

# IFIs and Tourism: Perspectives and Debates

A dossier on the interventions of International Financial Institutions in  
the tourism sector based on the Asian experience

*EQUATIONS*, March 2008



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# Preface

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EQUATIONS work has linked critical issues in the trade and tourism debates at national and international levels. The thrust of our work has been to critically question the ability of a deregulated and fully liberalised tourism economy to bring substantial and sustainable gains to local communities. This has included analysing liberalisation and deregulation moves of national and state governments in India and scrutinising the role of international institutions like the WTO, UNWTO, World Bank and ADB in promoting tourism. Our work has gained significantly from struggles, experiences and campaigns in the global South that assert community rights and ownership of tourism.

Adding to this debate, this dossier addresses the critical trend of activities and interventions in the tourism sector by International Financial Institutions (IFIs). To be read and interpreted within the context of increasing global discontent and community protest against interventions of IFIs in the developing world, this compilation specifically presents a questioning and critique of their operations in tourism. As the nature and impacts of tourism cross boundaries and affects entire regions, we present an analysis of the issue based on experiences from the Asian region and in specific those areas that have been the focus of IFI activities in the sector.

The dossier has important contributions from activists who have been writing and campaigning on these issues, in addition to EQUATIONS' own work on monitoring and researching IFI activities in tourism. We are indeed grateful to Shalmali Guttal, Anita Pluemarom and Souparna Lahiri for contributing their thoughts, research and analysis to this compilation. Importantly, we have also included the depositions that were made on the tourism sector as part of the Independent People's Tribunal on the World Bank Group held from the 21st – 24th of September, 2007 in New Delhi by activists, community representatives and campaigners from around the country.

This dossier aims to reach out to movements, grassroots groups, civil society organisations, researchers and policy makers to highlight the issue of increasing IFI activities in tourism in the region. While this set of articles is aimed at increasing the reader's awareness on impacts of tourism, IFI operations and the links between the two; they also put out a strong call for more research, campaign and advocacy on these critical issues.

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March 2008

# Investing in Pleasure

The politics and impacts of four decades of IFI operations in the Asia-Pacific region.

Shalmali Guttal, *Focus on the Global South*, March 2008

For over four decades, International Financial Institutions (IFIs) such as the World Bank (WB), the International Monetary Fund (IMF) and the Asian Development Bank (ADB) have played prominent roles in shaping the economic, financial, social and environmental policies adopted by most countries in the Asia-Pacific region. IFIs are international institutions that provide financing and related services to governments, private companies and corporations for infrastructure projects, investment, trade facilitation, establishing new businesses, etc. Although many IFIs are private corporations (for example, Citicorp, Morgan Stanley and Merrill Lynch), the WB, IMF and ADB are part of a particular group of IFIs that are also known as Multilateral Financial Institutions (MFIs) or Multilateral Development Banks (MDBs). Although these terms are sometimes used interchangeably, for the purposes of this paper, I shall use the term MFIs.<sup>1</sup>

## Larger than Life

MFIs are, in a sense, ‘supra-national public institutions.’ What sets these institutions apart from private IFIs is that they were formed by governments to support and catalyse development financing for developing countries and ensure global macroeconomic and financial stability. They claim to be committed to, above all else, reducing poverty and hunger, increasing wealth and prosperity through economic growth, and promoting sustainable development in developing countries. Despite being run and managed by tens of thousands of professional staff from across the world, the institutions are governed by senior representatives of member governments. They finance many of their operations through capital subscriptions, interest repayments and other contributions from their member governments. And because they are formed and backed by governments, the WB and ADB have Triple-A credit rating<sup>2</sup> and are able to raise vast amounts of money on international capital markets.

Members of the WB, IMF and ADB include both, developing as well as developed countries. But although they are inter-governmental membership organizations, they do not operate on the principle of one-country-one-vote. Decision making in these institutions--as in the corporate world--is based on shareholder strength. All governments who join an MFI invest a fixed amount of capital in that institution. Countries that have invested more capital have more votes and powers. In the WB and IMF, the US is the most powerful shareholder. In the ADB, the US and Japan have equal number of votes. Although MFI financing and technical and advisory services are directed towards projects in developing countries, developed country members are able to exercise a great deal of clout on the overall policies, programmes and ideologies of the institutions.

The MFIs are the largest source of development finance in the world, typically lending and granting between US\$ 30-40 billion a year to low and middle income countries in any given year.<sup>3</sup> They provide loans, grants, technical assistance (TA) and advisory services to developing country governments for social, economic, infrastructure and institutional development projects. MFIs also provide financing, advisory and support services, and guarantees from financial and political risk to private sector enterprises operating in developing countries. By dint of their economic and political clout, MFI involvement in a country’s development goes well beyond financing; they are literally able to push their client governments to overhaul and reshape national structures, institutions, laws, regulations and policies to make them market and private sector friendly.

The powerful positions that MFIs occupy in the national, regional and international development worlds are

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<sup>1</sup> The IMF is not a development bank in the same vein as the WB and ADB; however, it was established as a developmental financial institution and operates on the same principles as the WB, as is explained further on in the article; I refer to it as an MFI in this article in order to avoid getting diverted towards a discussion of what technically constitutes a bank, etc.

<sup>2</sup> Triple A is the highest credit rating that a financial institution can have in international capital markets; it is usually associated with financing mechanisms and institutions that have the full faith and backing of governmental credits; a Triple A credit rating assures an institution of being able to raise finance capital without problems on international capital markets; a project backed by institutions with Triple A credit rating attracts private investors with ease.

<sup>3</sup> Computing precise figures can be arduous since each MFI institution and department maintains a separate portfolio of loans, grants, TA supports, risk guarantees, etc. On its website, the WB claims that most recent lending from the IBRD/IDA totaled just under US\$ 25 billion; but no figures are provided for grants or IFC lending to private companies or MIGA guarantees; similarly, the ADB claims on its website that it lent US\$ 6.82 billion and US\$ 241.6 for TAs in 2006; but figures for grants and guarantees are not easily available.

fiercely criticised and opposed by citizens' groups, peoples' movements, civil society organizations, unions, workers' and farmers' groups, women's and indigenous peoples' organisations, and even academics and policy makers in developing countries. The MFI approach to development is shaped on neoliberal ideology and based on deeply rooted and unshakeable beliefs that rapid economic growth is the best path to development, free and open markets are the most efficient allocators of resources and opportunities, and the private sector is the best avenue for delivering goods and services. The appropriate role of government is to shift from "owner-producer-distributor" to "facilitator-regulator," and to create an "enabling environment for private sector participation" in all areas of economic activity. All MFI financing, TA and advisory services come with policy conditions that demand that borrowing or grant and TA receiving governments adopt market driven approaches to development.

Also problematic are issues of external accountability and responsibility. MFIs are literally above the law. Clauses in their founding charters provide them with immunity from national and international laws and from being held legally responsible for material harm resulting from their operations and projects. It is far easier for citizens to sue their own or foreign governments than for anyone to bring legal proceedings against the MFIs. In some countries—for example Bangladesh—the WB has even sought to influence national legislation that protects WB staff from any type of legal action including criminal charges. In order to deflect criticism about their lack of accountability, the WB and ADB have set up project inspection mechanisms, operations evaluations departments and elaborate set of operational directives and policies, many of which are being rejigged to ensure that the institutions can continue financing lucrative projects without getting into policy wrangles with their client governments. For example, the ADB is currently revising its Safeguard Policy and drafts tabled thus far so weaken environmental and social safeguard standards that civil society groups in many countries are refusing to engage in any dialogue with the institution. Communities negatively affected by WB and ADB projects have, to date, never received adequate, fair and timely compensation for project induced displacement and loss of livelihoods, to say nothing about reparations and justice.

The WB and IMF were established in July 1944 in the town of Bretton Woods in the United States of America (USA) during a meeting of representatives from 44 countries who counted themselves as Allied Nations during World War II.<sup>4</sup> The main aims of the meeting were to work out a plan, and establish rules, institutions and procedures to rebuild war-torn Europe and a post-war international economic system. The WB's initial name was the International Bank for Reconstruction and Development (IBRD), which later became one of the WB's specialised institutions. The IBRD and IMF actually became operational in 1946 after a sufficient number of countries ratified the Bretton Woods Agreement that mandated their establishment and functions. The WB and IMF always work together, have complementary operating frameworks and joint governing Boards, but distinct programmatic roles. The IMF sets macro level financial and economic policy frameworks for its developing country members and lends to developing countries only when they face balance of payments problems or are hit with crises of financial illiquidity. It also performs monitoring and surveillance functions to ensure that developing countries remain firmly on the path of economic and financial liberalisation, and free and open markets. The WB on the other hand has a much wider ambit of operations and focuses on national, regional and global development policies and programmes, which include financial and economic management, but also cover social, environmental and governance sectors.

Today, the WB is actually a group of five financial institutions: the IBRD, International Development Association (IDA), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA) and International Centre for the Settlement of Investment Disputes (ICSID). The IBRD provides loans at near market interest rates to middle income developing countries while IDA provides grants and loans at extremely low interest rates to low income developing countries. The IFC provides financial services to businesses investing in developing countries and is one of the fastest growing institutions in the WB Group. It is currently the world's largest multilateral source of equity and loan financing for private enterprises in developing countries. It claims to support economic development, employment and poverty reduction by promoting open, competitive and efficient markets and direct support for private companies in developing countries. MIGA provides guarantees that

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<sup>4</sup> The Allied Nations were those that opposed Germany, Italy and Japan (also called Axis Powers) during World War II.



protect private investors from the loss of assets and profits resulting from expropriation and breach of contract by the host government, as well as from war, and civil disturbance including insurrection, coups d'état, revolution, sabotage, and terrorism. ICSID provides “dispute mediation” services and serves as an almost secret court to settle disputes between states and private investors.<sup>5</sup>

A sixth institution known as the World Bank Institute (WBI) serves as the WB Group’s “capacity building arm” and produces much of the research that the WB uses to justify its ideology, policies, programmes and projects. It also provides training, skills development and institutional capacity building in its client countries in order to create a compliant socio and political environment for its neoliberal development model. The WB prides itself as a “knowledge institution” has channeled huge amounts of money towards information centres and online development portals and knowledge “gateways” in a bid to establish itself as a leader in the knowledge industry.<sup>6</sup>

The ADB was established in 1966 as a regional MFI to finance activities that would foster economic growth, development and cooperation in the Asia-Pacific Region. It is now the second largest source of development finance in the Asia-Pacific region, after the WB Group. It provides loans (at concessional and near market rates), partial risk guarantees, equity investments and TA grants to governments and private enterprises in its Developing Member Countries (DMCs). Unlike the WB, the ADB does not have separate institutions to cater to the needs of the private sector, but it has a special unit to promote private sector operations in developing countries.

The ADB has mobilised both public and private capital for financing development activities through co-financing schemes with multilateral, bilateral and private financial institutions. Central to this has been the promotion of “public-private partnerships” between governments and private companies in physical infrastructure projects in which, the ADB has provided loans for government equity and partial risk guarantees to the private investors.

The WB and ADB have their fingers in virtually every sectoral pie that one can conceive of including agriculture, food, rural development, transportation, energy, water, sanitation, health, education, law, public finance, insurance, tourism, employment, environmental protection, and post-conflict and post-disaster rehabilitation and reconstruction. Regardless of the sector, policy conditions that accompany WB and ADB financing and TA prescribe that:

- “Free” and open markets are the best mechanisms for providing services, goods, (such as capital, technology, employment, etc)
- Development should be market driven; governments must remove subsidies (since they “distort” markets) and commercialise all sectors in order to encourage profit making
- Free trade and investment should form the basis of a country’s development strategies; countries must adopt export oriented production models, and; open their domestic markets and sectors to private, corporate (and often foreign) investors, goods and services
- The private sector must be promoted in every sector, whether water and sanitation, tourism, agricultural procurement, or financial services
- Governments must create “enabling policy environments” for privatisation, and establish laws and regulations that create “even playing fields” for domestic and foreign private sector firms
- Governments should adopt governance mechanisms and practices that are market and private sector friendly

## Getting Into the Business

The tourism industry is booming, no question. As sophisticated travelers search the world for ever more exotic locations offering pristine beaches, stunning natural resources, unusual geographic features, and local charm, cross border travel and eco-tourism are also on the rise. And there seems to no end to the growth in the

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<sup>5</sup> Information about the WB’s history, operations, members, institutions and operations can be found on the WB website: [www.worldbank.org](http://www.worldbank.org)

<sup>6</sup> For more information, see <http://go.worldbank.org/53LOBQ2OK0>

business travel market. This spells new opportunities for investors in the tourism and hospitality sector, particularly in developing nations, which offer tremendous appeal to travelers seeking novel experiences.<sup>7</sup>

Although less visible here than in their operations in other sectors, MFIs are active in promoting various types of tourism and financing tourism related infrastructure, from high-end facilities for well to do tourists and business travelers to nature resorts, river and wilderness tours and cultural heritage centres. Tourism promotion plans are frequently tied in with support for environmental and cultural conservation plans, biodiversity protection zones, forest preserves and urban development and renewal projects. An important feature of MFI involvement in tourism is that they mobilise financing for tourism projects through bilateral, multilateral and private corporate sources, as well as facilitate the entry and expansion of the private sector into almost every aspect of tourism.

Tourism is certainly one of the largest sources of revenue in the Asia Pacific region. Because of its cross-sectoral nature, the tourism industry spans a wide range of goods and services from immigration procedures, air, rail, land and water transportation, hospitality and accommodation to food, drink, historical legacies and artifacts, cultural and environmental preservation, and security—all of which generate employment, private incomes and public revenues (through a range of taxes), and boost the production and provision of goods and services. At the same time, tourism also results in extremely complex social, cultural, economic, environmental and political impacts. It serves as a magnet for precious resources and essential goods and services such as land, forests, water, electricity and food, often creating severe stress on local resources and shortages elsewhere, as well as restricting the access of local residents to key resources such as land, forests and water sources. The physical infrastructure required to make tourism possible—for example airports, roads, hotels, restaurants, waterfronts, parks and shopping areas—often tend to physically displace local communities, destroy local food and water sources, and expose local communities to unregulated market activities, the longer term impacts of which are rarely mitigated or even fully assessed.

Through clever publicity and promotion, tourism can make a marketable product out of virtually any thing, area, event or situation, whether local forest products and foods, wetlands, crowded markets, community and social traditions, religion and spiritualism, or even genocide and travel associated with physical risk and insecurity. And while all of these can certainly be billed as revenue earners, they also come with high social, cultural and ecological costs such as the degradation of local and often unique eco-systems, excessive logging and deforestation, depletion of crucial natural resources because of over-consumption (for example, fish and other aquatic species), environmental pollution and contamination, commodification and at times even desecration of traditional sacred sites, alienation (especially among indigenous communities and the youth), the growth of sex and entertainment industries, and increase in physical insecurity especially for women and children.

Because of its vast potential as a revenue and foreign exchange earner and catalyser of essential infrastructure, tourism is being aggressively promoted by governments, MFIs and other financiers as a leading engine for economic growth in developing countries. Negative social, cultural and environmental impacts can always be mitigated with proper planning, they argue. What is more important and urgent is to get those highways, bridges, hotels, golf courses and resorts in place, get the tourism money rolling in and stimulate the economy. As the demands for goods and services in the tourism and hospitality industries increase, more jobs will be created, local economies will diversify and all society will benefit in the long term.

The WB and ADB provide financing and advisory services directly for tourism projects, as well as for physical and institutional infrastructure, and cultural and environmental conservation projects that are expected to boost tourism in the long term, for example, roads, airports, bridges, ports, hotels, municipal level service-provision infrastructure, archeological restoration and environmental conservation. They dress their support for tourism and associated infrastructure projects in the language of sustainable development, environmental and cultural preservation, job creation and local economic development. Both institutions talk about “community based” and “pro-poor tourism” based on the marketing of cultural heritage, local products and services to the tourism industry, reducing “leakages” of tourism revenues out of local economies, and making the benefits of tourism avail-

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<sup>7</sup> <http://www.miga.org/documents/tourism06.pdf>

able at local levels. And since the WB and ADB both claim to be committed to reducing poverty, their tourism promotion strategies have de facto become “pro-poor.” An ADB document that discusses “pro-poor tourism” states that,

*Tourism has several advantages over other productive sectors for pro-poor initiatives: (i) Customers (tourists) often come to the destination where the poor may be; (ii) Tourism is relatively labor intensive (and gender balanced); (iii) Often poor countries have few other suitable export products, and; (iv) Tourism can use assets that the poor often have access to - natural resources and cultural assets.*<sup>8</sup>

Other factors that apparently make tourism “pro-poor” include employment of the poor in tourism enterprises (for example as tour guides, wait-staff in restaurants, handicraft producers, etc.), supply of goods and services to tourism enterprises by businesses that employ the poor, establishment of tourism micro-enterprises by the poor (for example, home stays in villages and treks through indigenous peoples’ areas), investment in infrastructure, increased access to markets, and improved communications, health and education.

The WB finances tourism through the IBRD, IDA, IFC and MIGA. IBRD-IDA financing goes directly to governments while IFC and MIGA support goes to private sector companies. Although these institutions maintain distinct portfolios, many WB financed tourism projects involve a mix of lending and TA to government and private sector actors. For example, in Jordan, the WB has approved a US\$ 56 million loan to promote tourism in five cities (Jerash, Karak, Madaba, Salt and Aljoun) and improve tourism management in the Petra Sanctuary. Project components include restoring historic and cultural areas, urban infrastructure improvements, financial and technical support for Small and Medium Enterprises (SMEs) and building the capacity of municipalities and local private entrepreneurs.<sup>9</sup> Recently, the WB granted \$38.4 million in loans for tourism development in China’s Gansu province and conservation of the Silk Road. The funds will be used to restore and conserve nine natural and cultural heritage sites along the Gansu section of the Silk Road including a section of the Great Wall, a geological park and numerous temples, frescos and sculptures in the Mount Maiji area. Funds will also be used to train local officials and programme managers involved in site conservation.

The IFC is also building up an impressive portfolio of tourism financing. Since 1956, the IFC has invested in over 231 tourism projects in 78 countries for approximately US\$ 1.75 billion, and its current tourism portfolio is valued at US\$ 420 million of which 90% is from debt financing. Activities include accommodation, amusement parks, cruise ships and eco-tourism.<sup>10</sup> In the Pacific Island countries, the IFC is facilitating access to finance for tourism, supporting private investments in tourism through capacity building for SMEs, and providing technical support to build “Business Enabling Environments” by strengthening regulatory environments that favour the development of private tourism businesses.<sup>11</sup>

In the Mekong region<sup>12</sup> the IFC’s support for tourism is channeled through the Mekong Private Sector Development Facility (MPDF), which promotes SME development in Vietnam, Cambodia and the Lao PDR.<sup>13</sup> Although led by the IFC, the MPDF also receives financial support from the ADB and numerous bilateral donors.<sup>14</sup> It has six inter-related programmes: the Business Enabling Environment Programme, Financial Markets Development Programme, Business Edge Management Training Programme, Tourism Programme, Garment and Handicraft Programme, and the Agribusiness Programme. The Tourism Programme is focussed on boosting the emerging tourism sectors in Cambodia, Vietnam and the Lao PDR by supporting small and

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<sup>8</sup> [www.adb.org/Documents/Reports/Consultant/37626-01-GMS/vol2/annex6.pdf](http://www.adb.org/Documents/Reports/Consultant/37626-01-GMS/vol2/annex6.pdf); page 84

<sup>9</sup> <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21201247~menuPK:34463~pagePK:34370~piPK:34424~theSitePK:4607,00.html>

<sup>10</sup> [http://www.ifc.org/ifcext/gms.nsf/Content/Retail\\_Overview](http://www.ifc.org/ifcext/gms.nsf/Content/Retail_Overview)

<sup>11</sup> <http://www.ifc.org/ifcext/pacificdf.nsf/Content/TourismHome>

<sup>12</sup> A region in mainland Southeast Asia that includes southern China, eastern Burma, north and northeast Thailand, the Lao PDR, Cambodia and Vietnam.

<sup>13</sup> <http://www.ifc.org/ifcext/eastasia.nsf/Content/MPDF1>

<sup>14</sup> These include Australia, Canada, Finland, Ireland, Japan, New Zealand, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom

medium sized accommodation providers to market their services over the internet using MPDF developed web portals. In Cambodia, the MPDF is running a year long sustainable tourism project that encourages tourists to stay for longer periods of time and contribute more to the local economy.<sup>15</sup>

Also in the WB's tourism picture is MIGA, the WB arm that provides protection to private investors from sovereign and political risks. MIGA estimates that tourism is one of the world's fastest growing industries and may well overtake agriculture as the world's largest industry by 2010.<sup>16</sup> According to MIGA, for a country to successfully compete in the international tourism market, it must maintain standards of excellence for its tourism "products" especially for infrastructure, accommodation and related services. The greatest challenges for developing countries to develop such standards are lack of access to private capital, and the technical and institutional capacity to realise the full potential of their "tourism assets." Such challenges are particularly acute in low income countries, countries undergoing transition to market economies, those emerging from wars/conflicts, and those on "shaky political ground" where unclear and poorly developed private property and revenue repatriation laws may "obscure the profit picture" for foreign investors. MIGA claims to meet these challenges by providing political risk insurance or guarantees to foreign private investors in the tourism industry against non-commercial risks and by mediating disputes between host governments and guaranteed or insured investors. To date MIGA has issued 32 guarantees for projects in the tourism sector for a total of US\$ 274 million, all of which have gone towards high-end hospitality and physical infrastructure projects.<sup>17</sup>

Not to be outdone by its larger and more powerful rival, the ADB is also aggressively promoting and financing tourism. The Inclusive Tourism Infrastructure Development Project in India showcases extremely well the ADB's approach to supporting tourism at national levels. From May-October 2007, the ADB commissioned a study to assist the Government of India (GoI) to develop a "national tourism infrastructure development road map" that is intended to respond to the country's large scale tourism infrastructure requirements. The study assessed India's tourism endowments, high potential tourism destinations and circuits, market trends, and infrastructure, institutional and regulatory requirements over the next ten years. According to the ADB, the TA is another step in "ADB's partnership with India for developing environmentally sustainable, culturally sensitive, and socially inclusive tourism in India."<sup>18</sup> Based on the study, the ADB then started to prepare tourism infrastructure development projects for future loan financing.

Future loan project components are likely to include roads, transportation, airports, sewerage, water, solid-waste management, natural and cultural heritage conservation, tourism facilities and services (for example, tourism service centers, tourist information facilities/kiosks), wayside amenities between major destinations and sites (for example, such as toilets and rest areas) and community based tourism schemes. All future projects would also include institutional and regulatory frameworks to increase private sector participation in tourism infrastructure development, "asset management", accommodation and hotels, etc. At least three projects for over US\$ 250 million have already been proposed for approval by the ADB Board in 2009.<sup>19</sup>

The above projects feed into the Indian Government's *National Tourism Infrastructure Financing Requirement* to start building tourism infrastructure and superstructure in the country. They are also mirrored at the sub-national level. For example, in the state of Tamil Nadu, the ADB is financing an initiative called *Tourism Infrastructure Development Projects* which is likely to support the promotion of travel circuits, tourism packages and facilities and hospitality and travel services in partnership with the private sector.<sup>20</sup>

A feature of ADB programming that sets it apart from the WB is its promotion and support for sub-regional economic cooperation programmes that bring together the governments of contiguous territories to create free

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<sup>15</sup> [http://www.ifc.org/ifcext/mekongpsdf.nsf/Content/Tourism\\_Program](http://www.ifc.org/ifcext/mekongpsdf.nsf/Content/Tourism_Program)

<sup>16</sup> [http://www.ifc.org/ifcext/mekongpsdf.nsf/Content/Tourism\\_Program](http://www.ifc.org/ifcext/mekongpsdf.nsf/Content/Tourism_Program)

<sup>17</sup> <http://www.miga.org/documents/tourism06.pdf>

<sup>18</sup> India: Preparing the Inclusive Tourism Infrastructure Development Project (Financed by the Japan Special Fund). Asian Development Bank, Technical Assistance Report. Project Number: 40648. December 2007.

<sup>19</sup> <http://www.adb.org/Documents/PIDs/40648012.asp> and <http://www.adb.org/Documents/PIDs/40648012.asp>

<sup>20</sup> <http://www.thehindu.com/2007/08/08/stories/2007080861810900.htm>

trade and investment cooperation areas. Starting from the Greater Mekong Subregion Economic Programme (GMS) in mainland Southeast Asia, the ADB has expanded this model to South Asia with the South Asia Subregional Economic Programme (SASEC) and to Central Asia with the Central Asia Regional Economic Cooperation (CAREC). The ADB considers tourism an integral component of all its subregional economic programmes.

In SASEC, the ADB has set up a SASEC tourism working group (which was launched in 2001), is financing the SASEC Tourism Development Plan, and providing TA for SASEC members<sup>21</sup> to develop “multi-country circuits associated with spiritual tourism and nature-and culture based ecotourism.” Also on the agenda is the design of a package of priority multi-country investments in tourism related infrastructure and facilities to draw more tourists to selected tourism circuits for longer periods of time. According to Ms. Gulfer Cezayirli, Principal Urban Development Specialist of ADB, “The proposed project will incorporate measures to ensure that local communities share the benefits of tourism growth; the fragile cultural and natural heritage is conserved; and private sector participation is maximized in managing the tourism infrastructure and assets.”<sup>22</sup>

Tourism projects supported through the ADB’s GMS programme are excellent examples of how nature, culture, people and history are packaged and sold as tourism products using the language of poverty reduction, job creation and economic growth. Convinced that tourism offers one of the best opportunities for rapid economic growth and poverty reduction in the poorer countries of the region, the ADB is aggressively promoting tourism as a “flagship” project in the GMS.

The Mekong region is a geographically, environmentally, culturally and economically diverse and attractive region. It derives its name from the Mekong river which acts almost as the region’s lifeline, connecting communities, micro-environments and micro-economies from the highlands of South Western China (where it is called the Lancang) to the delta in South Vietnam. It is also a region of alarming economic inequalities and income poverty. The region holds tremendous fascination for travelers because of its volatile political history over the past several decades and its unique eco-systems. But although the region’s peoples share geographic boundaries, they do not necessarily share the same aspirations and ambitions, particularly with regard to how their natural, cultural and political heritages are packaged and sold.

According to the ADB, although the Mekong region is the fastest growing tourism destination in the world, GMS countries have not exploited tourism as effectively as they could because of the lack of coordinated tourism promotion and marketing efforts, difficulties in access to many possible tourism destinations, poor travel and tourism infrastructure, and lack of policy and institutional capacities to promote private sector participation in tourism. The ADB argues that given the tremendous amount of competition in the world tourism industry, tourism in the Mekong region can only survive if the region’s governments promote the region as a single tourist destination. And further, that the region’s poor can benefit from increased tourism and actively participate in its growth through greater public-private participation, greater private investment in “pro-poor” community based tourism, and increased access of tourists to destinations in the Mekong region.<sup>23</sup>

Following from the above, the GMS Tourism Sector Strategy (TSS), which was approved in 2005, aims to develop and promote the Mekong region as a single tourism destination based on “a diversity of good quality and high-yielding subregional products”; complement national tourism efforts of GMS members; contribute towards poverty reduction, gender equality, women’s empowerment and sustainable development, while minimizing negative impacts. The TSS has seven core strategic objectives identified for the period 2006-2015: marketing and product development; tourism-related infrastructure development; human resource development; natural cultural-social impact management; pro-poor and equitable distribution of benefits; private sector participation, and; facilitating the movement of tourists.<sup>24</sup>

Twenty-nine priority projects have been identified for implementation between period 2006 to 2010. These

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<sup>21</sup> These are: Bangladesh, Bhutan, India, Nepal and Sri Lanka.

<sup>22</sup> <http://www.adb.org/Media/Articles/2007/12092-asian-tourism-development/>

<sup>23</sup> <http://www.adb.org/GMS/Projects/flagshipK.asp>

include a significant number of infrastructure based projects, such as airport upgrades, road upgrades in tourist attraction areas, riverbank development, water supply, electricity, markets, landscape beautification, etc. Also on the agenda are projects to identify specific areas for tourism development (some associated with economic corridors), TA for sustainable and pro-poor tourism development, training and capacity building, marketing and product development, and heritage conservation and social impact management. A Mekong Tourism Office has been established in Bangkok in order to promote the Mekong tourism “brand” and act as an information source for industry and government, and provide secretarial support to the GMS Tourism Working Group.<sup>25</sup> The ADB plans to raise funds for GMS tourism projects through numerous sources: governments, multilateral development agencies, international lending agencies, foreign and local direct private investment, international private equity funds, and international and domestic capital markets.<sup>26</sup>

## Violating Rights and Resources

Despite well oiled rhetoric about eco-tourism pro-poor and sustainable tourism, the poor track records of MFI supported tourism, infrastructure and development projects provide sufficient cause for alarm.

In early 1998, the WB and the Japanese Overseas Economic Cooperation Fund (OECF) agreed to provide about US\$ 300 million in loans for a Social Investment Plan (SIP) in Thailand to address unemployment and loss of incomes that resulted from the 1997 Asian financial crisis. A significant chunk of these funds were earmarked for tourism related activities, particularly eco-tourism, and for road construction to facilitate access to tourism sites. Over the next few years, conflicts erupted between local communities in different parts of the country and the Royal Forestry Department (RFD) over eco-tourism projects that were being implemented in cooperation with the Forestry Industry Organisation (a state enterprise tasked with overseeing logging operations) and private companies, but without any consultation with residents in the areas where these projects were sited. Village residents protested that these projects would have negative impacts on their culture and environments. During the same period, press and eye-witness accounts reported what seemed to almost be a construction frenzy in rural and forested areas, including legally protected national parks, to provide accommodation, transportation and other facilities to visitors through eco-tourism projects.

Preparing Thailand’s national parks and natural heritage for eco-tourism through WB SIP and OECF funds provided big business opportunities for the Tourism Authority of Thailand (TAT), RFD and private companies. Tragically, these included logging of robust forests to construct tourist bungalows, parking lots, roads, toilets, piers, camping grounds and nature trails. In other instances, Thailand’s indigenous communities have repeatedly pointed out that while their cultures, dresses, songs and traditions are increasingly commodified and exploited through eco-tourism projects, their rights to nationality and traditional territories are not recognised by Thai authorities.

Thailand’s experiences of eco-tourism are echoed across the Mekong region as well. Although systematic assessments of the impacts of eco-tourism on local environments and communities have yet to be conducted, reports have been coming in from across the region that the access of local rural residents to crucial environmental and livelihood resources are being increasingly restricted as forest lands, wetlands, riversides and lakes are sequestered for tourism concessions. In the Lao PDR, Thailand and Cambodia, large tracts of forests, wilderness areas and lakes are deemed protected areas and biodiversity conservation areas, and local communities (many of who are indigenous peoples) who have stewarded these areas for generations are prevented from using them to gather food, medicinal herbs and fuel wood. At the same time, private companies are reportedly able to secure logging, plantation, fishing and mining concessions in these areas both, through and outside the law. Indigenous cultural practices, homes, clothes and artifacts are sold as tourism products but the rights of indigenous communities to ancestral territories and to maintain traditional agricultural

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<sup>24</sup> Ibid

<sup>25</sup> Information about this office can be found on the website, <http://www.mekongtourism.org>

<sup>26</sup> <http://www.adb.org/GMS/Projects/flagshipK.asp>

systems are routinely denied by development planners and financiers.

Because many eco-tourism projects are sited in geographically remote locations, communities that are negatively affected by projects do not usually have the support structures and means to seek compensation and justice. In many instances, communities are not even consulted about projects and despite being labelled as “stakeholders” in project documents, their rights to the resources they are alienated from are not recognised. In both the Lao PDR and Cambodia, the most common types of ‘benefits’ that local communities can expect from eco-tourism and luxury tourism projects are to be employed as local tour guides, boat or other local transport operators, wait staff in bungalows and resorts, and dancers who provide “local flavour” for tourists at cultural shows.

Such experiences only confirm the longer term and larger scale negative impacts of MFI promoted and financed economic development projects and programmes. WB-IMF designed economic reform packages which were once called Structural Adjustment Programmes (SAPs) and then renamed “poverty reduction strategies” are designed to open up the markets and economies of borrowing countries to foreign investors through trade and investment liberalisation and privatisation of public utilities, spaces and natural resources. Reforms also demand that cross subsidies for the poor, protections for workers and domestic producers be eliminated, and publicly financed social programmes—including those in health, education, water and sanitation—be drastically cut back. By insisting that borrowing countries shrink labour and environmental regulations and establish market and private sector friendly policies, the WB virtually assures private investors a free ride at the cost of local communities, farmers, workers, indigenous peoples and environments.

The ADB has done no better. Independent reports from citizen’s groups, researchers, peoples’ movements and civil society organizations show that the Asia-Pacific region is scarred by ADB supported projects that are poorly designed, implemented and managed, that block public participation in development planning and deny the public’s right to information about projects and programmes. Local and national governance are weakened through undemocratic, non-transparent and non-consultative methods of operation. ADB supported infrastructure projects have repeatedly displaced thousands of people across the region with little or no compensation and have resulted in negative environmental and social impacts that the ADB has shied away from mitigating. It is hardly surprising then that the ADB has been charged with creating “development refugees” by people’s movements, civil society organizations and researchers across the region.

Numerous examples can be found just in the Mekong region alone where the access rights of people and communities to crucial environmental resources and livelihood opportunities have either been severely restricted or lost altogether as a direct consequence of ADB supported projects and programmes. The ADB’s strategy of “pro-poor growth” has encouraged governments to freeze minimum wages and withhold the rights of workers to association, benefits and protections. In countries such as Pakistan, India, Thailand, Cambodia and the Philippines, protests against ADB projects and programmes have resulted in social unrest and divisions, and frequently, in political harassment of those who protest.

Equally worrying is the unwillingness on the part of MFIs to assume responsibility for project failures, environmental destruction and loss of livelihoods. The MFIs conveniently use local and national governments as cover; since all their projects, programmes and policies are built into national and sub-national development plans, MFIs claim that decision making is in the hands of governments, and that problems of poor project design and implementation, corruption, and project failure are because of systemic flaws in national capacity and governance.

The MFIs claim to be committed to promoting tourism that is pro-poor, responsible, sustainable and inclusive, that minimizes social and environmental harm, empowers women and protects environmental and cultural heritages. But MFI supported tourism projects do not come with measures to assess and mitigate the negative impacts of tourism on indigenous communities, women, poor rural and urban residents, and local eco-systems and economies. When developing plans for eco and pro-poor tourism, the WB and ADB invite the participation of private companies and well resourced environmental and development NGOs. But they do not seek the views of women employed in the “hospitality” sector, or of communities who will be displaced by golf courses,

highways, ports or nature resorts.

Because tourism is cross-sectoral, the full range of its effects is difficult to gauge at a single moment in time. What appear to be positive income and revenue generating activities and welcome infrastructure projects today might well result in food and water shortages among local producers, entry of young women and men into sex work, and loss of traditional heritage among indigenous communities in the longer term. It is therefore important that local communities and civil society organisations monitor tourism development strategies and tourism projects on a continuous and long-term basis, and bring critical issues to the attention of policy makers and the general public.

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# History Repeating Itself?

An account of the World Bank's controversial role  
in tourism development

Vidya Rangan, *EQUATIONS*, September 2007

It is perhaps a little known fact that after a decade of serious engagement in the sector, tourism, along with nuclear energy, was one of the few activities that the World Bank's<sup>1</sup> Board of Directors elected to halt in the 1980s. Today, when the Bank is restarting tourism funding with renewed fervour, this paper examines the implications of this move in the backdrop of the Bank's historical engagement with tourism.

## Beginnings of the World Bank's work in tourism

The World Bank Group's inroads into tourism began in the late 1960s when the IFC began investing in hotel properties in Kenya<sup>2</sup>. From then on, the IFC continued financing tourism development, mainly in African countries like Morocco and Tunisia making funds available for private sector projects in the hotel and accommodation industry. In 1969, the World Bank specifically created a Tourism Projects Department (TPD) that was to play a key role in defining the Bank's engagement in the tourism sector for the next decade. The first full-fledged tourism project loan made by the World Bank was in 1971 to two projects in former Yugoslavia – the Babin Kuk and the Bernadin tourism projects. The thinking within the Bank on tourism in the 1960s and its consequent decision to start focussed lending to developing countries for tourism projects is clearly reflected in the World Bank's "*Tourism Sector Working Paper*" that was put out in 1972 and then became the Bank's operational policy for the sector in the decade to follow. This paper was written at a time when the World Bank and IFC had just begun their operations in tourism and consequently was meant to learn from these recent experiences and accordingly factor them into future activities in tourism.

The paper begins by arguing the case for tourism in developing countries by stating - "*Between 1960 and 1968, while exports, other than oil, from developing countries rose by 7.6% per annum, receipts from tourism increased at an annual rate of 11%. In view of the dubious world market prospects of many primary products and the uncertainty about the extent to which the industrialised countries will permit increased imports of manufactured goods from developing countries, tourism provides a useful element in diversifying their sources of foreign exchange.*" It then described the nature of international travel, the likely flow of tourists into developing countries and the consequent tourism facilities that such tourist-receiving countries would require. Some of the salient points that the paper raised which consequently determined the scale and form of the Bank's operations in tourism were:

- The three major tourist-generating regions of the world are – North America (United States and Canada), Western Europe and Japan. Around  $\frac{3}{4}$  of all international arrivals, including arrivals into developing countries are accounted for by 12 countries – United States, Canada, United Kingdom, France, Germany, Sweden, Denmark, Belgium, Netherlands, Switzerland, Austria and Italy.
- It is expected that with reductions in time and cost of air travel, there will be large inflows of tourists into the Mediterranean Basin<sup>3</sup>, Mexico and Caribbean regions. For long distance travel, the areas of great interest among developing countries are likely to be Eastern Africa (Kenya, Tanzania and Uganda) and South-east Asia (Nepal, Thailand, Indonesia, India). With Japan also growing post the 1960s as an important tourist-generating country,

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<sup>1</sup> The World Bank Group consists of five closely associated institutions – the IBRD (International Bank for Reconstruction and Development), IDA (International Development Association), IFC (International Finance Corporation), MIGA (Multilateral Investment and Guarantee Agency) and ICSID (International Centre for Settlement of Investment Disputes). Each of these has a separate role within the group. Of these institutions, the "World Bank" generally refers to the IBRD and IDA jointly. The IBRD, established in 1944 is the original institution of the World Bank Group, owned and operated through its 185 member countries. The IDA, established in 1960, is an arm of the Bank group that works for the world's poorest countries by providing interest free loans and grants. The IFC, created in 1956 is the private-sector arm of the Bank Group whose objective it is to stimulate economic growth in developing countries through private sector investment. MIGA, established in 1988, supports Bank activities by providing political risk insurances and guarantees and offering investors protection against non-commercial risks like war, expropriation, civil disturbance. ICSID, established in 1966 works to settle international disputes between governments and private investors through arbitration and conciliation.

<sup>2</sup> The IFC's first investment in tourism was in 1966: Credit 0120 – Kenya Hotel Properties Limited <http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/EXTARCHIVES/0,,contentMDK:20035660~menuPK:56316~pagePK:36726~piPK:437378~theSitePK:29506,00.html>

<sup>3</sup> The countries listed under the Mediterranean Region were – Spain, Yugoslavia, Greece, Morocco, Algeria, Tunisia, Egypt, Israel, Lebanon, Syria, Turkey and Cyprus.

tourist arrivals into Korea, Republic of China and Indonesia are likely to rise.

- The primary requirement in developing countries to meet such tourist demand is of accommodation facilities. This consists of not only hotels and boarding houses but recreational and sports facilities, necessary infrastructure and transportation and accessibility to sites of historical/natural/cultural significance for tourists.
- Given the shortage in supply of accommodation units and the reluctance of private investors to put money into hotel properties, governments in developing countries and the Bank would have to focus on this aspect in their tourism development plans. In addition, a major task of governments will be to implement integrated tourism development plans.

The paper also stated that from past experiences in tourism, the Bank would concentrate on the “...*development of well planned resort areas at priority sites to serve relatively large concentrations of visitors which is likely to be more economical than more scattered development...*” Accordingly, the directions given to Bank Group’s financing in tourism were:

- To look beyond funding hotel and accommodation projects and support financing for the restoration of cultural assets
- Consider joint financing in two or more countries (like Eastern Africa, East Asia) that might help in the development of these circuits
- Support training programmes in developing countries to provide skilled personnel to the tourism industry
- To combine financing with technical assistance and sector studies

The table below provides a summary of World Bank financing till 1972 and summary projections till 1976 of tourism project lending that indicates the scale of Bank operations in tourism.

**Table 1: Summary of World Bank Group tourism activities from 1969-73 with projections through to 1976**

	Actual			Program		Actual <sup>1</sup>		Program
	1969	1970	1971	1972	1973	1964-68	1969-73	1972-76
<b>Sector Studies</b>	4	9	7	8	6	3	34	33
<b>Commitment (\$ million)</b>	14	5	42	55	59	3	175	404
<b>% of Total Bank Group</b>	1.0	0.2	1.6	2.0	2.1	0.1	1.4	2.4
<b>Number of countries</b>	4	2	6	6	8	1	19	22
<b>Number of Financing Operations</b>	4	2	7	6	8	1	27	44
<b>Projects under supervision (end FY)</b>	5	7	12	18	25	1	14 <sup>2</sup>	42 <sup>2</sup>

<sup>1</sup> Including scheduled for 1972-73 <sup>2</sup> Average for five years

**SOURCE: Tourism Sector Working Paper, World Bank, 1972**

In the following decade, with this broad mandate, the TPD of the Bank initiated a blitzkrieg of tourism projects in identified regions of the developing world. As was expected and directed, the focus of the TPD was large tourism infrastructure projects. An analysis of 25 tourism-specific projects financed by the World Bank between the period 1970-1980 highlights the following trends:

- Projects were sanctioned in developing countries and regions as were identified in the sector working paper – Morocco, Egypt, Tunisia in North Africa; the Honduras, Barbados and Dominican Republic in the Caribbean; Nepal, Indonesia, Korea in South and South-east Asia; Jordan and Turkey in the Middle-east and Kenya, Tanzania, Senegal, the Gambia and Ivory Coast (Cote d’ Ivoire) in Africa and Mexico in Central America.
- The average loan amount to the tourism projects was approximately 50 million USD
- A typical project financed by the Bank in this period involved the setting up of an integrated tourist resort complex in selected areas/sites of the country with an average of 3000 rooms, necessary support infrastructure like water, sewerage and transport; support for promotion and marketing of the destination; training for locals to work in the resort and/or additional recreational facilities like golf course, gaming reserves and so on. Master planning

of destinations for tourism and initiating training and skill-development projects to employ local people in tourism were also characteristics of projects funded by the Bank in this period.

As a result, tourism development boomed in these regions, as did tourist arrivals with improvements in the air transport sector. As a result of focussed Bank lending to such projects, integrated tourism complexes became the chief model adopted in developing countries to attract international arrivals. From a decade of operation, total cumulative loans from the Bank to tourism grew from \$ 50 million to 7 countries in 1970 to \$ 1 billion to 27 countries in 1980. Some analysts go to the extent of stating that much of global tourism in the decade of the 1970s was World Bank funded (Hawkins and Mann, 2007). The Bank, is, in fact, credited with having helped launch now-established tourism destinations like Bali, Kenya, Mexico, Gambia, Dominican Republic and Tunisia. Equally important in this phase of the Bank's activities was the role of the IFC. Being the private sector arm of the World Bank Group, IFC largely focussed on supporting private hotel investors. For instance, one IFC loan to Kenya and Uganda in 1971 was designed to promote regional circuits by financing hotels and ancillary services like vehicles for the associated touring companies in the two countries. Another IFC loan to Tunisia in 1969 was to support a privately owned tourism promotion and financing company in Tunisia engaged in the planning of new resort areas. Table 2 gives an indicative list of IFC projects in the early 1970s. The IFC soon became the main external source of private debt and equity capital for hotel investors by filling an essential gap faced by most investors in funds required to set up a hotel enterprise. One of its main activities in the early period was the construction and renovation of hotels in already established and upcoming tourism destinations in Africa, Latin America and the Middle East.

**Table 2: Tourism Financing by the IFC (1968-71)**

Country	Project	Original Amount of IFC commitment or approval (\$ thousand)	FY of original commitment or approval	Investment held by IFC as of 31 Dec 1971 (\$ thousand)			Comments
				Equity	Loan	Total	
Kenya	Hotel Properties	3204	1967,1968	561	1550	2111	Part-financing of 200-room hotel in capital city, some game lodges and 100-room beach hotel
Jamaica	Pegasus. Hotels of Jamaica	2913	1969	679	1280	1959	Convention hotel in capital city
El Salvador	Hotel Miramonte	933	1969	333	600	933	224-room first class hotel in capital city
Tunisia	Cie Financiere et Touristique	9905	1969	1905	6891	8796	Tourism development and holding company
Colombia	Hoturismo	6	1969	6		6	Participation in hotel development company
Colombia	Pro-Hoteles, S.A.	1045	1970	238	800	1038	225-room business and tourism hotel in provincial capital
Mauritius	Dinarobin Inns and Motels Ltd.	600	1971		600	600	Financing of two beach hotels comprising 360 beds
Panama	Corp. de Desarrollo Hotelero, S.A.	1473	1971	267	1206	1473	256-room hotel in capital city
Kenya & Uganda	Tourism Promotion Services Ltd.	2420 1180	1971		3600	3600	Financing of 6 hotels and lodges comprising 950 beds and 138 vehicle touring service
	<b>Total</b>	23679		3989	16527	20516	

**SOURCE: Tourism Sector Working Paper, World Bank, 1972**

It can thus be inferred, that at the peak of its involvement in tourism, the World Bank (and IFC) pumped funds into select regions of the developing world for tourism development. Such development was characterised by large, infrastructure heavy, integrated tourism complexes that were set up in identified area/zones within each country catering largely to the needs of international tourists.

## The sudden halt

However, in 1978, in a sudden and unprecedented move, the World Bank decided to close its Tourism Projects Department. The stated reason was the high manpower cost per project – both for the project countries and the Bank itself - that was attributed to the complexity and multi-sectoral linkages inherent in tourism projects (Christie and Crompton, 2001). However, other analysts clearly identify the main reason for the closure of the TDP to be the growing discontent within the Bank of using scarce development aid to fund elite and luxury tourism projects that benefited the cream of European and American society. Image reasons were critical to the closure of the TPD – a lending institution created to assist developing countries in reaching the bottom 40% - the poorest of the poor was found to be financing the construction of luxury accommodation for rich travellers from the developed world. The three main reasons cited in the Memorandum to the Board about the closure of the TPD were – high manpower costs and difficulties in coordinating projects, priorities for resources lay elsewhere and that other sources of finance were available for tourism.

But there was another important reason which analysts attribute to the closure of the TPD – the evidence of the deleterious social, cultural and health impacts of unplanned and unmanaged tourism in destinations across the world – many that the Bank itself had helped build (Goodwin, 2000). In their summary of how world tourism had developed in the 1970s and 1980s, Elliot and Mann (2005) write –

*“As travel became cheaper and accessible to more people, developing countries offered the prospect of exotic destinations and products attractive to the fast expanding market-driven foreign travel companies. During the 1970s and 1980s a host of exploitative features such as high rates of foreign ownership, substantial leakages of tourism earnings, and social and environmental damage, typified tourism’s “North - South” relationship. In reality, this was no different from any other form of resource extraction or exploitation paradigm.”<sup>4</sup>*

And the World Bank played its role in this process. A project completion report for the Bank’s Kenya Wildlife and Tourism Project implemented between 1976 and 1985 noted that while the project had improved foreign exchange earnings and contributed to the ‘wildlife viewing product’, little attention had been given to planning, management and conservation of natural endowments. It stated –

*“Although the importance of tourism’s contribution to Kenya’s foreign exchange earnings is acknowledged and the role of wildlife viewing in the development of tourism is recognized, the attention given to improved planning and management of wildlife resources and to the measures needed for the better conservation of these resources appears to have diminished with the completion of the project. Hence, consideration might be given to follow-up assistance focusing particularly on the priority of wildlife in the context of the development of the Kenyan economy and on the further measures needed to conserve and manage the county’s wildlife resources in an optimal way.”<sup>5</sup>*

The conclusion was that the project was instrumental in establishing tourism as a significant economic platform. But the wildlife and protected area resources were overlooked by the project and degradation from unregulated tourism looked a distinct possibility (Hawkins and Mann, 2007). Similarly in Bali, the Master Plan prepared by French consulting company SCETO and supported by the Bank failed in its stated objective of restricting tourism development to the designated area of Nusa Dua. Tourism in Bali spread wide and unregulated in the 1970s resulting in the surfacing of many adverse social and environmental impacts in a short span<sup>6</sup> (Murdoch, year unknown) widening income inequities until the Indonesian government had to halt the process by freezing all hotel construction in 1991<sup>7</sup> (Thullen, 1996). The Bank’s Mexico tourism project in Ixtapa – Zihuatanejo brought

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<sup>4</sup> “Development, Poverty and Tourism: Perspectives and Influences in Sub Saharan Africa”, Sheryl. M. Elliot (George Washington University) and Shaun Mann (Consultant at the World Bank”, Occasional Paper Series, GW Centre for Globalization, <http://www.gwu.edu/~gwesg>.

<sup>5</sup> Kenya Wildlife and Tourism Project (1976-1984), Project Completion Report, April 20, 1989, Conclusion point 8.2

<sup>6</sup> <http://www.science.murdoch.edu.au/teach/n420/n420content/casestudies/bali/case01.htm#background>

<sup>7</sup> Thullen, Stephanie. A – “Bali, Tourism and Environmental Degradation”, June 1996, TED Case studies, Volume 5, No 2 - <http://www.american.edu/TED/balitour.htm>

to light the failure of planners to take into account the informal roles of women in the host economy. The effect of the tourism plan in Mexico was that it further lowered the economic status of the poorest sections of society (Noronha, World Bank, 1979). The overwhelming evidence was therefore that the TPD had not accounted for or foreseen the potential adverse impacts that integrated and enclave-model tourism projects would have.

When the World Bank in partnership UNESCO organised in 1976 a path-breaking seminar to assess the social and cultural impacts of tourism in developing countries, it was in part, from its own experiences and need for learning. In his foreword to the seminal work of Emanuel de Kadt<sup>8</sup> - *“Tourism – Passport to Development?”* (1979) that drew from the 1976 seminar, S. M. Tolbert of the World Bank wrote –

*“Whether tourism is an appropriate activity for developing countries to encourage has been subject to controversy...the controversies have been particularly great on the non-economic consequences of tourism; unfortunately the debate has tended to be superficial. While our organizations have attempted to take account of socio-cultural impacts in individual tourism operations, we have felt the need for more systematic approaches to this question.”*

Tourism analysts consider De Kadt’s work seminal to the debate as it spanned the two main poles of tourism’s theoretical base – Britton’s *“Dependency Model”* and Butler’s *“Lifecycle Model”*. Both these highlighted the social and environmental impacts (largely negative) of tourism and contended that tourism may add to the already apparent North-South divide (Elliot and Mann, 2005). The book (*Tourism – Passport to Development*) itself puts together the experiences of the world’s most celebrated tourism destinations (Tunisia, Ixtapa-Zihuatanejo in Mexico, Bermuda, Bali, Seychelles, Cyprus, Malta) through papers authored by government officials, UN bodies, NGOs and researchers. In his preface to the book, de Kadt lucidly analyses the problems related to tourism as highlighted by the case studies from around the developing world. In addition, a comprehensive paper by Raymond Noronha, then consultant with the World Bank’s TPD titled *“Social and Cultural Dimensions of Tourism”* itself concluded that the Bank had been slow to take into account the social consequences of its tourism operations (Noronha, 1979). Although, the paper argued that the reason for this lapse was the absence of a thorough sociological analysis of tourism in existing literature; it nonetheless highlighted the lacunae and oversights by the Bank in its decade long operations in the field of tourism.

Whether it was due to the seminar or internal pressures, the closure of the TPD did bring about a lull in the Bank’s activities in tourism. However, even with the closure of TPD, the Bank’s involvement in tourism did not come to a complete standstill. Despite the Board’s decision to terminate freestanding projects, the Bank’s Executive Directors allowed the Bank to continue finance “supporting infrastructure” for tourism and the IFC to continue funding hotels. Therefore in the 1980s the Bank financed transport in Yugoslavia, water and sewerage projects in Mexico, vocational training in the Bahamas as support to existing or expanding tourism areas (Christie and Crompton, 2001). This continued to be the line of the Bank’s role in tourism for the decades to come.

Simultaneous to the World Bank’s decreased role in tourism was the rise of the World Tourism Organisation (OMT) and related UN bodies like the UNDP (United Nations Development Programme) as prominent advisors to governments and policy makers on tourism. These institutions however were only able to finance studies, technical assistance and master plans and not infrastructure or improved manpower requirements of developing countries in the initial stages.

## **The new paradigm of “sustainable tourism” and the mantra of “ecotourism”**

In the 1990s, tourism regained popularity in Bank literature and policy. As part of the “sustainable development” thinking, environmentally and socially responsible tourism provided a new entry for the Bank (Hawkins and Mann, 2007). At the Rio Summit (1992), the adage for tourism was – *“...to maximize the potential of tourism for eradicating poverty by developing appropriate strategies in cooperation with all major groups,*

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<sup>8</sup> Professor Emanuel de Kadt was then with the Institute of Development Studies at Sussex University and commissioned by the World Bank and UNESCO to prepare the background paper for the seminar on the basis of submitted paper and then edit the book.

and indigenous and local communities” (Agenda 21 Declaration). In a remarkable shift from its earlier understanding of tourism, the Bank now came to see tourism as an instrument for host community participation in biodiversity conservation, urban growth, infrastructure, rural development, environmental restoration, coastal protection and cultural heritage preservation. This new ideology became the *raison d’être* for the revived interest of many multilateral agencies in tourism (Elliot and Mann, 2005). In 1991, the World Bank, in partnership with the UNDP, established the Global Environment Facility (GEF) to fund projects in developing countries towards conserving the environment. The establishment of the GEF opened the door for tourism dimensions to be included in a host of new projects that used the economic benefits to justify investment for environmental and cultural preservation.

A useful paper titled “*Ecotourism and Conservation: a review of key issues*” brought out by the World Bank’s Environment Department in 1996 lucidly presents the argumentation connecting ecotourism to global conservation efforts. The paper presented five key benefits for conservation from ecotourism or nature-oriented tourism:

- Providing a source of financing for parks and conservation
- Providing economic justification for park protection
- Providing local people with economic alternatives to encroachment into conservation areas
- Constituency-building to promote conservation
- Creating an impetus for private conservation efforts

These points are particularly important to bear in mind as we analyse the impacts of the Bank’s conservation efforts in later sections of this paper. It accordingly recommended that government; private industry, NGOs and international institutions must integrate ecotourism into programmes related to conservation.

In the 1990s, within GEF and outside, the Bank’s involvement in tourism was indirect and ad-hoc but not absent. Africa and Latin America continued to receive most of the Bank’s attention with “conservation” projects in Cote d’Ivoire, Ghana, Kenya, Senegal, Tanzania, Uganda, Zimbabwe and Burkina Faso. In total, there were 44 projects in 34 countries mainly focussing on biodiversity conservation with 10% on cultural conservation specifically funded by the World Bank, outside of the GEF. Curiously, included in these, were few projects situated in the same project areas as the Bank’s earlier tourism-specific projects funded by the TPD in the 1970s. Two such were:

- The Kenya Protected Areas and Wildlife Services Project (1992) aimed at halting the decline of the country’s wildlife and its system of national parks and reserves and to further develop a sound foundation for environmentally sustainable wildlife-based tourism in Kenya.
- The Dominican Republic Wastewater Disposal in Tourism Centres Project (2002) - aimed at applying innovative technology for environmentally sound disposal of treated wastewater, in coastal towns, and prepare a model to incorporate the private sector in the provision of water supply services in selected tourism areas. It also was to prepare, and implement the private sector participation process for the provision of water supply services in the Puerto Plata, Sosua, and Cabarete regions – the country’s main tourism locations.

The Dominican Republic Project Information Document (PID P059510, 2002) stated that -  
*“The number of hotel rooms in the nine most important tourism centers is projected to increase from the current level of 28,000 to about 43,000 in 2000, and 109,000 in 2010. However, the tourism industry is threatened by the deficiency of the water sewerage services, and the environmental pollution caused by inadequate management and disposal of sewage and solid waste. In some cases, untreated wastewater is discharged to creeks and beaches; in others, the existing wastewater treatment systems are inadequate or inoperative, and the effluent is either discharged close to the seashore or used for irrigation of park and green areas within hotel resorts, while the effluent quality is inadequate for such disposal methods.”*

The project went ahead to propose a PSP (private sector participation) model of water delivery to the 3 main tourist centres of Puerto Plata, Sosua, and Cabarete.

These two projects are evidence of some damage repair tactics adopted by the Bank to undo the damage caused by its funding to large-scale tourism complexes in these countries in the 1970s. However, analysts point out that few of these projects measured or quantified the tourism impacts they had. A review of ecotourism case studies

in the 1996 paper on “Ecotourism and Conservation” that argued strongly for its promotion itself concluded that – *“In many cases, ecotourism and nature-based tourism have not lived up to expectations in terms of creating revenues for conservation or in creating alternative income sources...”*.

A study commissioned by the Bank (Markandya, Pedroso and Taylor, 2003) states that of the 1500 Bank projects reviewed between 1997 and 2002, 56 mentioned tourism as an important issue and 32 had tourism as a central feature. However, only 8 among these 32 have provided any real qualification of the benefits of tourism. Of the GEF projects reviewed during 1992-2003, 94 projects stated ecotourism as an important source of revenue generation and conservation but only 8 of these carried out quantitative analysis of the income to be derived from ecotourism. The conclusions of the study were that tourism projects in the Bank need to be better researched and their environmental and social impacts studied more carefully. With GEF, the conclusion was that while ecotourism can play an important role, additional income from other sources of revenue is important as often the slated targets for the sector are infeasible.

Thus, in this second phase of engagement in tourism activities, although the World Bank approached tourism with a new perspective, oversights remained. Ecotourism was the new mantra that would replace the mass tourism models of the 1970s. It was hoped that not only would this new form mitigate some of the serious adverse socio-cultural and environment impacts that the previous phase, but that ecotourism would, in contrast, contribute to global biodiversity conservation efforts. But, the unfortunate outcome was that ecotourism too ended up contributing to the mass displacement of communities that global conservation efforts brought about. Conservation strategies like creation of PAs (Protected Areas like national parks, wildlife sanctuaries and tiger reserves) are systematically ejecting communities who have traditionally lived within these forests but simultaneously opening them, up to ecotourism! Even while ecotourism’s contributions to conservation or local economic empowerment remain unproven, Bank agencies continue to promote it as a viable option for sustaining biodiversity conservation and as alternate income sources for communities<sup>9</sup>.

## **The Bank’s current engagements in tourism**

In the early 2000s, an increasing level of literature (by academicians and World Bank consultants) began to emerge arguing for the systematic re-entry of the Bank into specific tourism activities. A comprehensive study on “Tourism in Africa” by Christie and Crompton in 2001 pointing to the costs of the World Bank’s non-participation in the tourism sector highlighted that the Bank is currently giving scant attention to the world’s fastest growing economic activity. The significant costs of the Bank’s sporadic support to tourism in Africa were identified as:

- Risks to natural resources on which tourism is based if the Bank does not provide assistance to governments to ensure that tourism is developed sustainably
- The tourism industry has been unable to take advantage of new financial mechanisms offered by the Bank
- Without the Bank’s presence as honest broker, the interests of local communities in areas suitable for tourism are compromised
- Increasing vulnerability of countries to pressures from unregulated developers

Consequently it argued that the rationale for the Bank’s re-entry into tourism would be:

- The current structure of the Bank is more conducive to tackling the multi-sectoral aspects of tourism development that would determine the success and sustainability of projects
- To resume research work initiated in the 1970s on the economic costs and benefits of tourism and employment gains
- To ensure that tourism development is designed to protect natural resources whether in coastal areas or in the interior by collating and dissemination information on best practices
- To examine poverty alleviation and protect cultural resources through tourism
- And lastly - “The involvement of the World Bank once more in financing of tourism could encourage the entry

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<sup>9</sup> Read “Unlocking opportunities for Forest Dependent People in India”, World Bank Report, December 28, 2005, Agriculture and Rural Development Sector Unit, South Asia Region



on a larger scale of the regional development banks, which would make even more widespread the campaign to make tourism sustainable and ensure that the distribution of benefits is equitable.”

As a result, the Bank has today, in small measure, re-entered the tourism-funding scene internationally. Tourism related projects are currently spread throughout the agency with a total active portfolio of over \$ 3.5 billion (Hawkins and Mann, 2007). Although “tourism” is still not listed as a specific topic of Bank lending, it features prominently in several projects in the Environment, Sustainable Development, Agriculture & Rural Development and Transport sectors. An indicative list of the World Bank’s engagement in tourism is given below in Table 3 below.

**Table 3: Current World Bank Projects with Tourism Components (as of 2005)**

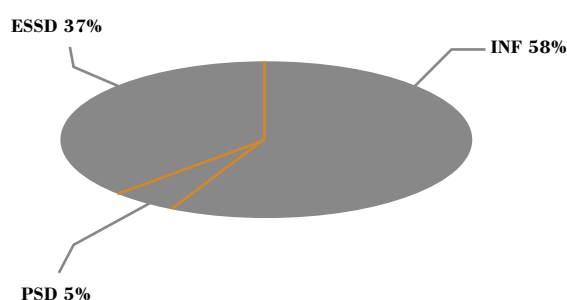
Region	Number of Projects	Total value in USD million
East Asia and the Pacific	11	1035
Europe and Central Asia	13	230
Latin America and the Caribbean	30	515
Middle East and North Africa	9	495
South Asia Region	2	19
Sub-Sahara Africa	29	640
<b>94</b>	<b>94</b>	<b>2984</b>
International Finance Corporation	70	544
<b>Totals</b>	<b>164</b>	<b>3528</b>

Source: Mann (2005).

A recent Bank document reveals that this list of projects in tourism has increased to 114 from 94, with a further 17 projects in the FY07/08 pipeline (World Bank, Note No 16, 2006). Out of these only three are actually “tourism projects” with the rest having tourism-related development outcomes. Currently within the Bank, the three main networks lending to tourism are the INF – Infrastructure Network (now Sustainable Development network), ESSD (Environmentally and Socially Sustainable Development in Africa) and PSD (Private Sector Development) units. Regionally, the Bank continues to focus on Africa with the region receiving 34% of Bank’s funding for tourism. The break-up of unit-wise lending to tourism is indicated in the Chart I and region-wise

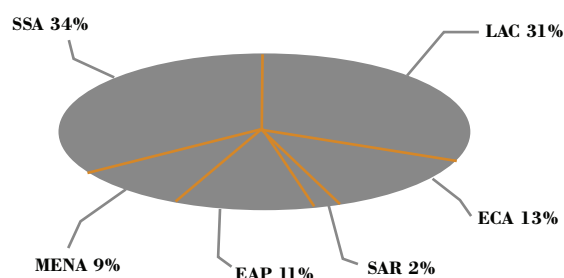
**Chart1: World Bank tourism projects lending by network**

**Lending by Network**



**Chart2: World Bank tourism projects lending by region**

**Lending by Region**



**The IFC and Tourism**

The IFC has to-date invested 2 billion USD in tourism projects worldwide (IFC, Hotels and Tourism Brochure 2007) focussing mainly on accommodation, amusement parks, cruise ships, ecotourism, management services and offices. With a current tourism portfolio of USD 420 million, it has 70 active projects as well as technical assistance and micro-finance instruments to support the creation of better linkages between large anchor investment and small scale supply businesses. Its experience in tourism includes resorts, city and business hotels, and mixed-use corporate investments. IFC’s clients include leading national and international investors and owner-

operators in tourism like the Orient Express Hotels, Australian Leisure and Hospitality Group, the Hyatt, the Marriot, the Taj and many government-run hotel and tourism corporations. Moreover, the IFC states that because it is committed to financing environmentally and socially sustainable projects and because new approaches to tourism - such as ecotourism and cultural tourism - are becoming increasingly popular, it has a particular interest in promoting such investments.

Historically, the IFC has had a longer and more consistent engagement with the tourism and hospitality industry in contrast to the World Bank's sporadic engagement. Back in 1995, an IFC Tourism Sector Review stated clearly – *“The financing of leisure hotels in countries which have few resources other than natural beauty...has an important developmental impact.”* The review underlined that the IFC's focus in tourism is mainly resort complexes and business hotels to cater to the demand of foreign travellers. Consequently, the review argued that – *“The combination of development impact, investment risk and lack of other sources of long-term finance is a natural argument for IFC's catalytic and investment role in hotel investments.”* Unlike the World Bank whose major share of lending in tourism has gone to Africa, the largest investment by the IFC in tourism has been in Asia. Even in 1995, the IFC's own portfolio assessment of tourism revealed that over 50% of hotels in the portfolio were operated by international hotel chains. Other characteristics of IFC's tourism portfolio have been –

- Investments favour resort properties and business hotels.
- Most hotel investments are in either well established or expanding destinations.
- 4 star hotels dominate the portfolio while in Asia it is 5 star hotels.

Some of the current IFC projects in tourism include<sup>10</sup>:

- Maldives SL: Support to Shangri-La Asia Limited that plans to establish a five-star 142-villa resort in the Maldives to be known as the Shangri-La Maldives Resort & Spa. The project will be located on Villingilli Island that is adjacent to the island with the recently upgraded Gan International Airport and about a one-hour flight from the main international airport in the capital city of Malé. The project is a joint-venture between the IFC and the Government of the Maldives
- Peru OEH II - Peru Orient Express Hotels (POEH or the company), an existing IFC client, has approached IFC to provide an a loan of up to \$13.0 million to help the company undertake a refurbishment of two of its properties in Peru, the Nazarenas Convent in Cusco and the El Parador del Colca Lodge in the Colca Valley. The company presently operates the 32-room Machu Picchu Sanctuary Lodge, the 123-room Hotel Monasterio in the city of Cusco and the 7-room El Parador del Colca lodge in the Colca Valley.
- Tourism Promotion Services (Pakistan) - Tourism Promotion Services (Pakistan) Limited (TPSP), is a subsidiary of The Aga Khan Fund for Economic Development (AKFED). TPSP owns and operates a network of six hotels throughout Pakistan under the “Serena” brand name. With a cost of \$75 million, TPSP is developing a 213-room hotel building as an extension to the existing Islamabad Serena Hotel; and an office building of approximately 215,000 square feet of rentable space.

It is clear that the IFC's role in tourism has concentrated on providing financial support to private hotel developers, mainly international hotel chains, to set up or renovate luxury properties in developing countries. Its role or interest in financing small and medium players or other kinds of entrepreneurship in tourism is not evident.

## **MIGA and Tourism**

Along with the IFC, MIGA has also continued its loyalty to tourism and related private investment projects. As the Bank's risk guarantor for investment, MIGA guarantees help mitigate non-commercial tourism and hospitality risks thereby lowering the costs of capital. Since its inception, MIGA has issued 32 guarantee contracts totalling USD 274 million for projects in the tourism sector. The current tourism portfolio stands at USD 130 million accounting for 2.4% of MIGA's outstanding gross portfolio (MIGA, 2006). Of MIGA's current active 14 projects, 10 involve the construction or renovation of hotels. To date, MIGA has been active in facilitating FDI in tourism in

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<sup>10</sup> Source: IFC website Summary of Proposed Investments of project in Accommodation and Tourism Services

Latin America, the Caribbean, Central Asia, Central Europe, the Middle East and Africa. As Motomichi Ikawa, Vice Executive Director of MIGA said, “MIGA’s role in helping the tourism environment is first in using our guarantees program to mitigate the perceived risks that inhibit tourism investment in developing countries and second, in helping countries improve the environment for tourism investment and helping businesses find out these opportunities.”

## The GEF and Tourism

As the financial mechanism of the CBD(Convention on Biological Diversity), the GEF helps developing countries reduce their biodiversity loss (GEF, brochure, 2007). Since its establishment in 1991, the GEF has also come to support projects that have a tourism component. The GEF’s biodiversity portfolio which accounts for 36% of GEF grants is focussed on improving the management systems of protected areas worldwide and catalyse the integration of biodiversity into such production sectors as fisheries, tourism and agriculture. Below is a table highlighting the treatment of tourism in GEF projects by focal areas for a major chunk of projects in the 1992-2003 period on the basis of whether tourism was mentioned, highlighted and/or quantified in the project.

**Table 4:GEF projects’ treatment of tourism**

Treatment of Tourism	Not Mentioned	Mentioned Briefly	Highlighted	Highlighted and Quantified	No Information Available	Total
<b>Biodiversity</b>	22	20	40	8	45	135
<b>International Waters</b>	11	14	6	0	6	37
<b>Multi-focus</b>	8	4	2	0	7	21
<b>Total</b>	41	38	48	8	58	193

SOURCE: World Bank-GEF Database

## Conclusions and Questions

After the high activity of the 1970s, the post 2000 phase has probably seen the most intensity of World Bank operations in tourism. Although tourism is still not identified as a significant sector, the World Bank’s lending to tourism is on the rise worldwide. Analysts hold that literature on tourism within the Bank has significantly increased in recent years along with the demand for support and advice from developing countries (Hutchins and Mann, 2007). While the IBRD’s and GEF’s interface with tourism continues to be biodiversity, cultural preservation and transportation, IFC and MIGA continue to fund large-scale, largely foreign-owned tourism projects, especially accommodation establishments. Three of the Bank’s currently active projects focus exclusively on tourism (the Jordan Cultural Heritage Tourism and Urban Development Project, Montenegro Sustainable Tourism Development Project and the Mozambique Transfrontier Conservation and Tourism Development Project) and hundreds others have tourism components in them. But what are the possible impacts of the Bank’s re-entry into tourism? Has the Bank learnt its lessons from past experiences and are its interventions in tourism any more mindful of possible adverse socio-economic, cultural and environmental impacts?

The answers to this question are presented through a comparison of the Bank’s activities in tourism across different phases in two parts – at an ideological level and at an implementation level.

## **The Bank's changing ideologies and thinking on tourism: missing links**

In its first phase (1969-1979) of activity, the Bank Group's engagement in tourism was primarily driven by the need to build tourism infrastructure in developing countries to receive tourists from the developed world. The main considerations were tourism's potential to generate foreign exchange and boost overall infrastructure development in these countries. After a stated break, this ideology was replaced in the second phase (late 1980s – 1990s) with ecotourism and nature-based tourism in line with the argument of biodiversity conservation. The main consideration was the potential of ecotourism to contribute to conservation and alternative community livelihoods simultaneously. In the current phase (post 2000), although ecotourism continues, the primary ideology relating to tourism is of its potential to alleviate poverty. Pro-poor tourism and community tourism are to be tools in this process.

At an ideological level, the World Bank group's policy on tourism has transformed substantially. This might well be an outcome of its learnings from failed projects and their adverse impacts in the earliest phase. However, two important lacunae that continue to persist in the Bank's policy on tourism are:

- A complete absence of the acknowledgement and assertion of the right of local communities in tourist areas. While this aspect was completely absent in the first phase, in the second phase rights of communities were undermined in the conservation drive. In the current phase, despite the Bank Group talking about community involvement in tourism, the language of rights remains absent.
- Little or no reference on the need to regulate tourism which, as some Bank documents themselves reveal, are the key to direct tourism benefits towards communities.

## **The Bank's role in putting in place faulty models of tourism development over the world**

It is important to realise that the role played by the World Bank group in tourism across these phases is not restricted to its projects and programmes alone. The deeper and more significant role of Bank agencies has been of developing and encouraging certain 'models' of tourism development for implementation in the developing world. In the first phase (1970s) this model was a typical mass tourist-oriented, enclave and exploitative model of tourism development which was typified by the nature of projects that the Bank funded. In the second phase of ecotourism (late 1980s and 1990s), the Bank adopted a conservation model characterised by the rampant creation of protected areas and then promoting ecotourism within these areas. In the current phase, it is unclear what precise model the Bank is going to adopt for tourism. While the ecotourism model has not been given up fully, the pro-poor tourism ideology has not yet been developed fully into a model.

A few critical points on this role that the Bank has played in developing models of tourism through these different phases is in order.

- Firstly, these models were operationalised prior to the Bank or its government thinking through the potential implications of them. In the first phase, the Bank adopted the enclave model based on an assessment of the needs of international tourists but without foreseeing the impacts of such an exploitative model on the economy, environment and society in tourist-receiving countries. Similarly in the second phase, ecotourism was unanimously accepted as a need for conservation but without assessing the damage that it would cause to communities who were being displaced from their forests.
- Secondly, these models did not clearly articulate how tourism would lead to the empowerment and upliftment of the local communities at destinations. To date, this remains the biggest drawback of the Bank's operations in tourism – its inability to concretely link tourism development to meaningful gains to local communities. Today, with pro-poor tourism, the Bank hopes to alleviate poverty. But precisely how benefits from tourism's will be directed towards the poorest of poor in the world is not stated. Tourism finds mention in an increasing number of the Bank's PRSPs (Poverty Reduction Strategy Papers) for individual member countries – especially in the Africa and Middle-East. But reading of the Bank's literature on the subject does not reflect tangible links between envisioned tourism strategies and poverty reduction. For instance, a note by the Bank's Private Sector

Unit for the Africa Region titled “*Towards a strategy for Pro-Poor Tourism Development*” primarily identifies the constraints and weaknesses faced by private investors in Ethiopia’s tourism sector and provides solutions for these through focussed product development and infrastructure support. It is indeed ironic if the Bank hopes to channelise tourism’s benefits to the poorest sections of society through private sector development.

Thus, both at an ideological level and in its implementation, the Bank has seriously faltered in its tourism operations. As data indicates, despite denial of direct engagements in tourism, the Bank Group’s influence on tourism policy and models is high. Today, as the Bank Group is poised to intensify its engagement in tourism, there is a pressing need to examine the assumptions that underpin its funding in tourism.

Are the outcomes from the expanding portfolio of tourism related work actually beneficial to the poor, and can they be measured?

If the beneficiaries of tourism are local communities, how much money is actually being earned and how many are actually employed?

Will increased tourism be a threat to the sustainability of natural and cultural protected areas or can safeguards initiated by governments mitigate the potential negative impacts?

As an institution that has made mistakes in the past with tourism that has cost communities and the environment dearly, the emphasis on review and assessment of the Bank’s current interventions in tourism is even greater.

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# Mekong Tourism - Model or Mockery?

A Case Study on 'Sustainable Tourism'<sup>1</sup>

Anita Pleumarom, *Tourism Investigation and Monitoring Team*, 2001.

The Mekong River basin area<sup>2</sup> with its peculiar history and great political, economic and social differences is a region in which many of the issues and problems associated with tourism development can be observed. Until the 1980s, Thailand was the only country among the Mekong riparian states, which was fully integrated into the global capitalist system and had systematically developed a tourist industry to boost foreign exchange earnings, investment, as well as prestige in exchange for readily available cultural and natural resources. Over the last 20 years, tourist arrivals in Thailand have risen from one million to almost 10 million annually.

Other Mekong countries remained more or less isolated from the rest of Southeast Asia after the Second World War because of post-colonial turmoil, the emergence of different political systems and American anti-communist warfare in Indochina. While Burma followed its own self-styled 'Burmese Path to Socialism', China - and later Laos, Cambodia and Vietnam - were part of the socialist block. Travel to, from and within these countries was restricted, and much of the poor tourism-related infrastructure dated back to colonial times.

With the collapse of the state socialist block in the late 1980s, all Mekong nations decided to reform their economies and boost tourism as an industry in the hope to quickly catch up with the Asian 'newly industrialized countries' (NICs). The growth of political and economic regionalism since the beginning of the 1990s has been vital for the emergence of several cooperation frameworks involving the Mekong Basin area, all of which prioritize the development of tourism and related infrastructure. Clearly, the recent tourism expansion into the Mekong sub-region has not happened incidentally or inevitably, but is the result of political will and tremendous promotional efforts.

However, there is a clear tension in the Mekong Basin area between the requirement to meet the needs of the vast majority of poor people and the prevailing policies of growth-driven economic development in the region. A central question is whether benefits from tourism can actually 'trickle-down' and contribute to improve the living standard of disadvantaged social groups and indigenous peoples. Deprivation, uneven distribution of wealth, social inequalities and rapid depletion of natural resources, which set the stage for political, social, ethnic and ecological conflict, feature prominently in Mekong countries and make tourism a highly insecure industry.

Thailand has been often described as a negative tourism model because reckless development has resulted in the environmental degradation of many places, exacerbated economic inequalities and contributed to undesirable changes in society, such as the proliferation of the sex industry, AIDS, drug abuse, gambling, crime and cultural erosion<sup>3</sup>. Official and industry leaders framing Mekong tourism development have acknowledged that the industry causes a plethora of problems and responded by incorporating the notions of 'sustainable tourism' in their policies and plans. They maintain with improved planning and management, past mistakes can be avoided in new destinations.

Has a new era in tourism development begun that can reverse the negative trends so that Mekong neighbouring countries will be spared from a tourism onslaught as experienced in Thailand? To answer this question, this paper first examines the regional tourism plans with a focus on the Greater Mekong Subregion (GMS) scheme initiated by the Asian Development Bank (ADB). The following section presents case studies that suggest that destructive tourism projects persist and are spreading throughout the Mekong basin area despite the constant rhetoric of sustainable tourism or ecotourism. The last part discusses the question of sustainability by taking into account some broader issues such as the impact of globalization and lessons learned from the Asian economic crisis. It will be argued that the often ill-defined and reductionist sustainable tourism policies need to be replaced by holistic and people-centred development initiatives, if the goal is to work towards a sustainable future.

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<sup>1</sup> Published by Third World Network, Environment & Development Series No.3, Penang, Malaysia 2001

<sup>2</sup> The Mekong subregion comprises Burma, Cambodia, Laos, Thailand, Vietnam and Yunnan in Southern China

<sup>3</sup> As for the impacts of tourism in Thailand in general, see for example Meyer 1988; TDSC 1991/91; TEI 1994; Cohen 1996; various issues of *New Frontiers*, a bi-monthly news bulletin on tourism, development and environment in the Mekong Subregion.



## Tourism and Regional Development

Over the last decade, all Mekong countries, except China, have become members of the Association of Southeast Asian Nations (ASEAN). This grouping has forged transborder economic cooperation programmes in the form of so-called 'growth triangles' with tourism development playing a prominent role. ASEAN even has its own Travel Association (ASEANTA) and declared 2002 as 'Visit ASEAN Year' under the theme 'ASEAN-Asia's Perfect 10 Paradise'<sup>4</sup>. In 1996, ASEAN also set up its own working group on Mekong Basin Development Cooperation, and the major proposal under this initiative is to create a regional rail network for freight and passenger traffic, linking Singapore with Yunnan via Kuala Lumpur, Bangkok, Phnom Penh, Ho Chi Minh City and Hanoi<sup>5</sup>.

The Mekong River Commission (MRC) under the auspices of the United Nations Development Programme (UNDP) has presented plans for the Mekong subregion, providing "for economic growth together with environmental protection and cultural enrichment", which includes tourism and related infrastructure development (MRC 1995).

Another initiative is the Quadrangle for Economic Cooperation (QEC) that emphasizes the improvement of land, water and air transport to promote tourism and trade. Formed in 1993 by a group of Thai business people and backed by influential Thai and Chinese politicians, the investors promoting the QEC have been especially eager to win concessions and attract funds to build roads and to develop tourism projects in the border areas of Thailand, Laos, Burma and Yunnan. Their plans involve the establishment of hotels, resorts, casinos, shopping centres as well as 'model cultural villages' catering to adventurous 'ecotourists'<sup>6</sup>.

However, the most prominent framework and prime mover of Mekong tourism is the ADB's GMS scheme.

### The GMS Tourism Programme

Since formed in 1992, the GMS initiative has endorsed more than 100 development projects in the field of transport, energy, tourism, telecommunication, environment and human resource development. While seven priority projects are directly related to tourism, 34 projects pertain to road, railway, water and air transport and more than 50 to hydro-electricity generation. The GMS tourism working group has successfully garnered support from governments, international development agencies, large industry associations and corporations to promote the subregion as a single tourism market (ADB 1996, PATA 2001).

Apart from the ADB, representatives of the six Mekong countries' national tourism organizations (NTOs), international tourism associations such as the World Tourism Organization (WTO), the Pacific Asia Travel Association (PATA), ASEANTA, the UN Economic and Social Commission for Asia and the Pacific (ESCAP) and specialized UN agencies, have been involved in the GMS scheme. The Tourism Authority of Thailand (TAT), which has eagerly marketed Thailand as a 'gateway' to other Mekong countries, has also played a key role in the programme. Since 1996, TAT's office in Bangkok has accommodated the GMS tourism working group's secretariat known as the Agency for Coordinating Mekong Tourism Activities (AMTA)<sup>7</sup>.

Thailand also hosted the first Mekong Tourism Forum (MTF) - an annual event initiated by the GMS tourism working group - on occasion of PATA's annual conference in Pattaya in April 1996<sup>8</sup>. The MTF seeks possibilities to realize the 'Mekong Dream' - a concept designed by PATA to promote 'hassle-free' air and over-land travel

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<sup>4</sup> Bangkok Post, 'Visit ASEAN Year to be a Joint Effort', 15.1.2001

<sup>5</sup> New Frontiers, 'ASEAN's Mekong Group Gets Off to a Tentative Start', 2(6), June 1996

<sup>6</sup> The Nation, 'Yunnan Conference: Cooperating on Growth', 5.12.1995; New Frontiers, 'Linking Laos to the World', 1[6] October 1995; The Nation, 'Four countries square off on the banks of the mighty Mekong', 27.5.1997; The Nation, 'Businessmen want access to new markets', 28.7.1997

<sup>7</sup> AMTA publishes a quarterly newsletter and has recently launched a GMS tourism website [www.visit-mekong.com](http://www.visit-mekong.com)

<sup>8</sup> PATA is one of the world's most powerful business grouping dominated by the US private sector and has strongly influenced tourism policies in several South East Asian countries over the last four decades. It is comprised of around 2000 organizations involved in the travel and tourism industry worldwide, 84 of which are government promotion agencies, 61 airlines, 600 hotel businesses, 450 tour operators, 360 destination operators and corporations. In 1998 PATA relocated its headquarters from San Francisco to Bangkok to further underpin its interests in the region. For more information, see website [www.pata.org](http://www.pata.org)

between Mekong countries since lack of accessibility, insufficient provisions for safety and difficult immigration regulations are seen by the industry as the main obstacles to regional tourism growth (Chandler 1995). In addition, to raise market awareness of the subregion's tourism resources, a worldwide campaign was launched at the MTF 1996 to promote 30 cultural and natural tourist sites as "Jewels of the Mekong."<sup>9</sup>

While working towards the removal of all barriers to travel in the Mekong Basin area - including physical, economic, organizational and legal barriers - that have so far discouraged foreign visitors and investors, the GMS initiative has emphasized 'sustainable development' and 'ecotourism' as worthy goals. The 'Concept Plan for tourism development in the Greater Mekong Subregion 1999-2018s', outlines the GMS strategy for the next 20 years. The major goal is "to consolidate a 'Mekong' cultural tourism, ecotourism and adventure tourism network by linking destinations, circuits and routes" by the end of 2006. By 2018, it anticipates the GMS region to be "one of the world's most important ecotourism and cultural tourism destinations" and "a safe, accessible and 'good value' (value for money) destination to experience the rich, natural, historical and the diverse cultural heritage of the peoples and places along and adjacent to the Mekong/Lancang River."<sup>10</sup> (AMTA 1998).

Whereas ecotourism has nurtured notions of small-scale and controlled development, this plan aims at luring millions of additional international visitors to the Mekong subregion<sup>11</sup>. Moreover, the list of priority projects proposed in the study are in line with the ADB's GMS mega-infrastructure programme and reflect a heavy emphasis on improving transportation systems involving navigation, highway construction and air route expansion<sup>12</sup>.

The study says, "In the long term, there will be emphasis on the creation of networks and gateways, transportation nodes and international standard facilities to accommodate all segments of the tourism market throughout the subregion" (AMTA 1998). In other words, there will be a focus on ecotourism and other alternative tourism forms such as 'village tourism' as long as there are major bottlenecks in infrastructure, which restrict large-scale tourism. Once all gates have been thrown open and the necessary facilities are in place, the plan is to tout for all shades of tourism, which ultimately means a shift to the development of mainstream mass tourism.

Meanwhile, it is widely acknowledged that the majority of the Bank's projects not only fail to meet their standards but are responsible for severe impacts on local communities and the environment<sup>13</sup>.

For instance, the ADB put forward a proposal in 1996 for conservation management in watershed areas, which involves the gradual relocation of some 60 million mountain people in the subregion. This massive resettlement programme has been legitimated with the claim that the wide-spread practice of shifting cultivation is a major

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<sup>9</sup> As "Jewels of the Mekong" are promoted in Burma: Rangoon (Shwedagon Pagoda), Kyaiktiyo (Golden Rock), Mandalay (Mingun Pagoda), Taunggyi (Inle Lake), Pagan (Ananda Temple), in Cambodia: Angkor Wat, Phnom Penh and surroundings, Sihanoukville, Tonle Sap Lake, Ratanakiri; in China's Yunnan province: Kunming, Stone Forest, Xishuangbanna, Dali, Lijiang; in Laos: Luang Prabang, Champasak, Vientiane, Xieng Khoung (Plain of Jars), Lak Sao; in Thailand: The Old Royal City (Rattanakosin Island-Bangkok, Ban Chiang, Prasat Hin Khao Phanom Rung Historical Park, Ubon Ratchathani Province, Chiang Rai Province; in Vietnam: Halong Bay, Hanoi City, Ninh Binh Province, Thua Thien Hue Quangnam-Danang Province (ADB 1996).

<sup>10</sup> Lancang is the Chinese name for the Mekong River.

<sup>11</sup> According to official statistics, the GMS received 14.1 million visitors in 2000, with Thailand having the biggest share of 67.76%; this was followed by Vietnam (15.14%), Yunnan (7.12%), Laos (5.22%), Cambodia (3.30%) and Burma (1.47%) (AMTA Newsletter, 'Visitor Arrivals to GMS Reach 14.1 Million in 2000', April 2001). The Concept Plans set a target of attracting an additional 2-2.5 million international tourists to the GMS by the end of 2006, and even higher growth rates are expected in the following years when more infrastructure projects will be completed (AMTA 1998).

<sup>12</sup> AMTA publishes a quarterly newsletter and has recently launched a GMS tourism website [www.visit-mekong.com](http://www.visit-mekong.com)

<sup>13</sup> To some extent, the ADB admits the failure of projects they have funded, even though internal evaluations by the Bank are considered as conservative in their conclusions (TERRA 2000). Walden Bello, Professor of Sociology and Public Administration at the University of the Philippines in Manila and Director of Focus on the Global South - a research program based at Chulalongkorn University in Bangkok - refers to an assessment by ADB's Strategy and Policy Department, which says, "In most instances, operational performance was far short of projections." This was due to "weaknesses in project design, particularly where there was weak institutional capacity and there were inappropriate policies. Implementation of most projects tended to focus on completion of their physical infrastructure components rather than institutional development and support service components and policy reforms." Bello further cites an internal source as saying that "almost all forestry projects have failed", and only 36 per cent of projects in the Agriculture and Natural Resources Sector and 33 per cent in the Social Infrastructure Sector are rated "generally successful" (Bello 2000). At the ADB's 2001 annual meeting, Western donor countries and shareholders also stepped up pressure on the Bank to refine its development policies, avoid duplication of work and not to waste scarce resources, according to a Agence France Press report of 12.5.2001.

cause for environmental destruction<sup>14</sup>. In addition, a countless number of people are likely to be displaced and lose their traditional livelihoods by the Bank's more than 50 large dam projects.

According to ADB's belief, in the name of 'development' and 'poverty reduction'<sup>15</sup>, local communities should abandon their traditional self-reliant lifestyles and economic activities and turn to ecotourism as an alternative source of income in new locations. On occasion of the 9th Ministerial Meeting of the GMS Economic Cooperation Programme in Manila in January 2000, Warren Evans, manager of the ADB's Environment Division, said, "We need to persuade hill communities that it's in their best interest to conserve rather than exploit natural resources by encouraging community participation in ventures such as ecotourism. They can discourage poachers and illegal loggers and operate sound tourist facilities"<sup>16</sup>.

To introduce a comprehensive conservation programme that involves unprecedented mass evictions and inevitably degrades indigenous societies and cultures and then to offer tourism as compensation is certainly one of the deepest ironies manifest in the GMS scheme<sup>17</sup>. Much more so as tourism studies reveal that only a tiny proportion of tourism income actually reaches villagers. For instance, Mingma Norbu Sherpa, a Nepalese representing the Worldwide Fund for Nature (WWF) argued at the ADB's first 'pro-poor tourism' seminar that in many cases, tourism's benefits do not make it to a country's outer reaches, even though those areas bear the impact of tourism. He cited Nepal's famous trekking areas as an example, where local people receive only two per cent of the tourism revenue.<sup>18</sup>

Shivakumar, a development consultant based in Cambodia, concludes the ADB and other donor agencies are primarily committed to creating a conducive environment for private corporations, rather than making a serious effort to lift weak and peripheral social groups out of poverty. "In general, most projects developed by the donors, particularly the ADB and Japan, are capital-intensive while, at least in the short term, labour-intensive projects are needed in these nations to challenge poverty. They have not been able to propose a plan to combine simultaneously, in a balanced and mutually reinforcing manner, economic growth with welfare, empowerment, cultural renaissance, social transformation and sustainability. These observations lead one to conclude that re-

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<sup>14</sup> At a press conference in relation to ADB's second meeting of the GMS Working Group on the Environment in Bangkok in August 1996, Noritada Morita, then Director of the ADB's Programmes Department, defended the resettlement plan by saying, "We need to reduce the population of people in the mountainous areas and bring them back to normal life. They will have to settle in one place." (cit. in *The Nation*: 4.8.1996). Tourism industry representatives have also expressed the view that poor communities constitute the main obstacle to sustainable development. A recent article on Mekong tourism in PATA's *Asian Hospitality Magazine* claims, for example, "Due to extreme poverty in many parts of these emerging economies, local people neither understand nor really care about sustainable development. After having been left in the backwaters of the development process, their urge to get rich quick may clash with a long-term approach to the issue, with the destination paying the ultimate price." (PATA 2001).

<sup>15</sup> In accordance with the OECD's and World Bank's policies aimed at halving world poverty by the year 2015, the ADB has in recent years listed the alleviation of poverty as its 'over-arching' goal. In relation to its annual meeting in Honolulu in May 2001, it organized for the first time a seminar entitled 'Tourism and Poverty Reduction in Asia and the Pacific'. Statements by several Bank officials reveal that the ADB's 'new' pro-poor tourism strategy is actually based on the old 'trickle-down' concept; it proceeds on the assumption that tourism growth spurred by private-sector investment will boost job opportunities and the distribution of economic benefits, and will, thus, eventually bring about poverty alleviation and sustainable development. For more information on the ADB's pro-poor tourism seminar, see website <http://www.adb.org>, *New Frontiers*, 'ADB: Tourism as Tool in War Against Poverty', 7[2], March-April 2001; *Honolulu Advertiser*, 'Poor Benefit Little from Tourism, Critics Contend', 9.5.2001.

<sup>16</sup> cit. in *New Frontiers*, 'GMS Projects set to roll again', 6[1], January-February 2000

<sup>17</sup> For instance, Grainne Ryder, policy director of the Canadian organization Probe International said in an interview with *The Nation*, "For the ADB, the displacement of people means poverty reduction. The ADB first defines people as poor and as obstacles in their watershed and dam building plans, and so they must be moved; thereafter, jobs can be created as tourist guides, forest guards or even plantation workers" (cit. in *New Frontiers*, 'ADB's undemocratic structure and 'poverty reduction' rhetoric exposed,' 6[3], May-June 2000).

<sup>18</sup> Cit. in *Honolulu Advertiser*, 'Poor Benefit Little from Tourism, Critics Contend', 9.5.2001. Research conducted in Northern Thailand confirm Sherpa's findings. Canadian anthropologist Jean Michaud observed in Ban Suay, a Hmong community in Chiang Mai village, that by stepping into the tourist business, some villagers had been able to upgrade their financial position dramatically. In total, however, only about three per cent of the tourist money remained in the village, the rest went to urban-based tour agencies and outside businessmen such as pick-up drivers or those organizing elephant rides or bamboo-rafting. Michaud also found that, "In most villagers opinions, from the moment tourism business was perceived to be a more risky one than anticipated, since some of the ingredients of traditional Hmong life inside households were becoming endangered by the increase both in tourist arrivals and further demand,...only those with nothing to lose would in such circumstances keep on (Michaud 1993). A study by this author in a community of Dara-ang ethnic people in Chiang Mai has come to very similar results (Pleumarom 1997/98)."

duction of poverty is not the priority of these projects...” (Shivakumar 1997, 11).

The following examples will demonstrate how damaging tourism activities have proliferated throughout the Me-kong subregion over the past decade and posed severe pressure on local people and the environment.

## Real-life Tourism Tales

### 1. Mass ‘Ecotourism’ – Thai Style

During the 1970s and 1980s, the rapid growth of tourism in Thailand, particularly the upsurge of sex tourism, attracted severe criticism for its negative effects on Thai society.

“The impact of mass tourism in Thailand on the local people, their culture, natural resources and built environment has been substantial. Two striking effects of over-zealous profit-oriented tourism development efforts have been: (1) the disproportionate shift of capital to mass tourism-related construction and real estate developments at the expense of other sectors such as agriculture and small industry which are locally oriented, and (2) the promotion of over-consumption and excessive local resources with attendant new social and environmental pressures on local people and environments.” (Pholpoke 1998).

Coinciding with government and industry efforts to diversify Thailand’s tourism products and to shed its worsening image as a ‘spoilt’ destination, has been the growing interest in ‘ecotourism’<sup>19</sup>. Acknowledging that tourism in the past had caused severe damages, Seree Wangpaichitr, the former TAT Governor, said in an interview with the Bangkok Post in June 1998: “Ecotourism is the heart of long-term tourism development.” He further argued that the mass tourism promotion by the TAT is not incompatible with ecotourism. “The strategy is to distribute the mass of tourism to a great number of places so that resources will not be over-exploited while distributing the economic benefits to the wider public.”<sup>20</sup>

Unfortunately, Thailand has longstanding experiences with the mismanagement of forests, beaches, marine areas and other natural assets, and many hotels, resorts and other facilities have encroached on officially ‘protected areas’<sup>21</sup>. Repeated attempts by the Tourism Authority of Thailand (TAT) and the Royal Forestry Department to open up national parks to private tourism businesses have elicited great controversy. Since 1997, the RFD has worked on a proposal to grant leases to operators of illegal tourist facilities on resort islands – a highly disputed plan that is expected to be approved by the government in the near future<sup>22</sup>.

Many observers were amazed, about the strong opposition by local residents and environmentalists against the

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<sup>19</sup> The Thai government has been particularly sensitive to international media reports that portray Thailand as a centre of prostitution, drugs and AIDS and often countered such negative descriptions by arguing the country has other attractions than nightlife to offer. For instance, in relation to a recent government campaign to restore ‘social order’ in Bangkok, Interior Minister Purachai Plumsombun claimed that foreigners visit Thailand because they want to see ‘natural beauty’ and do not come for prostitutes or to take drugs. Questioning the Thai government’s efforts to clean up notorious entertainment places, an article in the Time magazine predicted Bangkok would soon resume being a sex tourist’s paradise. In response, Prime Minister Thaksin harshly criticized Time and urged the public not to read magazines whose articles were not “constructive” to Thailand. (The Nation, ‘PM lashes out at Time’, 10.9.2001).

<sup>20</sup> cit. in Bangkok Post, ‘In Charge of Tapping the Tourists’, 29.6.1998.

<sup>21</sup> The Royal Forestry Department (RFD) that oversees ‘protected areas’ has been under constant attack by the Thai media, environmental organizations and academics for its incapability to properly manage ecosystems and natural resources; see for example the special issue of the Thai Development Newsletter on ‘Natural Resource Management and The Poor in Thailand’ (No.24,1994); Watershed 1[2] 1995/96 and Hirsch 1998. According to Piyathip Pipithvanichtham of RFD’s National Parks Division, major problems in parks are for example: unclear boundaries, lack of management plans and guidelines, inadequate staff, lack of resources for research and education and too many development projects. She emphasizes that while the budget system “allots very little money for conducting research projects of educational programmes within a park, most of the annual budget is for constructing buildings, paving roads, buying vehicles, hiring staff and paying administration costs.” In relation to forest encroachment and conflicts between park officials and local residents, she explains that difficulties are “compounded by unscrupulous land developers such as resort and golf consortiums and politicians who use the issue to win votes... With no support from politicians and local authorities, these problems have stymied the RFD’s efforts (Pipitvanichtham 1997).

<sup>22</sup> New Frontiers, ‘Fight Against Park Encroachers Appears Lost’, 6[4], July-August 2000.

filming of 20th Century Fox's movie 'The Beach', starring Leonardo DiCaprio, in Phi Phi Islands National Park in Southern Thailand in 1999, which involved profound landscape changes at Maya Bay. But the protest actions and the related lawsuit filed by local government agencies and citizens against the film company and authorities, who gave permission to 're-design' a part of the park, need to be seen in the context of the fierce struggle for the protection and enforcement for Thailand's national park laws. Opponents repeatedly pointed out that 'The Beach' affair, which even led to an international boycott campaign against the Hollywood movie, was a precedence case, and the fight to save Maya Bay was not about just one island but about the fate of all parks in the country. The reason given by Thai officials to allow the controversial film project to go ahead was to boost the country's tourism industry and income for local communities. But critics have warned such incidents make a mockery of conservation efforts and the legal system and set a bad example that commercialism can override any other issue in Thailand<sup>23</sup>.

Indeed, the situation is worsening. Under the pretext of ecotourism promotion, the RFD has recently implemented massive tourism-related infrastructure projects - some involving logging operations - in parks country-wide, funded with loans from the World Bank and Japan. The frenzied construction of roads, parking lots, visitor centres, bungalows, camp sites and nature trails neatly coincided with the RFD's 'Visit National Park Year 2000' aimed at attracting more than 20 million domestic and international tourists to the parks that year<sup>24</sup>.

In Thailand, ecotourism development in nature reserves generally pursues without the involvement of surrounding local communities in decision-making and without adequate discussion on who owns the land and natural resources, how land should be used, where and how tourist facilities should be built, visitor volume or regulations on tourist conduct, all of which has created and aggravated ecological problems and conflict between the government, private industry and communities. For instance, when the RFD proposed to increase the land area protected by national parks in northern Thailand a few years ago, some 10,000 people - primarily from ethnic minority groups - rejected the RFD's plans to evict them from their lands and held street demonstrations in the city of Chiang Mai (Pleumarom 1997/98).

The social injustice inherent in 'tourism-cum-conservation' projects is evident as they stop the access to land and natural resources of one social group - poor villagers who have often inhabited the area for generations - and open these areas for other groups - investors and paying ecotourists<sup>25</sup>.

Whenever the Thai economy is in trouble, the government resorts to tourism as a saviour. With agriculture and industry staggering in the 1980s, it seized on services and declared 1987 'Visit Thailand Year'. Following the financial meltdown in 1997, the previous government of Chuan Leekpai responded with the 'Amazing Thailand' promotional campaign. Facing a new economic downturn, the present government under Thaksin Shinawatra has vowed to boost to foreign exchange earnings from tourism by 50 billion baht (US\$1.1 billion) in 2001.<sup>26</sup> The target requires that the country attracts an additional 1.9 million foreign visitors. Under the new plan, many thousands of hitherto undeveloped villages are earmarked for 'community-based ecotourism' projects. Meanwhile,

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<sup>23</sup> In a petition to the Minister of Agriculture and Cooperatives, dated 12 January 1999, 41 Thai professors in Law said: "As professors of the law, we call on HE the Minister of Agriculture who is the person in charge according to the National Park Act..., to revoke the permission to film the motion picture named The Beach inside Nopparat Thara - Phi Phi Islands National Park as soon as possible and prosecute violators of the National Parc Act, so that this case will set a standard and prevent similar events in other national parks, and to show the international community, which is following the news, that Thailand does not value money above righteousness; that Thailand, Thai people, Thai civil servants and Thai politicians have dignity; that no foreign country or company, however much money it has, cannot buy Thai national parks, Thai righteousness and Thai law." For more information on 'The Beach' affair, see various issues of *New Frontiers* (1999-2000) and the website of Justice for Maya Bay International Alliance (JUMBIA) at <http://www.uq.edu.au/~pgraded>.

<sup>24</sup> *Asian Wall Street Journal*, 'Ecotourism Bulldozes Ahead', 30.6.2000; *The Nation*, 'National Parks Threatened by Tourist Tide', 14.5.2000; Tim-Team 2000.

<sup>25</sup> Krishna Ghimire of the United Nations Research Institute for Social Development (UNRISD) suggests that most official tourism-cum-conservation efforts in Thailand appear to have been concentrated primarily on "driving away" local people from protected areas. "The creation and management of protected areas has produced prolonged discontent in many locations, although many of the protests have tended to be short-lived and sporadic due to the lack of outside political support...Consequently, in Thailand today, many weaker social groups find themselves increasingly helpless and at the mercy of the RFD and the bureaucracy in Bangkok." (Ghimire 1991).

<sup>26</sup> *Bangkok Post*, 'Earnings Target Up Bt50 billion', 22.4.2001.

a well-formulated conservation policy to counter the impact of increased visitor volume and spatial expansion of tourism is conspicuously absent<sup>27</sup>. This suggests that the country's natural resources will further be sacrificed for short-term economic gains.

## **2. Golfers' Dream - Farmers Nightmare**

Since the late 1980s, golf has been aggressively promoted as a lucrative tourism business. Starting out from Thailand, the golf course boom spread into other Mekong countries causing immense environmental and social conflicts<sup>28</sup>.

In the late 1980s and early 1990s, some 200 courses were built in Thailand. The construction of golf complexes - often involving other large-scale developments such as hotels, residential houses, shopping centres, entertainment facilities, power plants, access roads and even airports - came under heavy attack for environmental reasons. Many of the projects were accused of encroaching on parkland and driving off farmers from their land (Pleumarom 1994).

Golf courses require large stretches of land and replace biodiversity-rich wilderness areas and fertile agricultural lands. Another major concern is the enormous waste of water resources for such projects. According to the Mahidol University in Bangkok, the turf of an 18-hole international standard golf course consumes up to 6,500 cubic meters of water per day which is equal to the daily household demand of 6,000 city residents or 60,000 villagers<sup>29</sup>. While scarce water reserves are being diverted to keep the courses green, nearby communities are suffering due to the lack of drinking and irrigation water. In addition, the excessive application of chemical fertilizers and pesticides necessary to maintain the courses covered with foreign grass species threatens to pollute air, soil, and water, and create health risks for both wildlife and humans. Alarming reports were published in the Thai media about caddies and green-keepers affected by acute chemical poisoning - e.g. headache, nausea, respiratory illnesses and skin diseases<sup>30</sup>.

In the southern Lao province Champasak, Thai investors had plans to build a mega-resort project, including golf courses, hotels, casinos, a power station and an international airport, in a pristine area at the famous Lee Pee waterfalls on the Mekong River<sup>31</sup>. Although the developers promoted the resort as an 'ecotourism' venture, it was met with resistance by Lao and Thai environmentalists as well as local villagers because it would have involved deforestation, ecological disruption of the fragile Mekong river system, displacement of villagers, and probably undesirable social and cultural changes in nearby communities. Due to increasing public protests and financial difficulties, however, the controversial project was halted<sup>32</sup>.

In Vietnam has also built a number golf courses to attract foreign tourists. Citizens protested when developers flattened a public forest in Thu Duc near Ho Chi Minh City for the construction of the Golf Vietnam Club<sup>33</sup>. The Thai developers of the King's Island Golf Resort at the Dong Mo dam reservoir near Hanoi built a golf course at the edge of the lake below the reservoirs spill way level without considering rising water levels during rainy season. During devastating floods in 1994, provincial officials allowed to release large amounts of water from the reservoir to save the golf resort, which resulted in the destruction of the rice crops in neighbouring farming areas.<sup>34</sup> Albeit a 1995 governmental decree that prohibited to convert more rice lands to other purposes, the

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<sup>27</sup> The Nation, 'A Quick Fix is Not the Answer,' 24.4.2001; The Nation, 'Tourism Plan Ignores Threats to the Environment', 25.5.2001.

<sup>28</sup> In the face the unprecedented golf boom in Thailand and other Southeast Asian countries in the early 1990s, the environmental and social impacts of golf courses became a major theme in scientific studies, NGO publications, newspapers and magazines; see for example MOSTE 1993; Asia Magazine, 'Rough Justice', 15-17.4.1994, Pleumarom 1994; GAG'M Updates (1993-1996); The Economist, 'Golfonomics: Asia in the Rough', 20.12.1997-2.1.1998.

<sup>29</sup> Cit. in Asia Magazine, 15-17.4.1994.

<sup>30</sup> The Nation, 'The Hazards of Golf Course Chemicals', 25.2.1995.

<sup>31</sup> Far Eastern Economic Review, 'All this, Yours: Thai Developer Plans Controversial Resort in Laos', 16.6.1994; The Nation, 'Lao Resort Put to the Green Test', 3.2.1995; Bangkok Post, 'Work to Start This Month on \$140-million Thai-Lao Resort', 4.4.1995.

<sup>32</sup> The Nation, 'World Bank Report Cast Shadow Over Resort Planned for Laos,' 21.7.1995.

<sup>33</sup> Manager Magazine, 'Eighteen Holes & A Public Protest', October 1994.

<sup>34</sup> The Nation, 'VN Dabbles with a Huge Water Hazard', 10.2.1995.

South Korean conglomerate Daewoo received an investment licence to build a golf course on rice fields at Kim No village on the outskirts of Hanoi<sup>35</sup>. Violence broke out at the construction site, when angry farmers, who had not been properly informed about the project, tried to stop an army unit from plowing up the land for the golf course.<sup>36</sup>

In Cambodia, several golf course projects surfaced around Phnom Penh, near the Angkor Wat temple complex, and in Sihanoukville as part of the huge Naga Island casino resort proposed by a Malaysian company<sup>37</sup>. For the construction of the Singapore-financed Cambodian Country Club at the Bang Ta Yab Lake outside of Phnom Penh, the developer wanted to drain a large stretch of marshland and remove more than 450 families around the lake, mostly fruit and vegetable growers. But the villagers refused to leave and protested the authorities, who treated them as illegal squatters and refused to compensate them<sup>38</sup>.

Also in military-ruled Burma, golf courses have sprung up at tourist sites, including luxury golf-plus-casino resorts such as the Golden Paradise Resort near Tachilek in the Golden Triangle and the Andaman Club on Thatay Kyun Island in the South<sup>39</sup>. For the development of the Myanmar Golf Club in Rangoon, the army blockaded the site to scare off the people who had been living there for decades. When this failed, the government arrested one member of each family and sent them to jail. The remaining families were then moved against their will to a 'new town' far outside of the city<sup>40</sup>.

### **3. Cultural Heritage for Sale – The Case of Angkor Wat**

In order to lure and entertain visitors, culture - as manifested in historical and religious sites, rituals, festivals, arts and crafts - has often been distorted unrecognizably in the process of being re-packaged as tourist product. The famous 12th century Angkor temple complex at Siem Reap – the most sacred site and national symbol of Cambodia - is a glaring example as to how cultural heritage is no longer for local people to celebrate, but increasingly commoditized to lure foreign visitors.

With the Cambodian government aiming for one million foreigners a year to visit Angkor Wat, grave concerns have been raised that the temple area and its surroundings could be destroyed within a few years. In 1995, UNESCO's World Heritage Committee even threatened to remove Angkor from the list of protected sites because Cambodian authorities had not met the necessary requirements such as adopting a cultural preservation law to deter the theft and smuggling of antiquities<sup>41</sup>. Thousands of invaluable artifacts have been stolen from the temple complex since it has opened up to tourists. The government has vowed to take precautionary measures to ensure protection zones at the historical and religious sites are respected. But this may not be enough to save Angkor due to inefficient bureaucracy, corruption and the absence of a functioning legislature and sufficient capacities to scrutinize, monitor and control projects.

Conservationists in and outside Cambodia were particularly appalled over the proposal for a US\$20- million Angkor Wat high-tech sound-and-light show, saying it would turn the temples into a 'carnival-like attraction' or a 'Disney-like inane entertainment place'<sup>42</sup>. In 1995, the Malaysian YTL company claimed it would promote "the biggest and best cultural event of its kind in the world". The plan was to stage up to four performances per night, in which the temple as well as selected bas-relief carvings on its inner walls would be illuminated in colourful

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<sup>35</sup> Bangkok Post, 'Daeha Golf Course Exempt from Decree on Rice Fields', 9.5.1995.<sup>36</sup> New Frontiers, 'New Clashes Over Daewoo Golf Course', 3[1] January 1997.

<sup>37</sup> The Business News, 'Gambling Away Paradise Islands', 29.12.1994-11.1.1995; The Nation, 'Cambodia Gets into Swing of Golf Boom', 26.1.1996

<sup>38</sup> Phnom Penh Post, 'Locals Ponder the Price of a Game of Golf', 20.10.-2.11.1995.

<sup>39</sup> New Frontiers, 'Golf Helps Swing Deals', 2[6] June 1996.

<sup>40</sup> The Irrawaddy, 'Going for the Green', 5[4-5] 1997.

<sup>41</sup> New Frontiers, 'Angkor Wat May Lose World Heritage Status', 1[6], October 1995.

<sup>42</sup> Cambodia Daily, 'Laser Spectacle to Beam Angkor to 21st Century', 10-12.11.1995; Phnom Penh Post, 'Angkor Secrets to be Lost in a Sound and Light Show Insult', 1-14.12.1995; New Frontiers, 'Development Plans for Angkor Wat 'Catastrophic'', 2[3] March 1996.

lights and voices in different languages be heard from loudspeakers. Opponents of the project voiced similar concerns like experts in Thailand, where such tourist shows at historical monuments have become commonplace and provoked debates because the use of massive floodlight and loudspeaker equipment speeds up the death of the old, fragile buildings.

The YTL company also wanted to develop a 1,095-hectare site near the northwestern temples into a tourism zone including several luxury hotels, golf courses, a commercial centre, a hospital and other facilities - a project which was expected to attract more than US\$1 billion investment<sup>43</sup>. In January 1996, even King Norodom Sihanouk voiced strong concern about the “commercialization” of Angkor and pressed for a review of YTL’s plans for the light-and-sound show and hotel and the tourism complex in the area<sup>44</sup>. However, since Prime Minister Hun Sen’s bloody coup against the co-prime minister Prince Norodom Ranariddh in July 1997 that resulted in a dramatic tourism slump in Cambodia, it has become quiet around YTL’s Angkor show and accompanying developments.

Yet, in an all-out effort to revive the country’s ruined tourism industry following the political turmoil, the government adopted in 1999 an ‘open-skies’ policy to increase international flights to Siem Reap, the gateway to the Angkor temples, and organized an extravagant ‘Angkor 2000’ millenium show<sup>45</sup>. Tourism officials’ hopes that the combination of direct flights from overseas promotional events will make Angkor part of an international ‘must-see’ itinerary appear to realize. In addition, the opening of new overland routes to Siem Reap from Thailand has attracted more visitors and investors to the area and fuelled the construction of more tourism facilities around Angkor<sup>46</sup>. As a result, renewed warnings of threats to the temples have been voiced in public, and there are growing worries that local people will be increasingly exposed to the typical ill-effects of tourism invasion<sup>47</sup>.

#### **4. ‘A Fascist Disneyland’ - Tourism and Human Rights in Burma**

The Burmese military government that has been condemned by the international community because of its gross human rights violations launched in 1996 an ambitious tourism promotion campaign ‘Visit Myanmar (Burma) Year’<sup>48</sup>. The junta hoped to attract more than 250,000 foreign visitors to the country during 1996-97 to increase currency earnings and gain recognition in the international community after decades of isolation and a bloody military crackdown on the pro-democracy movement in 1988. While Burmese tourism authorities and the industry stepped up promotion to sell the country as the ‘Golden Land’, critics increasingly delivered descriptions of Burma as a ‘prison’ for its citizens and a ‘fascist Disneyland’ for visitors (Lawrence 2001).

Insisting that tourism can not benefit a country, where people are denied basic rights, Burmese opposition groups and international human rights organizations have called for a tourism boycott to Burma. Democracy leader and Peace Nobel Prize laureate Aung San Suu Kyi has repeatedly urged foreign investors and tourists to stay away from the country until democratic reforms have been achieved<sup>49</sup>. The argument is that the income generated through tourism helps to sustain the oppressive regime and is spent on buying weapons and expanding military action against its citizens. Since every foreign visitor entering the country has to purchase foreign ex-

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<sup>43</sup> Cambodia Daily, ‘Siem Reap Development Zone: MOU Signed with Malaysians’, 10-12.11.1995; The Nation, ‘A Monumental Mistake’, 6.3.1996.

<sup>44</sup> Bangkok Post, ‘Sihanouk Questions ANGKOR Wat Plans’, 30.1.1996.

<sup>45</sup> New Frontiers, ‘Angkor in Focus’, 6[1] January-February 2000; New Frontiers, ‘Tourism Industry Gaining Steam, 6[2] March-April 2000; The Nation, ‘Open Skies Bring Flocks of Tourists to Cambodia’, 13.12.2000

<sup>46</sup> The Nation, ‘Siem Reap Hotel Boom’, 28.3.00.

<sup>47</sup> Such concerns were raised, for example, by delegates of a World Tourism Organization Conference in Siem Reap in December 2000. On this occasion, Prime Minister Hun Sen declared: “The promotion of tourism without due consideration to the culture will lead to the culture being swallowed up by tourism.” (cit. in The Nation, ‘Striking a Balance’, 16.12.2000)

<sup>48</sup> As for the debate on tourism and human rights in Burma and campaigns against ‘Visit Myanmar Year’, see for example, Sutcliffe 1994, Tim-Team 1994; NCGUB 1995; Pilger 1996; Parnwell 1998; various issues of New Frontiers, Burma Issues and The Irrawaddy; websites of the Free Burma Coalition <http://www.freeburma.org> and Tourism Concern <http://www.tourismconcern.org.uk>.

<sup>49</sup> In an interview with the Singapore-based satellite network Asia Business News in July 1996, Suu Kyi said: “We would like people to keep away during ‘Visit Myanmar Year’ as a symbol of solidarity with the movement for democracy in Burma.” (cit. in New Frontiers 2[8], August 1996). Later, she told reporters: “Yes, my mind has not changed in any way. Tourists should come back to Burma at a time when it is a democratic society where people are secure - where there is justice, where there is rule of law.” (cit. in Burma News, Spring 1997).



change certificates equivalent to US\$200, and many tourist facilities are state-owned, a considerable proportion of tourist dollars directly go into the junta's coffers. In addition, members of the military run their own tourism-related businesses or have formed joint ventures with private companies to increase their personal wealth and economic power.

The close links between the development of the tourist industry and human rights abuses have been well documented by official agencies such as the United Nations Human Rights Commission, the International Labour Organization (ILO) and Burmese and international civic groups<sup>50</sup>.

Drawing on reports from Rangoon, Mandalay, Pagan, Taunggyi, Maymo and other places earmarked for tourism development, it is estimated that tens of thousands of families have been forcefully moved from their homes and land to pave the way for hotels, resorts and tourism-related infrastructure<sup>51</sup>. Most of the displaced people do not receive any compensation and have to resettle in areas which lack proper sanitation, electricity and water supply. Likewise deplorable, ordinary people have to provide forced and subhuman cheap labour to upgrade tourist sites and to build roads, railways and airports, in order to meet the increased transportation requirements for travel and tourism<sup>52</sup>.

Burma's ethnic minorities, who have already suffered for decades under forced assimilation policies by the state, are now being lured away from their villages to serve as 'exotic' attractions in hotels or so-called 'model villages'<sup>53</sup>. In addition, thousands of Burmese women and girls, many of them from ethnic groups, have become victims of a burgeoning domestic sex trade and are being trafficked to Thailand to work as prostitutes<sup>54</sup>.

That 'Visit Myanmar Year' turned out as a failure can be partly valued as the success of the strong global movement against Burma tourism. Since 1997, tourist numbers have plummeted as a result of the Asian economic crises and increasing international sanctions against the country. During the fiscal year 1998-1999, Burma attracted merely 120,000 foreign visitors, less than half as many the junta had expected when it announced its 1996 tourism campaign<sup>55</sup>. Yet, Burmese officials remain optimistic and recently announced a new campaign aimed at increasing the number of tourists to Burma by 10 times to one million in 2001!<sup>56</sup>

## Discussion: The Question of Sustainability

The above investigation of tourism policies and practices in the Mekong region reveals the vast gaps between 'sustainable tourism' as a theoretical ideal, what has been planned and what has been actually achieved. The grim realities as described in the various case studies leave serious doubts whether tourism development can be propelled towards more sustainability in long term.

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<sup>50</sup> In November 2000, the ILO decided to impose sanctions on Burma for its persistent use of forced labour. In addition, The UN General Assembly adopted a resolution in December 2000, condemning Burma for gross human rights violations, after the UN Human Rights Commission had released a report that deplored such abuses such as "extra-judicial, summary or arbitrary executions, enforced disappearances, rape, torture, inhuman treatment, mass arrests, forced labour including the use of children, forced relocation and denial of freedom of assembly, association, expression and movement." In July 2001, the International Confederation of Free Trade Unions concluded at a conference in Bangkok that contrary to the military government's claims, Burma "remains the world's biggest forced labour camp". The Nation, 'Report Accuses Burma Government of Indiscriminate Violence', 18.10.2000; The Nation, 'UN Accuses Junta of Rights Abuse', 6.12.2000; The Nation, 'US and EU Back Tough Stance on Forced Labour', 22.3.2001; The Nation, 'Burma Under Scrutiny Again Over Forced Labour', 15.5.2001; The Nation, 'Burma Remains 'World's Biggest Forced Labour Camp'', 26.7.2001.

<sup>51</sup> See for example Sutcliffe 1994; Smith 1994; Burma Issues, 'Tourism Implosion', November 1996; Parnwell 1998

<sup>52</sup> Sutcliffe 1994; Burma Peace Foundation 1995; Pilger 1996.

<sup>53</sup> New Frontiers, 'Welcome to Pine Country', 2[12], December 1996;

<sup>54</sup> Human Rights Watch 1994; various articles in The Irrawaddys special issue on 'Sex: The Forgotten Commodity', February 2001; The Nation, 'All Roads Leads to Misery', 9.4.2001.

<sup>55</sup> New Frontiers, 'Visit Myanmar Year 1996: Dead on Arrival', 2[10], October 1996; New Frontiers, 'Hitting Back at Tourism Boycott Campaigns', 6[5], Sept.-Oct. 2000.

<sup>56</sup> The Nation, 'Burma Vows One Million Tourists in 2001', 28.10.2000.

This is not to say that initiatives that have successfully managed to avoid major damages by fostering community-based and environmentally sound tourist activities do not exist. It also should not be denied that some tourism companies have taken positive voluntary measures to mitigate impacts such as pollution. However, such ‘success stories’ are limited to a few micro-projects, and they have certainly not posed a real challenge to the status quo and considerably contributed to redirect the tourism industry as a whole.

A hard look at the overall situation leads to the conclusion that the policies pursued by governments, national tourism authorities and supranational bodies such as the ADB for the development of Mekong tourism have been those most suitable for promoting the industry rather than for the protection of the environment and the benefit of local communities. Put simply, in the words of Wall, tourism promotion in Asia over the last years “has consumed massive amounts of capital and has failed to create a sustainable product. It appears that there has been an implicit belief that tourism development is about the construction of high quality hotels and that, once these are in place, all else will follow.” (Wall 1998).

Indeed, little has been done to develop effective mechanisms to monitor and control developments aimed at curbing environmental degradation, social and cultural erosion and economic marginalization of the poor. Management plans, if there are any, are often ignored, and environmental, zoning and construction laws are not being properly enforced. Many critical tourism-related issues - such as corruption, social vices, encroachment of public lands and diversion of natural resources, displacement of local and indigenous communities, and political suppression and human rights abuses - are typically neglected by tourism policy-makers and project managers. In the light of this, it is easy for critics to assert that ‘sustainable tourism’ in the Mekong region is little more than empty rhetoric and a public relations exercise to ward off public criticism.<sup>57</sup>

What is it that makes it so difficult for tourism to deliver sustainable development, and why does there seem no prospect of significant positive change? Some explanations and aspects for further analysis will be provided in this last section.

First of all, sustainability itself is not a fixed and agreed term and, thus, subjected to interpretation. A number of tourism researchers have critiqued the concept and policies of sustainable tourism as insufficient and misleading. “While [sustainable tourism] has drawn attention to the need to achieve a balance between business and environmental interests..., as a single-sector concept, it fails to acknowledge the intersectoral competition for resources, the resolution of which is crucial for sustainable development” (Wall 1997). Addressing the issues of power and vested interest, Mowforth and Munt note, “the principles of sustainable tourism are open to manipulation in the service of operators and others in the industry. That is not to say that the principles are not worthy of attention by all those in the industry; but it does suggest that the motives of those who apply them should also be scrutinized” (Mowforth/Munt 1998). Wheeler contends, “there are continual exhortations on the need to adopt a holistic approach to the subject of tourism development, planning and sustainability... A truly holistic approach would be one that embraces realism. Sustainable tourism unfortunately fails, at the practical level, even to acknowledge it” (Wheeler 1997).

In fact, the planning for ‘sustainable tourism’ in the Mekong region has largely remained a theoretical exercise without sufficiently taking into account the milieu, in which tourism evolves. Therefore, Majone’s argument is worth savouring: “A practical problem is not solved by offering a theoretical solution that does not take into consideration the limitations upon which the context imposes. Thus, it is quite misleading to employ ideal standards in evaluating or comparing alternative policy instruments; the standards must relate to the particular context in which the instruments are used. And because the context in which public policy is made includes values, norms, perceptions, and ideologies, technical considerations are insufficient as a criteria of choice.” (cit. in Hall 1994). It is also important to note that the concept of ‘sustainable tourism’ is deeply rooted in Western environmentalism that often takes the form of ‘enlightenment’ and is dependent on achieving a certain level of prosperity and

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<sup>57</sup> In relation to ADB’s GMS tourism scheme, for example, Wangpattana’s comments are thought-provoking: “The power of the ADB’s language of ‘development’ is best illustrated by the fact that its language is often adopted by the very critics that demand ‘reform’ of the Bank’s policies and activities.” Conscious of the flak it is taking from public voices for funding controversial mega-projects, “the Bank has cleverly incorporated ‘poverty reduction’ and ‘socially and environmentally sustainable growth’ in the agenda.” (Wangpattana 2000).

development. This, however, often appears to be at odds with the livelihood-based environmentalism in Southeast Asia and other parts of the Third World, where poor peasants and forest dwellers are struggling to defend and reclaim land and natural resources for economic and cultural survival (Hirsch/Warren 1998). A better understanding of these contradictions may help to explain why many ecotourism projects based on Western conservation ideals are resisted by local people and fail.

What is also often ignored is that globalization has induced its own particular political dynamics in the region, which are to the detriment of the commitments to achieve sustainable development. In this context, Parnwell's study on how Mekong tourism has become part of the global race-to-the-bottom is instructive (Parnwell 1998). Highlighting examples of human rights violations in Burma, sex tourism and the HIV/AIDS crisis in Thailand and the environmental impacts of golf tourism in the region, he argues "the impact of tourism depends crucially upon the ownership of regulatory power" and explains how transnational agencies and corporations work through and with influential local actors and institutions – what he calls 'conduits of capitalism'. His conclusion is that regulation for the global tourism industry is taking precedence over the regulation of its development. As a result, local people, and especially the poor and marginalized, are exposed to greater political, social, economic and ecological insecurity (*ibid.*).

Since especially in poor countries tourism's economic viability is seen as a prime criterion for sustainability, the old question who actually benefits from tourism needs to be raised anew in the face of globalization and liberalization. Third World tourism is mainly driven by foreign industry interests, and the economic gains for destination countries are often greatly over-estimated.

A 1990 study on Thailand by the Bangkok-based National Institute and Development Administration, for example, came up with disillusioning results: At least 60 per cent of tourism revenue, amounting to US\$4 billion in 1989, had flown out of the country for the import of goods and services and as profits to foreign tourism corporations and other remittances (TDSC 1991/92). A new study prepared by UNCTAD on the 'The Sustainability of International Tourism in Developing Countries' presents even more alarming findings (UNCTAD 2001). It emphasizes that the economic, social and environmental sustainability of Third World countries' tourism industries is increasingly threatened by levels of financial 'leakages' that can easily reach 75 per cent and escalating "predatory practices and anti-competitive behaviour" of travel and tourism corporations mainly based in Europe and the United States. The UNCTAD report further points out that the combined impact of these factors undermines the economic viability of local enterprises and the ability of countries to allocate necessary resources for environmental protection and sustainable development (*ibid.*). Under these conditions, the proclaimed goals of sustainable tourism to enhance local economic benefits and the preservation of natural and cultural resources are extremely difficult to achieve.

Important lessons regarding the fragility of the tourism industry can be learned from the Asian economic crisis that started in June 1997 with the financial meltdown in Thailand (Pleumarom 1998; Wall 1998). It has shown as to how much tourism is part of the fickle global economy and an industry that undergoes boom-and-bust cycles with serious consequences for the stability of national and regional economies.

There is little doubt that the inflationary tourism policies in the Mekong subregion in the early 1990s greatly contributed to the 1997 'crash'. During the era of the so-called 'bubble economy', indiscriminate and unsustainable investments led to the rapid conversion of lands into opulent tourism resort complexes. With progressive economic liberalization, the tourism, real estate and construction industries boomed in all Mekong countries, backed by local banks and global speculative capital<sup>58</sup>.

In the immediate aftermath of the economic slump, Asian tourism markets almost collapsed<sup>59</sup>. In Thailand, the currency devalued and major corporations – many of whom had expanded into Mekong neighbouring countries – were exposed for having mismanaged their way into massive indebtedness. Many tourism developers went

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<sup>58</sup> The structural problems that ushered Thailand into the financial and economic crisis are for example analysed in Phongpaichit P., Baker, C. 1998; Bello, W., Cunningham, S., Li Kheng Poh 1998; Laird 2000.

<sup>59</sup> New Frontiers, 'Grim Times for Asian Tourism', 4[1], Jan.-Feb. 1998.

bankrupt or were forced to size down their projects. Particularly golf course and resort businesses, which had become a new symbol of globalized leisure and tourist lifestyle in Southeast Asian societies, experienced a dramatic downturn<sup>60</sup>.

Many tourism-related infrastructure projects initiated by regional cooperation initiatives, including those of the ADB, were put on hold as resources were needed to strengthen Asian countries' financial systems<sup>61</sup>. In Thailand, for example, the International Monetary Fund (IMF), the World Bank and the ADB granted a US\$17 billion loan, which included a rigid Structural Adjustment Programme (SAP).

At that time, this author suggested that in environmental terms at least, the Asian crisis could be a blessing in disguise (Pleumarom 1998). As a result of decreasing numbers of travellers, for example, airlines closed unprofitable routes, sold air craft and cancelled orders for new aircraft, and governments cut budgets for airport expansion and construction<sup>62</sup>, which raised the prospect of less pollution and less damaging developments. Also the malaise of rampant land grabs, park encroachments and environmental degradation in relation to tourism projects no longer seemed as threatening as before because Asian developers were cash-strapped and retreated (ibid).

As it has turned out, however, Mekong tourism promoters not only returned to 'business as usual' but governments in the region have made all-out efforts to compensate for the heavy debts, declining growth and decreasing foreign exchange reserves through even more rapacious resource extraction policies<sup>63</sup>. Thailand's present policy aimed at turning every corner of the country into a tourist site and excessively boosting the number of tourists is a case in point. Simultaneously, public and private investments in environmental programmes have significantly decreased because of the financial crunch.

Another question that should be asked is: Can tourism be sustainable in a region deeply affected by political instability, human rights problems and socio-economic crisis? In the context of the preparations for 'Visit ASEAN Year 2002', for example, tourism officials admitted that the event could be seriously hampered by political turmoil and social unrest in Southeast Asian nations but at the same time tried to portray the problems as 'isolated incidents' to engender the notion of a 'carefree' holiday for consumers<sup>64</sup>. Richter writes,

*"Scarcity, deprivation, inequality, remnants of colonialism and the proxy wars of the superpowers set the stage for random violence, ethnic conflict, revolution, and even hostage taking... The very underdevelopment that exacerbates the resolution of political demands and frustrates economic aspirations is a potential asset in attracting tourism. Thus we have a paradox: nations, which are veritable hellholes for most of their citizens are sold as 'unspoilt paradises' to outsiders"* (Richter 1995).

The concept of 'sustainable tourism' implies a high degree of public participation in the process, and public participation implies that local communities will have a degree of control of the tourism development process (Hall 1994). However, the well-sounding words of 'local participation' and 'community control' often sound incredible and even bizarre, when applied to destination countries without democracy and freedom like Burma. And, "Can a few corporate giants substitute for popular participation?" asks Shivakumar (1997). As regards tourism

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<sup>60</sup> An article in *The Economist* (20.12.1997) says: "Many theories have been put forward to explain why the economic progress of South-east Asia has so suddenly left the fairway: the forces of globalization; exclusive and unresponsive political systems; a pursuit of growth at the expense of everything else, including the environment and the livelihoods of the poor. The phenomenon of golf unites all these hypotheses...Golf courses, with their huge appetite for land and their dependence on ever-rising affluence, were among the most speculative investments. The bubble first burst in Japan, where more than 100 golf courses went bankrupt in the early 1990s and membership fees slumped to a fifth of their peak. In Thailand, three golf courses, once valued at the equivalent of US\$200 million, were discreetly on the market in November [1997] for a mere US\$18 million."

<sup>61</sup> *The Nation*, 'Bank Mulls Aid to Mekong Countries', 18.4.1999. Out of more than 100 approved projects, only 10 of the ADB-financed sub-regional infrastructure projects were completed or nearing completion by 2001 (PATA 2001).

<sup>62</sup> *New Frontiers*, 'Asian Air Travel Industry Fighting for Survival', 4[4]. July-Aug. 1998.

<sup>63</sup> Apart from giving tourism a new boost to bring more foreign exchange to Thailand, the government has also sought to promote other lucrative export products such as timber and prawns. Therefore, it has looked at reversing a logging ban imposed in the late eighties after parts of Thailand suffered devastating floods and mudslides, and there is also the plan to lift a 1998 ban on inland prawn farming, which was put in place after the practice destroyed 800,000 hectares of mangrove forests (Poonyarat 2001).

<sup>64</sup> *New Frontiers*, 'Visit ASEAN Campaign on the Roll', 7[1], Jan.-Feb. 2001.

planning and management, regional initiatives such as the ADB-led GMS tourism scheme overly rely on foreign consultants<sup>65</sup>, who often have little knowledge of local situations, whereas “the type of subregional projects so far proposed defy the spirit of local participation and sustainable development to which most donors and multilateral institutions commit themselves...” (ibid).<sup>66</sup>

While in Mekong countries – particularly Burma, China, Vietnam and Laos – the possibilities for public participation are extremely weak, Thailand has at least a relatively well-established civic rights and environmental movement and a free press, and people can relatively openly question harmful developments and articulate their needs and aspirations. Non-governmental organizations have also highlighted critical tourism issues for many years and pressed for holistic and people-centred development policies that are not narrowly confined to tourism<sup>67</sup>.

As outlined in the previous sections, major problems and conflicts have emerged because many rural and indigenous communities lost control of their land, natural and cultural resources and the political process as a result of ‘top-down’ tourism development. So one of the most urgent tasks ahead is to develop policies and tools to protect local people against uncontrolled and damaging tourism and to give them more power in development and conservation projects in general.

A number of grassroots-oriented organizations are already working in this direction and have put forward proposals aimed at tackling fundamental problems in development and natural resource management. For instance, an alliance of civil society organizations and local community networks in Thailand have developed a ‘People’s Agenda’ that calls for a comprehensive reform of government policies and urges policy-makers are urged to take the following actions:

- assert sovereignty over natural resources and not to relinquish control to transnational corporations;
- develop alternative economic systems based on the self-sufficiency of local communities, their use of natural resources and local knowledge systems;
- base its policies on natural resource management on a holistic view of nature and the diversity of natural ecosystems, cultures and knowledge systems;
- ensure local people’s participation in drafting policies on the management of natural resources;
- guarantee as well as strengthen the rights of local communities to manage natural resources;
- support the efforts of local community networks towards sustainable management of natural resources and local economic development (Rajesh 2001).

Importantly, the Agenda calls for a just and equitable land reform that favours small-scale farming communities and demands, “Foreign or Thai land-owners must be prevented from accumulating and controlling large areas of cultivable lands for speculative or non-farming purposes” (ibid). This proposal aimed to resolve the escalating land conflicts is crucial in relation to speculative investments in hotels, golf resorts and other land-consuming tourism-related developments that involve the expropriation of village commons, agricultural lands and natural areas, and, thus, increasing hardships for small-scale farming communities.

For the time being, however, there is little evidence that ‘bottom-up’ development alternatives like the ‘Peoples

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<sup>65</sup> The original study for the tourism sector component of ADB’s Regional Technical Assistance on Subregional Economic Cooperation (RETA 5535) was conducted by the American Lester Clark Tourism Resource Consultants in 1993 and 1994 (ADB 1994). Later, ADB’s Tourism Working Group commissioned a Japanese company, Pacific Consultants International Asia, to draft the Concept Plans for GMS tourism development (AMTA 1998).

<sup>66</sup> In an interview with Satoru Matsumo of the Japanese organization Mekong Watch, Touru Tatara, the Manager of the ADB Programme Department’s GMS Unit, admitted the lack of people’s participation in ADB’s development projects. “Although participation has been claimed for a long time, the ADB has not really implemented it... We should spend more time and commit more resources [to civil society participation]. For example, we should avoid the style, in which we construct a road based on only the consultant’s report.” (cit. in Watershed 5[3] March-June 2000)

<sup>67</sup> Koson Srisang, who was the Executive Secretary of the Ecumenical Coalition on Third World Tourism from 1986 to 1992 in Bangkok, proposed that the search for solutions in Third World tourism should include a discussion of alternatives to tourism. “We should seek our own development rather than depending on tourism development... Where tourism is not yet there, forget about it. In fact, prevent it from coming in. And do something else as a way to develop our country, our communities and our people. Recognize the need for people’s self-development. This is what I call an alternative to tourism; not alternative tourism.” (Srisang 1991/92).

Agenda', which are based on the principles of economic equity, social justice, cultural integrity and ecological sustainability, are being heeded in tourism development planning, even though such grassroots-oriented proposals could be the key to root out the causes of problems. It probably needs more informed debate and public pressure to steer the tourism 'powers-that-be' towards a more holistic and people-centred approach and to persuade them to reorient their policies and practices accordingly. As Teo and Chang aptly note, "... one should not underestimate the salience of local players in the global game. It is by them that the success or failure of tourism development is ultimately decided" (Teo/Chang 1998).

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# Paradise Unexplored<sup>1</sup> - At What Price?

An analysis of issues and concerns arising from the Asian Development Bank's Tourism Development Plan for the SASEC region with focus on implications for India's North-eastern region

Vidya Rangan, *EQUATIONS*, March 2006

**T**ourism is the new development mantra for the Northeastern<sup>2</sup> states of India and an important component of the government's ambitious plan for development of the country's Northeastern region. The thrust on tourism as a development mantra for the Northeast – although not new, has gained definite momentum in recent years. The country's Ninth Five Year Plan (1997-2002) specifically focussed on exploiting the tourism potential of the Northeast region by promoting ecotourism and adventure tourism and improving infrastructure, accommodation and tourist guide facilities<sup>3</sup>. The National Tourism Policy of 2002 also recognises the need for promoting specific forms of tourism like cruise tourism, ecotourism and village tourism in the NE. The Tenth Plan (2002-2007) added emphasis on the need for trained manpower in tourism by instituting two new Hotel Management Institutes for the NE.

Financially too, central and state governments have been pouring funds into tourism development in the NE. The annual budget of the Ministry of Tourism earmarks 10% of its plan allocation for the Northeastern region<sup>4</sup>. The figure has increased from 34.84 crores in 2003-04 to 65.59 crores in 2004-05 – a 46% increase in a single year<sup>5</sup>. In the recently tabled union budget for 2006-07, Ministry of Tourism has further increased the total allocation to the NE to a planned 83 crores of Rupees. Interestingly, a substantial proportion of budget allocation to the NE has been for infrastructure development. Even within the Ministry of Tourism, statistics of expenditure in the NE shows that above 75% of allocated money has been invested in building tourist infrastructure, destination development and integrated circuit development<sup>6</sup>. This focus on infrastructure is significant even when we assess the role of agencies like the Asian Development Bank (ADB) in regional tourism development<sup>7</sup>. Industry is also receiving substantial incentives to invest in tourism. For example the Meghalaya tourism policy lists out the following exemptions that tourism industry can avail of – investment subsidy, maintenance and upkeep subsidy, sales tax exemption, stamp duty exemption, publicity subsidy, power generation and telephone subsidy, support for products of project reports and feasibility studies and luxury tax exemption<sup>8</sup>.

The Northeast makes for an ideal tourist brochure. Without doubt, it is the scenic beauty, rich cultural heritage and historical importance of the region along with its relatively low accessibility in the past, which has led to its being highlighted as the 'unexplored' tourist destination. Promotional material on NE tourism issued by the Ministry of Tourism describes the region in these words –

*'The colourful tribal costumes and handicrafts, the friendly folk, coupled with the endless diversity in geography, flora and fauna, languages, customs and architecture of the monasteries have begun to attract scores of people'.*

Some of the diverse forms of tourism that the governments – state and central - are keen to promote in the region are mainly ecotourism, culture tourism and wildlife tourism, with Assam keen to venture into tea tourism, Sikkim and Tripura into pilgrim tourism and few states into adventure and golf tourism as well.

In the absence of a significant industrial base and given the constraints for profitable cultivation in the region,

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<sup>1</sup> The marketing and publicity campaign launched by the Ministry of Tourism, Government of India in 2005 exclusively for the Northeastern States through the catchphrase 'Paradise Unexplored' and which has been embraced by the ADB in its programmes of tourism development for the Northeast through SASEC

<sup>2</sup> The term Northeast was originally coined to indicate the geographic location of these regions within the Indian Territory. However, constitutionally, the states of the Northeast – Assam, Arunachal Pradesh, Mizoram, Manipur, Meghalaya, Nagaland, Tripura and Sikkim are covered under the Sixth Schedule. They are also joined administered by the Northeastern Council – constituted by an Act of Parliament in 1971 – and is the nodal agency for socio-economic development of the NE. Sikkim was included within the Council in December 2002.

<sup>3</sup> Ibid. Ninth Five Year Plan, Planning Commission, Government of India, Volume II, Section 7.6 on tourism.

<sup>4</sup> Annual Report 2004-05, India Tourism, Government of India.

<sup>5</sup> Ibid.

<sup>6</sup> Ministry of Tourism statistics show that in 2004-05, of the scheme-wise funds released to the NE region totalling to 6559.418 lakhs, 5028.4 lakhs alone was spent under the head tourist infrastructure. (Annual Report, India Tourism, Government of India, 2004-05).

<sup>7</sup> In 2004, the priority sectors for ADB loans in the region were (on the basis of % of loan amount disbursed for projects in the sector) transport and communication (38.4%), energy (14.4%), multisector projects (12.3%) and law, economic management and public policy (11%).

<sup>8</sup> Meghalaya Tourism Policy 2001, Government of Meghalaya

<sup>9</sup> Incredible India, India's Northeast, Paradise Unexplored promotional material brochure.

tourism is being increasingly seen as the main source of employment in the NE. The Meghalaya Tourism Policy (2001) explicitly sites the inability of reforms in agricultural and industrial sectors to create an impact on the economy thereby forcing the government to revamp its development strategy focussing on tourism<sup>10</sup>. A Planning Commission Report on the status and prospects of tourism in Assam argues the potential employment that tourism would create through tourist guides, conducted tours and establishment of hotels<sup>11</sup>. The Look East Policy of the government of India and using tourism as a tool to integrate the Northeastern regions with Southeast Asia has also be emphasised by few authors (Bezbaruah, 2005)<sup>12</sup>. It emerges that aggressive promotion of tourism in the region is being done in the hope of inviting investment, creating employment and substantially improving economic conditions of the locals. Given this background, the ADB's initiative to promote tourism through sub-regional cooperation comes as a shot in the arm for government's efforts to boost tourism in the NE. With almost all states sharing international borders with Bangladesh, Bhutan, Nepal, Burma and China, the NE is a natural choice for promoting tourism through sub-regional cooperation. However, there are sensitivities – social, cultural, political, ethic and environment – in the region that any development plan has to account for. The perception that tourism is smokeless and the best option for sustainable development is being strongly contested by research and ground realities that present evidence to the contrary. The role of the ADB as a 'development bank' is also being increasingly refuted through case studies that expose its neo-liberal economic agenda, privatisation bias and role in perpetrating indebtedness in the sub-region. Given these threads, this paper critically analyses the role of the ADB in promoting sub-regional tourism development through its SASEC initiative with particular emphasis on implications for the Northeast Region of India.

## LET'S HOLD HANDS – THE ADB, Regional Cooperation And Tourism

The Asian Development Bank is one of the biggest international financial institutions lending to the Asia-Pacific region with total amount of loans lent approximating US\$ 5,293 million in 2004<sup>13</sup>. The ADB'S primary mode of functioning is by lending for specific projects and policy reform/economic restructuring in individual countries that are linked to the respective Country Strategies and Programmes (CSPs) developed. However, more recently, the ADB has prioritised and is playing a lead role in establishing regional economic cooperation alliances – what in ADB jargon is referred to as 'Regional Cooperation and Integration for Development'. Currently, the ADB supports and promotes six sub-regional programmes that are<sup>14</sup>–

- CARECU (Central Asia Regional Economic Cooperation Unit)
- GMS (Greater Mekong Subregion Program)
- SASEC (South Asia Subregional Economic Cooperation)
- IMT-GT (Indonesia-Malaysia-Thailand Growth Triangle)
- BIMP-EAGA (Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area)
- Regional Economic Monitoring Unit

Apart from the above specific programmes, overall regional cooperation in the Pacific and Southeast Asia and

<sup>10</sup> Id. 6. The policy states – 'During the last twenty years, Government has made several attempts to develop Industries, encourage agricultural and other related activities in efforts to create employment. Unfortunately, the impact has not been as desired as there is no viable industrial base and even in the Tourism Sector; infrastructure so developed has been in an unorganised manner without any concise plan and sense of direction,' Meghalaya Tourism Policy 2001, Government of Meghalaya.

<sup>11</sup> Tourism in Assam: Status and Prospects, [http://planningcommission.nic.in/plans/stateplan/sdr\\_assam/sdr\\_assch8.doc](http://planningcommission.nic.in/plans/stateplan/sdr_assam/sdr_assch8.doc)

<sup>12</sup> Prospects for Tourism, M P Bezbaruah, <http://www.india-seminar.com/2005/550/550%20m.p.%20bezbaruah.htm>

<sup>13</sup> According to official statistics, China received the largest disbursement of loans amounting to US\$ 1,259 million (23.8%) with India a close second having borrowed US\$ 1254 million or 23.7% of all loans disbursed. Additionally, an amount of US\$ 154.27 million were disbursed as Technical Assistance Grants with Pakistan receiving the highest grant amount of US\$ 28.92 million and India, the fifth highest amount of US\$ 11.20 million. Source: 'ADB AT A GLANCE,' May 2005.

<sup>14</sup> Source: ADB website – [www.adb.org](http://www.adb.org)

the Pacific has also been focused on. The ADB states that the rationale for supporting regional cooperation has rested on two factors – to permit countries to respond collectively to common transboundary problems and secondly improving access to expertise, trade, investment, information and technology<sup>15</sup> (ADB, 2004). Importantly, the ADB believes that the regional cooperation strategy can advance poverty reduction by freeing up trade and transactions, improving regulatory environments, increasing competitiveness and enabling countries to meet their trade liberalisation commitments<sup>16</sup>.

But what the ADB today calls as ‘regional economic partnership alliances’ are considered by many are merely sophisticated versions of the ‘growth triangle’ or ‘Sub-regional economic zone’ concept that few lead economies of the region experimented with in the of the late 80s and early 90s at the behest of ADB and other donor agencies. The success factors of these triangles were the presence of a highly developed city (area) that has run out of land and labour; a surrounding area plentiful in land and labour; and political to reduce the visible and invisible barriers between the two<sup>17</sup>. Therefore what is today the GMS comprising 5 countries and the Yunnan province of China has evolved from the Golden Quadrilateral that comprised Northern Thailand, Myanmar, Laos and the Yunnan. Similarly SASEC is a sophisticated manifestation of the South Asia Growth Quadrangle that the ADB had initiated in 2001 comprising Bangladesh, Bhutan, Nepal and India. Providing insight into the ulterior motives that countries had in pushing for the SADQ concept in South Asia, Raghav Narsalay notes” ...one of the major reasons behind the ADB’s growing interest in the formation of the SAGQ is hectic lobbying from US industry – especially those involved in power generation and generation equipment – through the US government which is one of the largest donors to the ADB.”<sup>18</sup> Therefore the arguments of vested interests by foreign parties and centre-periphery concept and the creation of economic hubs that were raised in the context of growth triangles cannot be ruled out while discussing the regional economic cooperation philosophy of the ADB<sup>19</sup> and must be kept in mind while analysing sector-specific initiatives and programmes under this umbrella.

Tourism has not been a priority sector for loans granted or projects sanctioned by the Bank<sup>20</sup> on an individual country basis with only Nepal, Lao PDR, Cambodia and Vietnam having received specific loans for tourism sector projects with the latter three being under the umbrella of GMS support. However, this does not mean that tourism is not on the radar of the ADB as the sector finds subtle reference in CSPs of several of the Bank’s forty-five active borrowing member countries. The table below derives data from the latest CSPs and CSP Updates of ADB Member countries and lists out the reference and interest in tourism.

**Table 3: Current World Bank Projects with Tourism Components (as of 2005)**

Sl. No	ADB Country Strategy and Programme Update	Nature of reference/interest in tourism
1.	Bangladesh (CSP 2006-2010)	Regional cooperation in tourism through SASEC
2.	Bhutan (CSP 2006-2010)	Regional cooperation in tourism through SASEC, Active promotion of tourism especially ecotourism and village-based tourism, enhancing private sector participation, open up new areas and deregulating tourism.
3.	Cambodia (CSP 2005-2009)	Pro-poor tourism development through GMS, support tourism through urban integration and infrastructure, environment management plans to support ecotourism.

<sup>15</sup> Asian Development Bank, Annual Report 2004.

<sup>16</sup> Ibid.

<sup>17</sup> An example is the SIJORI Southern Growth Triangle connecting Singapore with the Johor state of Malaysia and the Riau and West Sumatra provinces of Indonesia. Between 1980 and 1990, Batam in Indonesia was the prime destination for tourism and real estate investment from Singapore while Johor was the favoured location for labour-intensive manufacturing. (Co-opting Cooperation: The Asian Development Bank and Sub-Regional Economic Zones, Creating Poverty: the ADB in Asia, Focus on the Global South, May 2000.

<sup>18</sup> The argument was made referring to a statement by former US Ambassador to Nepal, Sandy Vogelgesang as praising the role that Nepal had played in promoting sub-regional alliance in the Ganges-Meghna-Brahmaputra basin on account of the huge investment opportunities it has opened for US investors in hydropower sector. ‘South Asia Growth Quadrangle, some development and political contradictions’ by Raghav Narsalay, Profiting from Poverty – the ADB, Private Sector and Development in Asia, Focus on the Global South, April 2001.

<sup>19</sup> In several of its documents, the ADB continues to refer to Thailand as the economic hub of the GMS and India the equivalent in SASEC. ADB’s Country Strategy Programme update for Thailand states ‘As the economic hub of the GMS Thailand has been able to establish strong mutual interests with its neighbours. (Thailand CSP Update 2006-2008)

<sup>20</sup> Ibid 7

4.	People's Republic of China (CSP update 2006-2008)	People's Republic of China (CSP update 2006-2008) Tourism in Yunnan through GMS, Shaanxi Qinling Mountain Integrated Ecosystem Management plan to promote ecotourism and cultural tourism.
5.	Cook Islands (CSP Update 2004-06)	Facilitating PSP in tourism, environmental conservation, setting up efficient water and sanitation management programmes to meet water requirements in tourist areas and implement user charge principle, community-based ecotourism.
6.	Fiji Islands (CSP Update 2005-07)	Tourism-related infrastructure development, Ecotourism and Outer Islands Development Project, Airports Rehabilitation and Upgrading Project to boost tourism.
7.	Kiribati (CSP Update 2006-07)	Reforming land-use patterns and implementing zonal changes for tourism and help governments release land for sector projects.
8.	Lao PDR (CSP Update 2006-08)	Pro-poor tourism through GMS
9.	Maldives (CSP Update 2006-08)	Domestic maritime transport project to look at tourism development, promotion of SMEs.
10.	Republic of Marshall Islands (CSP Update 2005-06)	Private sector investment in tourism infrastructure, reviewing tourism policy
11.	Federated States of Micronesia (CSP Update 2006-07)	PSP in tourism, implementation of standards in SMEs, promoting FDI in tourism to improve income/employment.
12.	Mongolia (CSP 2006-08)	PSP in tourism, Road Corridor Development Project to boost tourism.
13.	Nepal (CSP 2005-09)	Tourism promotion through SASEC, independent loans for tourism infrastructure.
14.	Solomon Islands (CSP Update 2005-06)	Helping the government in transformation of State-Owned Enterprises in tourism to boost PSP.
15.	Sri Lanka (CSP Update 2006-08)	Invitee to SASEC for tourism, construction of Colombo South Port Harbour project to boost tourism.
16.	Thailand (CSP Update 2002-04)	Tourism promotion through GMS
17.	Tonga (CSP Update 2005-06)	Study on altering land-use pattern to improve FDI in tourism
18.	Vietnam (CSP Update 2006-08)	Mekong Tourism Infrastructure Development Project
19.	Vanuatu (CSP Update 2005-06)	Development as a cruise tourism destination

**SOURCE: COUNTRY STRATEGY PROGRAMMES OF ADB – [www.adb.org](http://www.adb.org)**

However, the importance of tourism for the ADB increases several degrees in the context of its regional cooperation strategies. For example the CARECU Strategy and Programme Update (2006-08) says that a sum of USD 800,000 had been kept aside for developing a technical assistance report for tourism development but was unutilised due to reprioritisation of funds. Similarly the Pacific Strategy emphasises need for improving political stability in the region to boost tourism and promote sustainable tourism at national and local levels. In GMS and SASEC, not just is tourism a priority sector for regional cooperation but ADB has begun engaging actively through devising sector strategies and working groups to take forward the agenda with national tourism organisations.

So, why is the ADB more interested in supporting tourism development through the regional cooperation strategy rather than sector-specific loans and projects? Here are a few possible explanations:

- Stand-alone tourism projects are perceived as extremely difficult to execute efficiently on account of the cross-sectoral nature of tourism itself coupled with complex institutional frameworks. For example, hypothetically, a tourism project that is seeking to develop a destination or create a new one would require the implementing agency to coordinate other bodies/organisations in sectors like transportation, environment and forests, urban development that are intrinsically linked to tourism. This might explain investment in tourism is often a sub-component in environmental conservation projects (as in World Bank projects in Africa) or infrastructure and transportation sector projects (as in ADB in Asia-Pacific)
- One of the important criteria set down by banks like ADB for approving sector lending is the institutional capacity of the borrowing country/implementing agency to formulate clear sector development plans and execute projects that might be funded as part of achieving this<sup>21</sup>. In tourism, very few countries have formulated clear

<sup>21</sup> The ADB's Operations Manual for Bank Policies (2003) states that three main criteria need to be satisfied in order to meet ADB's policy on sectoral lending – a) the borrowing country will have a sector development plan b) possess the institutional capacity to implement that sector development plan and c) have appropriate policies for the sector which can be changed if needed. SOURCE: [http://www.adb.org/Documents/Manuals/Operations/OMD03\\_29oct03.pdf](http://www.adb.org/Documents/Manuals/Operations/OMD03_29oct03.pdf)

development plans and priorities. Further, lack of accurate data and statistics on tourism, which is always a challenge to collect owing to cross linkages, might be a restraining factor to formulating and defending the need for direct funding to tourism.

- With regard to regional cooperation, the ADB believes that from amongst all the sectors usually identified for regional cooperation like energy, water, transport and communication; tourism is seen as ‘least resistant’ i.e. partnering countries seem more receptive and open to regional cooperation in tourism than other sectors that might involve controversies or problems. This perception is improved with the ADB’s ambitions of using regional cooperation to create ‘single destinations’ out of these regional alliances. The ADB’s GMS Tourism Sector Strategy states the overall objective is – “To develop and promote the Mekong as a single destination...that help distribute the benefits more widely, add to the development efforts of each GMS country...while minimising any adverse impacts<sup>22</sup>”. So while the tourism in the GMS will promote the Subregion as a cultural, nature and adventure destination around a “Mekong brand”, SASEC will market the sub regions in South Asia as a premier “Ecotourism Pioneer” or “Buddhist Heartland Destination”.<sup>23</sup> Given the above, suffice it to say that tourism is a major agenda point for the ADB with regional cooperation currently being the preferred mode of operation. However, is tourism the answer to the problems in these regions? Given the diversity and differences in development levels, socio-economic milieu and priorities of each sub-region within sub regions, what will the potential impacts of integrated tourism development plans be? The following section seeks answers to the above questions in the specific context of the ADB’s SASEC Tourism Plan and the North Eastern Region of India.

## United We Brand: The SASEC Tourism Plan And Product

### Background to SASEC

The ADB defines SASEC Subregion to include Bangladesh, Bhutan, 13 of the north eastern states of India<sup>24</sup> and Nepal. Geographically, it covers the Eastern Himalayan-Bay of Bengal Subregion of South Asia. Born out of the South Asian Growth Quadrangle concept, through SASEC, ADB has identified six priority sectors for regional cooperation, which are – energy and power, transportation, tourism, environment, trade and investment and private sector participation. Without doubt, SASEC has made most movement in the sector of tourism. There are several indicators of this:

- Starting from its first meeting in 2001, the Tourism Working Group (TWG) (which comprises representatives of the four national tourism Ministries/Boards and ADB) has thus far met six times, far more frequently than any of SASEC’s other working groups.
- In terms of content, the TWG has had important milestones and made consistent progress towards its objectives like the establishment of the Secretariat in Kathmandu, Nepal and adoption of the SASEC Tourism Charter (2002, Kathmandu), preparation and adoption of the SASEC Tourism Development Plan (2004, New Delhi), first meeting of the SASEC Sustainable Tourism Forum (February 2005, New Delhi) and integration of Sri Lanka into the SASEC TDP (November 2005, Colombo).
- The SASEC TDP that was released in 2004 is the only official report to have emerged of SASEC activities of the past five years.

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<sup>21</sup> The ADB’s Operations Manual for Bank Policies (2003) states that three main criteria need to be satisfied in order to meet ADB’s policy on sectoral lending – a) the borrowing country will have a sector development plan b) possess the institutional capacity to implement that sector development plan and c) have appropriate policies for the sector which can be changed if needed. SOURCE: [http://www.adb.org/Documents/Manuals/Operations/OMD03\\_29oct03.pdf](http://www.adb.org/Documents/Manuals/Operations/OMD03_29oct03.pdf)

<sup>22</sup> Greater Mekong Subregion Tourism Sector Strategy, ADB, 2005, Executive Summary

<sup>23</sup> Coordinate marketing programme, SASEC Tourism Development Framework, ADB, 2004.

<sup>24</sup> West Bengal, Bihar, Jharkhand, Uttar Pradesh, Orissa, Assam, Meghalaya, Manipur, Tripura, Mizoram, Nagaland, Arunachal Pradesh and Sikkim.

<sup>25</sup> In January 2005, ADB and UNESCO jointly organised a Roundtable on the Sustainable Development of Cultural Heritage and Cultural Tourism in South Asia where the possibility of collaborating on the Buddhist circuit through conservation and development of specific projects was discussed. For more read -<http://www.adb.org/Documents/Events/2005/ADB-UNESCO-Roundtable/default.asp>

Other efforts in tourism have included partnering with the UNESCO on the possibilities of collaboration for the Buddhist circuit<sup>25</sup> in SASEC tourism and commissioning another study to bolster human resource development and capacity building in SASEC tourism. Proceedings of the TWG meetings and documents indicate that overwhelming attention has been given to branding, connectivity and joint marketing for tourism development in the region and negligible focus on issues of sustainability, conservation and community participation. The SASEC Tourism Charter itself, which is supposed to be the policy document guiding sector development, prioritises branding the region with the theme ‘Seeking A Spiritual Experience in SASEC’, improving connectivity through the New Asian Highway and increase capacity-building efforts among national tourism organisations and industry<sup>26</sup>.

## **MEKONG as model**

From its inception stage, tourism development in SASEC has been modelled along the lines of tourism cooperation in the GMS, which comprises Thailand, Cambodia, Vietnam, Myanmar, Lao PDR and Yunnan province of China. The ADB claims its tourism cooperation strategy in GMS to be an unparalleled success and has sought to adapt it to SASEC framework. It becomes important to analyse the GMS Model for a clearer understanding of what the strategy would mean for SASEC.

In 1994, ADB and UNESCAP (United Nations Economic and Social Commission for Asia and the Pacific) jointly organised a meeting of GMS countries that led to the formation of the Tourism Working Group and later the Mekong Tourism Forum. The original five crude GMS tourism projects of marketing, creating a sub-regional forum, training, training resource managers in conservation and developing river tourism of the Mekong / Lancang evolved in 2003 into seven concrete flagship programs<sup>27</sup>–

- Promote the GMS as a single tourism destination
- Improve tourism related infrastructure
- Improve human resources in tourism sector
- Improve standards of management of natural and cultural resources
- Promote pro-poor sustainable tourism in GMS
- Encourage private sector participation in GMS tourism
- Facilitate movement of tourists to and within the GMS

A permanent secretariat of the Mekong TWG was established in 1997 called the Association for coordinating Mekong Tourism Activities (AMTA) based within the Tourism Authority of Thailand in Bangkok. In the GMS model, there is role-dividing between the different institutions involved with the–<sup>28</sup>

- ADB and UNESCAP supporting the TWG, financing its meetings and providing technical assistance for studies and capacity building and funding the Annual Mekong Tourism Forum. ADB is also developing research studies and funding projects for different aspects of the GMS tourism plan like river-based tourism infrastructure in the Mekong and projects in Cambodia, Vietnam and Lao PDR.
- AMTA being the marketing arm of GMS tourism with assistance from PATA
- UNESCO providing technical assistance on conservation related issues and
- UNWTO liaisons with other bodies and explores funding options for schemes

According to the ADB, some of the major achievements of this GMS tourism cooperation model have been:

- Organising friendship caravans between Thailand-Lao-Yunnan
- Facilitating new air routes within the GMS

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<sup>26</sup> The SASEC Tourism Charter, presented and approved at the 2nd Tourism Working Group Meeting in Kathmandu, Nepal, 31st May – 2nd June, 2002. [http://www.adb.org/Documents/Events/2002/RETA5936/Tourism/draft\\_tourism\\_charter.pdf](http://www.adb.org/Documents/Events/2002/RETA5936/Tourism/draft_tourism_charter.pdf)

<sup>27</sup> ‘The Greater Mekong Subregion (GMS) experience in tourism cooperation’, presentation made by Les Clark, ADB consultant at the Third SASEC Tourism Working Group meeting, Dhaka, 2003. [http://www.adb.org/Documents/Events/2003/SASEC/Third\\_Mtg\\_Tourism/clark\\_gms.pdf](http://www.adb.org/Documents/Events/2003/SASEC/Third_Mtg_Tourism/clark_gms.pdf)

<sup>28</sup> Presentation by ADB on ‘Cooperation in Tourism’ presented at the First Tourism Working Group Meeting, Kathmandu

- Facilitating increased opening of international border check points
- Expediting customs, immigration and quarantine processes
- Facilitating agreement on commercial navigation along the Mekong River
- Promoted the village-based tourism concept

But is this model that the ADB actively advocates sustainable for the region in the long run? No - comes the terse response from regional experts.

Research by Bangkok-based Tourism Investigation and Monitoring Team (TIM Team) sites instance after instance of how the ADB's GMS Tourism Programme uses the rhetoric of 'sustainable tourism' and 'tourism-cum-conservation' to perpetrate a mass displacement drive that denies communities' access to their natural and community resources by privileging the rights of 'ecotourists'<sup>29</sup>. Testimonies from local communities indicate that the simplistic 'trickle-down' theory that agencies like the ADB adopt under the name of poverty reduction simply don't work and only favour private corporate players keen on investing in the sector. It further asserts that notions of 'sustainable tourism' are intrinsically rooted in the western concept of environmentalism that do not take into account basic livelihoods needs of communities based in poor regions of Asia and therefore cannot be adapted to situations of chronic poverty, glaring income inequities and even conflict-prone zones. The unsuitability of mass tourism infrastructure projects can be explained with the example of Thailand, which is suffering the adverse impacts of large-scale tourism. Ecotourism has meant deforestation with vast tracts of contiguous forests being cleared for tourism-related infrastructure like highways, airports, hotels, resorts, golf courses, visitor centres and other facilities<sup>30</sup>. Tourism has also taken a toll on other Mekong countries leading to cultural degradation in Angkor Vat, Cambodia; repression of basic human rights in strife-torn Burma and massive environmental destruction through mushrooming golf courses in Vietnam, Lao and Cambodia. Add to this the problems created with the damming of the Mekong River and consistent displacement caused by the roads and highway projects of the region<sup>31</sup>. In such an environment, an ADB-sponsored GMS scheme to market this single destination will only exacerbate impacts and reduce benefits from tourism. The paper ends on the note that "*A hard look at the overall situation leads to the conclusion that the policies pursued by governments, national tourism authorities and supranational bodies such as the ADB for the development of Mekong tourism have been those most suitable for promoting the industry rather than for the protection of the environment and the benefit of local communities.*"<sup>32</sup>

Realities from the GMS raise strong suggestions that a similar plight awaits the SASEC with the Tourism Development Plan possibly being a disaster in the making for communities in the region. The following section outlines the thrust areas of the SASEC TDP and emerging main areas of concern in the plan.

## What's in store for the Northeast?

The SASEC tourism plans in certain ways are even more ambitious than those of the GMS. Adopting the four catchwords of 'convergence', 'connectivity', 'coordination', and 'conservation' the SASEC TDP outlines 7 broad Subregional programmes under 23 different projects. The broad strategies outlined are (note the resemblance to the GMS strategies) –

- Tourism should be sustainable and contribute to poverty reduction
- Branding should focus on SASEC products and not the Subregion

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<sup>29</sup> 'Mekong Tourism: Model or Mockery? A case study of 'sustainable tourism'' by Anita Pleumarom, Third World Network Environment and Development Series No. 3, Penang, Malaysia, 2001.

<sup>30</sup> 'ADB's tourism plans for the Mekong Region poses risks not benefits,' Noel Rajesh, Asia-Europe Dialogue and Partner, 2004.

<sup>31</sup> For a comprehensive assessment of the problems created by the ADB's policies in the dams and power sectors in GMS read 'Mekong in Danger : ADB's involvement in the Greater Mekong Subregion' NGO Forum on the ADB guidebook Series, March 2005.

<sup>32</sup> Ibid 29.

<sup>33</sup> Such facilitation, the TDP states will include fostering public-private cooperation, reforming tourism regulations and facilitating technology transfer through foreign operators (emphasis added), SASEC TDP, ADB, 2004.



- Joint marketing
- Repositioning the Subregion as a tourist friendly destination
- Development of a competitive tourism industry<sup>33</sup>
- Improving links with neighbouring countries

Other important additional principles include consistency with SAARC goals, ensuring benefit sharing, promoting harmonious cultural relations within SASEC and make maximum use of tourism infrastructure. The four generic programs outlined are to coordinate marketing efforts<sup>34</sup>, enhance product quality, facilitating cross-border travel and developing human resources. The section below details plans of three programmes – facilitating cross-border travel, ecotourism and the Buddhist circuit.

## 1. Facilitating Cross-Border Travel

The strategic focus on facilitating intra-regional travel is significant as it highlights the links with transportation activities planned for the region. One of the projects planned is to organise an Eastern Himalayan Caravan featuring an overland caravan of four-wheel-drive vehicles exploring and celebrating the potential of cross-border routes organised by the private sector. The National tourism organisations will organise “flag-waving” activities along trail-blazing routes. The suggested routes are Paro (in Nepal) through Gangtok, Darjeeling, Bagdogra, Siliguri, Dhaka, Shillong, Kaziranga, Kohima, Tawang and Guwahati. It says – the ultimate goal is easing of border formalities. Another planned activity is the transformation of Bagdogra (in Siliguri, West Bengal) into an international airport and project it as a hub and gateway into the SASEC. The Government of India is to execute a study to check the feasibility of this measure and invite airline operators to consider plying to and fro. A third proposed activity to facilitate travel is reducing impediments to travel that include visa and permits, border formalities, airline access, currency use and tour operator regulations. Removing these impediments, it believes, will make fundamental improvements in attraction of the sub-region. International tour operators will be invited to organise tour groups and be trained on how to “...sell South Asia, especially lesser-known areas such as parts of Bangladesh, eastern Bhutan, India’s North East and Nepal’s remote areas. The fourth main proposal is to use the Asian Highway<sup>35</sup> initiative within SASEC to promote and facilitate tourism. The TDP plans to adapt the JBIC scheme of roadside visitor centres and Industrial Village<sup>36</sup> along the Asian Highway in India.

## 2. Ecotourism

The most critical part of the SASEC TDP is the product development based on the two themes of ecotourism and Buddhist circuit. Plans on ecotourism include an integrated project on trekking in the Himalaya which will highlight the grandeur of the great mountains and eventually link all SASEC countries and taking the tourist through the natural locales and national parks in the four countries. Once initiated the project can be broadened to include focus on jungles, ethnic peoples and heritage villages. Another project focuses on the region’s water resources and ecotourism in the Ganga-Brahmaputra Basin. The geographical scope of the project includes all landscapes along the Ganga, Brahmaputra and Teesta rivers linking famous sites such as the Sundarbans with national parks in Nepal, Bhutan and India. The marketing will be based on the region’s vibrant wildlife and ethnic cultures. A key starting point will be to promote and expand upon new cruise tourism products in the Brahmaputra. A third wing of ecotourism will be promotion of water-based adventure tourism in the SASEC region. The project will include the promotion of new adventure tourism destinations such as the Mon and Tsuensang

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<sup>34</sup> Joint marketing will revolve around the sub-themes identified by the TDP which are ecotourism and the Buddhist circuit in South Asia. Interestingly, the TDP says that the marketing campaign will echo the ‘Incredible India’ campaign and capitalize on it. It says – using the same will reinforce the success of this campaign, strengthen the sub-regional product image and add value to the campaign from India’s perspective. The Government of India has also agreed to produce initial collateral material for funding the setting up of the SASEC Tourism Marketing Fund. Additionally, a SASEC Marketing Alliance will be established with ADB, JBIC, PATA, FICCI, Airlines and other private sector players as members where few members can assist the process in kind while others can fund for dedicated purposes.

<sup>35</sup> The Asian Highway project was conceived, formulated and implemented by UNESCAP from 1992 where thirty four countries and over 1,40,000 kilometre in Asia have signed a treaty for implementation of the project which is a re-creation of the historic Silk Route that once linked Asia with Europe. The project is supposed to give particular benefit to land-locked countries like Afghanistan, Nepal, Laos and Bhutan.

<sup>36</sup> A concept introduced by JBIC where assistance is provided to communities to build centres for the production and sale of handicrafts and for the promotion of tourism in and around their villages.

districts of Nagaland, Arunachal Pradesh and Northeast India. A network of interested private parties will be formed which promote interests such as the protection of free-flowing rivers of present or potential use for adventure tourism in the Subregion.

### 3. Developing Buddhist Circuits

The other main theme identified for the SASEC tourism product is that of Buddhist circuit, given the historical, cultural, religious and archaeological significance in the four SASEC countries. Proposals include 'Footsteps of Lord Buddha' led by India and Nepal that include joint planning, marketing and development of the circuit<sup>37</sup>. Wide stakeholder discussion including DoTs, ASI, Buddhist societies, ADB, JBIC, JICA, UNDP, state departments of Bihar and Uttar Pradesh is envisaged. A second promotional is called 'Living Buddhism in the Himalaya' which will focus on improving the living Buddhism sites in 15 destinations across Sikkim, Nepal, Arunachal Pradesh, Ladakh and Bhutan. These include monasteries, religious sites, caves, statues and sacred lakes that will target dharma students, trekkers, yoga enthusiasts and those seeking 'peace and well-being'. A third promotional agenda on Buddhism is on highlighting Buddhist art and archaeology in South Asia which includes coordinated conservation and management of sites, improving accommodation facilities, training local guides and inviting media, filmmakers and book publishers to cover these attractions.

## The Mirage Of Sustainable Development

Overall Issues and Concerns on the SASEC TDP with specific reference to the North Eastern Region.

### 1. Poor participation of communities in formulation of the TDP

In line with most other projects of the ADB, the SASEC TDP appears to be a plan developed solely in consultation with the bureaucratic machinery and industry lobbies in tourism and, non-surprisingly, a product of corporate consultancy<sup>38</sup>. The report says that work on the TDP was undertaken in close consultation with National Tourism Ministries and organisations of the four SASEC countries. However, it is a known fact that tourism development and policy-making in many countries is an undemocratic process with little consultation in the planning phase with both local governments and communities (EQUATIONS, 2005). The section on approach and methodology of developing the TDP claims that "...the planning team's overall approach was to emphasise in-country consultations with stakeholders, in order to obtain and *understand government and industry views* on how best to use subregional cooperation as a means for strengthening both intra-regional and inter-national tourism."<sup>39</sup> (emphasis added). The hypocrisy of the process is reflected clearly in the above statement and holds true for the entire document. While 'community participation' in tourism has been repeatedly cited as an objective in the TDP, in reality, there has been negligible involvement of communities or their elected local representatives in the project areas both in formulating this plan or implementing its aspects. The TDP has a useful annexure, which lists out names of 'participants in the planning process' - assumingly those who have either attended the workshops held or contributed in other ways to the TDP. In India, workshops were held at New Delhi, Kolkata and Sikkim/Siliguri/Bagdogra. Note that no consultation or workshop has been held in important other 'key areas' identified by the TDP for intensive tourism development which include other regions of the North East like

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<sup>37</sup> Destinations on the circuit include Rajgir, Nalanda, Bodhi Gaya and Vaishali in Bihar; Sarnath, Kushinagar, Sravasti in Uttar Pradesh; Lumbini and surrounding areas, Kapilavastu in Nepal.

<sup>38</sup> The SASEC TDP has been prepared and implemented for the ADB by two corporate consultancy groups – Tourism Resource Consultants, New Zealand – a private-owned firm that offers expert high-end consultancy in international tourism with an apparent focus on conservation aspects. The firm has also penned the recently released GMS Tourism Sector Strategy. (<http://www.trcnz.com/>) The second group is Kathmandu-based Metcon Consultancy Private Limited that has written almost all of the ADB funded projects in Nepal including its tourism infrastructure development projects and Nepal Tourism Development Programme. (<http://www.metconnepal.com/>)

<sup>39</sup> SASEC TDP, Introduction, Section C – Approach and Methodology, ADB.

<sup>40</sup> Some of the groups whose names have been put down as participants at the regional workshop in Sikkim include Ecotourism and Conservation Society of Sikkim (ECOSS), Dzongu Ecotourism Society, Environmental Information System for Ecotourism (ENVIS), Kehedi Ecotourism and Ecocodevelopment Promotion (KEEP), Khanchendzonga Conservation Committee, Association for Conservation and Tourism and Ashoka Trust for Research Ecology and Environment (ATREE).

Manas areas in Assam, Pilak areas in Tripura, border areas of Arunachal with Bhutan and Sundarbans in West Bengal. Moreover, the list of participants at all workshops reflects an overwhelming (in some cases more than 90% of participants) presence of central and state-level bureaucracy, interested industry parties (hotel association, resort owners and airline companies) with few representatives of the media (that too not local media but travel magazines), educational institutions and locally active NGOs/research organisations<sup>40</sup>. Representatives of the multilateral banks and development agencies apart from the ADB like JBIC, WWF, UNDP, UNESCO are also conspicuous by their presence on the list. These revelations are a strong and primary reason for non-acceptance of the SASEC TDP plan as a genuine people's plan for developing tourism in the region.

## **2. Integration versus Restriction: Whose line is it anyway?**

As a subregional development plan, quite naturally, the focus of the SASEC TDP is on bringing down restrictions to regional and sub-regional integration. With regard to India, an important idea that has been repeatedly expressed in the TDP and echoed by government ministries and tourism promoters has been the relaxation of the Restricted Area Permit and Inner Line Permit rules that apply to some portions of the North East. In its section on issues and constraints for subregional tourism, the TDP makes specific mention of the Inner Line and Protected Area Permits required for outsiders to the states of Arunachal Pradesh, Mizoram and parts of Nagaland as a constraint to travel. Further under it recommends for India that such processes be liberalised to attract more international tourists. Even high institutional offices reflect this view – The Governor of Manipur in his address to the State Legislative Assemble expressed the need to do away with the Inner Line Permit State, which is a physical and psychological barrier to tourists and investors<sup>41</sup>.

However the issue of Inner Line Permits in the NE is highly sensitive and must not be dealt with as callously as the SASEC TDP has in the context of tourism promotion. Historically, the concept of line permits in the North-east was first imposed by the British through the Bengal Eastern Frontier Regulation of 1873 in order to control the activities of British officers and troops in the region on account of clashes with the tribal kings and follow a policy of 'pacification' rather than aggression in the region<sup>42</sup>. Upon independence, the Constitution of India adopted this concept but with a new philosophy. Although Article 19 of the Constitution guarantees the freedom to move freely through the Territory of India or to reside/settle in any part of the territory, it clearly says that this shall not prevent the State from making any law imposing reasonable restrictions on the exercise of such rights either in the interest of the general public or any Scheduled Tribe. In this case, areas of the Northeast, identified as Schedule VI areas may have the right to impose permits on the entry or movement of outsiders<sup>43</sup>. In recent years, the political strife in the region has made the permit issue, if possible, even more thorny and controversial.

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<sup>41</sup> The speech quotes 'We have taken measures to promote tourism with greater focus on expansion of tourist facilities. Private investments in this sector will be encouraged. My Government will continue to urge the Government of India to dispense with the Restricted Area Permit (RAP) regime and the Inner-line Permit System which have not only outlived their purpose but have also become avoidable psychological barriers for potential investors, tourists as well as the people of the State" by his Excellency the Governor of Manipur, Shri Ved Prakash Marwah to the Manipur Legislative Assembly on 13-3-2000. SOURCE: <http://manipurassembly.nic.in/govadd00.htm>

<sup>42</sup> According to historians, The Bengal Eastern Frontiers Act of 1873 created a new internal frontier for British India. It allowed the colonial state to create an Inner Line along the Assam foothill tracts, whereby the inhabitants of the tracts beyond would 'manage their own affairs with only such interference on the part of the frontier officers in their political capacity as may be considered advisable with the view to establishing a personal influence for good among the chiefs and the tribes'.<sup>12</sup> This regulation was added to by the Scheduled Districts Act of 1874 and the Frontier Tract Regulation Act of 1880 which permitted the exclusion of the territories under their purview from the codes of civil and criminal procedures, the rules on property legislation and transfer and any other laws considered unsuitable for them; Jayeeta Sharma, SOURCE: [http://www.india-seminar.com/2005/550/550\\_jayeeta\\_sharma.htm](http://www.india-seminar.com/2005/550/550_jayeeta_sharma.htm)

<sup>43</sup> In the analysis of V.N. Shukla, one of the grounds for restriction on application of Article 19.d of the Indian Constitution is to protect "the interest of scheduled tribes". This has been incorporated in the Constitution to protect the aboriginal tribes in India which are mostly settled in Assam. It was necessary to empower the State to impose restrictions upon the entry of outsiders to the areas inhabited by these tribes. An uncontrolled mixing of the tribes with the people of other sections is likely to produce undesirable effect. From the Constitution of India, by V.N. Shukla, revised by Mahendra P. Singh, Tenth Edition, Eastern Book Company, 2001.

<sup>44</sup> In 1993, a reported statement by the Union Home Minister in Shillong early in 1993 suggesting that Inner Line Permits might be scrapped triggered widespread protest throughout the region. A joint action committee headed by students and other activists as immediately formed to oppose the move. From India's Northeast Resurgent : Ethnicity, Insurgency, Governance and Development, B.G.Vergheese, Konark Publishers Private Limited, 1996.

<sup>45</sup> ULFA's Concern Over Inner Line Permits, <http://www.geocities.com/CapitolHill/Congress/7434/freedom0204.htm> - ULFA's%20concern%20about%20

Local perspectives seem to differ significantly as well. While the Mizos vehemently protested the move by the Union Home Ministry to scrap inner line permits arguing that it was fundamental to protect their unique identity and culture<sup>44</sup>, the ULFA (United Liberation Front of Assam) expresses grave concern over the Meghalaya government imposing inner-line permit on the people of Assam saying that it would undermine the historical and emotional amity of the people of the two states<sup>45</sup>. Alongside these, there are reports that the government of Arunachal Pradesh has been hesitant to touch the inner-line permit regime, although having considerably relaxed the Restricted Area Permit regime, in the light of increasing influx of Chakma and Hajong refugees from Bangladesh<sup>46</sup>.

Clearly, there is more to the issue of inner line permits than tourism. To suggest even lightly that they be done away on the grounds of boosting tourist arrivals into the region is preposterous and highly insensitive to the geo-political, ethnic and social sensitivities of the region.

### **3. Key Areas – Developing enclaves?**

One of the main programs suggested in the TDP is the ‘Key Area Programme’ where key areas are focal areas for tourism sector development fostering sub-regional growth in tourism. Each key area must overlap at least two SASEC states and possess potential for ecotourism and Buddhist circuit development. Eleven such key areas have been identified –

- Bardiya and Suklapanta (in Nepal) to Dudwa National Park (Uttar Pradesh, India)
- Buddhist Sites – Lumbini to India
- Kanchenjunga, Sikkim and Darjeeling
- Eastern Sikkim to West Bhutan
- Sundarban Protected Areas<sup>47</sup> (West Bengal, India – Bangladesh)
- Paharpur (Nepal) to Siliguri and Bagdogra
- Mainamati (Bangladesh) to Tripura
- East Bhutan to Arunachal Pradesh
- India’s Northeast States
- Kathmandu Hub

A total of 33 projects have been suggested for implementation in the key areas that broadly focus on infrastructure improvements, setting up wayside amenities, airport modernisation and restructuring, ecotourism strategies (especially for Sunderbans, Manas, West Sikkim) and visitor management plans. Some specific projects are adventure trekking in Arunachal, home stay development and handicrafts programme in Northeast and community-based centres in the Sunderbans. The TDP states that while the ADB and the Tourism Working Group will maintain an active interest in key areas, actual implementation of projects will be left to national governments. Of the projects listed, while development in some is immediately feasible, others will require radical changes in security arrangements and permit procedures.

One of the immediate adverse impacts of creating such key areas as identified in the TDP is that it subjects them to intense development not just in terms of tourism projects but infrastructure development through roads, airports as well. Almost all of the identified areas are highly ecologically and socially sensitive regions whose

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<sup>46</sup> <http://www.achrweb.org/countries/india/arunachal/SCJAP0703.htm>

<sup>47</sup> In the context of the Sunderbans, it is important to note that a previously envisioned ecotourism plan that was shelved on account of protest and campaign by local communities on grounds of its unsustainability. In 2003, a preposterous idea was floated by the Sahara Group (one of the biggest industrial conglomerates in the country with an active stake in the civil aviation, retailing, entertainment and tourism industries) of undertaking a Rs 540 crore (Rs 5400 million or Rs 5.4 billion) ecotourism project in the marshes of the Sundarban Biosphere Reserve in West Bengal, India. Against a complex setting of habitation impacts, conservation issues and communities fighting to retain their traditional fishing rights, the government in January 2004 cleared the Integrated Sahara Tourism Circuit Project, covering 868 acres in five regions of Kolkata, Sagar, Frasersgunj, L-Plot, Kaikhali and Jharkhali. The once official project website had the following to say in its favour – “The Sunderbans Project is an ambitious project to develop the country’s biggest delta in West Bengal into a world-class tourist centre” and therefore the project features included varying accommodation facilities including cottages and floating boathouses, modern aqua sports, spa, health centre, club house and casino, state-of-the-art communication and transportation systems. If implemented, apart from the obvious damage to the fragile ecosystem, the project would certainly have displaced several traditional fishing villages or rendered them economically helpless by denying access to the waters. It took a prolonged and sustained campaign by local communities and civil society groups to highlight the absolute unsustainability of the venture, finally resulting in the shelving of the project in March 2005.

carrying capacity cannot sustain unlimited use of space and resources for tourism and infrastructure<sup>48</sup>. In the Indian tourism scene, the concept of cordoning off certain regions as exclusive zones/special areas or as in this case 'key areas' has been an utter failure. Places like Bekal, Mahabalipuram, Kovalam and Sindhudurg that were identified as Special Tourism Areas (STAs) in the 1992 National Tourism Policy turned into enclaves of investment, exploitation and isolation from their surroundings. These have left natural resources exploited, communities displaced and the destination spent. The social-cultural disconnect that ensues between enclaves and their surrounding areas are stark and have been witnessed in Goa, Bali and Hawaii. The 'Key Areas Programme' of the TDP shows all indications of replicating this mistake in the even more sensitive Northeastern region of India. What ever be the best practices adopted or conservation practices attempted, it would be naïve to assume that spaces that are identified for intense, integrated tourism development would not be adversely impacted by such a move or leave no impact on surrounding areas.

#### **4. Ecotourism Initiatives: the smoke will rise...**

Ecotourism has been hailed the world over as the newfound mantra to promote tourism the 'eco-friendly' and smokeless way. It has unfortunately been made synonymous with tourism in ecological zones, protected areas and nature tourism. So, although the form of tourism development remains more-or-less mainstream, its promotion and publicity is done as tourism, which is low-impacts, green-washed and environmentally sustainable (EQUATIONS, 1999).

The TDP identifies several projects to be promoted in the SASEC Subregion under the rubric of 'developing ecotourism based on nature and culture'. Proposed activities include trekking, river-based tourism and adventure tourism. Some of these are clearly unsuited to the northeast and will have grave adverse impacts on the ecology if implemented. One such proposal is to use the Ganga-Brahmaputra basin for river-based activities like cruising. Cruise tourism is considered one of the most polluting forms of tourism development the world over. Several important cruise destinations in the Caribbean islands and central America are facing pollution problems caused by cruise ships in the form of sewage effluents, oil and fuel leakages and many other forms of organic and inorganic waste<sup>49</sup>. From the economic point of view, cruise tourism reportedly provides far less benefits to local communities as cruise packages are run and managed completely by tour operators and directly compete with small land-based tourism (Caribbean Tourism Organisation, 2004). The potential adverse impacts could be higher in the case of river cruises as pollution might be higher along riverbanks where the cruise vessel halts. There could also be an adverse impact on fish catch that could affect the local economy. Given this, by no stretch of imagination can cruise activities be regarded eco-friendly and so, might clearly be a bad idea for the ecologically sensitive region. Added to this are proposals of adventure tourism like rafting and mountaineering that might heighten the tension on the ecosystem.

Another focus area for proposed activities are the region's national parks, protected areas and sanctuaries to highlight the rich flora and fauna. Wildlife Tourism as a concept was first promoted in Sub-Saharan Africa – especially Kenya, Tanzania and Uganda. Over the years, the proliferation of game reserves, national parks and safari parks led to the continual displacement of indigenous Maasai people from their traditional homelands and even adversely impacting the wildlife itself that began to feel the strain of increased tourist arrivals and mushrooming infrastructure around their habitats (KIPPRA, 2002)<sup>50</sup>. Proposals to attract larger number of tourists to national parks and sanctuaries in the SASEC sub-region, especially the northeast region within India could lead

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<sup>48</sup> Environmental carrying capacity is the capacity of an ecosystem to support healthy organisms while maintaining its productivity, adaptability, and capability of renewal. Tourism carrying capacity is a specific type of environmental carrying capacity and refers to the biophysical and social environment with respect to tourism activity and development. It represents the maximum level of visitor use and related infrastructure that an area can accommodate. If it is exceeded, deterioration of the area's environmental resources, diminished visitor satisfaction, and/or adverse impacts upon the society, economy and culture of an area can be expected.

<sup>49</sup> For a detailed reading on impacts of cruise ships read 'Cruise Industry Based Challenges facing Caribbean Destinations' Kenneth. K.Artherley, Barbados Port Authority.

<sup>50</sup> For a detailed analysis of the impacts of tourism on the environment refer 'Impact of Tourism on the Environment in Kenya: Status and Policy', Kenya Institute of Public Policy Research and Analysis, 2002.

<sup>51</sup> 'Tourism Hopes for Manas', The Telegraph, February 13, 2006. [http://www.telegraphindia.com/1060214/asp/northeast/story\\_5841579.asp](http://www.telegraphindia.com/1060214/asp/northeast/story_5841579.asp)

to similar tragedies. Already, there are reports of the Manas National Park being projected as the wildlife tourism destination of the circuit<sup>51</sup>. The impact-mitigating factor could be regulation of both number of visitors and tourist facilities within and outside such parks – but clearly this is not a priority for the TDP as it pays no attention to such matters.

Research reveals that over the past twenty years, all states of the Northeast have lost substantial forest cover owing to logging, mining, sawmills and paper industry and even anti-insurgency efforts<sup>52</sup>. Deforestation has affected the region's flora and fauna, weather conditions, cropping patterns and sustenance options of local communities and increased both frequency and severity of floods and landslides<sup>53</sup>. The plethora of infrastructure projects proposed for the region and bound to add to this deforestation and if not carefully implemented, the proposed tourism activities of the TDP will be a guilty party as well.

The TDP has come up with the ingenious concept of a South Asia Sustainable Tourism Forum that would serve as the bridge between public and private sector initiatives in ecotourism. Designed along the lines of the Mekong Tourism Forum, the SASTF objectives would be to act as a platform for joint planning and marketing in ecotourism, help coordinate regional initiatives and engender pride in the projection of the region as an ecotourism destination. One again, community representatives find no place in this Forum. Proponents of tourism rarely appreciate that ecotourism, if understood holistically, does not merely refer to eco-friendly practices and lower impacts on the environment but includes principles of equitable benefit-sharing, equal access and participation in sustainable tourism. Even though the TDP has in places acknowledged the need for environmentally sustainable tourism, it has not appreciated aspects of benefit sharing and genuine community participation.

## **5. Participation and Benefit Sharing in Tourism – mere lip service**

The TDP makes countless references to community participation in the projects either as an objective or implementation principle of proposed projects. But in practice, it is difficult to see how and where communities will find a meaningful role to play in this mammoth plan. When policies and plans are developed top-down, initiated by industry and bought to the community only when permission or approval is sought, it makes a mockery of 'community participation'. Tourism projects are most meaningful to communities when they have themselves initiated them, run on their terms and suited to their needs and priorities. Such initiatives do exist in practise and have run successfully in different parts of the world but find no mention in the ADB's grand scheme of events for SASEC tourism. One such example from within the region itself is in the village of Khonoma, 20 kms west of Kohima the capital of Nagaland, where a largely agrarian community expressed interest to adopt tourism as a possible supplementary source of income. The decision to bring in tourism – in what form, to what extent, with what objectives and regulations – have all been debated and discussed by the Village Council – the traditional local self-governing institution of the village. Prior to initiation of tourism activities, a detailed Environment Impact Assessment was undertaken with the study including community representatives to ascertain the possibilities in tourism, develop regulatory mechanism to ensure that tourism is sustainable in the long-run for the village (KTDB, 2004).

Benefit sharing in tourism includes not just the economic and environmental benefits but even political and social benefits that communities can get by engaging in tourism<sup>54</sup> (NBSAP, 2002). Economically, evidence from developing world tourism statistics is testimony to the fact that larger numbers do not always result in larger incomes for local communities in tourism essentially because benefits do not trickle-down to the community-level (EQUATIONS, 2004). The TDP comes up with no concrete plans on how the benefits that would be generated from the tourism projects would be distributed among the poor communities of the region. One of the simplistic

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<sup>52</sup> From the chapter 'Fading Forests, Northeast in Trouble' of the book 'Lands of Early Dawn – North East of India', Romesh Bhattacharji, Rupa and Co, 2002.

<sup>53</sup> Ibid.

<sup>54</sup> For a detailed reading of benefit sharing in the context of ecotourism refer 'Sub-Thematic Biodiversity and Tourism, contributed to the National Biodiversity Strategy Action Plan of Ministry of Environment and Forests, Government of India, prepared by EQUATIONS, 2002.

arguments presented is that development of Buddhist circuit and other products will encourage international tourists to stay longer, enabling tourists to reach remote and poorer areas and therefore increase benefits from tourism. This is both an illogical and a poor understanding of what benefit-sharing means and how it could be achieved. Further it advocates for the private sector to take the lead in tourism development in the SASEC. Private-sector initiatives by definition cannot accommodate benefit-sharing principles that would contradict with their profit motives. If anything, with the emphasis on private sector participation, the SASEC TDP will have to certainly clarify better how it hopes benefit-sharing objectives will be achieved<sup>55</sup>.

## 6. Regulation and Sustainability

Tourism is one of the most under-regulated sectors in the country largely on account of its perception as smoke-less industry setting win-win situations for all parties involved. Economic liberalisation in the hope of inviting inflows of foreign investment have been complemented with environmental deregulation – an elimination of those barriers that act as impediments to investment. The TDP reflects this philosophy without understanding that regulation of tourism or for that matter all activity is integral to sustaining development in the Northeast<sup>56</sup>. It was for this reason, among others that the Constitution identified the region as Schedule VI Area allowing it time and space to follow a different development trajectory than mainland India. Recognising and respecting the role of traditional and customary administrative systems like the role of the Village Council was integral to this philosophy. Currently, the Northeast has come under the spotlight and is at the receiving end of intensive development both in terms of activities undertaken and funds dispersed. While tourism can be a sustainable source of income and livelihood option for the locals, it has to be introduced in measured and regulated means. A sudden barrage of tourism projects will open the floodgates to investment without giving the local environment or communities sufficient time to cope and reap the benefits of such investment. Regulations are also important to ensure that local laws, which are suited specifically to the context of the region, are not overridden by other national or international laws and processes that affect tourism. Regulation in tourism could take different forms –

- Regulation of industry activities like limiting the number of hotels/resorts within a region or number of tour groups permitted
- Restricting the number of tourists visiting a place or number of vehicles permitted within a protected area
- Regulations that seek to increase the local benefit from tourism like reserving job opportunities for locals as tour guides or hotel staff or local ownership in tourism establishments such that direct benefits are greater
- Regulation like environment impact assessment, public hearing, carrying capacity studies, installation of waste-management systems that mitigate adverse impacts on the environment
- Retaining ownership of common property resources like land, forests, water bodies with the locals in recognition of customary rights and ensure access to resources

However, none of these and neither the notion of regulation find mention in the TDP as it is seen as obstruct-

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<sup>55</sup> Emphasising the point and seeking explanation of how the goals of MDBs like the ADB correlate to their facilitating greater private sector participation, Nurina Widagdo writes “...there are at least two critical areas of concern with the private sector development strategy. First, the assumed beneficial link between private sector development and poverty reduction. This is particularly important as the ADB – together with other MDBs – claims that poverty reduction is its overarching goal and *raison d’être*. Second, problems with transparency, accountability and participation that must be addressed in all ADB operations and practices including its work with the private sector. ...The ADB does not discuss the issue of accountability in its private sector development strategy. When the responsibility for the provision of goods and services shifts from the public to the private sector then it is important that the private sector’s accountability to the recipients of those goods and services is maintained or strengthened.” ‘A Critique of the AND Private Sector Development Strategy,’ by Nurina Widagdo, *Creating Poverty, the ADB in Asia, Focus on the Global South*, 2000.

<sup>56</sup> For instance, in the village of Khonoma, the local tourism development board, in association with the village Council is very clear that tourism development in the village cannot go unregulated. It says – “Khonoma has a robust set of customary laws, various regulations and acts made and revised from time to time on banning hunting, collection of firewood and non-timber forest produce and other aspects of environment and natural resource management. The introduction of tourism will impact the environment in various ways and therefore the village needs to frame a new set of rules and regulations applicable to the new situations arising from the introduction of tourism and suiting the specific requirements of the village socio-economic and environmental situation. The village must ensure consistent monitoring and review of tourism activities to detect problems at an early stage and to enable action to prevent the possibility of damage. A code of ethics should be adopted voluntarily by the different stakeholders, establishing the most appropriate rules of conduct for their constituents. Summarising, education and voluntary guidelines and codes are required, followed by laws and their strict enforcement by concerned authorities.” (KTDB, 2004).

ing investment and a deterrent to private sector participation in tourism. It supports the ongoing deregulation drive in the country where several legislations pertaining to environment, ecology, wildlife and tourism are being ‘rationalised’. In places the TDP does state that proposed activities would be controlled and latest techniques would be adopted to ensure minimal impacts. But it seems hesitant to stress the point for obvious reasons of its contradiction with the consistent deregulation demands of the private sector. Planners and policy-makers need to realise that sustainable tourism in the Northeast in the absence regulation cannot be achieved – a reality that raises questions on the notion of sustainability that the TDP repeatedly advocates<sup>57</sup>.

## **7. Financing the TDP – an attractive option for multilateral banks**

The TDP places the approximate cost of its implementation at a whopping US \$ 75 million (approximately 3375 crore Rupees). The funding options suggested include national government resources, which the TDP believes will not be sufficient to implement several parts of the proposed plans. Private sector investment and measures that could improve these (like liberal FDI regimes) and banking on national banking sectors has also been suggested. But interestingly, the TDP makes a strong case for national governments to seek development assistance to implement aspects of the TDP. It says, “Regional cooperation in tourism is a mutually beneficial opportunity...donor assistance is needed to realise this potential. Consultation with donor agencies should continue. SASEC Meetings on Ministers and senior officials must include representatives of the donor community, both to convey the importance of regional cooperation in tourism and to seek the participation of donors in formulating and implementing appropriate projects and programmes.” Clearly, the TDP creates immense opportunities for further development assistance through loans and other forms of disbursement for interested parties. Of the 23 projects identified by the TDP, the ADB and JBIC together have expressed interest to support (fully or partly) seven projects – the Bagdogra Tourism Gateway and Hub Planning Study, Asian Highway Linkages, Project Management Training for NTOs, TAs for the Integrated Project on Trekking in the Himalaya, seed financing for setting up the South Asian Sustainable Tourism Forum, the Footsteps of Lord Buddha initiative<sup>58</sup>. The TDP also recommends a shift in the policy of other donors such that more funds are directly made available for tourism, as many do not consider it a priority assistance sector. Seemingly, whether or not communities benefit from the proposed activities, the TDP opens a gateway of opportunities for MDBs.

## **Conclusion**

The SASEC TDP comes at a time when the Northeast is reeling under the impact of several projects and programmes being undertaken by government and funded by MDBs for the region. Tourism is being seen seemingly more suited to the development priorities of the region given the ‘win-win’ situations it paints for all involved parties. The rapidity with which the Tourism Working Group within SASEC has been progressing is a sure indicator that the Northeast is in for some serious investment in tourism, adding to the strain that current and proposed infrastructure projects are having on the region. But as this paper has highlighted, several of the planned activities and the process of plan formulation themselves have been divorced from genuine community participation and sustainability. The SASEC’s tourism endeavours seem to be following the same tragic line that is visible in all that is being proposed in the name of ‘development’ for the Northeast – an imposed model of development alien to their context and surroundings. Development gurus, political leaders and MDBs believe that the Northeast might have had its times of trouble but now is seeing a new dawn – of development, progress and prosperity. Surprisingly, its people seem to be nowhere in sight in this grand ‘development matrix’. These words provide a thought-provoking conclusion – “To those living along the border of the Northeast, the only people they see from

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<sup>57</sup> Anita Pleumarom in her sharp critique of the ADBs tourism development model in the Mekong raises similar questions. She says “Since especially in poor countries tourism’s economic viability is seen as a prime criterion for sustainability, the old question who actually benefits from tourism needs to be raised anew in the face of globalisation and liberalization. Third World tourism is mainly driven by foreign industry interests, and the economic gains for destination countries are often greatly over-estimated. Under these conditions, the proclaimed goals of sustainable tourism to enhance local economic benefits and the preservation of natural and cultural resources are extremely difficult to achieve”. Id. 24.

<sup>58</sup> SASEC TDP Development Matrix and Action Plan



# ADB's latest tourism avatar: a free for all for investors

Thoughts on the ADB's latest tourism-specific loan to India  
through the Inclusive Infrastructure Development Project.

Souparna Lahiri, March 2008

The partnership between the Asian Development Bank (ADB) and the Indian Government in the tourism sector has been so far limited to the South Asian Sub-Regional Economic Cooperation (SASEC) programme where India is one of the focus countries apart from Bhutan, Nepal and Bangladesh.

For the first time the ADB is considering a separate loan for tourism development in India through the proposed Inclusive Tourism Infrastructure Development Project (ITIDP). This is being processed at the request of the Indian Government and currently the Technical Assistance (TA) report is under preparation.

## The Genesis

A Technical Assistance Cluster (TAC) for Project Processing and Capacity Development financed by the Government of the United Kingdom was approved by the Board of Directors of the ADB on 30 June 2006. The TAC was designed to enhance results from ADB operations by increasing the efficiency and timeliness of the preparation of development projects in India. The Tourism Infrastructure Development Study was included in the TAC as a Component Technical Assistance (CTA).

The Director General of ADB's South Asia Department approved the implementation arrangements and the scope of the CTA on 18 December 2006.

ADB's lending pipeline in the India Country Strategy and Program Update 2006 includes a loan for Tourism Infrastructure Development for 2008. The CTA was expected to provide the basis for a follow-up project preparatory technical assistance that will support the Government in preparing an investment package for developing tourism infrastructure for possible ADB financing in 2008. The CTA was undertaken in response to the Government of India's request for ADB's support in preparing a feasible tourism infrastructure development project for possible ADB financing.

## Inclusive Tourism Infrastructure Development Project?

The name of the project itself triggers off several questions; why the project is termed "inclusive" is the foremost amongst them.

According to the project documents, the CTA was intended to help the Government develop a tourism infrastructure road map that provides an integrated planning framework for developing high-priority tourism infrastructure, and recommendations for institutional and regulatory interventions. The study was commissioned to formulate a tourism development road map with a 10-year planning horizon and to (i) assess the country's tourism endowments and infrastructure needs, (ii) identify high-priority tourism circuits and infrastructure requirements, and (iii) assess institutional and regulatory systems and capacities and recommendations for sector reforms to ensure *sustainable and socially inclusive tourism*.

The TA, which is currently underway, is "intended to help the Government of India to achieve its targets of enhanced performance of the tourism sector in an environmentally and culturally **sustainable and socially inclusive** manner as reflected in an increase in the number and length of stay of tourists and in a more widely distributed income and benefits from tourism and enhanced management of natural and cultural heritage sites of tourism importance". The proposed framework for sustainable and socially inclusive tourism fits in to the ADB's current pro-poor and inclusive sectoral development framework where poverty eradication and involvement and participation of communities are much highlighted.

The second question pertains to the inclusion of sectors and sub-sectors like transport and communications, roads and highways, water supply, sanitation and waste management within the ambit of the project. The proposed project is expected to include in selected states, investments in (a) tourism access and connectivity infrastructure, e.g., roads, transport, airports, etc, (b) destination utility infrastructure and services, e.g., sewerage, water, solidwaste management, (c) natural and cultural heritage conservation and support infrastructure and ser-

vices, (d) other tourism facilities and services (e.g., tourism service centers, tourist information facilities/kiosks) and wayside amenities between major destinations and sites (rest rooms, etc), and (e) community based tourism schemes and approaches to enhance multiplier effects and more widely spread the benefits to local communities from tourism.

Why should the ADB provide an assistance of US \$29 million to a project for developing communications and transport infrastructure, water supply, sewerage and solid waste management when such sector and sub-sector specific projects are already being implemented or in pipeline and funded by the ADB?

Apart from the huge and controversial JNNURM, several urban development projects are currently implemented or proposed in the States of Kerala, Karnataka, Maharashtra, Tamil Nadu, Madhya Pradesh, Rajasthan, Uttaranchal and in the North East where water supply, sanitation and waste management are important elements. Moreover, all these areas are also part of the tourist circuit in India.

Similarly, transport sector, roads and highways projects with ADB assistance are in operation in Chhattisgarh, Madhya Pradesh, Rajasthan, Uttaranchal, Kerala, Karnataka and in the North East. The ambitious East–West and North-South corridors are also underway.

It is quite obvious then that the proposed tourism project will overlap in to the current urban development and connectivity infrastructure projects. Why is that necessary and why should both the ADB and the Indian Government waste public fund in such a project?

The answer perhaps lies in the Project Information Document (PID).

## **Complete lack of safeguards**

The PID of the Project No. 40648 lists out the safeguards to be undertaken as per the existing ADB safeguard policy. On the issue of the proposed project having an adverse impact on women and/or girls or widen gender inequality, the PID says no! In terms of Involuntary Resettlement (IR), the ADB advocates only a short term plan since there will be limited impact from the project. Impact on indigenous people is also listed as limited and will not undertake any major or short term mitigation plan. On the issue of core labour standards, no action will be taken under this tourism project. The PID also reveals that the project will have limited social and health risks and exploitation of women and children and therefore HIV/AIDS and human trafficking have been kept out of the safeguard list.

The safeguard regime adopted for the project defies all logic and that too for a sector as sensitive as tourism which has admitted impacts on the communities involved in tourism, on culture and identity of the indigenous communities, on women and children. There exists a huge volume of work linking human trafficking and tourism, sexual exploitation of children and the incidence of HIV/AIDS. But, it seems that the ADB is not willing to recognize those impacts, especially when the project is going to facilitate private sector and foreign direct investment in tourism. Equally bewildering is the insensitivity of the project towards gender inequality and displacement for acquisition of land and loss of pristine forests and livelihood resources of forest people, particularly in the North East, and Uttaranchal.

In the event of the controversial new draft safeguard policy being adopted by the ADB Board in 2008, the projects like the proposed inclusive tourism development project in India will be disastrous for the affected and impacted communities. The tourism industry, the hospitality and transport sectors, the real estate and construction industry, the urban developers will have a field day and most of the projects coming up under the current and proposed urban development and roads and highways projects will be cleverly shifted under the tourism project since the current urban development and infrastructure projects are under much more stronger safeguard regime in comparison to the proposed tourism project. Investments flow will be smooth and perceptibly huge!

## **Bypassing EIA norms: a free for all**

The logic of including infrastructure and urban development within the tourism sector goes much deeper and has far reaching ramifications if we consider the current environment protection norms in India. Tourism, as an industry, has been taken out of the purview of the Environment Impact Notification (EIA) 2006. It was included in the previous EIA notification 1994.

It is, therefore, possible, that infrastructure projects like airports, roads and highways, solid waste management and even construction projects included under the umbrella of tourism may escape the EIA 2006 notification and those projects may not need public consultation and formal EIA reports. The Indian Government may even refuse to adopt any safeguard measure for this inclusive tourism infrastructure development project in such a case. And, going by the ADB's draft safeguard policy, if the country systems approach is adopted for such ADB projects in India, legally one can escape any safeguard mechanism and the investors need not spend a dime on any mitigation measure.

That will be a free for all scenario for the investors courtesy ADB and potentially disastrous for the communities impacted by such projects.

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# Depositions

On the tourism sector by activists, researchers and campaigners to the jury of the Independent People's Tribunal on the World Bank Group in India held from 21<sup>st</sup> - 24<sup>th</sup> September 2006, New Delhi, India<sup>1</sup>

**T**ourism has been one of the least spoken of but possibly one of the most controversial sectors in the context of World Bank operations internationally. Back in the 1980s, tourism, along with nuclear energy, was one of the few activities that the Bank's Board of Directors elected to halt. Today, at a time when the Bank is restarting tourism operations with renewed fervour, this note examines the implications against the backdrop of the Bank's historical engagement with tourism. The presentations and depositions on the tourism sector to the jury of the WB-IPT argued that the World Bank and its associated agencies – the IFC, MIGA and GEF - have a history of supporting large-scale, mass models of tourism development in the developing world which has led to visible negative impacts in these now established tourism “enclaves” of the world. Furthermore, since the 1990s, as part of its conservation and sustainable development approach, the Bank Group has funded conservation programmes in India that have displaced tribals and other local communities while simultaneously opening up these conservation areas (National Parks/Wildlife Sanctuaries/Tiger Reserves) for tourism promotion. Tourism is also a key motivating factor and impetus for several large-scale destructive infrastructure projects (like highway development, roads and urban development) undertaken funded by the Bank in regions like the Northeast of India. With these arguments, groups and affected communities will appeal for the complete withdrawal of the Bank's involvement in tourism as it has put in place destructive and exploitative models that have benefited the industry and investors in tourism but not local communities at destinations.

The World Bank's inroads into tourism began in the late 1960s when the IFC (International Finance Corporation) – the World Bank's private sector arm – began investing in hotel properties in Kenya. From 1969, through its Tourism Projects Department (TPD), the World Bank funded some of the world's biggest (in terms of scale and investment) tourism projects including the Kenya Wildlife and Tourism Project, the Bali Tourism Masterplan and the Dominican Republic Puerto Plata Project. The focus of the TDP was large tourism infrastructure projects that would attract hotel investors and aimed at creating a platform for international tourism through the development of destinations or enhancing existing destinations. In fact, the Bank is credited with the creation of the world's most popular tourism destinations like Kenya, Bali, Mexico, Dominican Republic and Egypt.

The models and projects financed during this stage of the Bank's operations were catering to the needs of wealthy tourists from the developed world ended up being exploitative of local resources with deleterious social, environmental and economic consequences. The Bank's own appraisal and project completion documents support this fact. As a result, the Bank closed its TDP in 1979 after a decade of funding tourism with the directive of diverting funds to other priority needs. But contrary to its public statements of “staying off tourism”, the World Bank continued an indirect engagement with tourism while the IFC and MIGA continued focussed support to the hospitality sector.

The IFC has to-date invested 2 billion USD, including syndications in tourism projects worldwide (IFC, 2007) focussing mainly on accommodation, amusement parks, cruise ships, ecotourism, management services and offices. With a current tourism portfolio of USD 420 million, it has 70 active projects as well as technical assistance and micro-finance instruments to support the creation of better linkages between large anchor investment and small scale supply businesses. Its experience in tourism include resorts, city and business hotels, and mixed-use corporate investments. IFC's clients include leading national and international investors and owner-operators in tourism like the Orient Express Hotels, Australian Leisure and Hospitality Group, the Hyatt, the Marriot, the Taj and many government-run hotel and tourism corporations. Depositions by community representatives from Goa, India's most popular tourism destination, will testify to the impacts of large-scale tourism and how financial institutions and the industry have a bias towards large-scale projects while ignoring the needs of local entrepreneurs.

In the 1990s, with the introduction of the sustainable development paradigm, tourism re-entered the World Bank literature and interventions through its biodiversity conservation and sustainable tourism projects. In 1991, the World Bank helped establish the Global Environment Facility (GEF) with the objective of supporting developing countries in biodiversity conservation. In this stage, despite working with a new approach, the Bank's blinkered

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<sup>1</sup> The tourism sector interventions at the WB-IPT were co-ordinated by Alternatives, Goa & EQUATIONS.

conservation approach resulted in the forced and indirect displacement of thousands of indigenous communities from their traditional forestlands while simultaneously opening these areas up for ecotourism. In India, the World Bank's India Ecodevelopment Project initiated in 1995 by the Bank was aimed at supporting park management and reducing local people influence on biodiversity in seven of the country's national parks (Buxa, Pench, Ranthambore, Periyar, Nagarahole, Palamau and Gir). But the project resulted in large-scale displacement of tribal communities living within these areas and a complete denial of their traditional and customary rights. At the same time, Nagarahole, Periyar, Pench and Ranthambore were opened up for ecotourism and wildlife tourism. Depositions by tribal community representatives from Chattisgarh and Nagarahole, Karnataka will testify to the impacts of the World Bank's Ecodevelopment Project and resultant struggles of local communities.

Tourism is a key motivating factor and impetus for several large-scale destructive infrastructure projects undertaken funded by the Bank in regions like the Northeast of India. Urban development and road projects funded by the World Bank in the Northeast of India have a distinct tourism component and rationale in them. It must also be noted that the World Bank's sister agency – the Asian Development Bank has already initiated specific tourism interventions through its SASEC (South Asian Subregional Economic Cooperation) project. Much of this project involves developing infrastructure for ecotourism and the Buddhist circuit those most states of the Northeast with connections to Nepal, Bhutan and Bangladesh. But are communities in the Northeast aware of the implications of unregulated tourism? How will tourism impact the fragile ecology and sensitive socio-cultural conditions of the NE? Depositions by community representatives from the Northeast will present these dilemmas and the impacts of an infrastructure-led tourism development model in the Northeast.

The key depositions by activists, researchers and campaigners on the question of the Bank's involvement in the tourism sector are reproduced below.

## Deposition 1

### Tourism and opportunities for small entrepreneurs

Geraldine Fernandes, guest house owner, Benaulim, Goa

Respected members of the jury and co-workers in the struggle for justice, I think it is important for me to preface my deposition with some comments that will help us to see the linkage between tourism and the World Bank.

You have just heard how the World Bank interjected itself in various phases with different emphases in the sixties. In my case, from my village- Benaulim in Goa, you cannot easily locate the indirect and somewhat subtle link between tourism and the World Bank.

For one, globalization is a wealth creator. In other words, it produces an elite class. In other words, globalization produces the world's holiday makers- the tourist.

Second, the World Bank's policies of creating paradigms for policies on tourism infrastructure, hotels, and resorts of big sizes alongside government subsidies for the big players, has left the small enterprise hugely disadvantaged and confined to the margins.

Third, the World Bank has entered a new phase- an active one. One asks: Where does the notion of Community Based Tourism (CBT) fit into their scheme of things- meaning, it is almost certain that we the small entrepreneurs will probably confront more hardships, perhaps even extinction.

I invite you to listen to the rest of what I say with this backdrop in mind.

I am a small entrepreneur from the South of Goa. I live in a village called Benaulim along the coast of Goa in the district of Salcete. My village has a population of a little over 5000 persons. At the height of the tourist sea the number of tourists might easily match the number of Goans in Benaulim.

I am originally from the North of Goa and arrived in Benaulim in 1993. Being a creative and independent person by nature, and also having had the experience of running a pharmacy and restaurant as a young woman- as part of the family business- I decided that it would be useful for me to be self-employed and set about working towards starting a Guest House in Benaulim.

I looked around the area in Benaulim where my husband had inherited land gifted to him by his father. After a detailed market survey and assessing the prospects, I consulted friends and family- all of who encouraged launching as a tourism entrepreneur.

I was further encouraged by the thought- and assurance- that commercial banks were under obligation to support small-scale entrepreneurs especially with weightage to women. (It was only later that I realized and learned that much of this was mere rhetoric.)

Before I proceed to present my story and experiences, I must give you a background of the way in which tourism arrived in Goa and, hopefully, that will set the context for my arguments and claims for justice to be introduced into the system. In doing so, I am trying to make two essential points:

1. That it is a myth that tourism benefits local communities. The fact is quite the opposite. We as Goans pay the costs of tourism and the real debtors in the tourism equation are the tourists and sending countries as well as the MNCs and big business that send tourist from the rich countries.
2. That Goans are not only marginalized when it comes to initiating tourism related enterprises; things are made close-to-impossible for them to make it a truly going concern. To extend this argument a bit more it may be useful to say that the first cause for this situation is that there is no level playing ground in which local entrepreneurs can compete with big business and foreign companies. The second reason is that the tourist themselves see the competition among small scale enterprises and capitalize on the situation by driving hard bargains which sometimes render the businesses less viable.



Beginning with the sixties, Goa opened up tourism in a big way. The hippies arrived first with their own brand of needs and preferences. Abandoning the materialism of their societies, they sought refuge in spiritualism away from it all. But the ideals were soon dropped and replaced by escapist ideologies. Soon, it was all about sex, drugs, nudism, and the like. Permissiveness became the centrepiece of the 'hippie culture'. And so, having dropped materialism, they adopted other equally oppressive and negative life styles. One could argue that it was their business except, of course that it happened on our shores and we had to pick up the threads and do the damage control. After all, that life style was a tempting one and some of our youth bought into it. Those costs are still around and we are still paying for them. Except, of course, we have not quantified the costs and it may be that we will never really know.

The hippie-type tourist still haunt us in Goa and because of a government that does not really care, we have little choice but to put up with them. Today's back packers are only a slight improvement on the hippie. They are low spenders, big bargainers, and create much social havoc by their attitudes and standards of behaviour.

The hippie went back home in the sixties and announced Goa to everyone they knew as a cheap destination. It soon brought two other categories of tourists into Goa, the hippie with the Hare Krishna tag and the charter tourist. That inaugurated the pattern of mass tourism in Goa. The new hippies of the Hare Krishna variety added more to the hippie era. They created enclaves for themselves and dared Goans to invade their spaces!! (I have had stones thrown at me for accidentally entering one of their spaces while on a family picnic). The charter tourist wanted more than the hippie but at low costs. We catered to them as our governments saw the dollar and smacked their lips. Little did they know- or may be they knew and did not tell us- that the ultimate benefit level would weigh in favour of the tourist- not us. Tourism is like this- you see, enjoy, and propagate the destination as worth visiting to your friends and anyone who you come across. The category of tourist grew in spending capacity as time went by- higher spending tourists, but with higher demands making the cost-benefit equation stay static. We never benefited. Something like 10% of state income accrued from tourism. When you minus the costs of infrastructure expenditures in tourism areas, which are easily higher by a long way, and add to that social, environmental, and cultural costs- and the even more incalculable costs to women and children- our losses, are massive. Just one quick calculation about how 'all inclusives' in the tourism equation operate would show how much the host invests and spends on the tourist- even though it looks otherwise.

With the above, one must report on tourism impacts. Our coasts were violated- sand dunes cut to make it easy for the tourist to get an unobstructed view, coastal vegetation destroyed just to make the view better for the tourist, traditional communities (farmers and fisher folk) displaced to make way for tourism enterprises, and the 'common's got privatized. Beaches I played on while I was a child are now the private property of hotels and resorts! In our case, the CRZ was a mere piece of paper. They threw it out of the window and now our coasts are on sale to the highest bidder!

Now I come to the crux of what I wish to underline: When I decided to launch my small tourism business – a guesthouse with 8 rooms and three flats (often referred to as penthouses)- modest but comfortable, clean, spacious, and built around tourism ethics- I was deceived by what I saw around me. First, I saw how huge the concessions were to the 5-star hotels- whether of Indian or foreign origin. They were not only given land on rates massively less than the normal market rates, they were also given easy access to credit and at comfortable terms. Not just that. Access roads, electricity, water supplies, waste management/garbage disposal etc were all made easy for them. The government invested in their needs and demands. On the contrary, we the small entrepreneurs had to cope with virtually impossible travails if we started out on a business. Besides, as Aseem Shrivastava pointed out so tellingly, the World Bank has never wanted within its policy frameworks space for 'risk clauses' that have social purposes (self-employment) and do not bring in high returns.

My story perhaps illustrates how the system works against the small entrepreneur and weighs heavily in favour of big business. All that I needed was a loan amounting to 7 lakhs Rupees. We had actually begun work on our guesthouse even before we went out seeking loans. We pledged and sold just about everything we could- gold, silver, and property. When people saw us in urgent need, our terms for negotiation were not very helpful and we got some atrocious deals. The commercial banks we approached – and they include Bank of India, Bank of

Baroda, and Corporation Bank- turned us down claiming they do not support tourism related commercial ventures. Their pretexts? That tourism was a vulnerable industry and its seasonal character did not make granting loans viable.

When I finally got the loan, it was from a cooperative bank- The Madgaum Urban Cooperative Bank. It was an unwilling Board of Directors who grilled me for hours before one of the Directors decided to guarantee me seeing logic in my claims and plans. My business, as I mentioned at the start, was based on a market survey. I'm now wondering if objective surveys really work. After the entire tourist is an erratic entity and functions on whims and fancies and exploits competition to the hilt! So, although, I calculated that I would earn Rs 300- from my rooms and Rs 500- from the penthouse on a daily basis during the high season, the facts are different. Tourists are told in all tourists guide books that when you arrive in Goa you must: BARGAIN- BARGAIN -BARGAIN. And so they do. I often give my rooms at Rs 150- simply because if I am rigid, my competitor will take my business. If you didn't know what the word 'cut-throat' meant before this, I can tell you how it works in our business. To cut a long story short, what happened was that the financial projections on the basis of which I claimed my loan and the reality I had to contend with were so different. I ended making profits far less than what I expected. In fact at the start, I only managed to break even- or even run at a loss. The repayment conditions were stringent and I paid to the best of my ability on as regular a schedule as I could manage and afford- tightening belts, and cutting corners. My three-year loan period ended and I was still in debt- thanks to tourist behaviors and the lack of breathing space to settle the business down before I could start repayment. When you are in debt, you borrow and I was in multiple debts at times- sometimes even from long standing customers who would loan me funds and then proceed to use my rooms free for long periods- even six months at a stretch. I did not have the benefit of a tax holiday- I had to start from the very month I received my loan although my loan was for constructing the guest house. It was hard to get an answer to my question: From what source will I repay while I am constructing? I learned what it means when they said 'Beggars can't be choosers'. We had to accept the stringent terms and conditions of the bank. Imagine this: I'm a small entrepreneur. Because I offer my rooms of more than Rs 100- I must pay a luxury tax, a Panchayat tax, a room tax, a house tax, licences, tourism licenses, restaurant licenses, bar licenses, etc. Now, I ask: Is small entrepreneurship welcome or is it not? I submit we are unwelcome into the tourism arena as enterprises. It is all for the big business- the concessions, rebates, cheap land, easy and quick terms of credit, access to the best places on the coast, even the luxury of violating CRZ violations with impunity. Along with this, we must also contend with unethical and unequal competition. Resorts and big hotels tell their customers not to venture out of their hotels at any cost. In turn, they are given the 'Virtual Goa' experience within the premises and, if taken on a tour, they are herded under protection- as if all Goans are potential thieves. They have simple aim: To make sure the visitor does not discover alternative locations to stay in, or eat. Given their superior facilities, and their patronage, they are the winners!

How can I conclude? I have to highlight how seriously the effects of globalization play out on us Goans. In doing so, let me highlight one of the World Bank-International Finance Corporation policies (IFC). The IFC has to-date invested 2 billion USD in tourism projects worldwide focusing mainly on accommodation, amusement parks, cruise ships, casinos, ecotourism, management services, and offices. With a current portfolio of USD 420 million, it has seventy active projects as well as technical assistance and micro-finance instruments to support the creation of better linkages between larger anchor investments and small-scale businesses. Its experience in tourism includes resorts, city and business hotels, and mixed use corporate investments. IFCs clients include leading national and international investors and owner operators in tourism like the Orient Express hotels, Australian Leisure and Hospitality Group, the Hyatt, The Marriot, The Taj, and many government run hotels and tourism corporations. Moreover, the IFC states that because it is committed to financing environmentally and socially sustainable projects and because new approaches to tourism – such as ecotourism and cultural tourism- are becoming increasingly popular, it has a particular interest in promoting such investments.

So, you can see how heavily biased the World Bank is in favour of big business. The small fries of tourism sector have few, if any, chances of surviving. The social outlook, when expressed, mean nothing.

Globalization has produced more wealth for fewer people in the world? The rich have more money than they can spend on themselves. They now holiday in exotic destinations and Goa is one of them. The MNCS, who are the

engines of globalization- supported by the machinations of the World Bank and other global financial institutions, make sure that the wealth generated by the MNCS stays within their fold. Hence, they make sure that the leisure industry rakes in profits from tourism and, thus, guarantee that economic privileges grow, but are confined to, the same classes that gain from globalization. That is why, despite all the big talk about making things work for the 'little folk', the tourism industry works for the rich and powerful, for big business, and excludes and marginalizes the small entrepreneur. In fact, we as small enterprises can only function when we agree to be subservient or subsidiary to the big hotels and resorts and related ventures. If the World Bank thinks tourism must be promoted, that the sector must be liberalized, then it must also have the essential common sense to democratize tourism and make it beneficial to communities. Community-based tourism (CBT) is first and last about getting communities to be hosts of the visitor- not the abstract hotel that turns up in the form of a 5-star or 7-star hotel. They are not hosts. They are profit making set-ups who violate our coasts by rank indifference to our cultures, coasts, children, women, and workers. They do not represent us- the Goans. They represent profit and capital, in short greed. We are its victims simply because the entire global financial system - so well represented by the World Bank and its collaborating institutions and governments- has no place for us, the small entrepreneur.

I don't know if the World Bank can ever change. If it cannot be changed, at least let it go. We want to get on with our lives.

## Deposition 2

### Tourism and Rights of local communities: A Workers perspective

**John Rego, President, Hotel and Tourism Workers Union, Goa**

I am here to speak for workers in the tourism sector in Goa. I don't think I have to go to any length in saying that without the worker the tourism industry itself will be totally disabled. We are its backbone. But we are the worst treated and our rights are constantly violated. Not just that. Increasingly, our working conditions are being degraded and inhuman working conditions are imposed upon us. The hotel establishments have managed to manipulate everything in such a way that unions are becoming marginal and workers are even afraid to join the unions and stand up for their rights. Job protection has become everything and as a result workers are divided by a colonial-type regime in the hotels.

I want to make my first comment about the pattern of globalization. Neo-liberalism has many negative facets. It creates a huge class divide simply because of its methods. It creates more wealth for a few and more poverty for large numbers. The middle class seems to be evaporating and they must seek corrupt ways to survive in this ugly marketplace. The market place is not level. It is uneven and the owning classes are at an advantage.

I have worked in the hotel sector for almost 20 years and have been in unions all my life holding responsibilities at an all-Goa level and am now the General Secretary of the workers union of Cidade de Goa. In Goa, we used to rely mostly on a lower-end tourist. But I am surprised to see how many more high spending tourists come to Goa. I can only conclude that there is more wealth going around. Although these people spend good money, they spend only on themselves and within the hotel. Our people are not benefiting.

All new and large tourism establishments are making great gains and profits. And why not? They have so many benefits. Tax holidays, rebates in rates of water and power, land at concession rates, and wide ranging privileges are only some of the incentives offered to big business- that includes MNCs and other hotels- our own multinationals. The greed for profit is insatiable and that greed defines the way in which they have become oppressive, and undemocratic. After all, the suppression of workers rights is nothing less than authoritarianism at its worst.

Neo-liberalism's sponsor is the World Bank and if not for the wealth that flows out of World Bank policies for the rich countries and the rich in our country, things would be so much better. So, there is an indirect, but brutal effect of World Bank policies on workers in hotels-tourism sector.

In Goa only older hotels have permanent workers and are unionized but even these hotels do not want unions and have come out with voluntary retirement schemes in order to get rid of Trade unions. Most management believes that if there is no union than they will have industrial peace and also their overheads cost will be minimized- less costs and greater profits that never get to be shared in any case in an equitable manner. Costs incurred on a permanent worker are much higher than on a temporary worker. The managements do not then need to things like over time, or grant leave entitlement, skip gratuity payments etc. All this means that it reduces the bargaining power of the permanent work force and so the management can dominate while the workers are in the process of making collective bargaining agreements. In this way most of the managements are forcing upon the employee a 4-year wage agreement while earlier the management and the union used to sign a 3-year settlement.

By reducing manpower, employees cannot even think of going on long leave as their colleagues will be put in to inconvenience as they will be deprived of their weekly off days and so management prefers to employ less workers. This is why whenever a permanent worker leaves a job, she/he is never replaced.

Nowadays most of the hotels are time sharing resorts or Rent back flats. During the season they give it to foreign clients and during April and May their owners come and stay here. The builder uses this as hotels and employs workers only during the season- they are called seasonal workers.

Most of the hotels employ workers for a fixed term period that may not even be on the company rolls or may not even have any document saying that they work for a particular hotel

Earlier, hotels used to have 60 % permanent workers but now this ratio have gone down to 20 to 25 percent. So guests even when they pay very high tariff may not get the required service and value of their money.

Nowadays most of the unions have started multi skilling and also have introduced a 12 hour work day. This does not permit the employee to spend more time with his / her family. Here they prefer to employ persons coming from other states as they are away from their family. And they can put in long hours of work.

### **Bonus**

Recently the central government has obliged a ceiling on bonus but the management still prefers to pay bonus as per payment of Bonus ACT 1965 as they say that the amendment has not yet come in to force. Well this Act was passed in 1965 when the US\$ value was Rs 5/- but now US value is Rs 42/- but still the government is pursuing the same bonus Act where it states that those employee drawing more than Rs 3500/- is not eligible for Bonus and may be paid on ex-gratia, amount by the management by way of good will.

The government labour machinery is so slow that nowadays when the management sacks one employee and that worker goes to the labour commissioner's office the management can even stay without coming to the commissioner's office. The Commissioner does not have any powers to force the management to come for conciliations proceedings and the case will drag on and on and then go to the Industrial tribunal. Meanwhile, the management will keep seeking postponements and when the case is over the employee will find that he has already crossed his retirement age.

In concluding my deposition, I urge the jury to give their due attention to the following:

1. Within the World Bank-ADB regime, workers in the tourism sector- hotels and other related establishments have little or no chance for justice. They are mere clogs in the wheel that turns to ensure that the rich and comfortable are more comfortable and spoiled. The very foundations and assumptions within which neo-liberalism is located does not allow for the pursuit of justice. The leisure industry is run by workers who will never know leisure themselves, even while they provide it for others. Worse, they must provide these luxuries and comforts to people while under strict scrutiny for their loyalties to management and not to the rights of workers and justice to those who are denied them. The demand for a docile work force and the consequent push to guarantee that there will be a peaceful industrial climate assures the management of greater profits and the customers of a luxurious holiday. Meanwhile the workers will contribute their blood, sweat, and tears.
2. Even though I am from the formal sector of the hotel industry, I think it is high time for the formal sector to support the non-formal sector that constitute more than 92% of tourism's work force. It is they who actually make possible what the holiday industry provides. To them justice must be awarded. They are human too and cannot be thought of and treated as lesser beings. As the largest sector of workers, they make possible much of tourism's benefits.

I submit this deposition and trust that in the efforts that follow so will justice.

## Deposition 3

### Conservation-led and Tourism-induced Displacement in India

Anita Dhruv, adivasi, Sitanadi Sanctuary Area, Chattisgarh

I, Anita Dhruv, an adivasi from the Sitanadi Sanctuary area of the state of Chattisgarh, do hereby petition the Honorable Jury of the Independent Peoples Tribunal on the World Bank Group in India to pass a verdict directing a halt to the destructive ecotourism promotion strategies adopted by the World Bank and its associated agencies like the Global Environment Facility (GEF) in India on the basis of the facts and experiences presented below.

In line with its efforts to promote “biodiversity conservation” around the world, the World Bank has funded ecodevelopment and forest management projects in India since the mid 1990s. A key feature of the strategy has been the creation of Protected Areas like National Parks, Wildlife Sanctuaries and Tiger Reserves in biodiversity-rich areas of the country. However, these forests have also been the homelands of a diversity of indigenous communities for whom the forests are the basis of their identity, livelihood, cultural survival and history. The idea of ‘wilderness’ and ‘conservation’ as an expanse of greenery devoid of all human habitation has therefore led to the de-recognition of traditional rights and way of life and the exclusion and eviction of tribal communities from forests in India. At the same time, these very forests have been opened up to ecotourism thus welcoming tourists while displacing the adivasis.

The main projects funded by the World Bank in biodiversity conservation with ecotourism components are the India Eco-Development project (1996 - 2002) and the Forestry projects in the states of Madhya Pradesh, Kerala, West Bengal and Maharashtra from (1994-2000). The stated intent of the World Bank through these projects was to address the impact of local people on protected areas and vice-versa and consequently improve mechanisms for Protected Area Management. For instance, the India Eco-Development project worked with the objective of conserving biodiversity in the protected areas of Ranthambore, Buxa, Gir, Nagarhole, Palamau, Pench and Periyar. As part of this strategy, ecotourism was also promoted by the Bank as a source for financing conservation in protected areas and providing alternate livelihood opportunities for forest dependent communities. But on the ground the situation has been very different.

In reality, Bank funded conservation efforts have protected biodiversity at the cost of the rights of local and indigenous communities. Conservation strategies like creation of Protected Areas are systematically ejecting communities who have traditionally lived within these forests but simultaneously opening them, up to tourism! Key elements of community consent and participation, benefit sharing and acknowledging community rights over forest resources have been absent, thus ensuring the failure of the Bank’s ecotourism strategy. Further eco-development committees (EDCs) set up under these projects have failed to be sensitive to inter-community dynamics and relationships, and have in fact deepened social conflicts in these regions.

The experiences of communities from the sites of the Bank’s EcoDevelopment Project are evidence of this. In the Nagarhole, Karnataka, 32000 adivasis residing in and around forests of Nagarhole were first displaced in 1997 when the region was declared a National Park under the EcoDevelopment Project. In addition to their physical displacement, the government placed severe restrictions on their activities within the forests including bans on cultivation, hunting and on collection of forest produce thereby denying them their means of livelihood and survival. Notwithstanding this injustice, the government of Karnataka awarded a contract in 1994 to Gateway Hotels and Getaway Resorts (a subsidiary of the Taj Hotels group) to run India’s first eco-friendly resort within the Nagarhole National Park. Strong resistance to this move by local groups and adivasi rights’ organisations, supported by legal interventions that were upheld both at the High Court and Supreme Court level finally resulted in stalling construction of the resort and a strong indictment of the role of the state government in this sorry affair. The Nagarhole judgement set precedence for the use of protected areas and national parks for eco-tourism development but the fate of the adivasis continues to hang in balance.

A similar fate met the tribals living inside the Pench National Park, situated in the forest ranges of Madhya Pradesh and declared the country's 19th Project Tiger Reserve in 1992. With the launch of the World Bank's Eco Development Project in 1995, several villages within and in the periphery of the sanctuary began to be systematically displaced. Fifteen Gond families who had traditionally lived on the banks of the Pench River were displaced from their village of Alikatta and forced to resettle in Durgapur. They were told they had to move because a National Park was being created. Villagers, who had fertile, cultivable land in Alikatta, today don't cultivate or go into the forest anymore for fear of being arrested. The Gond culture and identity took a back seat in the face of establishing the Park, and relations between villagers and the Forest Department have deteriorated. It is not even clear if wildlife is being adequately "protected" when the sanctuary was opened to tourists.

I come from Sitanadi, Chattisgarh, which was declared a national park in the early 1970s. Since then, it has resulted in a systematic ejection and displacement of us, the indigenous people of the region. The World Bank came in with its Eco Development Project to conserve the area by throwing out the adivasis within. The Bank and the state government believe that we are responsible for the destruction of the forest because we collect roots, herbs, firewood and other minor produce from it. However in reality it is us, the adivasis who have conserved these forests for centuries. At the same time when adivasis were being evicted, the state government and the Bank were promoting ecotourism in the "conserved" areas of the forest. But if the strategy of the Bank is to conserve the forests without any human inhabitation, how can ecotourism be part of this? It is clear therefore that for the Bank and government, tourists are welcomed into these forests but we the indigenous people are not. Tourism, has today become a source of terror for us as it is own ancestral lands and forests in the periphery of the sanctuary which are being leased/sold out to hotel and resort developers. Even if adivasis remain within the forests today, tourism has transformed them into sources of entertainment with whom tourists can sing, dance, have picnics and make merry!

Today, as adivasi communities in the country fight a battle for their identity and survival, tourism and ecotourism is flourishing in areas which once used to be the adivasi homeland. The World Bank continues to advocate conservation through different forms like joint forest management, participatory forest management and even community forest management. Despite past failures, in its report titled "Unlocking Opportunities for Forest Dependent People in India" published in 2005, the World Bank has yet again ecotourism as a source of income and livelihood for forest communities.

We, the people of Sitanadi, have fought tooth and nail to save our forests from the clutches of the Bank, state government and private corporations. We have done this through all forms of campaign and protest for the past 12 years and have succeeded in throwing out the Bank from our areas. The Bank must accept that its policies and projects have led to the commodification of ecology, lack of community consultation and consent, increased social segregation and conflict and the undermining of human rights and dignity. The strong resistance of communities is a clear warning to the Bank that its practices and interventions are not welcome. We will never allow the World Bank to step into our forests, our homelands – this is our resolve.

## Deposition 4

### **The struggle of local communities in Nagarahole, Karnataka against the World Bank's Eco-Development Project and the Taj Group's attempt at setting up a resort**

**P.K. Ramu, adivasi, Nagarahole, Karnataka**

My name is P.K Ramu and I come from Karnataka. We, the tribal communities, stood up in protest against the move when the state government said that we have to leave our areas and lands at any cost because it is now the law and that the tribal community has to be moved out. When we tried to protest the forest officers in state government said that either they would book cases against us or put us in jail or they would even have us killed. But we did not succumb to this pressure because we believe that the forest is ours and it is the place where we live and we have no where else to go. We placed this argument in front of the Courts whereby, if it was the case that the law stated that the forest or the sanctuary needed to be reserved without human habitation, then how was the state government allowed to permit the construction of a tourism project which will allow the tourist in the same area? With this argumentation the local community decided to file a case against the "Taj group" – the group that has been given the right to construct the resort inside the area. During the hearing, the Taj group and the state government put forth an interesting question of how can the tribals prove that adivasis are the only inhabitants of the forest or that the indigenous communities have come first? When the case went to the court they said that adivasis are the original inhabitants because the proof is their life for centuries in these forests. Their heart and soul is there. But forest has grown just over the years because the opposition could not provide convincing evidence the court passed its judgement in favour of the tribal community.

But despite having won the case, tourism continues to flourish within the areas where the adivasis have now been resettled. Forest can survive as long as indigenous communities within it survive well and therefore we have resolved that we will not leave our home land or give them up to tourism or any form of development. We posed the question before state government and before authorities as to why they were bothering us and telling us to leave our places and homes. Why they are displacing us? We have not done any harm or have not told you to leave your place. If we tell you to go to the moon will you? These are the questions we posed to the authority.

Jawaharlal Nehru once said that the adivasis of the countries should not be bothered and they must be allowed to live as they are currently living. Full support needs to be given for their development. But what we have seen in history through these years is that adivasis have been dominated by the policies of the government. They think that adivasis are barbarians and harmful. But we are the ones protecting the forest and natural recourses. So, we do not need any outside interference. We only need our self protection and protection of our forest.



## Deposition 5

### Infrastructure Development and Tourism in India's Northeast

**Rev. Awala Longkumer, Nagaland, Executive Secretary, NCCI (National Council of Churches of India)**

I come from a part of the country that many of you may not have visited and probably know too little about. That fact alone makes the whole prospect of tourism emerging as a major industry in our part of the country even more problematic for us. When you plan things for others, you are in all likelihood going to make serious errors. I think I can best make my point by sharing with you an old folk story. Here is how the story goes:

There was a monkey that visited a region it had never been to before. He happened to arrive just when floods had begun. Looking around at all the devastation, the monkey was moved to tears. He made up his mind to start a relief operation all on his own- a one-man (sorry I meant a one-monkey) operation!. He went down the bank of the river and saw fish swimming along the riverbank. 'I must save them before they die' he thought to himself and proceeded to life them off the water with his paw- one by one. He set them aside on the bank of the river and said to each of them gently 'Now you are safe!' Before long, he reached his count of 100 and decided to stop for a while. He then looked at his side and found the fish all dead. A passer by called out to the monkey shouting: Hey, the fish need water, not dry land.

When I think about the big plans now on the drawing board for tourism in the Northeastern region, I worry about the 'monkey phenomenon'. Are they going to do a repeat performance of the monkey on the riverbank during the flood? I worry too when I hear that the World Bank and the Asian Development Bank has regained its interest in tourism and plans to restart funding exactly the kind of things that could spell potential disaster for our people and cultures, our ecology, youth and women. I worry too that the conflicts that define our region could get even more complex and intense. After all, much of the political struggles that define our context are about our identities and our affirmation as a distinct category of people in the country.

Ever since I was drawn into the tourism debate, my worries have mounted. I ask myself: Do we in the region need tourism at all? Perhaps, yes. If, after all, we agree that we need tourism, I am certain that any form of tourism activity cannot be based on policies and strategies drawn up by the monkey regimes either in Washington or New Delhi. They must be clearly and uncompromisingly democratically designed and implemented. People-centeredness must be its cornerstone. Nothing less.

Let me get to specifics for our purposes. Here are some scenarios:

1. Our imperialist Central government – pardon that expression but we in the Northeast often feel that way- has designed plans that are looming as serious threats to our basic character as a people. Our governments are being co-opted into a tourism strategy that borders on risks we must never take. I make this point to underline that there are plans to provide huge capital outlays to tourism in the region. The questions: Who asked for this? Our people?
2. For those who know our region- you will agree that our entire landscape is incredibly beautiful, our cultures enticing, our music, food and dances are quite unique and immensely attractive, and our hospitable and generous nature very welcoming. In this sense, we possess every ingredient that a tourist destination possesses. You may wonder why and how we have not already been exploited by tourism. I can only say, I am glad for that. But how long can we stave off the avalanche that is being planned? Can we prepare ourselves for the onslaught? Indeed, can we come up with alternatives even before tourism arrives in a big way?
3. It's not just about whether or not we need tourism. May be it is inevitable- even a desirable condition, of course, on the premise that we define its nature, contours, strategy, and methods at the level of people. In raw tourism language, the Northeast has the 'products'- what we would rather call our assets and gifts. And, we might want to share them on terms and conditions that guarantee that our integrity remains unchallenged. Clearly, we do not want a tourism that destroys anything about us- be it our culture, our environment, our people, especially

our women, children, and workers.

4. Our political struggles - unresolved over all these years, and little prospect that they will be resolved in the near term- threaten to cut into our social fabric, and deny many of our youth a secure future. Sadly, those who must find solutions with us in resolving our conflict simply do not understand the region, its peoples and aspirations. Tourism could well be the panacea for this. It could emerge and evolve as a bridge-builder between our peoples and the rest of the country. It could end our isolation and create a genuine diversity that is rooted in mutuality and respect of our unique as they are.

5. With tourism being defined as predominantly 'pleasure and leisure', there is a fear in our minds- and this is not an unfounded fear- that with tourism will come the accompanying evils of sex tourism, child abuse (pedophilia), and other evils. Our hill areas are important and represent our biodiversity. These must remain essentially protected areas and not be opened to unchallenged and unbridled tourism. The distinct possibility that tourism in our protected areas can give way to bio piracy and, thus, destroy that fragile ecology is worrisome. Given the current strategy and record of the World Bank- which focuses on eco-tourism and conservation- one needs to be on the guard to make sure that if tourism must make its entry then, it must have the following components as non-negotiable:

- Local communities must be the determinants of tourism policies and strategies – not a distant policy maker.
- Local communities must be the beneficiaries of tourism.
- Our natural and cultural areas must be protected as pre-conditions and through mechanisms that are iron clad.

I cannot resist the temptation to sound a warning bell here. And this bell is sounded based on a first hand experience. In September 2006, I spent a week in Thailand, studying situations there and trying to learn from the experiences of people there. I can only hope the Northeast people will never have to go through what the people of Northern Thailand have been through, and still continue to face. The manner in which the people of Northern Thailand have been brutalized by tourism is appalling to say the least. Everything and everyone has been reduced to an object, a commodity. The value of a girl child, or a woman is zero, even less. Culture is a mere commodity- for purchase at a cost determined by the buyer. In an incredibly uneven playing field, the tourist always emerges the winner. The host is down and out. Let us never forget, how neo-liberal economics invaded Thailand, created a Tiger economy and left the common person- the person-on-the-street and village bleeding. That was the World Bank, and the IMF. They destroyed them and it was a crime in my view. We cannot let the World Bank, ADB, IMF- or our Central government do that to us.

I wish to sound another warning bell as I pointed out earlier ours is a region beset with conflict. We fear that tourism will worsen the conflict and further erode our cultural industries. Tourism may be a way to colonise people further. And alter our demographic.

I want to conclude as I began. We strongly hope that there will be no monkey tricks in our areas in the name of tourism. The World Bank, and the Asian Development Bank have a history of creating blunders on behalf of the people. I may be repeating myself when I say very firmly and clearly: Our cultures and identities, our natural assets, and our human resources are not for sale. They are our heritage and only we, as a people, have the right to alter and transform things that are ours.

Our hope for tourism, would be that tourism will bring benefits and broaden our ability to grow as sustainable communities that can encounter other parts of our country and the world too with a sharing of our assets- not as products or commodities that can be traded- but as contributions that can enhance mutual benefits to all. Anything short of that will be resisted.

## Conclusion

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In summary, the tourism sector depositions placed the following arguments in front of the Jury of the IPT:

**Argument #1:** The World Bank has a history of supporting large-scale, mass models of tourism development in the developing world in the 1960s and 1970s which has led to visible negative impacts in these now established tourism “enclaves” of the world

**Argument #2:** Since the 1990s, as part of its conservation and sustainable development approach, the Bank has funded conservation programmes in India that have displaced tribals and other local communities while simultaneously opening up these conservation areas (National Parks/Wildlife Sanctuaries/Tiger Reserves) for tourism promotion

**Argument #3:** Tourism is a key motivating factor and impetus for several large-scale destructive infrastructure projects undertaken funded by the Bank in regions like the Northeast of India

**Argument #4:** The World Bank’s subsidiary agencies – the International Monetary Fund (IMF) and Multilateral Investment Guarantee Agency (MIGA) are actively supporting large-scale, luxury tourism developments in the developing world which have had grave environmental, social and cultural impacts

**Argument #5:** The World Bank is now renewing its interest in directly funding tourism projects in India (along the lines of the ADB that has already started direct activities in tourism) but it is feared that the nature of tourism that will be promoted will not lead to substantial gains to local communities but on the contrary might exacerbate existing environmental and socio-cultural impacts in sensitive regions of the country.

The conclusions and alternatives proposed by the tourism sector groups were:

- World Bank-funded conservation projects like the Eco-Development Project have opened up national parks, wildlife sanctuaries and other protected areas in India to tourists at the cost of indigenous and other local communities in these regions
  - The trend of Bank’s support to tourism development has not been successful in the rest of the world as they have led to displacement of local communities, biased support to large-scale and foreign owned tourism activities and have not accounted for the environmental and social costs of tourism development. Going by this, there is strong reason to recommend that the Bank does not enter into direct financing for tourism in India (without clarifying the nature, intent and form of such financing and the model of tourism that will be adopted).
  - Tourism can be a tool for economic empowerment, environmental conservation and socio-cultural rejuvenation of local communities. But its potential to do this depends on which models of tourism IFIs and consequently our national governments push. Tourism in India needs localized financial and technical support to local communities who can be equipped to engage meaningfully in the tourism business. Such finance can well come from the country’s nationalized and privatized banks and does not need large-scale funding by international financial institutions.
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