

Sustainable mountain tourism and financial solutions Towards green, inclusive, and resilient tourism economy

June 7, 2021



BHUTAN'S Experience on...
Policy & Practices on sustainable tourism
...Dorji Dhradhul, Tourism Council of Bhutan



Kingdom of Bhutan

TSAWA SUM



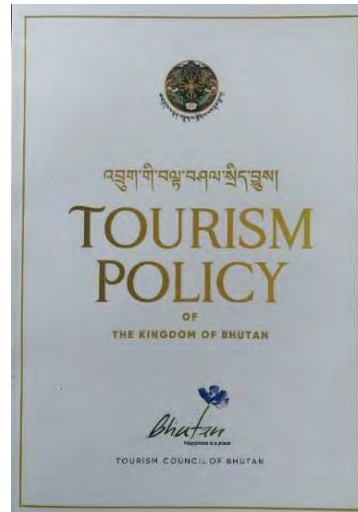
POLICY

- ✓ **Gross National Happiness (GNH) – development with values - Pillar on the sustainability of environment & natural resources & natural resources**
- ✓ **Constitution – Mandates 60% forest cover for all times ((72% & the only carbon negative country in the world)-Pledge to carbon neutrality**
- ✓ **Restricted mountaineering - above 6000 m not allowed - highest unclimbed mountain in the world - Gangkar phuensum @ 7,570 m**
- ✓ **Organic farming**
- ✓ **High value, Low Volume Tourism – sustainable tourism development**





*“... our leadership resisted the temptations to harness the quick fortunes from mass tourism and instead was prescient to formulate a visionary policy of **“HIGH VALUE LOW VOLUME TOURISM”**” - His Majesty The King, 2019*



Policy Vision

A green, sustainable, inclusive and a high value tourism destination

High value Low volume Tourism

- ✓ **Sustainable (Social, Environment and Economic)**

- ✓ **Mindful**
- ✓ **Responsible**
- ✓ **Guided tour**
- ✓ **Avoid mass/over tourism**

- ✓ **Non material (Citizens and Tourists)**

- ✓ **Exclusive & Immersive**
- ✓ **Wellness and wellbeing**
- ✓ **Spiritualism**

- ✓ **Economic**

- ✓ **Gross National Happiness (Revenue and receipts plus)**
- ✓ **Less is More**
- ✓ **Quality over quantity**

PRACTICES (sustainable..)

➤ Sustainable Development Fee(SDF)..

A tourist is levied a fee to ensure the participation of a tourist in the global agenda of sustainable tourism

➤ Minimum Daily Package Rate (MDPR)

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- pre-arranged with Bhutanese Tour operator
- pre-paid tour costs for tourist visa, meals, 3-star accommodation, chauffeured SUV ground transport, full time guide



PRACTICES(sustainable...) contd

- ✓ **Organic farming**
- ✓ **Tax free for electric cars**
- ✓ **Ban single use of plastic bags**
- ✓ **Green tax on automobiles using fossil fuels**
- ✓ **Free electricity in the rural community**
- ✓ **Green CSO part of the decision making**
- ✓ **Designated camp sites**
- ✓ **Certified tour operators, accommodations, guides**

New Voices



As pandemic kicks mass tourism, islands (Hawaii) tends to mend ties with nature – June 2020.



Need to promote high end tourism – learn from Bhutan - May 2019



Smaller number of HV visitors to ease environmental and social burden – Tourism Minister, NZ, May 5, 2021



ALJAZEERA

Its time to end extractive tourism. The pandemic presents us with a great opportunity to do away with the destructive mass tourism industry – Feb 2021

Bangkok Post

The future is not mass tourism – Sept 2020

n

Is COVID 19 a beginning of the end of mass tourism for NZ – April 2020



-- the country had enough of mass tourism. – Apr 2020



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- Southern European countries (Spain, Greece, Portugal, Italy) are using part of the €750 billion EU recovery fund to progressively switch from mass to premium and more wellness-focused forms of tourism. - May 2021

Towards green, inclusive, and resilient tourism economies

Re-thinking Policy & Practice

Policy

- **Can Bhutan's HVLV tourism of the last half century can be that new model?**

Practice

- ✓ **Products – Wellness and wellbeing, Spiritualism, Gross National Happiness, Community tourism, Eco, Agro & Rural tourism**
- ✓ **Promote Green Hotel Management System**
- ✓ **Promote Smart Mobility in the tourism industry**



Investment and Financing

- ✓ Better (lower) interest rates by tourism related businesses (restaurants, hotels, transport etc.) for both capital investment credit and working capital credit.
- ✓ National CSI Development Bank provides lower interest rates to CSIs

- ✓ Overall access to financial schemes are successful, but tourism represents one of the largest credit including non-performing loans (NPLs)

- ✓ National Credit Guarantee Scheme (NCGS), the government cover the collateral guarantee with upto 50% for large and medium 70% for small and cottage

- ✓ Digital / online payment platforms and services including international payment



Recommendations for financing:

- ✓ COVID 19 has changed the situation altogether..
- ✓ Coordination among the relevant stakeholders (public-private - FIs etc)
- ✓ Research and availability of information on the financial instruments
- ✓ Exchange of knowledge and best financing and investment practices among the countries
- ✓ Digital and analytics transformation within the tourism sector

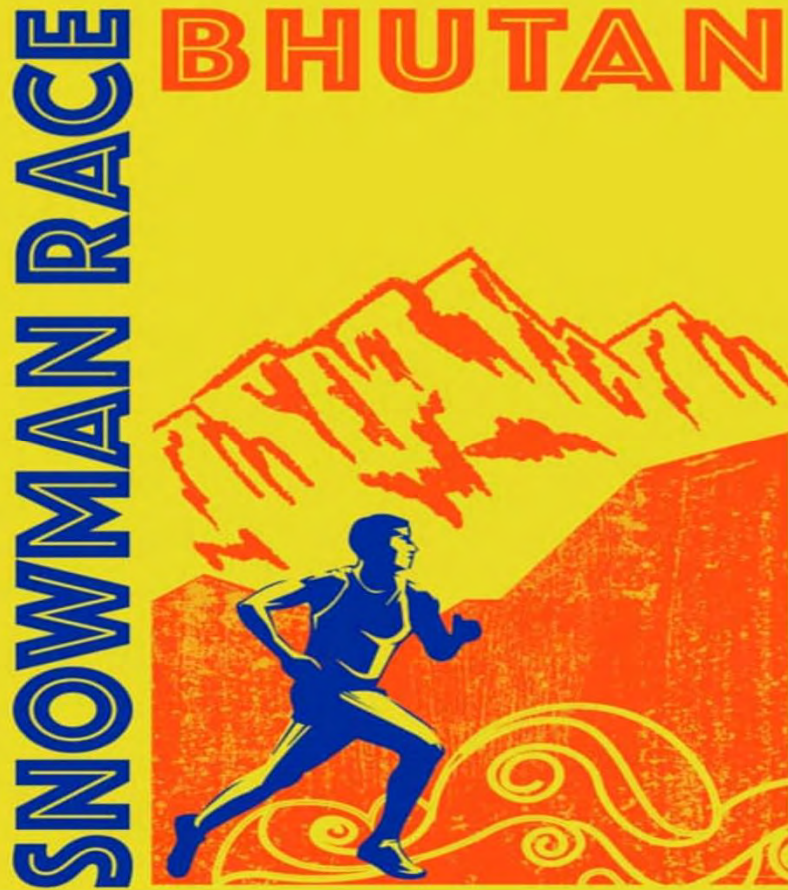
- ✓ New financing mechanism
 - Green financing schemes for special sustainable and inclusive growth
 - Regional financing mechanism to promote green growth
- ✓ Differentiated interest rates based on geographical areas, viz. urban and rural and investment types (digitalization, waste management, solar power, water management, green hotels, green transport etc)



BRAND BHUTAN - Global recognitions



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- ✓ Aspires to be World toughest ultra Race
- ✓ October 13, 2021

adventure

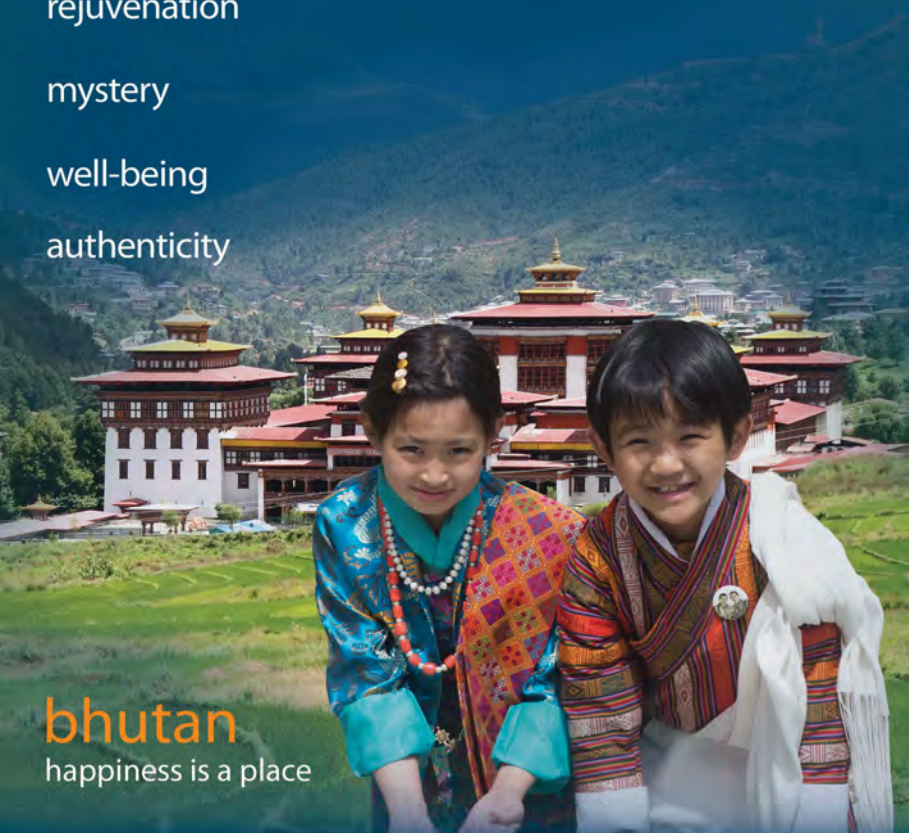
tradition

rejuvenation

mystery

well-being

authenticity



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