

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: SAAE

TA No. and Name TA 3332-NEP: For Preparing the Ecotourism Project		Amount Approved: \$500,000	
		Revised Amount: -	
Executing Agency: Ministry of Tourism and Civil Aviation (MOTCA)	Source of Funding: Japan Special Fund	TA Amount Undisbursed \$50,045.74	TA Amount Utilized \$449,954.26
Date		Completion Date	
Approval 10 December 1999	Signing 22 February 2000	Original 30 November 2000	Actual 31 October 2003
Fielding of Consultants September 2000		Closing Date	
		Original 30 November 2000	Actual 27 March 2004
<p>Description</p> <p>The tourism sector in Nepal remains one of the country's largest foreign exchange earners, accorded high priority by the Government in key development strategies and plans (e.g. Ninth Plan FY1998-FY2002). Its sustained development has been recognized as an important way of: (i) promoting and managing the country's cultural and environmental heritage; (ii) generating a demand for goods and services; (iii) increasing foreign exchange earnings; and (iv) reducing poverty by diversifying the benefits of tourism throughout the country. However, in spite of this recognition, tourism development in the country as a whole has been limited to the development of a few major locations in the central and western areas and increasing tourist traffic in these areas has strained the already inadequate infrastructure contributing to environmental degradation. Given this background it is acknowledged that there is a need to diversify tourism products in the country as a whole and develop adequate infrastructure to support and promote this industry, keeping in view environmental, socio-cultural, economic and financial considerations.</p> <p>In view of the above, the West Himalaya region covering the Dolpa and Jumla areas in the Midwestern region was selected as a possible area for ecotourism development, with the justification that development of the Jumla-Rara circuit and Dolpa would take the pressure off already established circuits, in addition to generating additional traffic for Nepal as a whole. Ecotourism development of these areas will have a positive impact on local communities through: (i) generation of productive employment opportunities and increased rural incomes; (ii) equitable improvement in basic social services to enhance human development; and (iii) protection of the environment.</p> <p>Nepal has received a variety of external assistance through loans and grants targeting the development of the tourism industry, particularly in relation to tourism management, human resource development and natural resources conservation and management. As a result a strong justification, foundation and framework already exist upon which to build new ecotourism related projects. Though, while the Government's sector policies and objectives are fundamentally sound, inadequate funding and insufficiently skilled human resources present difficulties in pursuing ecotourism development in a sustainable manner. Accordingly the project preparatory technical assistance (TA) was required to identify and develop specific integrated proposals for preparation of an ecotourism project.</p> <p>Objectives and Scope</p> <p>The objective of the TA was to prepare an ecotourism project that would address problems of poverty, gender and environment within the context of ecotourism development. The TA sought to: (i) confirm the concept of ecotourism through integration with work completed through Bank financed advisory TA¹, in addition to studies conducted by UNDP and other external donor agencies; (ii) identify priority areas for ecotourism development based on analysis of sector and institutional needs; (iii) examine the technical, social, financial and economic feasibility of specific investments in environmental improvements, sustainable ecotourism development and improvements in accessibility through upgrading the infrastructure of domestic airports; and (iv) preparation of a programme of action for further development of sector policies consistent with overall objectives for the sector.</p> <p>The work programme included preparation of feasibility studies and preparation of a project encompassing four main parts: (i) sector and ecotourism policy development, and institutional strengthening; (ii) ecotourism development in west Himalaya and the mid-hill areas; (iii) upgrading domestic airports infrastructure and services and strengthening air communications; and (iv) environmental protection and infrastructure improvements in the Tansen-Lumbini area.</p> <p>Evaluation of Inputs</p> <p>Actual Consultants' inputs comprised 16 person months (p-m) of international and 30 p-m of domestic inputs, exceeding the originally envisaged 33 months. The design and objectives of the TA were appropriate and the terms of reference (TOR) was adequate, but provision for an Environmental Impact Assessment had a substantial delay to the project. The Consultants satisfactorily implemented the TA and coordinated well with MOTCA staff, UNDP, DFID, NGOs (e.g. WWF), and other stakeholders throughout the project preparation period. However it was noted that consultations with relevant line agencies such as Department of National Parks and Wildlife and the Ministry of Forests and Soil Conservation had not been</p>			

¹ ADB. 1996. *Technical Assistance to Nepal for Developing Tourism Sector*. Manila

conducted in a fully consultative manner which contributed to inapt planning on the part of the consultant team in terms of locating project interventions within protected areas for which rules and regulations were in place. In addition, criticism had been expressed to the Nepal Resident Mission that a certain level of expectation for longer term involvement in the proposed project had been built by the consultant team with certain NGOs. This had contributed to a level of disillusionment amongst the NGO community in light of ensuing delays in the project. In spite of this, in overall terms a wide range of stakeholders were consulted both on an individual basis and through organized workshops and surveys. The TA promoted a view of developing partnerships, particularly amongst development agencies active in remote Himalayan areas. Two industry workshops and a travel industry survey were key in initiating steps towards private sector participation in the project. The final report was well prepared, reflected a good understanding of the goals and specific tasks of the study, responded adequately to the TA scope, demonstrated flexibility in incorporating stakeholder suggestions. The TA was closely supervised through a series of four separate ADB review missions. The performance of ADB is rated as satisfactory. Though the EA played a role in guiding the consultant team their overall support to the proposed work was considered less than satisfactory.

Evaluation of Outputs

In overall terms the TA succeeded in implementing the work program according to schedule and TOR of the Consultants. The requisite social and poverty analysis were omitted, as they were not completed due to restricted access to field sites as a result of the prevailing security situation. Written outputs were of a satisfactory quality, consistent with the TOR. The TA succeeded in developing a project with four main components consisting of: (i) Part A: Remote Area Development Programme, (ii) Part B: Tansen Environmental Improvements; (iii) Part C Lumbini Tourism Infrastructure Improvements; and (iv) Part D: Implementation Assistance and Institutional Strengthening and Training. For each area, packages of "hardware" (airports, rail facilities, etc) and "software" (awareness programmes, community development, ecotourism training etc) were successfully designed. An ADB loan for the project was prepared for approval in August 2001 (Fact Finding Mission was conducted in 2001), but progress has stagnated as a direct result of the security situation.

The overall evaluation of the project outputs is rated as partly successful, because of the failure to deliver a Resettlement Plan. The formulated action plan is considered to be of a satisfactory quality and in terms of context remains relevant. A short version was submitted during the project duration and additional work was planned to follow on and build on the initial review on land acquisition and resettlement requirements. However, due to the prevailing unstable security situation and the inaccessibility of the project areas, this did not materialize. MOTCA was satisfied with the outputs.

Overall Assessment and Rating

The TA is considered partly successful. It has met its objectives and scope with varying degree in terms of project outputs (e.g. failure to deliver resettlement plan). However for reasons beyond the control of the project team, namely the prevailing political unrest and insurgency in the country, which has led to increasingly volatile security issues, particularly in the remote project areas, it was not possible to proceed beyond this TA.

Major Lessons Learned

The role of tourism in the country's economic growth and poverty reduction is recognized, but should be further emphasized on measurement of the benefits of the poor emanating from tourism development and analysis on sustainable, cost effective pro-poor development.

Furthermore, experience with this project has demonstrated the need for TA formulation to clearly define ADB expectations of MOTCA and key implementing agencies, especially in the case of the various line ministries and agencies involved in nature conservation and protection. This is especially important given the multisectoral project formulation.

Changes in ADB staff in-charge of project management should be minimized as far as possible and where a rapid turnover is unavoidable, special efforts should be made to ensure continuity of staff involvement through close coordination with the resident mission.

The importance of conducting a thorough consultation process cannot be emphasized more. In the case of this project a significant amount of time could have been saved, if key stakeholders were adequately consulted and the Consultants made efforts to adhere to guidance provided as highlighted earlier.

Recommendations and Follow-Up Actions

To ensure full success of ecotourism development in Nepal, there is a need to closely and more effectively cooperate with relevant line agencies, e.g. Department of National Parks and Wildlife Conservation, together with institutions involved in wildlife conservation and management. Furthermore as the proposed project under the TA remains relevant in terms of poverty reduction and environmental protection, subject to improvement in the security position of Nepal, it is recommended that ADB considers financing the project in the future term, concomitant with necessary updating of the plan.