



Tourism and Financing Needs: Stakeholder Feflections from Gilgit Baltistan

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Photo: ICIMOD

Tourism attractions in Gilgit Baltistan

Landscape, nature and adventure

- ✓ World's most famous mountain Ranges;
- ✓ Home to nexus of Himalayas, Karakorum & Hindu Kush ranges
- ✓ K2 world's second highest Peak;
- ✓ Five over 8000 meters peaks;
- ✓ 101 Peaks over 7000 meters;
- ✓ More than 500 glaciers;
- ✓ 2,200 Sq. miles of snow-covered area.

Wildlife and biodiversity

- ❖ 4 National Parks;
- ❖ 9 Game Reserves;
- ❖ 3 wildlife sanctuaries;
- ❖ 230 species of birds;
- ❖ 54 Species of mammals;
- ❖ 20 species of freshwater fish;
- ❖ 23 species of reptiles;
- ❖ 6 species of amphibians;
- ❖ 6592 Sq. KM of forests, which constitutes 9.1 % of the total area

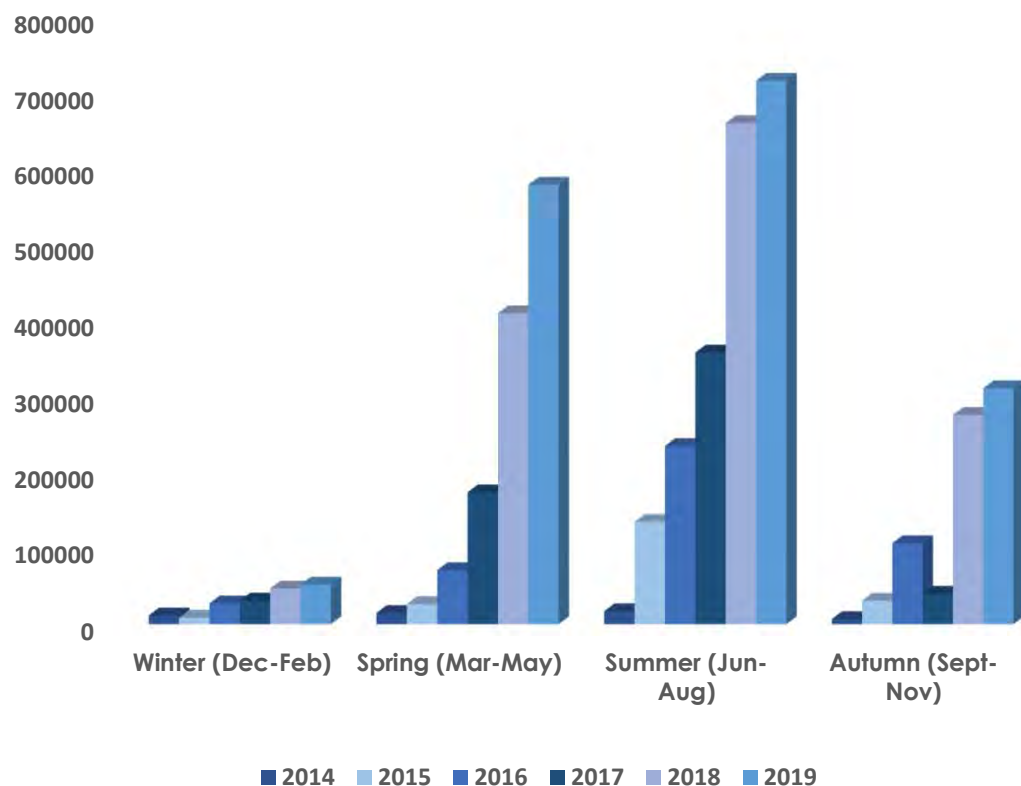
Source: Tourism Department, Government of Gilgit Baltistan.

Cultural diversity and traditions

- 5 languages with 36 dialects;
- 7 Asia pacific heritage conservation, UNESCO and British Airways Award winning historical sites;
- 23 historical forts;
- 75 polo grounds;
- 65 archeological sites;
- More than 39,000 rock carvings and inscriptions;
- Round the year festivals and cultural events;
- Indigenous music;
- A centuries old culture of hospitality and acceptance of visitors.
- Cuisine

Source: Tourism Department, Government of Gilgit Baltistan.

Increasing trend of tourist flow in Gilgit-Baltistan



Number of total hotel rooms/tourist capacity in GB (As of 2017)	4,834 (1-4 star facilities)
Estimated accommodation capacity	9,668 persons per night stay
Peak tourist season	April, May, June, July, August(150 Days)
Alternate accommodation Facilities	Seasonal Guesthouses & Camping/Tenting sites
Occupancy ratio of registered hotels/ accommodation facilities during peak season	100%
Occupancy ratio of accommodation facilities during off-season	Registered hotels: 25% to 35% seasonal facilities: 0%

Source: Survey of Tourism Sector, Nov 2019 and Ashab ull Baig

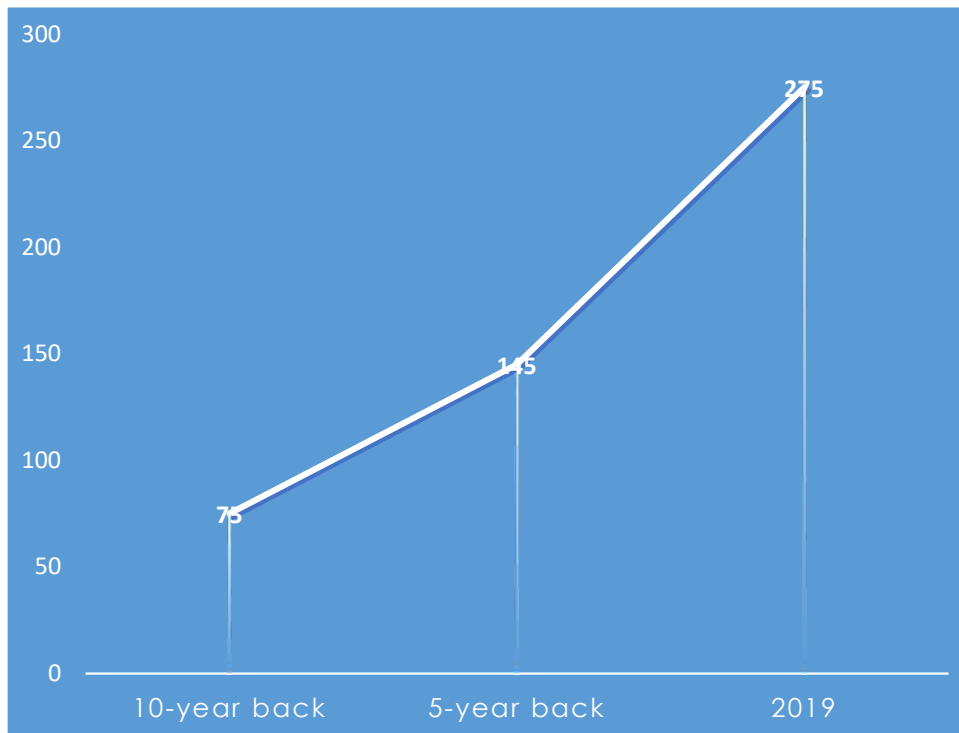
Tourists' budget vs spending

Survey finding: Average planned and actual expenditure (Figures in PKR)			
Tourists type	Planned expenditure	Actual expenditure	Difference
Domestic	97,302.13	91,633.19	5,668.94
International	106,121.21	87,424.24	18,696.97
Source: Tourism Satellite Account (TSA) Hunza 2019			

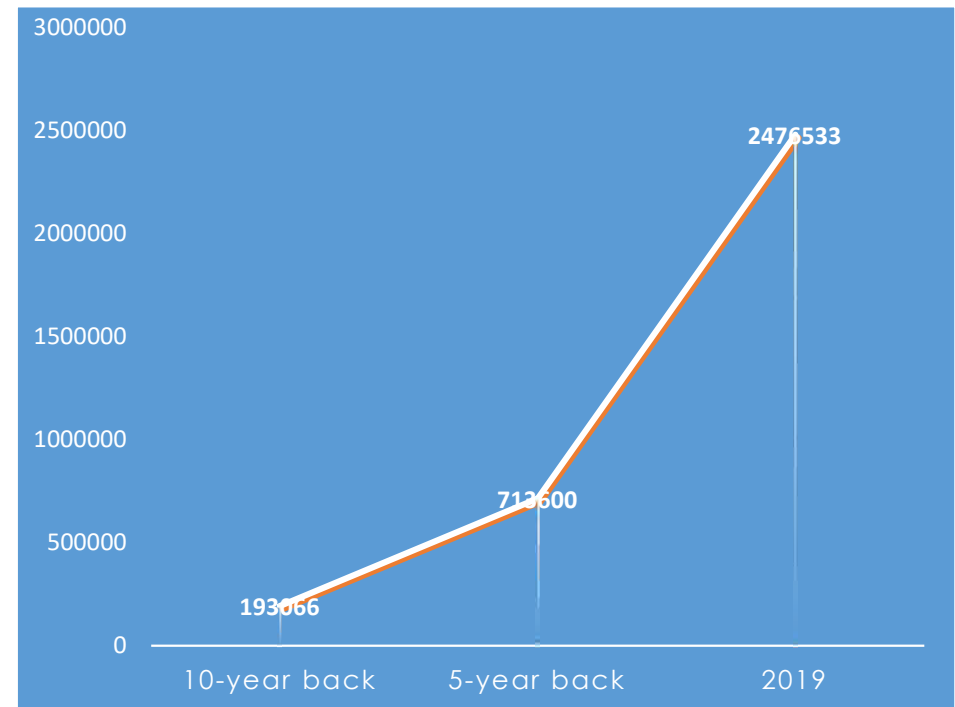
- Tourists' willingness to pay exists but they don't find appropriate avenue to spend

Growth in enterprises and hotel sector and investments

Number of Enterprises



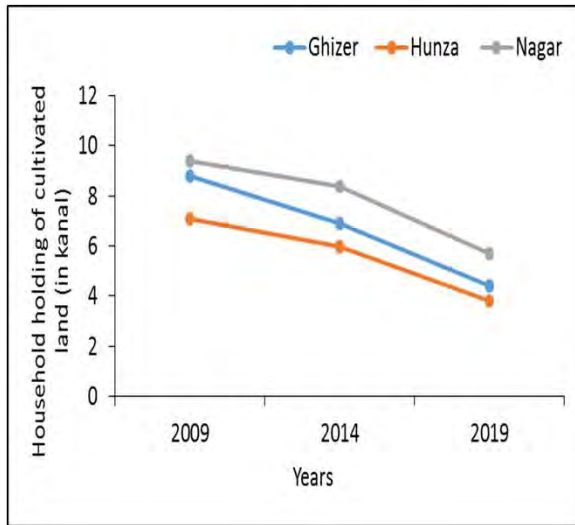
Average Investment on Hotels



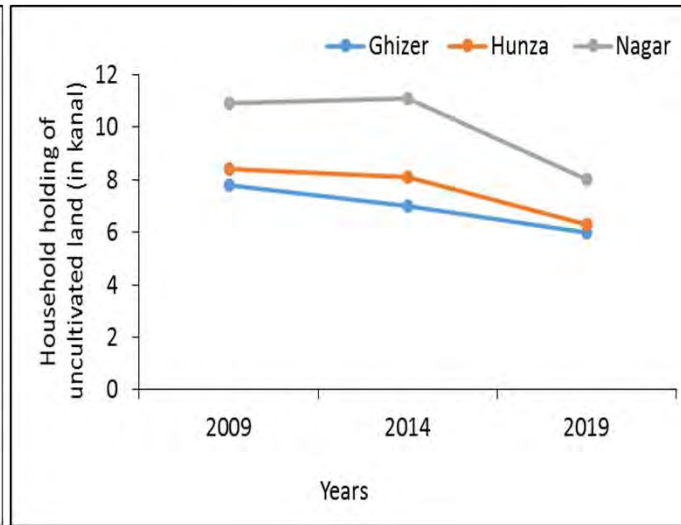
Source: KIU-WWF-ICIMOD (2019)

Impact of growing tourism

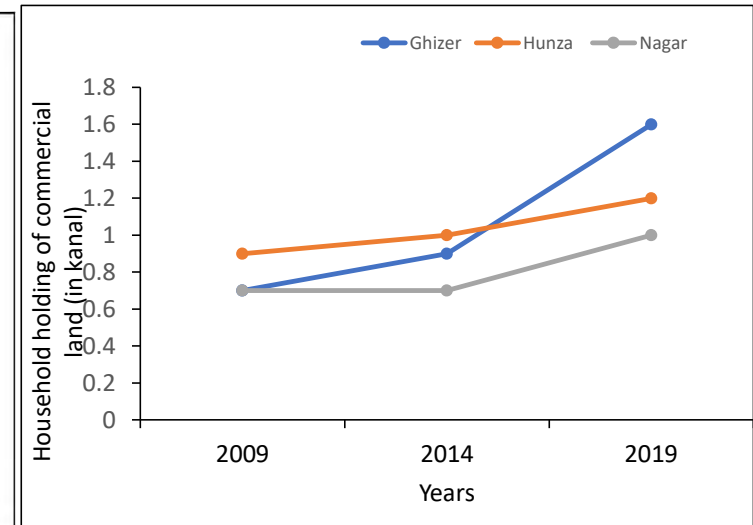
- + Growth in income, employment and enterprising activities
- Haphazard constructions, dramatic land use change and adverse impact on environments and cultural traditions



Household holding of cultivated land



Household holding of uncultivated land



Household holding of commercial land

Source: KIU-WWF-ICIMOD (2019)

Study background



TITLE

Risk assessment in tourism and hospitality sector



OBJECTIVES

- To assess the understanding of tourism enterprises about risk factors and mitigation strategies.
- To assess demand for a tourism industry based tailored financial products.



METHODOLOGY

Mixed research methods:
Surveyed Hotels (49), tour operators (6), transport business (6) and retail shops (12) and banks (6)

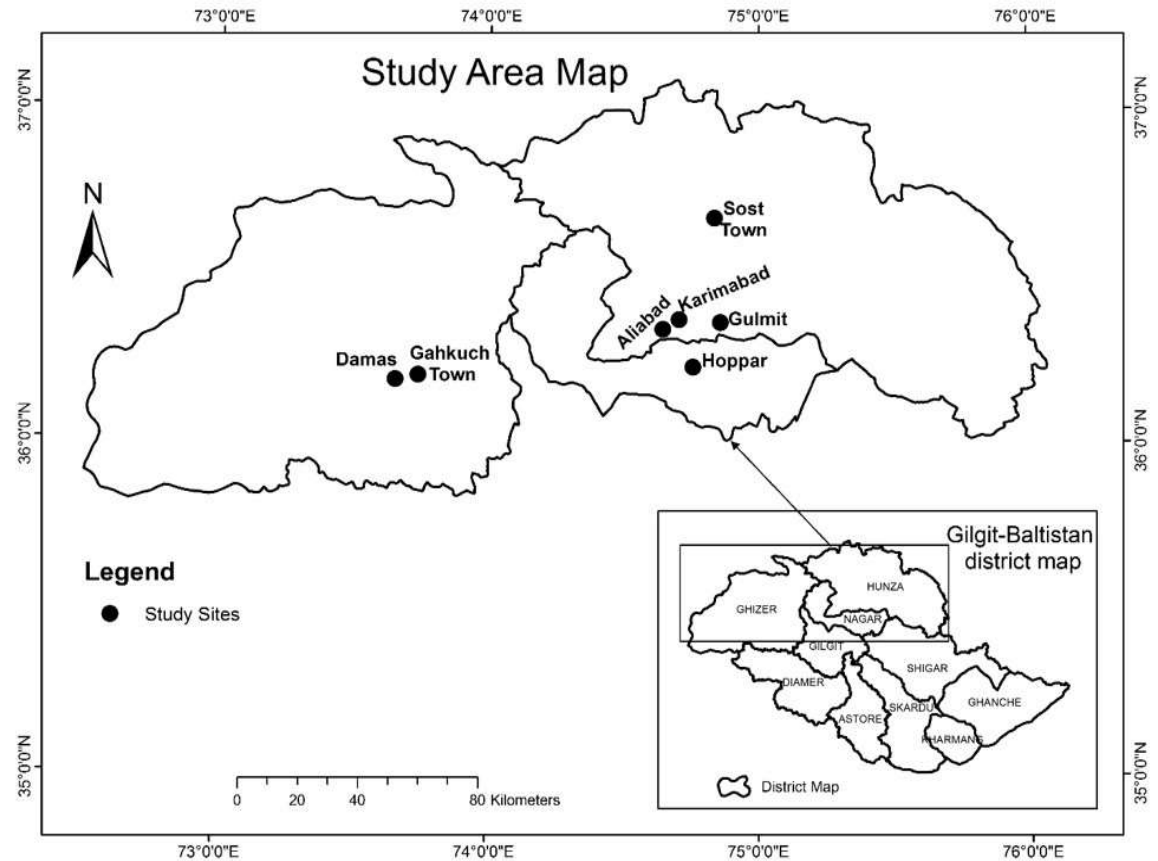


STUDY PERIOD

Oct-Nov 2020

Study area

Hunza, Gilgit-Baltistan,
Pakistan



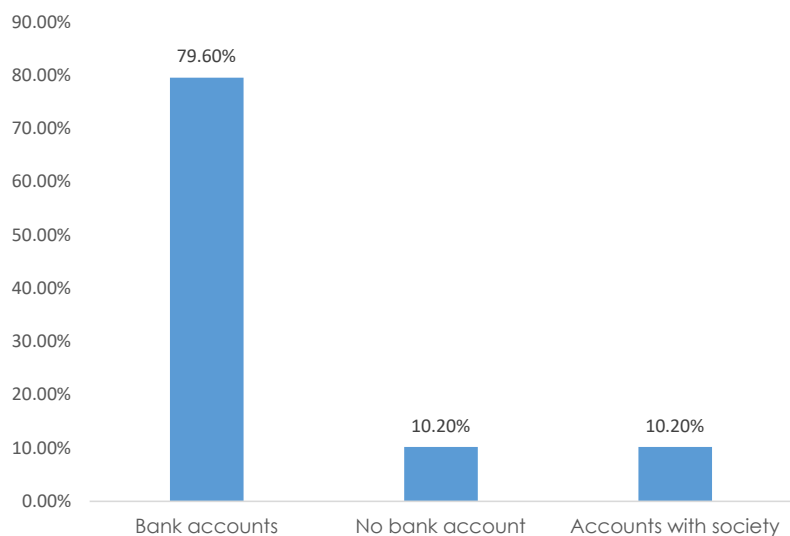
Results

Available financial Products and services

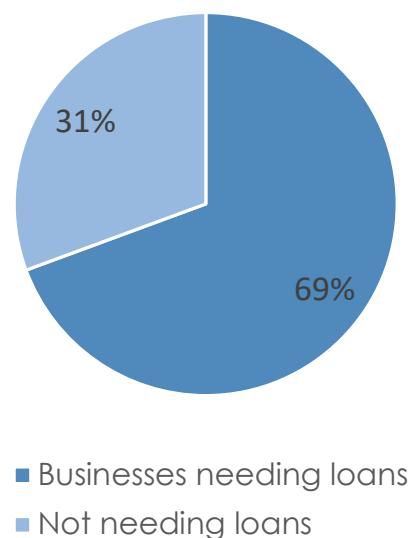
- Personal loans
- Running finance facility (by all commercial banks), loans against salary
- Enterprise loans for existing business
- Housing loans
- Group micro loans,
- Women enterprise development
- Pension loans
- Livestock, agriculture and educational loans

Financing tourism enterprises

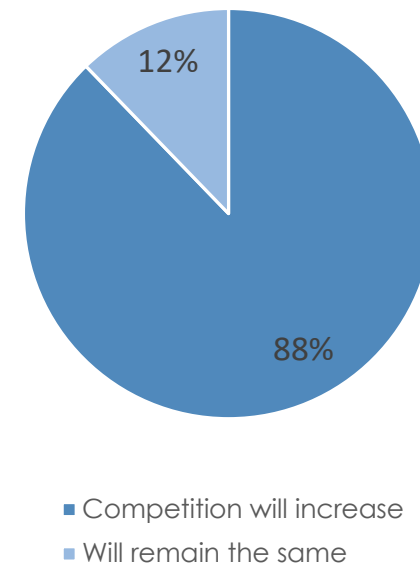
Financial inclusion



Demand - need of loans

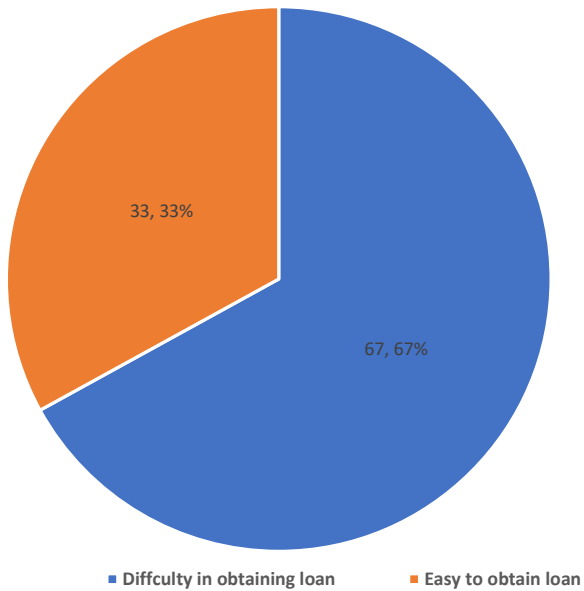


Competition in business?

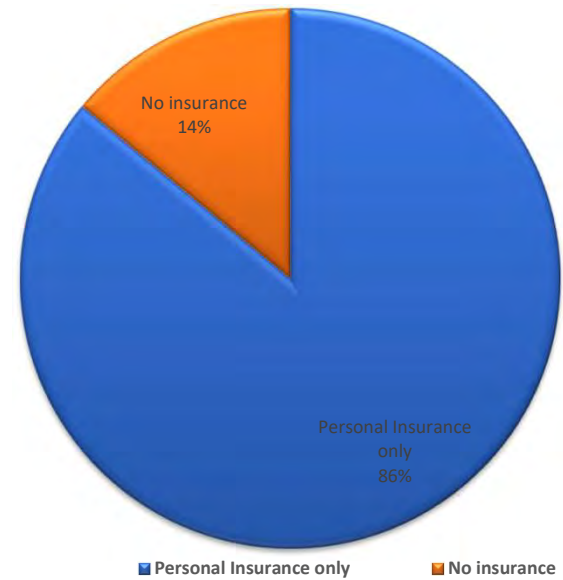


Financing Tourism Enterprises

Ease of obtaining loan



Insurance



Key tourism business

Opportunities

- ✓ Tourism expected to increase
- ✓ Opportunities in tourism sub sectors - food, cuisines, cultural education etc.
- ✓ Online system to connect hotel booking
- ✓ Innovation and value additions to goods and services

Challenges

- Lack of electricity and water – higher costs due to generators
- Seasonal business – winters
- Parking spaces
- Lack of professionally trained staff in hospitality sector
- Lack of appropriate risk assessment and risk management practices
- Harsh climate conditions
- Lack of financial management expertise- records, technical skills and use of technology

Key tourism business

Financing from financial institutions

- Flexible loan facility keeping in view repayment in peak and off season.
- Start-up loan facility for the newly established businesses
- Business expansion loan facility for the well-established businesses based on the cash flows (peak and off-peak months)
- Currently, there is displeasure over the lack of diverse loan facilities (no sector specific product), lengthy documentation / approval process and high mark-up rates

Risk management-challenges

- Financial management trainings.
- Consideration to climatic and environmental shocks to businesses and respective solutions
- Competition is expected to increase so as the enterprises.
- Businesses have some savings in case of emergency for risk management
- Cost reduction strategies and technology adoption.

FGD conclusive remarks from stakeholders

- Consideration to **seasonality for financial product design** for mountain enterprises
- **Further research** on business solution and value additions including finances
- No or **less delinquencies** - majority cases customers repay their installments well in time
- Need for **Financial awareness issues and risk assessment**
- **Lack of insurance products for businesses** in case of disaster, etc.

Way forward /recommendations

- ✓ Need for **business insurance** and **specialized product** for insuring business assets
- ✓ **Customized – sector based – cash flow lending products and services**
- ✓ **Financial literacy and awareness** among entrepreneurs for business growth and linking with the financial services of the banks



A night landscape photograph showing a valley with mountains in the background. The sky is dark with many stars visible. The mountains are rugged and brown. The valley floor is covered with green trees and some buildings. There are many small lights scattered across the valley, and a few larger, brighter lights are visible on the right side. The text "Thank You" is written in white in the center of the image.

Thank You