province 6, terminating in Birendranagar, from where Karnali Highway continues northwards. The 1,027-kilometer Mahendra Highway (H1) traverses the Terai in Province 5 from east to west, connecting Nepalgunj to Kathmandu to the east and Bardiya National Park to the west.
The road conditions, particularly in Province 6, represent not only a danger for locals but also severely limits the volume of tourists who could potentially travel on overland packages through the basin. A coordinated effort between federal, provincial and local governments is needed to improve the quality of highways and availability of signage. This is particularly important given the lack of regularly scheduled flights into the smaller airports in the upper part of the Karnali province.

3.1.3 ACCOMMODATION SERVICES

Accommodations across the KRB can be divided into two categories: Hotels and lodges that meet international standards (3 stars and above) and homestays.

Hotels: Hotels that meet international tourist standards are in urban centers such as Kalikot, Surkhet, Chisapani, Nepalgunj and inside and around Bardiya National Park. Even so, in the mountainous and mid-hills regions, there are very few even budget hotels available for visitors. Hotel proprietors across the basin consistently cite lack of access to credit as a constraint to making capital improvements that would improve the quality of service they can provide. In fact, construction has stalled at Kanjirowa Hotel in Jumla on a new lobby and additional rooms because the owner has been unable to secure affordable financing from commercial banks. Accommodation offerings within the three national parks in the basin range from one extreme to another. Rara NP has two rustic options more akin to a homestay with rooms that lack heat, running water, or bathroom facilities. In contrast, Tiger Tops resort in Bardiya offers top-rate luxury accommodations and service. There is commercial interest to improve accommodations in Rara NP, but an ongoing debate among investors, local government, and the Ministry of Forests and Environment (MOFE) regarding where development should take place has delayed implementation. The private sector is buying land on the boundaries of the National Park. Meanwhile, MOFE is developing a concession policy that would allow commercial development within park boundaries.
Home stays: Community-based homestays offer visitors an authentic, local experience, as they stay with a host family and are directly exposed to a community’s distinct patterns of life and livelihood. Reservations can be made through Kathmandu-based travel agents, but in more rural areas, most patrons are walk-ins. The 2011 Homestay Act sets country-wide standards – size of rooms, standardized furnishings – and provides limited funding for homestay development, and the Homestay Association of Nepal (HOSAN) works to build the capacity of communities to comply. Homestays in the Karnali region are generally disconnected with national actors, with HOSAN only working with 16 homestays across the Karnali province. Homestays offer a promising alternate source of income for communities; however, planning is needed to ensure their locations compliment tourism development. For example, rafting and sport fishing operators in the Karnali currently set up and break down river-side camps each night, and there is an opportunity to establish homestays along rafting corridors, such as the Magar homestay has done along the Karnali. The Dalla community homestay outside of Bardia exemplifies the economic promise of homestays. Annually they receive 2,000 guests per year (of which 100 are foreigners), who are housed among 22 houses in the community. In 2018, the guest houses generated NPR 1,200,000 in revenue, approximately NPR 52,100 per participating household.

3.2 TOURIST VISITATION DATA TO KARNALI

Reflective of the KRB’s underdeveloped tourism market, there is a low rate of international and domestic tourists to the area as compared to other regions within the country. In 2018, 1.2 million international visitors came to Nepal, but only 1.5-2% visited the KRB. Tourist arrival figures to the main areas of Karnali are as follows:

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9 Paani has tentative plans to conduct a market survey during the high season from March-May 2020 to further verify these numbers.
<table>
<thead>
<tr>
<th>LOCATION</th>
<th>INTERNATIONAL ARRIVALS</th>
<th>DOMESTIC ARRIVALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bardia National Park</td>
<td>6,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Rara National Park</td>
<td>400</td>
<td>30,000</td>
</tr>
<tr>
<td>Dolpa Region</td>
<td>1,500</td>
<td>None reported</td>
</tr>
<tr>
<td>Simikot</td>
<td>15,000*</td>
<td>10,000</td>
</tr>
</tbody>
</table>

* transit visitors from India on route to Mt. Kailash
CHAPTER 4: STRATEGIC ANALYSIS

Is it feasible to develop sustainable nature-based ecotourism in the Karnali River Basin?

This chapter evaluates whether sustainable nature-based tourism in the KRB is possible and what kind of role should development partners could play in this process without replacing market dynamics.

It is important to notice that while environmental sustainability is a key component of what makes the tourism industry sustainable, financial and commercial sustainability are equally important. Unless there is a consistent inflow of visitors to the region to sustain public and private investments and generate profits, local authorities, people and entrepreneurs will turn to economic alternatives that are less aligned with environmental conservation considerations. In that regard, we are applying a market-driven approach to understanding the potential for ecotourism development. This approach emphasizes the importance of ensuring that a market exists for the services and products to be developed in the area so that financial, social, and environmental sustainability are achieved. The situational analysis shows that market and regulatory conditions that would make tourism viable in the area do not currently exist while institutional and supply-side conditions are in the process of being developed and improved. Nature-based tourism in the KRB however, will not occur in a vacuum and there are other destinations in Nepal already competing for the nature/wildlife observation market. Our strategic analysis begins by determining the potential demand for tourism to the KRB, competing destinations in Nepal, and finally, interest from the local and international travel trade in selling KRB as part of their existing itineraries.

4.1 ANALYSIS OF THE POTENTIAL DEMAND

The analysis of the potential demand will start by understanding the status of the KRB in the tourism product life cycle and then determine the most promising segments of the current markets for nature-based tourism in this region.

4.1.1 KRB TOURISM PRODUCT LIFE CYCLE

The Karnali River Basin as a tourism product is in a discovery phase. This phase is characterized on the demand side by visitors coming in small numbers restricted by difficult access and few facilities. From the supply side, product offerings are limited in variety and length, as there is limited market demand to stimulate the entrance of new competitors into the market. Sales volumes are low because visitors either do not know the product or because they still don’t have the confidence to purchase it. Additionally, distribution channels are very limited, further limiting opportunities for sales growth. Finally, at this stage, prices need to be constantly reevaluated until the optimum demand elasticity (i.e., prices that people are willing to pay) is found. As the following figure illustrates, as the tourism product matures and moves up in its life cycle, sales opportunities and visitor numbers will increase.

Figure 3: Tourism product life cycle of KRB
Building an entirely new market for the KRB as a standalone destination at this stage would be an enormous challenge for any project alone to undertake. For that reason, visitors to the KRB must primarily come from three main sources: a) current main regional markets to Nepal, b) the domestic market; and c) extensions for international visitors to Nepal coming for other destinations in the country. As market data collected from the Ministry of Tourism (MoT) shows, international visitors are significantly more likely to be interested and participate in the kind of activities that could be developed in the KRB. However, not all international markets hold the same potential, and there are significant differences between many of them.

4.1.2 IDENTIFYING PRIORITY MARKETS

The Paani team prioritized the three main markets (domestic, regional [Indian], and international visitors) for nature-based travel in the KRB based on the following research methods:

- qualitative analysis of travel motivation, overall visitor expenditure and length of stay based on interviews with the travel trade and park managers;

- analysis of statistics produced by the Ministry of Tourism and the NTB for the calendar year 2018.

It is important to indicate that the amount of available market data is limited and therefore, the information included in this report should be viewed as “best available data” rather than the product of exhaustive market research. In the recommendations section we emphasize the need to conduct additional market research on these markets to provide more accurate analysis.

These three markets should constitute the primary source of visitors to the KRB in its initial development as a tourist attraction, as they are already the largest sources of nature-based visitors for the region. While visitors from these markets do not deliver high economic benefits, they have a low environmental impact. For this analysis, we have used statistical data on average daily expenditure and length of stay calculated by the MoT and National Tourism Board (NTB) for Nepal as a whole. It is important to note that average daily expenditure for visitors travelling to KRB (US$34) is currently below average visitor expenditure to Nepal as a whole (US$44).
Each leisure visitor from the proposed priority markets spends, on average, **US$34 per day** during his/her trip to the KRB. Given that these markets are heavily geared towards cultural, nature-based and adventure travel, it is safe to assume that a high share of this expenditure will benefit natural and cultural attractions as well as locally-based suppliers. These markets, while not necessarily belonging to the wealthiest segments, spend money in nature-related activities, directly into the local economy and create a “trickle down” effect. The average expenditure of these markets in the KRB is notably below that of other well-established Nepali nature-based and adventure tourism destinations. The challenge for the KRB remains to increase daily expenditure through high-quality and good value nature-based products.

### 4.1.2 COMPETITION ANALYSIS

The Paani team evaluated over 135 tour packages offering similar products in other destinations within Nepal to understand the competitive positioning of KRB at the national level. The following table summarizes an analysis of KRB’s main national-level competitors offering similar products: wildlife observation, hiking and adventure sports.

<table>
<thead>
<tr>
<th>TABLE 7: PRIORITY NATURE-BASED MARKETS FOR KRB</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOURCE MARKET</strong></td>
</tr>
<tr>
<td>Domestic visitors</td>
</tr>
<tr>
<td>Regional visitors (Indian)</td>
</tr>
<tr>
<td>International visitors</td>
</tr>
<tr>
<td><strong>Total Priority Markets</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TABLE 8: PRICING ANALYSIS OF KRB AND ITS EXISTING COMPETITORS&lt;sup&gt;11&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LENGTH OF AVERAGE TOURS</strong></td>
</tr>
<tr>
<td>Shey Phoksundo National Park</td>
</tr>
</tbody>
</table>

10. This average excludes the cost of transportation either by road or plane as these are not spent locally.

11. All costs expressed in US dollars.

12. This average excludes the cost of international and domestic flights.
Our analysis focused on two important aspects: average length of the tour and average price per day per person. It is important to notice that while all these tours are nature-based, they all have a strong differentiating factor and value proposition that it is somewhat replicated in the KRB. For example, tours to the Annapurna Conservation Area focus on trekking and hiking with a combination of culture, while Chitwan National Park tours offer a more complete “wildlife observation experience” with varying degrees of quality accommodation.

For comparative purposes, we have used tours of similar duration offered in the KRB and the competing destinations and aggregated the prices offered for each duration. The results are highlighted in blue. Additionally, we have compared the prices of the main lodging options in the KRB and competing destinations, including the higher-end options available at Bardiya National Park (such as Tiger Tops Karnali Lodge, Forest Hideaway Hotel & Cottages and Samsara Safari Camp) as well homestays as the most common type of accommodation. The prices showed here are the averages obtained from many different providers, from high quality operators to small local operators. It is important to notice that these prices should be treated only as a reference. Individual companies’ pricing strategies take into consideration many variables that may not be captured by these figures.

In reviewing the resulting data, the team noticed a very important trend: high-quality tour operators tend to focus on Annapurna Conservation Area as well as Sagarmatha and Chitwan National Parks. When offered as a packaged product, the KRB is predominantly the territory of small or very niche operators. As the analysis shows, the KRB is not price-competitive with comparable tours in other Nepali destinations with a much more established reputation, more demand and, therefore, easier to sell. Prices per day for individual passengers to destinations in the KRB are, on average, 20 - 40% higher than similar packages in selected competitor tours. This situation explains the lack of interest the team found among Kathmandu-based tour operators to actively sell the KRB as a tourism product. Based on our qualitative evaluation, these results seem to be related to the difficulty and unreliability to access the region, the lack of a wide range of accommodation options, and the low levels of demand (note that 90% of all visitors to the region are domestic and regional, who are
overwhelmingly independent travelers). Because of that, improving transport infrastructure is a key element in building the demand required for the KRB to become price competitive.

4.1.4 INTEGRATION ANALYSIS

Unlike evaluated competitors - well-established destinations with Hierarchy 1 attractions – the KRB destinations could not expect to attract visitors on its own in this early stage of its product life cycle. Including the area as an extension to existing Nepal itineraries will increase their chances of commercial success in the short term. In order to determine whether KRB’s existing products could be competitive as part of existing itineraries, our team conducted an evaluation of 25 tour packages to Annapurna Conservation Area and Sagarmatha National Park to identify average prices, length and cost per day. Based on this analysis, we identified what extensions to the KRB would provide the best value for time and money. We did not include Chitwan National Park because it is already mostly offered as an add-on to most tours to Nepal.

The analysis confirmed that only tours to Bardiya National Park (with an average length of 3 nights/4 days) are currently a feasible add-on to packages sold for Sagarmatha National Park and to the shorter end of trips to Annapurna Conservation Area. This confirms the opinions of tour operators who indicated that tours to Bardiya are typically an add-on or for expatriates living in Kathmandu. From a cost perspective, we used an average of the three pricing options presented in the tour analysis on section 3.1.2. The integration analysis shows that a Bardiya 6-day tour would not be the most affordable leg of the overall trip, which would necessitate a greater value proposition.

On this subject, it is important to note that Rara National Park contains what is probably the best value proposition in the KRB. Not only it is unique to the region, it is unique to Nepal. Moreover, anecdotal evidence suggests that most domestic and regional visitors complete the tour of the Lake in around 2 to 4 days, which suggests that a package of that duration can be set up for international visitors as well. However, the lack of reliable air transportation as well as quality accommodation severely hinders its inclusion as an add-on to more price competitive and time-sensitive tours.

4.2 STRATEGIC POSITIONING ANALYSIS

Considering existing market conditions for the development of a nature-based tour in the KRB identified in Chapter 3, how should the KRB position itself in the ecotourism market? The strategic positioning analysis identifies the main elements that would constitute the basis of a successful tourist product, provides a vision for tourism development in the area, and recommends strategic guidelines for implementation.

4.2.1 SWOT ANALYSIS

Based on all the information obtained in the situational and strategic analyses, our team has prepared the following SWOT analysis for the KRB as a nature-based tourism destination:

<table>
<thead>
<tr>
<th>TABLE 9: SWOT ANALYSIS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>STRENGTHS</strong></td>
</tr>
<tr>
<td>• Rara Lake National Park constitutes a unique nature-based attraction in all the country</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>
• Growing investment in homestays and other accommodation products indicating growing demand
• Relatively pristine protected areas with high potential for the development of tourism concessions for high quality accommodation products
• Interest of local private sector to invest, expand and improve their tourism services
• Excellent management of the region’s protected areas
• Existing supply of adventure sports (rafting) that could be used as a foundation for additional products
• Strong social fabric and expressed interest in tourism

• Poor quality of Karnali Highway and other road infrastructure
• Limited quality accommodation that does not offer good value for money
• Local entrepreneurs have very limited access to capital and financial services
• Limited information about the KRB by travel trade and tourists
• Undeveloped visitor infrastructure both in the protected areas and outside of them
• Poor integration with existing nature-based packages, particularly those in the most popular attractions in Annapurna Conservation Area and Sagarmatha NP

<table>
<thead>
<tr>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Strong interest from local and regional authorities to promote tourism as an economic development strategy</td>
<td>• Weak regulatory procedures and unclear policies to grant tourism concessions in protected areas</td>
</tr>
<tr>
<td>• Expanding air travel infrastructure and connectivity, with new international airport in the planning stages</td>
<td>• Overall image of the KRB as a low quality, low cost destination</td>
</tr>
<tr>
<td>• Strong interest from long-haul markets for nature-observation and wildlife related tourism products</td>
<td>• Low average rates of expenditure by visitors to the KRB</td>
</tr>
<tr>
<td>• Interest from the donor community to support the sustainable growth of tourism in the KRB’s protected areas</td>
<td>• Lack of interest from the travel trade to invest heavily in selling KRB products to other more profitable markets</td>
</tr>
<tr>
<td></td>
<td>• Deterioration of the quality of the region’s natural resources for dams or other extractive projects and their impact on nature-based tourism</td>
</tr>
</tbody>
</table>

### 4.2.2 MARKETING AND PROMOTION STRATEGIC GUIDELINES

The greatest short-term marketing opportunity for the KRB is to grow its existing customer base of regional and domestic visitors and increase their daily expenditure. In the mid-term, the goal should be to integrate Bardiya National Park and Rara National Park as popular add-ons to itineraries to tours into Annapurna Conservation Area and Sagarmatha National Park. In that regard, the area’s marketing strategy should focus on three specific aspects:

- **Focus promotion efforts on information and especially, branding**, to reassure customers of the quality and uniqueness of the product and differentiate it from other Nepali attractions. Branding efforts should revolve around Rara Lake as a unique value proposition of this region and prioritize Kathmandu and urban centers in Northern India.

- **Integrating into existing and firmly established tourism itineraries**, such as pilgrimage to Mt. Kailash, in order to facilitate the sale of additional services and products to visitors in transit and encourage them to come back on vacation.
• Prioritize the development of relationships with intermediaries such as tour operators, as they constitute the most immediately available distribution channel for the highly profitable international market.

4.2.3 PRODUCT DEVELOPMENT STRATEGIC GUIDELINES

The key issue for an economically, socially and environmentally successful tourism product in the KRB will be the quality of the overall experience. As we have seen throughout this report, the region is not a destination that has a reputation for good value or excellent service quality. While this translates into a relatively high price-sensitivity by existing customers, it also indicates that any new product that competes on quality rather than price could easily be positioned as a favorite within established tourism itineraries. This presents a great opportunity for KRB, but also a challenge. The region’s nature-based attractions could continue to be developed poorly and the accommodation options focused on homestays, which remain poor value for money compared to the quality of service available at lodges and locally owned guesthouses in other destinations. These issues represent some of the challenges to the viability of nature-based tourism in the area. In order to address these challenges, the product development strategy should focus on the following aspects:

• Land use planning for Rara National Park and Bardiya National Park, to identify the most appropriate areas for the development of tourism activities and the development of first quality visitor infrastructure.

• Establishment of eco-tourism development zones outside KRB protected areas, to provide the appropriate management framework for quality accommodation products and ensure local community members’ participation.

• Construction of visitor and interpretation infrastructure, to position Rara National Park and Bardiya National Park as centers of excellence in natural history interpretation, with a focus on Terai wildlife (Bardiya) and Highlands wildlife (Rara).

• Implementation of a micro and small-size enterprise development and training program (MSE), to create linkages between the tourism concession and the local economy, guarantee the quality of the product and create employment and business opportunities for local people.

4.2.4 POTENTIAL ECONOMIC IMPACT

While the information on visitor expenditure provided as part of the situational and strategic analysis is anecdotal, it provides valuable insight into the current economic impact of ecotourism in the KRB. However, information obtained from a visitor survey would allow the team to more systematically analyze expenditure rates, products and services in which that money is spent and, therefore, the economic impact of tourism by sectors with methodological accuracy. Our team prepared a simple financial analysis to calculate the potential economic impact of increasing current markets’ expenditure by 10, 15, and 20 percent.
As the table illustrates, if service providers in the KRB manage to increase visitor expenditure by a modest 10% (or US$5 over the course of three days, in the case of domestic visitors), the economic impact of the activity increased by a significant US$700,000 per year. If that increase were of 20% (or just US$10 over the course of 3 days for domestic visitors), that impact increases by almost US$1,500,000 per year to a total of US$8,748,000. This is equivalent to NPR1,003,341,362.

**What is the implication of this analysis for the KRB?** There are multiple answers to that question:

- For a region that saw foreign investment of US$447 million in 2017/2018\(^{13}\), increasing visitor expenditure by 20% would generate revenues equivalent to 2% of this amount. This represents a significant amount of capital injected into the local economy, driven primarily by domestic and regional markets.

- The increase would be achieved without increasing the number of visitors but rather ensuring that they spend more money on locally produced goods or services. This means, in practical terms: better quality meals that could cost a mere US$2 more than current prices, improved accommodation that could charge US$3 to US$5 more per night, or better and more reliable transportation services that could justify US$5 to US$7 additional dollars per person.

- It also indicates that if marketing and product development activities were to be undertaken and additional visitors attracted, the economic benefits of the sector into the local economy would be exponentially expanded. For example, a mere 5% growth in the number of domestic and regional visitors (only 4,645 more people) would generate almost US$9,200,000 per year – an additional US$500,000.

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\(^{13}\) Nepal’s Ministry of Finance: Economic Survey 2017/2018
Improving the management of the KRB protected areas as tourism attractions would allow for a substantial increase in visitation numbers without compromising the integrity of the region’s natural resources.

These figures need to be taken cautiously, as their materialization depends on a series of factors well beyond the control of the Paani Program and local stakeholders. Moreover, reaching this level of visitation and revenue will take time and the early years are likely to see slightly lower gains. This level of economic impact also needs to be put in perspective, as they might be offset by the substantial level of investment required to implement infrastructure, marketing and management activities. The Paani team strongly recommends that a more comprehensive cost-benefit analysis be conducted once the specific investment requirements are identified and budgeted.

A direct economic stimulus of the magnitude described above could generate substantial local employment and promote the development of linkages with more established economic sectors, such as agriculture, handicrafts, etc. Properly developed and managed, nature-based tourism could make a substantial contribution towards improving the economic and social situation in the KRB.
CHAPTER 5: STRATEGIC AND ACTION PLANNING FOR ECOTOURISM DEVELOPMENT IN THE KRB

This chapter presents a series of strategic recommendations intended to operationalize the marketing and product development strategic guidelines presented in Chapter 3. These recommendations have been designed to complement and support Paani’s investment on training and capacity building. The recommendations are organized in three areas: marketing; product development; and policy. Interventions at the policy level should be focused on facilitating the accomplishment of tourism management goals at the site level. This is important because there is a clear need for the current regulatory framework for tourism in protected areas to be improved in order to guarantee the integrity and protection of the region’s natural resources.

5.1 MARKETING RECOMMENDATIONS

5.1.1 IMPLEMENT A VISITOR SURVEY IN THE HIGH SEASON OF 2020

It is strongly recommended that a visitor survey be implemented during the tourism high season of March – May 2020 in order to collect data and information to inform branding and marketing activities for the region. This information could also be used to refine economic impact analysis and provide a baseline to measure tourism development in the region. Because the target population for this survey would be primarily domestic and regional visitors, it is recommended that this is conducted in partnership with a local university or research center. The survey instrument can be designed and tested by the Paani team in Washington, D.C. and Kathmandu, while additional reviews, testing and deployment would be conducted by our research partner. Data and information generated by this survey should be collected, tabulated and analyzed by the team and disseminated to the public in a report titled “Visitor Profile for the KRB 2020”. Ideally, Paani would use this opportunity to build the capacity of our local research partner to conduct this exercise on a yearly basis, therefore institutionalizing the production of this type of market intelligence.

5.1.2 DEVELOP AND IMPLEMENT A BRANDING STRATEGY

One of the main challenges associated with attracting visitors to the KRB is the relative obscurity of its main attractions (natural and cultural) as well as the wealth of activities that visitors could undertake. Working with the Nepal Tourism Board (NTB), the provincial governments should secure the services of a marketing company to develop a branding campaign that could be used to promote the destination as the off-beaten path experience of Nepal. While specific branding elements would be identified through the visitor survey, the following elements should be taken into consideration when developing the scope of work:

- **Targeting the domestic and regional market.** The branding campaign should be developed to inform and communicate to people in urban centers in Nepal and northern India about the natural and cultural attractions in the KRB. Special emphasis should be made about its role as the gateway to Mt. Kailash for the regional market, the uniqueness of Rara National Park, and Bardiya National Park’s distinction for high-probability viewing of large mammals, including Bengal tigers.

- **Focusing on specific demographic segments.** Because of the difficulties accessing some of the most important attractions in the KRB, the branding campaign should target specific segments such as young people, hiking clubs and trails, etc. Of special importance should be expats residing in Kathmandu and other areas of Nepal, as they have the time and disposable income to travel to the KRB.
• **Prioritize the use of social media.** Messaging for this branding campaign should prioritize social media as the preferred mechanism to reach target audiences. It is not only cost effective, it also has the flexibility needed to adapt and scale specific messages as they prove to be successful with specific segments of the market.

### 5.1.3 INTEGRATE INTO EXISTING ITINERARIES WITH TOUR OPERATORS.

Partnerships with tour operators is the quickest, most efficient way to introduce a new product to the market. The Paani team recommends the development of strong partnerships between service providers and tour operators in Kathmandu but also in the KRB. Both park managers and local services providers should seek support from the provincial government and NTB to participate in travel shows and trade fairs in both Kathmandu as well as India in order to explore partnership opportunities as well as requirements for contracts. Specific trade shows include:

- India International Travel & Tourism, which will take place between January 12 – 15, 2020 in New Delhi, India.
- Global Adventure & Mountaineering Conference and Expo, which will take place between April 10 – 12, 2020 in Kathmandu.
- ITB India, focused on the entire Indian market and taking place between April 15 – 17, 2020 in Mumbai, India.
- Bombay Exhibition Centre (BEC), Mumbai, India
- Himalayan Travel Mart, organized by the NTB and taking place between June 12 – 15, 2020 in Kathmandu.
- Food & Beverage and Hospitality Exhibition – Nepal focused exclusively on food, beverage & hospitality and taking place between October 1 – 4, 2020 in Kathamandu.

### 5.2 PRODUCT DEVELOPMENT RECOMMENDATIONS

#### 5.2.1 PREPARE LAND USE PLANS FOR RARA NATIONAL PARK AND BARDIYA NATIONAL PARK

The implementation of this strategic recommendation assumes that some form of management structure is in place or in the process of being created. The National Park and Wildlife Protection Act establishes the Ministry of Forests and Environment’s Department of National Parks and Wildlife Conservation as the entity responsible to develop land use plans and identify utilization areas that are available for tourism concessions. However, the lack of funding has determined that most areas in the KRB don’t have these critical documents for adequate park management. Moreover, the participation of different stakeholders in this process would ensure that tourism in Rara and Bardiya National Parks occurs in an area that is free of potential conflict and that it is considered appropriate for the people who are in the business of selling tourism. It is critical that the area(s) identified as the potential site for tourism concessions, visitor infrastructure and trails (both inside the protected areas and in the buffer zones) provide relatively easy access for wildlife tracking and watching as this will be the main product in offer. These two locations (and Bardiya in particular) need to offer a moderately high chance for spotting wildlife in the wild.

#### 5.2.2 DEVELOP VISITOR INFRASTRUCTURE AND INTERPRETATION CENTERS IN RARA NATIONAL PARK AND BARDIYA NATIONAL PARK

It is strongly suggested that a **wildlife observation** product be developed in Rara and Bardiya National parks. The use of expert guides is imperative and could, therefore, provide alternative job opportunities for current poachers, further reducing some of the threats to wildlife in the region.
Based on existing market information as well as the data elicited through this study, such a product would be extremely appealing to international nature-based tourists. As a central element of this product, the Department of National Parks and Wildlife should invest in the development of **wildlife interpretation centers**, focused on the natural history of the area and with a strong emphasis on local endangered species and forest conservation, as the departure base for these tours into the forest. The lack of interpretation facilities and infrastructure is typically a source of great dissatisfaction for international visitors and presents an opportunity for the KRB. During the field visit, the Paani team confirmed that the region lacks a regionally competitive interpretation center highlighting the biodiversity or even the aesthetic values of its different natural attractions. Both Rara and Bardiya national parks, the most visited areas in the KRB have attempted in the past to develop basic interpretation infrastructure, driven by the public sector. However, these efforts have not been successful for two main reasons: a) lack of clear stewardship, as the buildings were constructed and managed as extensions of regional bureaucracies rather than as research centers by reputable academic institutions or as viable business by the private sector, and b) the lack of a steady demand, which puts pressure on the government’s investment. A steady growth of visitor arrivals in the future should present a more favorable environment for the operation of such infrastructure as a private business in collaboration with a research organization that could provide brand recognition for the interpretation center. In that regard, the development of a strategic alliance between the government and a conservation NGO or research center present in the area could help minimize costs, instill confidence in potential consumers, increase product visibility, and facilitate marketing of the product. The development of the visitor infrastructure and interpretation centers could help differentiate the region with other national competitors, particularly Chitwan National Park.

5.2.3 DESIGN AND IMPLEMENT A TOURISM MSE DEVELOPMENT PROGRAM FOR THE KRB

As identified by the consulting team, tourism services in the KRB do not operate under international or national standards and constitute a clear bottleneck to the growth of tourism in the area, particularly in the segments of transportation and accommodation. This situation presents a great opportunity to engage local people in the provision of services for visitors and create economic linkages and, therefore, indirect benefits from nature-based tourism. For these potential benefits and linkages to materialize, however, it would be important to: a) provide local would-be entrepreneurs with access to both seed and working capital, b) develop minimum standards of quality and operation for tourism MSEs, and c) provide training on how to meet those standards.

The design and implementation of a Tourism MSE Development Program would ensure that efforts to create these market linkages are coordinated and consistent. It would also facilitate training delivery by creating economies of scale in the roll out phases of the program. The program would start by convening would-be entrepreneurs through a destination-wide contest. Participants would submit their business idea, which would have to meet the following criteria: a) fitting into any existing tourism development plan, b) provisions to reduce or mitigate identified threats to the region’s biodiversity, and c) delivery ability by proponent group or individual.

Entries to the contest will not have to be fully developed or elaborated, as the process of developing specific business plans will be part of the MSE program’s support. Winning ideas will be offered a prize consisting in a package of grant support and technical assistance. The grants - to be sought from government, private sector or other donors - would be required primarily for seed capital. Training on business management and meeting standards would not be offered to local groups for free, as training budgets will be included as part of the business plans and therefore cover by the grant. Nevertheless, because of the economies of scale created by the expected number of
participants, costs for individual business would be kept low. In that regard, the MSE program would act as a catalyst to create market demand for training services.

5.3 POLICY RECOMMENDATIONS

5.3.1 IMPROVE ADMINISTRATIVE AND REGULATORY FRAMEWORK FOR TOURISM CONCESSIONS IN PROTECTED AREAS

A concession constitutes an excellent vehicle to ensure the responsible management of nature-based tourism in protected areas. The principle that “the forest that pays is the forest that stays” remains true for tourism as well. Part of the problem lays on the fact that, despite the provisions established by The National Park and Wildlife Protection Act for joint management and outsourcing of tourism service provision to third parties, most of these have not been operationalized. This situation limits the investment of the private sector on visitor infrastructure as well as the direct economic benefits local people receive. The current management arrangement of tourism in protected areas of the KRB reduces (and sometimes eliminates) local people’s ability to make decisions that directly affect their natural resources, shifting the balance of power in favor of environmental organizations or private investors.

The Paani team proposes to support the Ministry of Forest and Environment in the development and implementation of regulations for tourism concessions in the two National Parks in the KRB. DAI’s experience demonstrates that, when properly developed, regulations for the provision of commercial services provide contractual avenues for local communities to secure capital and engage in the provision of tourism services. Moreover, a robust policy for tourism concessions identifies areas inside and outside the protected area where tourism can occur and identifies the types of activities that would be permitted by the private sector and local communities.

Given the risks associated with nursing policy proposals through the intricacies of government bureaucracies, it is recommended that support activities in this area are targeted and limited to the provision of technical elements to feed into the policy development and analysis process. In that regard, we recommend that assistance be found to develop a technical report on best practices for tourism concessions management in protected areas. This report would focus on management aspects of licensing concessions such as requirements for business and financial plans, declaration of sources of financing for capital investments and operational costs, setting of investment milestones and targets, financial plans for entrance fee structuring, collection and distribution, setting periodic reviews of financial statements, etc.
ANNEX A: SCOPE OF WORK FOR THE ASSESSMENT

ACTIVITY SCOPE OF WORK
Ecotourism Assessment of River-based Activities in the Karnali River Basin

Personnel, Positions, LOE: Miguel Baca, Team Leader and Ecotourism Expert – 23 days
Christel Bonaro, Ecotourism Specialist – 17 days

Period of Performance: On/about August 26 – December 20, 2019

Base of Operations: Nepal and United States

Mr. Baca, Team Leader and Ecotourism Expert:
Approximately 10 days in Nepal from o/a September 23 – October 4, 2019
Approximately 10 days at home of record before and after travel to Nepal
Approximately 3 travel days

Ms. Bonaro, Ecotourism Specialist
Approximately 10 days in Nepal from o/a September 23 – October 4, 2019
Approximately 5 days at home of record before and after travel to Nepal
Approximately 3 travel days

1. Background

The Paani Program—also known in Nepali as the “USAID Water Project”, यएसएडपानीपर्याय—is a 5 year, $25 million USAID-funded Project in Nepal. Water is the single most important natural resource underpinning Nepal’s economy and livelihoods. The sustainable management of water resources in Nepal depends on addressing climate change and protecting healthy, biodiverse ecosystems. Paani aims to enhance Nepal’s ability to manage water resources for multiple uses and users through climate change adaptation and the conservation of freshwater biodiversity. Paani employs an integrated, whole-of-basin approach with activities under four “intermediate result” (IR) areas at the watershed, river basin, and national scales, to reduce threats to freshwater biodiversity and strengthen the resilience of targeted human and ecological communities in the Karnali, Mahakali, and Rapti river basins through improved water management.

2. Purpose:

This assignment will build on a previous analysis of tourism opportunities in the Karnali River Basin. The previous assessment outlined in broad terms, the potential for ecotourism, key destinations and products, current trends, an analysis of the eco-tourism value chain, and key actors in the sector. This analysis will build on that assessment and map a strategy and action plan for specific sites, as well as provide more granular information on the potential value of the tourism sector across key sites, and investments needed to realize that value. The analysis must prioritize water-based and other ecotourism products that promote co-benefits for aquatic biodiversity conservation, especially river-based activities including rafting, sport fishing, riverside accommodation, handicrafts, guiding, culture fisheries tourism, and others. Tourism products that offer few aquatic biodiversity co-benefits can be considered as part of a larger network of products. The analysis will also provide a
realistic estimated value of river-based tourism products, and a growth and investment strategy to increase that value.

3. Tasks:

The International Ecotourism team will be responsible for managing the design and implementation of the following activities with support from Paani’s Deputy Chief of Party, technical staff, and hired local enumerators. The survey will be conducted by locally trained enumerators, including students from Mid-Western University, a Paani grantee partner. The International Ecotourism team will be responsible for analysis of the resulting data, culminating with the final deliverable reports:

**Situational Analysis**

The Team Leader and Ecotourism Expert will:
- Drawing on the previously completed ecotourism study, assess current local, regional and international tourism demand trends in the study area and how they impact the development of community- and river-based ecotourism in the study area.
- Identify main supply bottlenecks (including infrastructure, capacity, funds, etc.), readiness of local organizations to undertake ecotourism programming and whether the current demand for tourism in the area is adequate for the development of ecotourism.
- Conduct a needs assessment of attraction site characteristics, key location factors, transportation access, etc., that may contribute to development of an ecotourism plan.

The Ecotourism Specialist will:
- Prepare a detailed inventory of eco-tourism product opportunities and associated values in key tourist areas including Lakes Rara and Shey Phoksundo and Rara and Shey Phoksundo National Parks, Lower and Middle Karnali watersheds, and the Seti confluence with Karnali, and in key sectors including: rafting, sport fishing, trekking, boating, swimming, handicrafts, and food and lodging;
- Drawing on other Paani supported initiatives, especially the Nepal River Conservation Trust Expedition report, identify and evaluate potential ecological & natural history attractions as well as communities, including indigenous and marginalized, and/or local government departments that relate to these attractions in the study area.

**Strategic Analysis**

The Team Leader and Ecotourism Expert will:
- Identify & analyze potential competitors and collaborators as well as the potential need or otherwise to link and coordinate the study site activities with other associated tourism sites in the area, and across the border in India and Tibet.
- Identify and assess the potential demand (or demand trends) for ecotourism products in the area, including a profile of likely tourist or visitor demographic and psychographic profile (origin regions, average expenditure, average length of trip, party size, main motivation for travel, willingness to pay, preferred activities, etc.)
- Conduct a SWOT analysis for the development of community- and river-based ecotourism in the area.

The Ecotourism Specialist will:
- Estimate a dollar value of the potential annual tourism market in Paani targeted hotspots, and product (as identified above) and conduct scenario mapping of priority investments needed to increase the potential value;
**Action Planning**

The Team Leader and Ecotourism Specialist will utilize the findings of the market survey, desk research and key informant interviews to:

- Present a portfolio of investable projects that present the best opportunities for successful ecotourism in the area that do not present additional add pressures or threats to the natural ecosystem. This to include identification of a product development strategy (priority sites and areas for development, types of infrastructure needed [i.e. trails, facilities, etc.], training/capacity building needs, partnerships with private and public sector, etc.) and a priority / target markets strategy (preferred distribution channels, adequate promotional and branding contents, visitor information facilities and strategy, etc.). If pressures and threats do exist, with the identified increased opportunities and potential, that should be alerted/raised/flagged in the study and recommended for further environmental examination.
- Recommendations for timing and sequence of follow-up activities, including timing for the implementation of priorities identified above. These might include additional needs assessment and visitor surveys, etc.

4. **Level of Effort/Timeline:**

The combined level of effort for this assignment is up to 40 days. The Team Leader and Specialist will each work for approximately 10 days each in Nepal, with the Team Leader and Expert and Specialist traveling from o/a September 23 – October 4, 2019. Both will work from the U.S. for the period before and after travel to Nepal.

5. **Supervision and Division of Responsibilities:**

The Team Leader and Specialist will work closely to complete the deliverables listed below. The Team Leader will be responsible to manage the overall effort, liaise with the SNV-lead fisheries assessment team, and conduct stakeholder interviews with Nepal Tourism Board and tour operators. In collaboration with Paani’s Data Manager, the Specialist will design of the visitor survey and data analysis. She will also substantially contribute to desk research in support of the situational and strategic analysis’ and conduct stakeholder interviews, as required.

While in Nepal, the Team Leader and Specialist will be based in Kathmandu with regional travel to the Karnali River Basin as required. They will report to the Chief of Party and coordinate tasks closely with the Deputy Chief of Party, Senior Communications Specialist, Senior Operations Manager, and technical staff as needed.

6. **Deliverables**

The Specialist will be responsible for the following deliverables with review and input from the Chief of Party and/or Paani technical team.

- Visitor survey
- Final Report, to include a situational analysis, strategic analysis, and action plan/recommendations.