

**COMMUNITY BASED  
SUSTAINABLE TOURISM  
(CBST)  
BUSINESS PLAN  
PHOBJIKHA  
CONSERVATION AREA**



**COMMUNITY BASED SUSTAINABLE TOURISM (CBST)**

**BUSINESS PLAN**

**PHOBJIKHA CONSERVATION AREA**

## CONTENTS

Background .....	4
Community Based Sustainable Tourism (CBST) .....	4
CBST Business Plan .....	5
Bhutan’s tourism market and segmentation .....	6
Market segmentation .....	7
CBST attractions, products and services .....	11
CBST Products and services .....	12
Product pricing .....	15
Package prices .....	17
Community service fee .....	17
Institutional arrangements and procedures .....	18
Establish and operate CBST Group .....	18
CBST group Steering Committee meetings.....	20
transparency, accountability, Efficiency and effectiveness .....	20
Revenue projection .....	21
Marketing Strategy .....	28
Action plan, milestones, and finances .....	30
Projected expenditure for the first year .....	32
References .....	34
Annexures .....	35
Annexure 1: List of households providing homestay services .....	35
Annexure 2: Detailed basis for package prices derived from decisions of the meeting held on 15 august 2013 ...	36
Local Cultural/ village tour package.....	36
Annexure 3: Outline of By-laws of CBST Group .....	37
1. Name .....	37
2. Aim.....	37

3. Objectives .....	37
4. Membership .....	38
5. Management Team .....	38
5.1. Specific Roles and Responsibilities of the Management Team .....	40
The Chairperson .....	40
The Secretary .....	41
Treasurer .....	41
6. CBST Fund .....	42
8. General Meetings .....	42
9. Annual General Meeting.....	43
10. Alteration of the Constitution .....	43
11. Dissolution .....	43
Annexure 4: Sample promotional material .....	46

## BACKGROUND

The Kingdom of Bhutan is known world wide for its approach to modern development as defined by the philosophy of Gross National Happiness (GNH). Within the context of this philosophy, the country has always accorded high priority to preservation and protection of its fragile mountain ecosystem and natural resources. The advancement of this priority is further emphasized under Article 5 of the constitution that was adopted in 2008. Provisions under this Article mandate environmental safeguards in its pursuit of modern development and maintaining a minimum of 60% of the country's land under forest cover at all times. Hence, environmental preservation continues to be an overriding criterion in its pursuit of modern development. This requirement is manifested in the strengthened environmental policies, Acts and regulations.

With the initiation of parliamentary democracy in 2008, maintaining a balance between environment and development have become increasingly challenging. As communities prioritize economic development, the resulting degradation of the natural environment and associated reduction of ecosystem services and geological stability will severely undermine the livelihoods of the people especially the agriculture based rural population. The Royal Society for Protection of Nature (RSPN) has recognized the need for timely interventions at the community level to explore and promote environmentally sustainable economic initiatives. The Conservation and Sustainable Livelihoods Program of the organization seeks to work with communities living in ecologically significant areas to foster development that upholds ecosystem integrity, which in turn renders economic benefits to local people. Over the last twenty years, RSPN has focused its effort to work with the community of Phobjikha (comprising of Gangtey and Phobji Gewogs) to demonstrate the potential of rich ecosystems as a basis for economic welfare of the community, thereby incentivizing communities to preserve the natural environment.

Since the mid 1990s, RSPN has piloted a number of projects to explore alternative income options that are based on the principles of sustained environmental conditions. Eco-tourism was identified as the most viable option of generating economic benefits while incentivizing protection and preservation of the ecosystem for tourism purposes. The community based sustainable tourism (CBST) project represents the continued effort on the part of RSPN, JEEF, and JICA<sup>1</sup> to strengthen the role of pristine ecosystem as a basis for local economic benefits.

## COMMUNITY BASED SUSTAINABLE TOURISM (CBST)

Phobjikha valley, comprised of Gangtey and Phobji Gewogs under Wangdiphodrang district is popularly known for its ecological significance and the harmonious co-existence of human and nature. The area harbors the largest high altitude wetland in the country and is the winter home of the globally vulnerable Black-necked cranes (BNC). Given its unique and picturesque landscape and associated conservation significance, Phobjikha valley is becoming a favorable

---

<sup>1</sup> CBST is a three year project implemented by RSPN with technical support from Japan Environment Education Forum (JEEF). The project is funded by Japan International Cooperation Agency (JICA)

tourist destination. Although, the number of tourists visiting the valley have increased over the year, benefits accrued to the local community have not been significant. This is primarily constrained by lack of capacity on the part of community and the regulated modality of tourism in Bhutan. While the onus of preserving the ecosystem lie with the local communities, they lack the financial and technical capacity to harness the benefits of tourism. People from outside the valley who own and operate tourism facilities and services are the primary beneficiaries of tourism. Hence, local conservation efforts and associated development compromises are not sufficiently incentivized.

Analyzing the potential beneficiaries of the tourism activities in Bhutan, the regulated tourism assures business to tour operators and certain types of services. Under the required 'Minimum Daily Package'<sup>2</sup>, the entire business activities are limited within the sphere of the Royal Government (in terms of Royalty and aviation), > 3 star hotels, restaurants, guides, and the services of tour operator themselves for transport and trekking services. The benefits to local community and other sections of the business sector are limited to porter/ pony services and individual tourist purchases respectively. However, the good news is the acknowledgement of the need for "...decentralisation of tourism planning and management at the destination level"<sup>3</sup>. This brings in the scope of integrating community based sustainable tourism in the mainstream tourism activities.

The CBST project was designed to bridge this gap between conservation efforts and potential benefits. This project seeks to harness the tourism potential of Phobjikha's natural and cultural richness for the benefit of local community. The benefits accrued to the local people through this initiative is expected to incentivize community ownership and responsibility for continued preservation of local natural resources. Further, the growing preference of tourists in nature and community tourism makes this CBST initiative a viable option.

The objectives of the CBST project are to:

- Contribute to enhancement of livelihoods of the local people through sustainable tourism initiatives
- Contribute to preservation of the local natural and cultural heritage of Phobjikha valley.

## CBST BUSINESS PLAN

In working towards the above objectives, the project will promote good quality community based tourism services and activities for visitors to the valley. This business plan has been prepared to enable a logical and process based approach to development and operation of CBST in Phobjikha valley.

---

<sup>2</sup> <http://www.tourism.gov.bt/plan/minimum-daily-package>

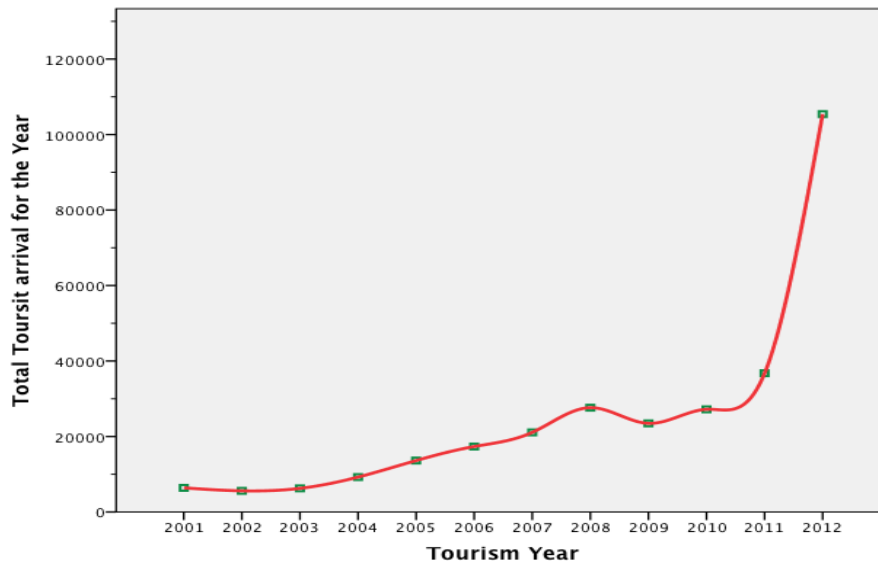
<sup>3</sup> Tourism Council of Bhutan, 2012. Stated in the Officiating Director General Thuji Dorji Nadik's forward to the Bhutan Tourism Monitor – Annual Report 2012.

The plan comprises of tourism market analysis, identifies community tourism products and services, and proposes institutional and financial mechanisms for collective promotion and operation of community based tourism activities.

## BHUTAN'S TOURISM MARKET AND SEGMENTATION

Bhutan has constantly gained international exposure since it first opened to tourism in 1974. The relatively pristine ecosystem, rich cultural heritage and the development philosophy of pursuing Gross National Happiness (GNH) have generated immense interest among people around the world to visit Bhutan. This attraction is further supplemented by the Royal government's policy to promote 'High Value Low Impact' tourism, the marketing initiatives of tour operators<sup>4</sup>, and increasing carrying capacity in the form of improved tourism facilities and services. The growth of the industry is evident in the constant increase in tourist arrivals and associated foreign currency earnings (Figure 1). According to the Bhutan Tourism Monitor 2012 (Tourism Council of Bhutan 2012), the largest number of tourist arrivals ever recorded was in the year 2011 and 2012 with 64,028 and 105,407 visitors respectively. The sector is also a source of permanent and temporary employment opportunities. In 2011, the sector provided direct employment to 8,818 people and 13,227 were indirectly employed<sup>5</sup>. In general, the sector contribution to GDP increased from US \$12.97m in 2004 to US\$ 62.8m in 2012. The current contribution of tourism to GDP is 3%.

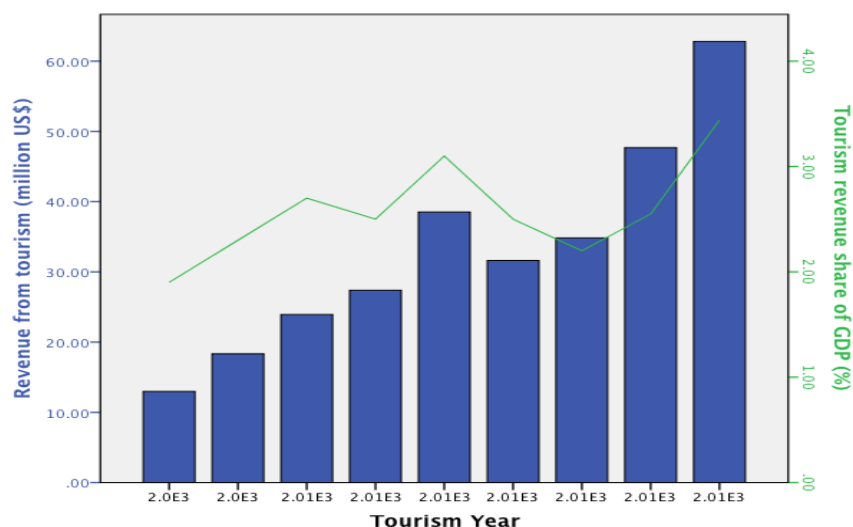
Figure 1 Growth in tourist arrival



<sup>4</sup> The number of licensed tour operators have grown from ??? in ??? to ??? in 2013.

<sup>5</sup> Bhutan Tourism Monitor – Annual Report 2011 of Tourism Council of Bhutan.

Figure 2 Income from tourism sector and share of GDP



## MARKET SEGMENTATION

According to the Bhutan Tourism Monitor 2012, the global tourism arrivals for the year 2012 was 1035 million. Although Bhutan accounted for a negligible of the global tourism market with only 105,407 regional and International tourist arrivals, the figure represents significant increase over the last many years (See Table 1). International arrivals have constantly increased over the last decade. The major source markets over the last decade reveal United States of America as consistent major markets followed by Japan and the United Kingdom (Figure 3). Japan remains the major market in terms of annual arrivals and recent growth percentage. 2012 revealed the growing interest of regional and Asian tourists to visit Bhutan. Japanese tourist arrivals increased by 76% over 2011 followed by Thailand, Malaysia and China. Over 48% i.e., 50,722 of 105,407 tourists were regional tourists.

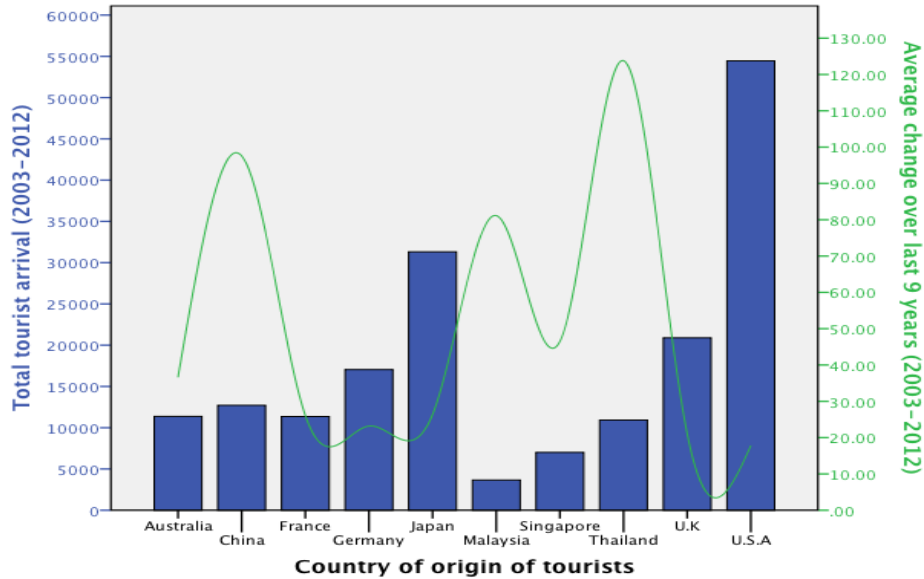
Table 1. Top ten sources of tourist arrivals for the period 2003-2012 (BTM2012)

Nationality	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Japan	951	1,087	1,554	1,815	2,008	2,745	3,136	3,963	3,943	6,967	31,305.00
Malaysia	28	17	72	49	94	221	367	354	788	1,307	3,664.00
Thailand	66	30	96	776	707	627	975	875	2,235	3,573	10,935.00
China	19	78	234	364	504	1,069	1,143	1,494	2,896	3,766	12,710.00
Germany	497	671	1,042	1,074	1,456	1,717	1,587	2,250	2,287	2,880	17,048.00
Singapore	77	198	185	281	444	667	708	785	1,349	1,605	7,007.00
France	285	434	532	708	738	1,402	1,189	1,454	1,585	1,847	11,363.00



Australia	165	315	458	774	1,181	1,524	970	1,318	1,773	1,926	11,374.00
U.S.A	1,803	3,242	4,681	5,018	5,773	6,941	4,786	5,189	6,226	6,007	54,452.00
U.K	605	954	1,462	1,952	2,193	2,758	1,968	1,772	2,795	2,466	20,893.00
Year totals	6,261	9,249	13,626	17,344	21,094	27,636	23,480	27,196	36,765	43,931	250,062.00

Figure 3: Top ten sources of tourist arrival and change trends for the period 2003-2012

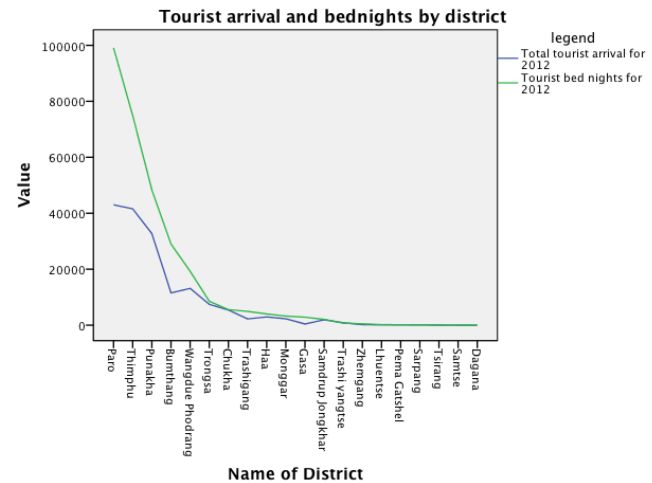


From the perspective of the purpose of visit, 77,700 visitors accounting for 73% of all arrivals in 2012 visited solely for the purpose of holidaying. Cultural sightseeing and festivals are major attractions for 99.26% of the total arrivals. Nature-based activities accounted for 13.04%, primarily comprised of trekking (7.32%), bird watching, flora and fauna (1.22%), and adventure sports (4.50%). This represents the growing interest of people from the regional to visit Bhutan. International visitors on official and business purposes accounted for 11% and 4.9% respectively (BTM 2012).

Narrowing down to in-country destinations, the major destinations are Paro, Thimphu, Punakha and Wangdiphodrang (See Table 2 and Figure 3).

Table 2. Tourist arrival and bed nights by district

Dzongkhag	Tourist Arrivals	Bed Nights
Paro	43,023	99,148
Thimphu	41,545	74,915
Punakha	32,738	48,393
Bumthang	11,538	29,001
Wangdue Phodrang	13,150	19,270
Trongsa	7,435	8,537
Chukha	5,388	5,552
Trashigang	2,230	4,930
Haa	2,954	4,013
Monggar	2,289	3,250
Gasa	416	2,846
Samdrup Jongkhar	1,930	2,058
Trashiyangtse	835	727
Zhemgang	186	476
Lhuentse	146	197
Pema Gatsel	105	147
Sarpang	99	130
Tsirang	38	41
Samtse	4	4
Dagana	1	2



Source: Bhutan Tourism Monitor 2012

Recent trends show that international and regional tourist arrivals to Wangdiphodrang is increasing (See Table 3). Arrivals have increased from 15,761 to 28,319 accounting for 43,803 bed nights in 2011.

Table 3: Tourist arrival and bednights for Wangdiphodrang (2007-2011)

Year	Int	Reg	Wangdiphodrang	
			Arrivals	Bed nights
2008	27636	32285	15761	-
2009	23480	20847	14686	-
2010	27197	6610	18978	26869
2011	36765	5866	28319	43803

A significant segment of the tourism market in Wangdiphodrang is attributed to the growing interest of visitors in Phobjikha valley under Gangtey and Phobji gewogs. Despite the lack of data in day visitors, campers, and homestays, the significance of Phobjikha as a tourist destination is evident from the records of tourist bednights of major hotels and guest houses in the valley (Table 4).

Table 4: Tourist bed-nights in hotels/ guest houses in Phobjikha (2007 – 2012)<sup>6</sup>

Year	Amankora	Dewachen	PChholing	Gakiling	Yolokoe	Total
2007	2332	3535	237	95	NA	6199
2008	2707	3789	230	62	NA	6788
2009	1500	4120	200	50	NA	5870
2010	1500	4451	300	60	194	6505
2011	1600	3966	566	913	735	7780
2012 (Jan- May)	800	2006	163	500	197	3666

The total revenue from the above hotels and guesthouses for the year 2011 is Nu. 114,184,300 equivalent to US \$ 2,429,453 calculated at an exchange rate of Nu.47 per USD. Majority of this revenue is attributed to Hotels Aman Kora and Dewachen contributing 85.62 % and 10.65% respectively (Table 5).

Table 5. Estimated revenue from hotels and guest houses in Phobjikha (2011)

Year	Amankora	Dewachen	PChholing	Gakiling	Yolokoe	Total
Nu.	97,760,000	12,160,800	566,000	2,374,500	1,323,000	114,184,300
US \$ Equiv	2,080,000	258,740	12,043	50,521	28,149	2,429,453
Percentage	85.62	10.65	0.50	2.08	1.16	100

In addition, day visitors, campers, and homestays program are popular source of supplementary income for the local people. In 2011, the few operational homestay program generated Nu. 156,250 equivalent to US \$3,324 (Table 6). No information exists with regard to day visitors and campers. However, contributions from these visitors are certain and cannot be ignored.

---

<sup>6</sup> The figures are not comprehensive and excludes number of day visitors, campers, and homestay as well as few other hotel/ guest houses.

Table 6: Income (Nu.) from home stay program for 2011

	Homestay owners				
	Daw Zam	Phub Gyeltshen	Sonam	Nagphala	Total
Nu.	100,000	40,000	13,000	3250	156,250
US \$ equiv	2,127	851	277	69.14	3,324

Source: RSPN, 2012

On the whole, the total revenue from tourism in the valley amounts to US \$ 2,432,777 i.e. 5.10% of the total tourism revenue for the year. This position of Phobjikha valley as an emerging tourist destination may be attributed to a number of factors over and above the cultural and ecological significance of the area. The additional factors include the consistent efforts of RSPN and RGOB to:

- preserve and protect the ecological significance of the area
- promote tourism products such as Black necked crane festival, visitors centre, camp sites, and homestays.
- Improve amenities such as electricity with underground cabling, nature trails, road, telecommunications, and gas depot
- to build and empower community collective action i.e. through the establishment and capacity building of Phobjikha Environmental Management Committee and affiliated groups such as women's group
- promote CBST that provides an avenue for community benefits from community based tourism products, services, and activities such as homestays.

With the consistent efforts to safeguard the ecological and cultural significant of Phobjikha valley and simultaneous development of community tourism products, the concept of Community-based sustainable tourism is increasingly finding a place in the overall tourism activity in the country.

## CBST ATTRACTIONS, PRODUCTS AND SERVICES

Phobjikha is uniquely positioned to capture the emerging interest of tourists that visit Bhutan. Considering that tourists visit Bhutan primarily to experience nature and culture, Phobjikha presents these attractions in the most original form. The human settlements and livelihood activities of the communities is harmoniously set amidst the serenity and beauty of nature. Human activity in the area is best described as 'harmonious co-existence with nature' wherein the tradition, culture, livelihood practices of local communities does not occur to undermine the ecological significance of the area. The area enjoys but de-facto and de-jure status as the most significant high altitude wetland and habitat of the magnificent and endangered Black-necked cranes. The area has since long been declared a conservation area and recently declared a 'Ramsar site'. Interventions in the area by the Royal Government and by the RSPN have been geared towards assisting the local people in harnessing the economic potentials of

sustained ecological significance of the area. The beauty of nature is becoming increasingly scarce that people are willing to travel across the globe to experience and be part of it even for a short period. The area's serenity and harmonious human nature co-existence not only makes it the destination for environmentalists and conservationists but also for people seeking to get away from the urban stresses. Experience of the area brings to life the reminiscence of ancient life that many developed societies have lost. Phobjikha is best placed to fulfill this aspiration of visitors. Hence the theory behind the program interventions is to demonstrate that economic benefits can be realized through sustained safeguard of the natural environment.

Towards the above aim of incentivizing conservation and stewardship by local communities, the CBST program seeks to optimize the tourism potential of the area as an alternative source of income for rural communities.

Currently the known tourism facilities in Phobjikha consists of the Black-necked Crane visitor centre, seven existing hotels ranging from 8 to 24 rooms, eight local farmhouses with 3 to 8 rooms, two restaurants and 4 handicraft shops. There are also two new upcoming hotels with 8 to 12 rooms which would exist by 2013 to 2014. Among the existing hotels four are associated with a travel company where as the two upcoming new hotels also belong to travel companies. From these two are FDIs (Foreign Direct Investment) and the rest are being operated by Bhutanese.

The initiative of starting homestays will to provide a local household and cultural experience to a visitor and also to address the limited accommodation facilities during the high tourist season. However the positive factor is that none of the hotels in Phobjikha provide or promote tourism packages relating to organizing nature and cultural tours as it is left to the tour operator or their guide to coordinate the tour. Since the group would be coordinating readymade and available local services and packages, the hotels and any local travel agencies would prefer to use their services. The following products, services, amenities, and institutional arrangements are essential to promote CBST in Phobjikha.

#### CBST PRODUCTS AND SERVICES

A number of products have been developed under the ecotourism and CBST project initiatives. The products and services are targeted at visitors/ tourists who are desirous of experiencing the natural environment and socio-cultural lifestyle of local communities. CBST products and services are potentially befitting to nature lovers and visitors/ tourists who have keen interest in experiencing or learning about the difficulties, comforts, and socio-cultural way of life of traditional Bhutanese communities. The products will especially be of interest to people who can adjust to live in a rural household setting, mingle with the local communities and appreciate their cultural and traditions. Expatriates and visitors on MICE (Meetings, Incentives, Conferences, and Exhibitions) are also potential customers. It would be of special interest to those visitors who believe in rendering benefits from tourism to local communities.

Based on the rationale that the more time a tourist/visitor spends in an area, the more opportunities for sale of products and services. The existing diversity of products and services will allow tourists to select from a range of options and spend more time ultimately resulting in overnight stays thereby availing associated services. The CBST program in Phobjikha offers a

number of products and services (see Table 7) aimed at catering to the increasing number of visitors.

*Table 7: Description of tourism products in Phobjikha valley*

SL. No.	Products and services	Details of the products and facilities
1	Homestays	<p>Twenty one households (Annexure 1) will provide homestay services. This option provides the guests with two opportunities. The product entails living with a family to experience and learn about the way of life of local people including overnight stay in the households, local food and drinks, interaction with family members, and participation in daily household chores such as cooking, milking of cow, making butter, cheese, feed livestock etc. Depending on the season, visitors may also have the opportunity to participate in gardening and farm activities including crop plantation, harvesting etc.</p> <p>For those interested in learning about the past and the traditional beliefs of the area, an elderly family member could be the source of interesting local legends and myths.</p> <p>For most of the foreign urbanite visitors, this experience will provide a glimpse of their ancestral way of life – life that is hard work, devoid of stress and sustainable.</p>
2	Hot stone bath	Some homestays provide traditional hot stone bath facility common in rural Bhutanese homes. This experience entails bathing in traditional wooden tub with hot water heated from hot stones. The minerals dispensed from soaking hot stones into the fresh water are known to have soothing medicinal properties.
3	Evening cultural program	Phobjikha has rich local folklores. With prior information, groups of local people are available for singing and a display of local dances. Much of the songs and dances have deep meanings including praise for nature. Some of the best moments to admire and enjoy these dances is to sit around the warmth of a fire with a sip of locally brewed alcohol (ara, bangchang and singchang) and partake in the dances.
4	Traditional games	CBST program also provides opportunity for a visitor to understand and/ or participate in traditional games that use materials from locally available resources. Traditional games include soksum(a light wooden javelin), pungdo (shot put), Khuru (wooden dart) and degor(flinging stones to target point similar to horseshoe throwing), jidum (propelling short wooden sticks sharpened at both ends) and archery (comprising bamboo bows and arrows).
5	Day walks, hikes and trekking	Walk around the villages in the north, central or the southern valley will expose the visitor to the traditional architecture, daily household

		<p>activities, farming practices, culture, religion (visit to temples/monasteries), community events, etc.</p> <p>A nature lover or hiker has the option to explore the natural and cultural aspects of the valley. Depending on time availability, visitors have the option of choosing from a number of day hikes in and around the valley. Some of the popular day hikes include Gangtay nature trail (2 hours), Aeko-Shasila-Moel (4 hours), Kilkhorhang -Tsikona - Khemdro (3 hours), Risu lam from Gangphey - Kingathang (3 hours).</p> <p>Longer treks to other destinations are also available. Some of the treks routes are 1)Gangtay Trek Phobjikha - Chhuzomsa (2 days),2) Khemdro to Chendibji (7 hours), 3) Kumbu to Langtoe (4 hours), 4) Tshalila to Rukubji (5 hours) and 5) Zizi through Khebethang to Ada to Kamechu in Jigme Singye National Park (3 days).</p>
6	Local guides	Trained local guides services are available for tour programmes in the valley. The guide services are a value addition to the national tour guides in terms of the knowledge and experience of society, their culture and natural environment. Visitors can avail of local guide services for a variety of programmes especially for village walks, day hikes, treks, and biking trips.
7	Campsite	To get an overnight outdoor experience campsite is also available for those preferring to camp. The campsite facilitates a kitchen, dining area and toilet facility.
8	Education and gift shop	<p>The Black-necked crane visitor center is the hub of tourism activity in the valley. The center is equipped with educational and recreational programmes. Educational programmes include displays and video programmes that introduce the valley, the social cultural setting, and natural resources and ecological significance pertaining primarily to the wetland and the vulnerable black-necked cranes. It also provides educational activities for visiting student groups.</p> <p>The center is also a place for recreation with crane watching equipment (binoculars, spotting scopes) and reference books. This is further supplemented with coffee shop where visitors can purchase hot and cold beverages (tea, coffee, etc) and snacks.</p> <p>The center also has a gift shop where souvenirs that include handicrafts and post cards representing the culture, tradition and landscapes of Bhutan are available on sale. Other items in the gift shop include locally manufactured items, books, videos, etc.</p>
9	Bicycle rental	Exploring Phobjikha on a mountain bike will not only be fun but also enable covering the valley in limited time. Mountain bikes are available on rent.
10	Culture and festivals	Phobjikha valley is also a cultural place with many temples, monasteries and festivities. Gangtey monastery is the highly revered as the seat of the Gangtey Trulku of the Pema Lingpa (Treasure hunter) lineage. It is a must visit for most Buddhist. The recently renovated monastery is also a testimony of the Bhutanese

		<p>architecture and building skills. In addition, there are a number of temples, each with their own history and legend, scattered across the valley. Some of the historical temples include the Kumbu Lhakhang and Khewang Lhakhang. These religious and cultural sites are accessible to visitors throughout the year.</p> <p>Festivals are the major tourist attractions in Bhutan. Likewise, in Gangtey Tshechu and Black-necked crane festivals are popular among local people and national and international visitors. These festivals are held annually with ceremonial dances performed by the monks and lay monks of the community. In addition, the event also includes folk dances performed by local people. Apart from the above, the crane festival features a special crane dance depicting the graceful character of the Black-necked cranes that bring joy to the local people. The Gangtey festival is held sometime in the September while the crane festival is held on 12 November. Both festivals are excellent avenues to witness the faith, joy and happiness that locals derive from the festivals. The crane festivals is an important event where locals and outsiders alike pledge to safeguard the cranes and their habitat.</p>
--	--	---

## PRODUCT PRICING

The product prices have been fixed through the business planning consultation process to fit the convenience of visitors and tour operators. Based on the consultation, the following prices shall be uniformly applied by all members of the CBST Group. The prices are available in the form of include two components namely the product/ service item rates, package rates, and community service fee:

*Table 8: Product/ service item rates for Individual and groups*

SL. No.	Products and services	Service type	Local/ nationals Rate (Nu.)		Int. Tourist Rates (Nu.)	
			Individual	Group	Individual	Group
1	Homestays	Accommodation per night	Nu. 250	NA	Nu. 700	NA
		Food and beverages: Breakfast	Nu. 130	NA	Nu. 180	NA
		Lunch	Nu.190	NA	Nu. 300	NA
		Dinner	Nu. 190	NA	Nu. 300	NA
		Alcoholic drinks (Ara, bangchang, singchang)	Nu. 60 per bottle (600ml)	NA	Nu. 60 per bottle (600ml)	NA



			Nu. 100 per bottle (600ml) prepared with egg.		Nu. 100 per bottle (600ml) prepared with egg.	
2	Hot stone bath	Preparation of hot stones, bath tub and facilitation	400 per pax	400 per pax	400 per pax	400 per pax
3	Cultural program	Dance troupe and venue	Nu. 3000	Nu. 3000 (max 7 pax) + Nu. 100 every additional pax	Nu. 3000	Nu. 3000 (max 7 pax) + Nu. 100 every additional pax
4	Traditional games	Demonstration	NA	NA	Nu. 500	Nu. 700 (max 7 pax)
		Organized game	NA	NA	Nu. 5000	Nu. 5000 + Nu. 100 per pax
5	Local guides	Guide services	Nu. 400 per day (8 hours) for cultural tour  Nu. 500 per day for treks	Nu. 700 per day (max 5 pax) + 50 per additional pax per day	Nu. 400 per day (8 hours) for cultural tour  Nu. 500 per day for Treks	Nu. 700 per day (max 5 pax) + Nu. 100 every additional pax.
		Space Rental	Nu. 100	Nu. 5000	Nu.200	Nu. 5000
		Bonfire	NA	Nu. 350	NA	Nu. 500
7	Education and gift shop	BNC visitor centre entrance fee	Nu. 50	NA	Nu.250	NA
		Gift shop	Item rates			
		Coffee shop	Item rates			
8	Bicycle rental	Daily (8 hours)	Nu. 700 per bike	Nu. 600 per bike (min 4 bikes)	Nu. 1200 per bike	Nu.960 per bike (min 4 bikes)
		Half day (4 hours)	Nu. 500 per bike	Nu. 350 per bike (min 4	Nu. 700 per bike	Nu. 500 per bike (min 4 bikes)

				bikes)		
		Hourly	Nu. 150 per bike	Nu.100 per (min 4 bikes)	Nu. 250 per bike	Nu.200 per bike (min 4 bikes)
9	Culture and festivals	Gangtey Tshechu	NA	NA	NA	NA
		BNC Festival entrance fee	NA	NA	Nu. 500 per pax	Nu. 500 per pax

## PACKAGE PRICES

Package prices are preferred especially for marketing to travel agents or operators who use package prices as a basis for their marketing. The package prices for CBST is categorized into local cultural/ village tours and trekking. The daily per person rates for package tours or treks is proposed in table 9. The package prices for the two categories have been derived for individual (1 pax) and groups of 2-4 pax and 5-10 pax on the basis of item rates (see Annexure 2). The package price covers cost of three meals, homestay accommodation, guide, and 10% community service fee.

*Table 9. Package prices per person per day for cultural tours and trekking.*

	Rates per person per day (Nu.)		
	Individual (1 Pax)	Group (2-4 pax)	Group (5-10 pax)
Local Cultural/ village tour	2,068	1,903	1,793
Trekking	4,730	4,152.5	3,960

One would expect the trekking rates to be cheaper than trekking rates outside of Phobjikha valley. Costs associated with provision of tents, mineral water, food items, porters, cooks etc. that are typically incurred by any trekking company will also be incurred by the CBST group. Hence, the prices are at par with any travel company. The advantages of using CBST services include:

- Travel companies would save expenses on transport of trekking equipment, food and personnel.
- Local guides are more knowledgeable and informative about the program

## COMMUNITY SERVICE FEE

The community of Gangtey and Phobji Gewogs contribute directly or indirectly to the upkeep of the social, cultural, and environmental attraction of the valley. In order to incentivize continuity of such communal contributions, an additional 10% of the cost of

products and services availed by the visitors shall be levied. 70% of the amount levied shall be deposited with the CBST common account and 30% percent shall be contributed to the community fund operated by PEMC.

For example, the community service fee for package prices and the proportions payable to CBST group and PEMC shall be as given in Table 10.

*Table 10: Community Service fee applicable for individual and group and remittance proportions.*

	Local Cultural/ village tour package			Trekking		
	Daily total	CBST group (70%)	PEMC 30%	Daily total	CBST group (70%)	PEMC 30%
Individual	188	131.6	56.4	430	301	129
Group (3-5 pax)	173	121.1	51.9	377.5	264.25	113.25
Group (6-10pax)	163	114.1	48.9	360	252	108

Both the PEMC and CBST committee shall ensure that the funds are collected on a regular basis and deposited in the respective bank account. The accumulated funds shall be utilized only for purposes related to the mandates of the respective committees and shall be accounted for and audited regularly.

#### INSTITUTIONAL ARRANGEMENTS AND PROCEDURES

Considering that this CBST business plan is aimed at fostering individual and collective benefits to local people, it is necessary to ensure transparency, accountability, efficiency and effectiveness in delivery of the products and services and associated revenue generation. The following institutional arrangements are essential.

#### ESTABLISH AND OPERATE CBST GROUP

A group initially comprising of members of the home stay program and local guides should be established under the Phobjikha Environmental Management Committee (PEMC). The group, proposed to be called 'CBST Group' shall be responsible for the management and promotion of the community-based sustainable tourism initiatives in Phobjikha. The group shall be responsible for coordinating all tourism activities and services in the area. It shall play a vital role in monitoring the long-term sustainability of CBST in Phobjikha. Although the PEMC already has a clearly defined constitution to guide its function as an organized body the group shall also function as per the management guideline developed for them. The group's Chairperson shall be represented on the PEMC. The members for the group shall consist of the local tourism stakeholders (homestay operators, guides, handicraft producers, etc...) and the local

representative from the community. Operations of the group shall be guided by its By-laws that shall include all necessary provisions related to the governing committee, its officers, their election and tenure, meetings, quorum, group membership, funds and finances and others as deemed necessary.

The proposed position of CBST Group in the overall structure of PEMC (Fig 5) and its own organizational structure (Figure 6) are presented below. The draft By-laws contained in Annexure 3 should be further refined and adopted at the earliest.

Figure 5: Position of CBST Group in the overall conservation area management



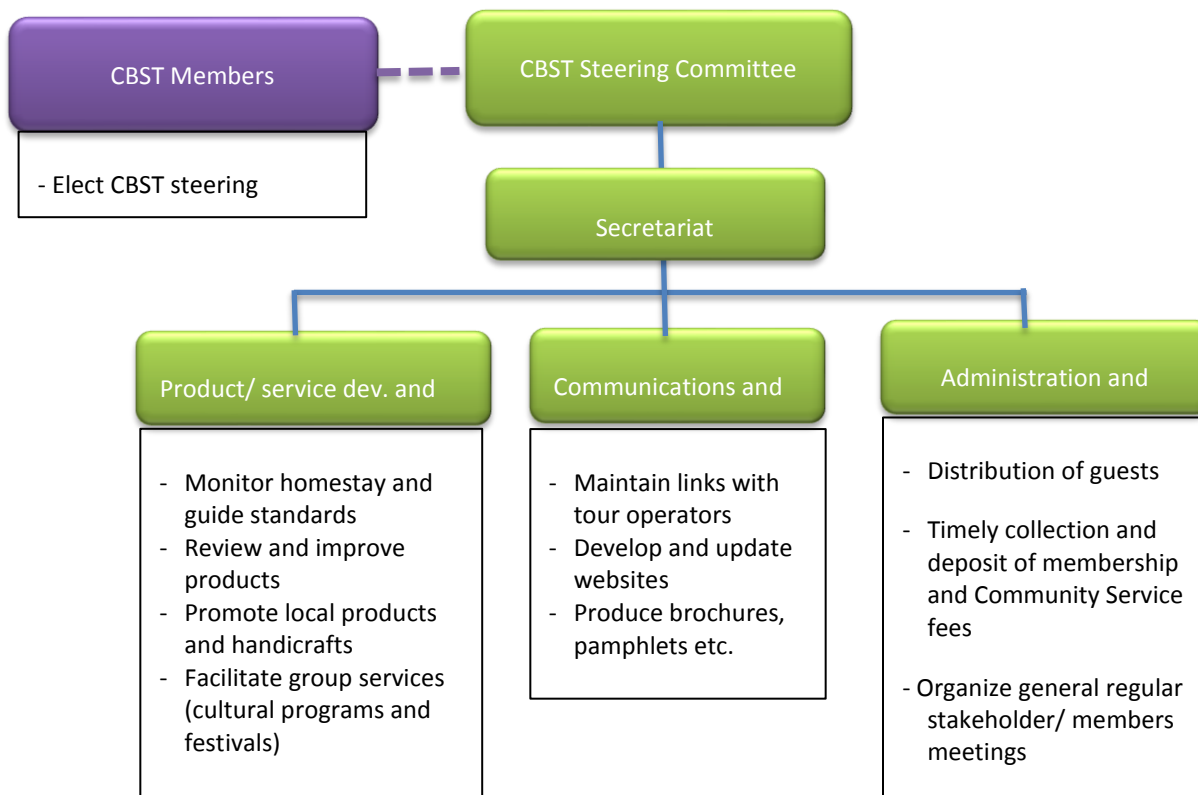
The CBST members, through a general assembly shall elect the members of the CBST Steering Committee. The decisions and directives of the committee shall be executed through a secretariat focusing primarily on 1)Product/ service development and standards with the responsibility to monitor and enforce homestay and guide standards<sup>7</sup>, review and improve products and services, promote local products and handicrafts, facilitate group services (cultural programs and festivals) 2) Communications and marketing division that will maintain links with tour operators, Develop and update websites, produce brochures, pamphlets etc. to market the products and services, and 3) Administration and Finance section that will strive for fair distribution of guests, timely collection and deposit of membership and Community Service fees, and organize general assembly and regular stakeholder/ members meetings

While these responsibilities are proposed to be fulfilled through interim arrangements engaging the members, it is desirable to have dedicated personnel in the long run.

Fig 6: Organizational structure of CBST Group

---

<sup>7</sup> Standard Operating Manual for Homestay in Phobjikha has been developed in cooperation with TCB and NRED.




---

#### CBST GROUP STEERING COMMITTEE MEETINGS

The CBST Steering Committee shall meet at least once every three months. Apart from other agenda, the meeting shall cover the following:

- Review of minutes of last meeting
- Statement of income and expenditure (including community service fee received from CBST members)
- Progress report on planned activities
- Plans for the next quarter

The finalized minutes of the meeting shall be signed by the Chairperson and member Secretary of the committee

The committee shall ensure that the general assembly of the members is held and new members of the steering committee are elected before end of January every year.

---

#### TRANSPARENCY, ACCOUNTABILITY, EFFICIENCY AND EFFECTIVENESS

PEMC and the CBST management should ensure adequate internal control mechanisms for a smooth functioning of the group. The Steering Committee and the Secretariat shall operate in a manner that is transparent, accountable, and efficient and effective in delivery of its services. The CBST Steering Committee must ensure all decisions and transactions are properly recorded

and safely maintained for future reference and auditing purposes. On an annual basis, the Secretariat shall ensure the affairs (including the financial matters) are monitored and audited. The audited statements shall be furnished to the steering committee and PEMC.

*Community service fee procedures:* All financial transactions pertaining to the products/ services of CBST members shall be coordinated by the Secretariat. All members of the CBST group have the obligation to maintain records of products and services sold. For this, bills/ receipts should be issued against all payments received from visitors. The bills shall clearly indicate the 10% community service fees, which shall be accumulated on a monthly basis. All members shall declare their monthly revenue and ensure 10% community service fee so collected and accumulated over the last one month is deposited with the CBST Secretariat. It is proposed that members should deposit the accumulated community service fee latest by date 5 of the succeeding month. The concerned officials of the CBST Secretariat shall provide written receipts and deposit. 70% of the amounts deposited by the individual members shall be retained in CBST bank account and the remaining 30% shall be deposited to the bank accounts of PEMC. The treasurers of respective committees shall ensure the funds are received/ expended in a timely manner. The revenue shall be utilized for management and operating cost of the CBST group and other expenses deemed necessary by the Steering committee. Both homestays and CBST Secretariat shall maintain records of revenue and expenditure for future inspection and auditing.

Additionally, the CBST steering committee shall fix and strictly apply penalty (preferably as percentage of amount receivable) on those members failing timely deposit of community service fee.

## REVENUE PROJECTION

The income of the CBST group will primarily consists of the payments received by individual members for the various products and services and associated proportions of community service fees accrued to the CBST group and PEMC.

Revenue projection is carried out on the basis of past trends in home stay bed nights. This will allow reasonability of the projected revenue and how it might be achieved. This plan takes into account the total bednights achieved by all hotels, guesthouses and known homestays in 2011. For the purpose of arriving at a realistic projection, the homestays have been segregated from the licensed hotels and guesthouses. For the purpose of facilitating the revenue projections for CBST program in the next five years, information on the realized bednights and annual growth has been generated (see Tables 11 and 12).

Table 11: Proportion (%) of total annual bednights capacity actually realized (sold) in 2011

Entity	Type	No of rooms	Annual bednight capacity	Single occupancy rate (Nu.)	2011	
					Realized bednights	% bednights realized

Amankora	Hotel	8	2880	78000	1600	55.56
Dewa Chen	Hotel	16	5760	2700	4504	78.19
Phuntsho Chholing	Guest house	12	4320	1000	566	13.10
Gakiling	Guest house	24	8640	1500	1583	18.32
Yolokoe	Guest house	8	2880	1800	735	25.52
<i>Total</i>		<i>68</i>	<i>24480</i>	<i>NA</i>	<i>8988</i>	<i>36.72</i>
Daw Zam	Homestay	8	2880	1000	100	3.47
Phub Gyaltshen	Homestay	4	1440	500	80	5.56
Pemba	Homestay	6	2160	1700	0	0.00
Sonam	Homestay	2	720	650	20	2.78
Nagphela	Homestay	5	1800	650	5	0.28
<i>Total</i>		<i>161</i>	<i>9000</i>	<i>NA</i>	<i>205</i>	<i>2.28</i>

<i>Total (Hotels/ Guesthouses/ Homestays)</i>	<i>93</i>	<i>33480</i>	<i>-</i>	<i>9193</i>	<i>27.46</i>
---	-----------	--------------	----------	-------------	--------------

Source: Dorji L, Tshering D 2012

In 2011, hotels/ guesthouses in Phobjikha realized an average of 36.72% of their capacity while the homestays realized only 2.28% of their annual bednights capacity. Annual growth rate of utilized bed-nights for homestays could not be determined owing to lack of time series data for homestays, which is a fairly new development in the country. From the available information pertaining to hotels and guesthouses, the average increase in bednights sold by the hotels and guesthouses is 6.6% per annum (see Table 12). Overall bednights actually realized or sold in 2011 by hotels, guesthouses and homestays altogether is 9193 out of annual capacity of 33480 i.e., 27.46%. Upon closer look at the data, this increase is primarily attributed to the upcoming local guesthouses.

Table 12: Average growth rate in bednights sold by various hotels and guesthouses for the period 2007 to 2011.

	Amankora		Dewachen		Phuntsho Chholing		Gakiling		Yolokoe		Total	
Year	Bed	% change	Bed	%change	Bed	%change	Bed	%change	Bed	%change	Bed	%change

	nights		nights		nights		nights		nights		nights	
2007	2332		3535		237		95		NA	NA	6199	
2008	2707	16.08	3789	7.19	230	-2.95	62	-34.74	NA	NA	6788	9.50
2009	1500	-44.59	4120	8.74	200	-13.04	50	-19.35	NA	NA	5870	-13.52
2010	1500	0	4451	8.03	300	50.00	60	20.00	194	0	6505	10.82
2011	1600	6.67	3966	-10.90	566	88.67	913	1421.67	735	278.87	7780	19.60

Average (5 yrs)		-5.46		3.26		30.67		346.89		139.43		6.60
--------------------	--	-------	--	------	--	-------	--	--------	--	--------	--	------

Source: Dorji L, Tshering D 2012.

Based on the above deductions, the prospects for the future may be seen in terms of percentage of total annual bednights capacity actually sold/utilized and the annual growth rate over five years. Four scenarios for future projections have been generated using different combinations of percentage of bednights sold, annual growth rate, number of tourists attending the crane festival and percentage of total arrivals that are potential of hiring bicycles. This will ultimately serve as a basis for revenue projections for the next five years. For the purpose of this projection, the following baselines are used:

- Total annual bednight capacity of 21 homestays (two rooms each) under CBST program is 15,330 (i.e., 2 bednights per homestay x 21 homestays x 365 days)
- Average proportion of bednights sold by homestay from the overall bednights sold by hotels, guesthouses and homestays (i.e., 9193) is 2.28 percent. This is under situation of no intervention for promotion of homestays.
- In 2012, the number of tourists estimated to have attended the crane festival is 360.

Considering that the CBST project interventions will assist in increasing the proportion of bednights and associated services sold by homestays, four scenarios under different combinations of homestay proportion of bednights and annual growth have been computed and presented below in Table 13.

*Table 13. Scenarios for bednight realization and growth projection (H=hotels, HS=Homestay, GH=Guest houses)*

Scenario 1: Realize 2.5% of total HS bednight capacity and 5% annual growth



2.5% of total bednights capacity		Annual growth rate at 5%				
Assumptions	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5
2.5% of total HS bednights capacity	383	402	423	444	466	489
No. of Tourists (Crane festival)	360	378	567	595	625	656
Bicycle rental (5% of all H, GH and HS bednights sold)	460	483	507	532	559	587

Scenario 2: Realize 2.5% of total HS bednight capacity and 10% annual growth

2.5% of total bednights capacity		Annual Growth Rate at 10%				
Assumptions	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5
2.5% of total HS bednights capacity	383	422	464	510	561	617
No. of Tourists (Crane festival)	360	396	436	479	527	580
Bicycle rental (5% of all H, GH and HS bednights sold))	460	506	556	612	673	740

Scenario 3: Realize 5% of total HS bednight capacity and 5% annual growth

5% of total bednight capacity		Annual growth rate at 5%				
Assumptions	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5
5% of total HS bednights capacity	767	805	845	887	932	978
No. of Tourists (Crane festival)	360	378	397	417	438	459
Bicycle rental (5% of all H, GH and HS bednights sold)	460	483	507	532	559	587

Scenario 4: Realize 5% of total HS bednight capacity and 10% annual growth

5% of total bednight capacity		Annual growth rate at 10%				
Assumptions	Base	Year 1	Year 2	Year 3	Year 4	Year 5
5% of total HS bednights capacity	1180	1,298	1,428	1,571	1,728	1,900
No. of Tourists (Crane festival)	360	396	436	479	527	580

Bicycle rental (5% of all H, GH and HS bednights sold)	460	506	556	612	673	740
--	-----	-----	-----	-----	-----	-----

Based on above four scenarios, an attempt has been made to forecast the associated revenue from CBST products and services. It is envisaged that overnight stay by a tourist would entail sale of other products and services. Hence the projected sources of revenue are accommodation, meals, guide services and other CBST products such as Crane Festival. The revenue projection under the four scenarios are based on the following assumptions:

- Total annual bednight capacity of the 21 homestays is 15,330 and constant over the next five years.
- Every bednight sold entails sale of breakfast, lunch and dinner.
- One day guide service is availed for every seven tourist/ visitor bednights sold.
- 5% of all tourists availing hotels, guesthouses and homestay bednights will hire bicycles for full day (8 hours).
- 10% annual increase in total tourist/ visitor arrivals at annual Crane Festival. Baseline is 2012 with 360 arrivals
- Prices of products and services remain the same over five years

The revenue projections under the four scenarios are presented in Table 14.

*Table 14: Revenue projections (Nu.) under four scenarios*

Scenario 1: 2.5% of annual bednights capacity and 5% growth rate

CBST products and Services	Rate (Nu.) per unit	Projected Revenue (Nu.)				
		Year 1	Year 2	Year 3	Year 4	Year 5
Accommodation	770	309,858	325,351	341,618	358,699	376,634
Breakfast	198	79,678	83,662	87,845	92,237	96,849
Lunch	330	132,796	139,436	146,408	153,728	161,415
Dinner	330	132,796	139,436	146,408	153,728	161,415
Guide Services (every 5pax)	440	25,295	26,559	27,887	29,282	30,746
Crane festival	500	189,000	283,500	297,675	312,559	328,187
Bycycle rental	770	309,858	325,351	341,618	358,699	376,634
Total		1,179,280	1,323,294	1,389,458	1,458,931	1,531,878
Community Service fee		117,928	132,329	138,946	145,893	153,188

Scenario 2: 2.5% of annual bednight capacity and 10% growth

		Revenue projection (Nu.)				
CBST products and Services	Rate (Nu.) per unit	Year 1	Year 2	Year 3	Year 4	Year 5
Accommodation	770	324,613	357,074	392,781	432,060	475,266
Breakfast	198	83,472	91,819	101,001	111,101	122,211
Lunch	330	139,120	153,032	168,335	185,168	203,685
Dinner	330	139,120	153,032	168,335	185,168	203,685
Guide Services (every 5pax)	440	26,499	29,149	32,064	35,270	38,797
Crane festival	550	198,000	239,580	263,538	289,892	318,880.98
Bicycle rental	770	324,613	357,074	392,781	432,060	475,266
Total		1,235,436	1,380,759	1,518,835	1,670,719	1,837,791
Community Service fee		123,544	138,076	151,884	167,072	183,779

Scenario 3: 5% of annual bednight capacity and 5% growth

		Revenue projection (Nu.)				
CBST products and Services	Rate (Nu.) per unit	Year 1	Year 2	Year 3	Year 4	Year 5
Accommodation	770	619,715	650,701	683,236	717,398	753,268
Breakfast	198	159,355	167,323	175,689	184,474	193,697
Lunch	330	265,592	278,872	292,815	307,456	322,829
Dinner	330	265,592	278,872	292,815	307,456	322,829
Guide Services (every 5pax)	440	50,589	74,366	78,084	81,988	430,439
Crane festival	550	110,000	218,295	229,210	240,670	252,704
Bicycle rental	770	619,715	650,701	683,236	717,398	753,268
Total		2,090,559	2,319,130	2,435,086	2,556,840	3,029,033
Community Service fee		209,056	231,913	243,509	255,684	302,903

Scenario 4: 5% of total bednight capacity and 10% growth

		Revenue projection (Nu.)				
CBST products and Services	Rate (Nu.) per unit	Year 1	Year 2	Year 3	Year 4	Year 5
Accommodation	770	999,460	1,099,406	1,209,347	1,330,281	1,463,309
Breakfast	198	257,004	282,704	310,975	342,072	376,280
Lunch	330	428,340	471,174	518,291	570,121	627,133
Dinner	330	428,340	471,174	518,291	570,121	627,133
Guide Services (every 5pax)	440	81,588.57	89,747.43	98,722.17	108,594.39	119,453.83
Crane festival	550	110,000	239,580	263,538	289,892	318,880.98
Bicycle rental	770	999,460	1,099,406	1,209,347	1,330,281	1,463,309
Total		3,304,193	3,753,192	4,128,511	4,541,362	4,995,498
Community Service fee		330,419	375,319	412,851	454,136	499,550

A graphical representation of the four scenarios pertaining to total annual incomes and community service fee projections is provided in Figures 7 and 8 respectively.

Figure 7: Graphical representation of projected income (Nu) under different scenarios

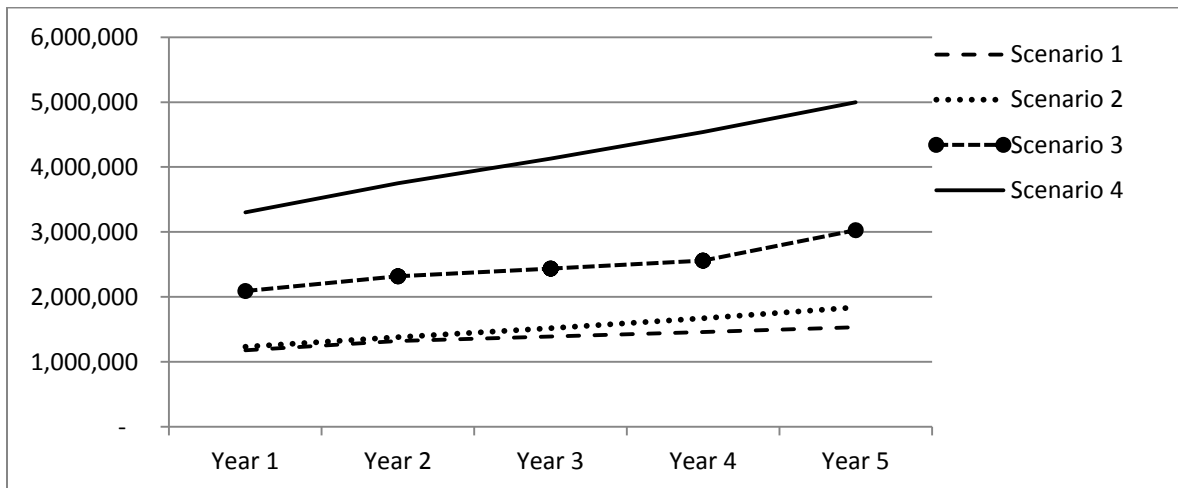
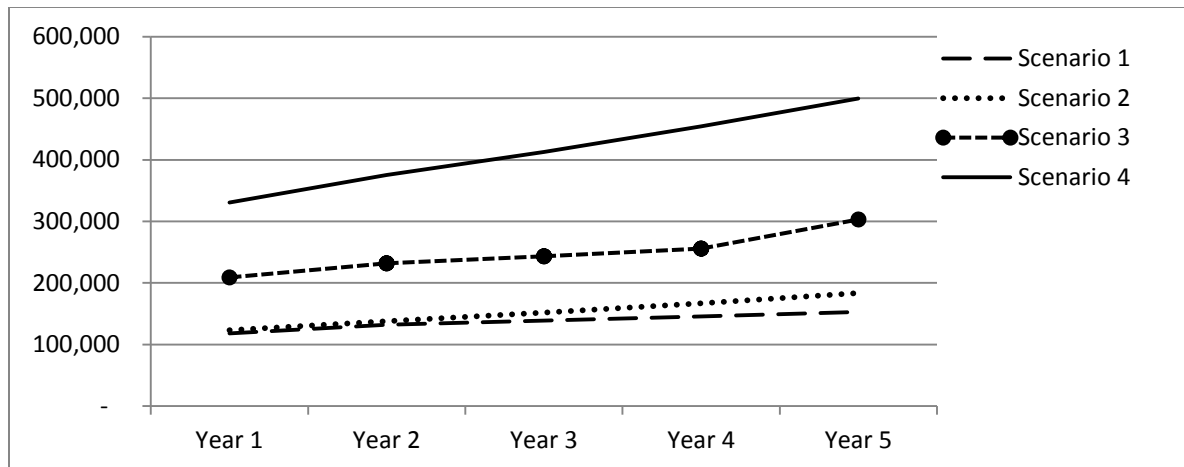


Figure 8: Graphical representation of the projected community Service fees (Nu.) under different scenarios



## MARKETING STRATEGY

The CBST will be marketed both within and outside the country. The CBST group shall adopt a diversity of strategies to promote the products and services. Strategies for immediate implementation include:

*Familiarization tour to selected tour operators and tourism officials:* The Steering committee with support from RSPN and JEEF shall organize a CBST familiarization tours wherein the participants are fully exposed to the cultural tour, home stay, and trekking programmes that are available on item rates as well as package rates. The operators should be fully informed of the objectives of the CBST program and mutual benefits.

*CBST Secretariat with contact addresses:* The CBST shall immediately put in place a specific location and address where the group's Secretariat office is based. At least a telephone number, contact person and official e-mail address should be obtained so that inquiries can be sent or delivered and appropriately responded to.

*Stakeholder support and networking:* Because homestays are a recent development in the country, it is essential for the community to secure the support of tourism authorities and stakeholders within and outside the country. The Tourism Council of Bhutan (TCB) Secretariat, Nature Recreation and Ecotourism Division (NRED), Association of Bhutanese Tour Operators (ABTO), Guide Association of Bhutan (GAB) should be informed and updated on the programmes and associated developments. Maintaining close relations and communication with the officials and individual tour operators will provide the platform for policy support and access to international markets. Contacts with certain agencies promoting responsible tourism will enhance international outreach and publicity.

*Capacity building:* Since the CBST and associated homestay program is a new initiative for the community, their existing capacity does not match the requirements of a collective mechanism to promote and operate homestay program. The institutional capacity of the proposed CBST Secretariat needs to be developed. The major areas of capacity building are:

- **By-laws:** The By-laws of the CBST group should be developed and adopted. Thereafter, the CBST group should function as per the provisions of the by-laws. The By-laws shall contain all such provisions necessary to ensure efficient, effective, transparent and accountable management and operation of the group.
- **Personnel for Secretariat:** The CBST Secretariat will require personnel to promote and manage the group business activities. While the group would not be able to afford full time staff, the committee will need to put in place a mechanism to engage local elected officials to carry out the regular tasks.
- **Community orientation:** The community stakeholders and CBST group members should be oriented to the overall governance, election of office bearers, management systems, and their duties and responsibilities of members as per the by-laws.
- **Record keeping:** Since the business has community ownership, the need to ensure transparency and accountability in its operations and financial transactions is of utmost importance. For this, collective decision-making should result from regular meetings of governing committees and stakeholders. Records of all meetings, decisions, communication and transactions pertaining to the CBST group should be maintained.

*Promotional materials:* A website for the group will enable global outreach of information on the CBST program. Promotional materials on the Phobjikha valley and the uniqueness of homestay experiences shall be developed and promoted online as well as in print media. Promotional materials such information sheets, brochures, magazine inserts should be developed for general distribution. In addition, short promotional documentaries and advertisements/ inserts in popular publications are recommended for wider awareness and outreach. Promotional materials in languages specific to target groups. The community should take advantage of the assistance of RSPN and JEEF in realizing the initial needs. A sample material for product development and promotion for Japanese clients (Hara, Y. 2013) is provided in Annexure 4.

*Mechanism for distribution of guests:* The CBST group is most likely to stay together if every member believes in the benefit of working as a group. For this, the committee must put in place a mechanism that allows fair distribution of guests thereby delivering the benefits among the member households. As a measure of performance, every member household should have had guests in a year. However, such a mechanism should not undermine the choice and preference of the clients.

*Monitoring, enforcement and feed back:* The CBST steering committee should put in place mechanism for constant monitoring and enforcement of standards for homestay and associated services based on '*Standard Operating Manual for Homestay in Phobjikha*'. Visitor feed back forms are an effective way to enable monitoring of service standards and compliance to group regulations. The requirements could primarily be covered in a feedback form that local guides should be required to distribute to visitors. Feedback delivery boxes should be stationed in most popular places such as Gangtey monastery and BNC Centre. Information contained in the form should be recorded, analyzed and regularly appraised to the CBST steering committee.

*Periodical review of item and package rates:* The CBST group shall conduct review of prices based on the performance against targeted revenue. The performance of the business i.e.,

revenue generation, current market prices, and visitor feed back provide a good basis for review and revision of the item rates and package prices. Feed back forms are one way of assessing if prices are compatible with the services provided by the members.

## ACTION PLAN, MILESTONES, AND FINANCES

An immediate plan of action and associated milestones is proposed for the CBST group to first determine the appropriate scenario and chart its way towards achievement of the targets. At initial stage the group will focus on a 5 year plan of aiming for about 400 bednights of tourists that is about 5% of the total 7780 tourist bednights recorded in Phobjikha in 2011 (excluding bednights in local farmhouses due to inconsistency and lack of appropriate data).

Table 15: One year work plan

	Quarter1				Quarter2				Quarter3				Quarter4			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
<b>Activities</b>																
<i>Institutional set up of CBST group</i>																
Development and finalization of By-laws (including TOR of officials)																
Finalize membership of CBST																
Elect officials																
Establish procedures for financial transactions and signatories																
Process registration of the group under Cooperatives Act																
Progress review																
<i>Establish CBST Secretariat</i>																
Identify location of Secretariat																
Furnish and equip Secretariat																
Open Bank Account																
Print letter heads and receipts																
<i>CBST committee operation</i>																
Election and appointment of officials																

Committee meetings	■				■				■					■			
Annual general meeting of CBST group																	■
<i>Promotion and Marketing</i>																	
Develop content and maintain CBST website							■	■									
Place write ups and advertisements in magazines					■	■											
Write and publish CBST program in travel magazine											■	■					
Produce pamphlets for travel fairs							■	■									
Develop CBST brochures							■	■									
Produce map of CBST program					■	■	■	■									
<i>Capacity building</i>																	
Orientation of members to By-laws					■												
Training on management of CBST						■											
Training on book keeping						■											
Review and revise standards																	
<i>Monitoring and evaluation</i>																	
Develop CBST homestay standard compliance monitoring format							■	■									
Develop feedback format for products and services							■	■									
Conduct monitoring of homestays									■	■	■	■	■	■	■	■	■
Evaluation																	

Based on the above, the milestones for the CBST project over next one years includes the following:

1. By-laws of the CBST group adopted
2. CBST group registered with legal status
3. CBST group Secretariat established with proper address, furnishings, and equipment



4. Bank account opened in the name of the CBST group
5. TOR for officials developed and implemented
6. Regular meetings held and minuted
7. Annual general meeting of members held
8. Financial procedures and accountability mechanisms in place
9. Marketing materials developed and distributed
10. Website developed and updated
11. Homestay standards maintained through feedback and compliance monitoring mechanisms
12. Plans reviewed and revised
13. Evaluation report at end of CBST project

---

PROJECTED EXPENDITURE FOR THE FIRST YEAR

<b>Expenditure head</b>	<b>Nu.</b>	<b>US \$</b>
<b>Institutional set up of CBST group</b>		
<i>Professional input for finalization of by-laws, guidelines for financial processes</i>	<i>50,000</i>	<i>862</i>
<i>Furniture and Equipment for CBST Secretariat</i>		
<i>Computer and printer</i>	<i>80,000</i>	<i>1379</i>
<i>Telephone and fax</i>	<i>10,000</i>	<i>172</i>
<i>Internet connectivity (modem/ router)</i>	<i>5,000</i>	<i>86</i>
<i>Furniture</i>	<i>30,000</i>	<i>517</i>
<i>Stationery</i>	<i>10,000</i>	<i>172</i>
<i>Sub-total</i>	<i>185,000</i>	<i>3188</i>
<b>Recurrent Expenses</b>		
Personnel: Part time	60000	1034
Meetings	15,000	259
Promotion and marketing		
<i>Website development and maintenance</i>	<i>50,000</i>	<i>862</i>
<i>Marketing materials (development, design and printing)</i>	<i>100,000</i>	<i>1724</i>
Capacity building		
<i>Members orientation</i>	<i>50,000</i>	<i>862</i>
<i>Trainings: book keeping and general management</i>	<i>10,000</i>	<i>172</i>
Telephone and electricity bills	24000	414
Contingency	15,000	259
<i>Sub-Total</i>	<i>324,000</i>	<i>5586</i>
<b>TOTAL</b>	<b>509,000</b>	<b>8,774</b>

The total budget estimate for the first year is Nu.509,000. Of this, Nu. 185,000 pertains to one time institutional set up cost and Nu. 324,000 i.e. about US \$ 5,586 pertains to recurrent operational cost. This modest estimate suggests that the CBST group needs to target 5% of total bednight capacity and 10% annual growth (as projected in scenario 4) to be able to benefit the group members and meet the operational costs.

For a rural community with relatively low monetary income, the fund requirements are beyond their ability to finance. It is recommended that the set up cost and operational cost for the first few years be provided by the CBST project.

## REFERENCES

Dorji, L and Tshering, D. 2012. The potential of Tourism as a Measure for Adaptation to Climate Change in Phobjikha Valley. A paper undertaken for ICIMOD and Royal Society for Protection of Nature, June 2012

Gerhard Adam, 2012. Bicycle Tourism as Added Value to the Community Based Sustainable Tourism Project in the Phobjikha Valley. Association of Bhutanese Tour Operators and University of Graz, Austria.

Hara, Y 2013. Product Development and Promotion in Phobjikha. Kaze Travel, Japan

RSPN, 2013. Standard Operating Manual for Homestay in Phobjikha. Royal Society for Protection of Nature, Kawajangsa, Thimphu.

Tourism Council of Bhutan, 2011. Bhutan Tourism Monitor – Annual Report 2011. Tourism Council of Bhutan. <http://www.tourism.gov.bt>

Tourism Council of Bhutan, 2012. Bhutan Tourism Monitor – Annual Report 2012. Tourism Council of Bhutan. <http://www.tourism.gov.bt>

## ANNEXURES

### ANNEXURE 1: LIST OF HOUSEHOLDS PROVIDING HOMESTAY SERVICES

Sl. No.	Name	Village	Chiwog	Gewog	Representing
1	Tshering Lham	Khemdro	Tangchey	Phobji	Homestay
2	Norbu Gyem	Khemdro	Talam	Phobji	Homestay
3	Daw Lhamo	Khemdro	Tangchey	Phobji	Homestay
4	Sangay Budar	Khemdro	Tangchey	Phobji	Homestay
5	Dechen Om	Khemdro	Tangchey	Phobji	Homestay
6	Gyem	Khemdro	Nimphey	Phobji	Homestay
7	Zangmo	Khemdro	Nimphey	Phobji	Homestay
8	Pem Choden	Gangtey	Gangtey	Gangtay	Homestay
9	Dophu Wangmo	Gangtey	Gangtey	Gangtay	Homestay
10	Phub Lham (Mrs. Gyaltshen)	Aekor	Aekor	Gangtay	Homestay
11	Pasang Zangmo	Aekor	Moel	Gangtay	Homestay
12	Yangka	Aekor	Moel	Gangtay	Homestay
13	Phub Lham (Mrs. Tanding Wangchuk)	Aekor	Moel	Gangtay	Homestay
14	Pem	Aekor	Moel	Gangtay	Homestay
15	Yanka	Aekor	Moel	Gangtay	Homestay
16	Sati	Khemdro	Tangchey	Phobji	Homestay
17	Phub Wangmo	Aekor	Moel	Gangtay	Homestay
18	Sonam	Aekor	Moel	Gangtay	Homestay
19	Karma Om	Aekor	Moel	Gangtay	Homestay
20	Tshering Lham	Khemdro	Tangchey	Phobji	Homestay
21	Norbu Gyem	Khemdro	Talam	Phobji	Homestay

ANNEXURE 2: DETAILED BASIS FOR PACKAGE PRICES DERIVED FROM DECISIONS OF THE MEETING HELD ON 15 AUGUST 2013

LOCAL CULTURAL/ VILLAGE TOUR PACKAGE

	Rate per person per day (Nu.)		
	Individual (1 Pax)	Group (2-5) pax)	Group (6-10 pax)
Breakfast	180	180	180
Lunch	300	300	300
Dinner	300	300	300
Accommodation	700	700	700
Guide	400	250	150
Daily total	1880	1730	1630
10% community fee	188	173	163
<b>Grand total</b>	<b>2068</b>	<b>1903</b>	<b>1793</b>

<b>Trekking package price</b>	<i>Rates per person per day (Nu.)</i>		
	<i>Individual (1 Pax)</i>	<i>Group (2-5) pax)</i>	<i>Group (6-10 pax)</i>
Breakfast	300	300	300
Lunch	300	300	300
Dinner	400	400	400
Mineral Water	100	100	100
Accommodation	700	700	700
Guide	500	275	200
Porter	500	400	350
Cook	500	300	250
Meals	1000	1000	1000
Daily total	4300	3775	3600
10% Community fee	430	377.5	360
<b>Grand total</b>	<b>4730</b>	<b>4152.5</b>	<b>3960</b>

## BY-LAWS OF THE COMMUNITY-BASED SUSTAINABLE TOURISM GROUP

### 1.NAME

The name of the group shall be Community-Based Sustainable Tourism (CBST) Group

### 2.AIM

To serve as a long self-sustaining local organization that contributes to the development and management of Community-Based Sustainable Tourism as a means to sustainable livelihood option for the local communities in Phobjikha valley.

### 3.OBJECTIVES

The group will fulfil the aim by:

- i. Encouraging the participation of anyone in the local community in developing and managing tourism services in the area.
- ii. To contribute to the Phobjikha Conservation Area Funds that aims to facilitate in enhancing the livelihood of the local community and conserving the natural environment.
- iii. To promote and deliver CBST activities and services.
- iv. To create and maintain market linkage for the CBST network.
- v. To coordinate and organise CBST activities and services.
- vi. Manage, monitor and maintain all the CBST facilities and services in the area.
- vii. Develop CBST activities, facilities and services.
- viii. Make decision on the rates for the CBST services and activities.
- ix. Maintain transparency of all accounts.
- x. Being a common voice of all the association members.
- xi. Appoint the management and working team within the association.
- xii. Organise meetings, training courses and events.
- xiii. Work with similar groups and exchange information and advice with them.
- xiv. Make sure that the members follow the relevant guidelines while delivering any CBST activities and services.

## 4. MEMBERSHIP

- i. The memberships of the CBST Group are the homestay operators, local guides, local souvenir producer, representative from the Phobjikha Environment Management Committee (PEMC), etc... The membership of the group is open to any CBST implementers who are interested to help the Group achieve its aims, willing to abide by the rules of the Group and willing to pay any subscription and fees agreed by the Management Committee.
- ii. Membership shall be available to anyone without regard to gender.
- iii. Every individual member shall have one vote at General Meetings.
- iv. The membership of any member may be terminated for good reason by the Management Committee but the member has a right to be heard by the Management Committee before a final decision is made.
- v. Each member shall attend the meetings or send a family representative with notification to the Group's Secretary of that person's name.
- vi. Every member shall have one vote at general meetings.
- vii. The Management Team shall consult with the members and the PEMC and have the power to refuse membership to an applicant, where it is considered such membership would be detrimental to the aims, purposes or activities of the group.
- viii. Registration and termination of membership.
  - i. Any member of the association may resign his/her membership and any representative of a member organisation or section may resign such position, by giving to the secretary of the association written notice to that effect.
  - ii. The Management Team may, by resolution passed at a member's meeting thereof, terminate or suspend the membership of any member, if in its opinion his/her conduct is prejudicial to the interests and objects of the association, PROVIDED THAT the individual member or representative of the member organisation (as the case may be) shall have the right to be heard by all the member before the final decision is made. There shall be a right of appeal to an independent arbitrator appointed by mutual agreement.

## 5. MANAGEMENT TEAM

- i. The CBST Management Association shall be administered and managed by a Management team of not less than three (3) people and not more than ten (10) members elected at the group's Annual General Meeting..
- ii. If there are capable members within the association who have the relevant skills of becoming a part of the management team they can be selected based on annual rotation and descending orders of the votes gained. The management team shall comprise of:

- i. A Chairperson
- ii. A Secretary
- iii. A treasurer

If there are other officers that the group shall deem necessary will be selected based on nomination, vote and mostly considering the capability of the member during the general meeting.

- iii. The Management Team shall meet once every two months including the other necessary meetings held as and when required for addressing the necessary issues of the CBST Program.
- iv. All the Management Team members must be present for the Management Teams update meeting with the association members.
- v. Voting for selection of Management Team meetings shall be by show of hands on a majority basis.
- vi. If there are requirement for hire of services that the association deem necessary shall be appointed based on availability of the fund reserve, experience, selection interview by the management team and representative from the PEMC.
- vii. The tenure of the management team shall be for 3 years after which the new management team shall be nominated and elected among the CBST Group members.
- viii. While during the tenure the decision and management of the team should not be biased for self and individual benefit.
- ix. The management team shall comprise of elected member from the CBST Group and the Phobjikha Environment Management Committee (PEMC):
  - i. 2 members from PEMC representing Gangtey and Phobji Gewog Administration
  - ii. 2 members from homestays of Gangtey and Phobji Gewogs
  - iii. 2 members of local guides from Gangtey and Phobji Gewogs



## 5.1. SPECIFIC ROLES AND RESPONSIBILITIES OF THE MANAGEMENT TEAM

### THE CHAIRPERSON

- i. Chair meetings of the Group
- ii. Represent the Group at functions/meetings that the Group has been invited to
- iii. Act as spokesperson for the Group when necessary

#### **Role in promotion and management of the CBST Program**

- i. Managing the administrative work of the association overall
- ii. Have communication skills relating to developing market linkage and promoting the CBST package.
- iii. Shall be the contact person to provide information on CBST programs and facilities
- iv. Briefing the guests on their arrival, conducting an orientation on what is the concept of the programme.
- v. Undertake the duty of all the prior communication with the guests and all their details.
- vi. Brief the homestay operators on the guests, their food preference or any other information available to them.
- vii. Help the members with their queries and difficulties.
- viii. Should be transparent in providing equal opportunity to all members.
- ix. Keep record and information of all the CBST customers for future reference.
- x. Keeps records of the association's proceedings, office correspondences, seals and updated contact details of the association members; and
- xi. Notifies the members of the association meeting, at least seven days before the meeting date, setting out the time, place and agenda for the meeting.
- xii. Keeps update with the members regarding their correspondence with the CBST customers.
- xiii. Keeps and update with the accountant regarding the status of the CBST fund income of the members.
- xiv. Corresponds with the other members regarding the follow up on coordination of any CBST activities.
- xv. Represent the association members during the PEMC meetings.
- xvi. In absence of the coordinator the responsibility shall be borne by one of the gewog organizers.
- xvii. Maintain a format to keep record of the members involved in providing CBST services as future reference for providing equal opportunity to members on rotational basis.

## THE SECRETARY

- i. Take and keep minutes of meetings
- ii. Prepare the agenda for meetings of the Group in consultation with the Chairperson
- iii. Maintain the membership list
- iv. Deal with correspondence
- v. Collect and circulate any relevant information within the Group

### **Role in promotion and management of the CBST Program**

- i. Be the contact person for involving local communities in CBST activities
- ii. Coordinating with the local community to organise CBST activities as per the advice from the coordinator.
- iii. Help the Chairperson in briefing the homestay operators on the guests, their food preference or any other information available to them.
- iv. Maintaining relation and links between the stakeholders.
- v. Identifying additional feasible CBST activities in the area.
- vi. In the absence of the Chairperson, he/she shall take the responsibility in fulfilling the duty.
- vii. Follow up with the treasurer regarding the financial transactions.

## TREASURER

In general the responsibility of the treasurer is:

- i. Manage the financial affairs of the Group.
- ii. Keep proper accounts that show all monies collected and paid out by the Group.
- iii. Keep proper inventory of the Group's assets and properties.

### **Role in promotion and management of the CBST Program**

- i. Is responsible for all the account transaction between the customer and the members.
  - Prepare bills for the CBST package organized
  - Collects payment from all the customers without delay.
  - Prepares and maintains the vouchers for all income and payments.
- ii. Keeps updated records of all the income and payment.
- iii. Maintain record of income made by individual members and the CBST fund.
- iv. Follow up on the CBST fund management status with the PEMC Treasurer.
- v. Maintain records of the financial transactions of the CBST income and expenses showing full details of the receipts and expenditure relating to the fund.
- vi. Reports to the association on the status of the financial transactions and position.

## 6. CBST FUND

The source of the CBST Fund shall be from the annual membership fees of Nu. 500.00 collected from the individual members and the 7% from the community service of 10% charged to every CBST programs package, whereas the 3% remaining is contributed to the Phobjikha Conservation Fund.

- i. Any money obtained by the Group shall be used only for the Group.
- ii. The CBST Fund shall be separately maintained by the CBST Group. Any bank accounts opened for the Group shall be in the name of the Group.
- iii. Any cheques issued shall be signed by the Treasurer and the Chairperson.
- iv. The account transaction of the CBST shall also be auditable under the same regulation applied to the PCA Fund.
- v. The Management Team will ensure that the group stays within the budget.
- vi. The remuneration of the management team shall be as a compensation payment for additional time and expenses spent for the marketing and management activities. The payment shall be as per the daily allowance system.

## 7. Meetings

- i. The Management Team shall meet whenever it is deemed necessary for preparation for CBST programs.
- ii. The members shall meet at least four (4) times each year.
- iii. The quorum for a meeting shall be five (5).
- iv. The association shall be accountable to the members at all times.
- v. All meetings must be minuted and available to any interested party.
- vi. All the members shall be given at least seven (7) days' notice of a meeting unless it is deemed an emergency meeting.

## 8. GENERAL MEETINGS

- i. The association shall call at least two general meetings each year, the purpose of these meetings is for the group to account for its actions and consider the regeneration and development of CBST program according to the group's objectives. Representatives from the PEMC shall also attend the general meetings.
- ii. The Chairperson shall chair these meetings.
- iii. At least ten (10) days' notice of such a meeting must be given to the members.

- iv. All meetings must be minuted and available to any interested party.
- v. The quorum for a General Meeting is twelve (12).

## 9.ANNUAL GENERAL MEETING

- i. The CBST Group shall hold an Annual General Meeting (AGM) at no more than 12 month intervals.
- ii. Where possible members shall be notified personally, otherwise notice will be deemed served by advertising the meetings in at least five public places giving at least 10 days' notice of the AGM.
- iii. The business of the AGM shall include:
  - Receiving a report from the coordinator of the association's activities over the year.
  - Receiving a report and presentation of the last financial year's accounts from the accountant and the PEMC treasurer on the finances of the group.
  - Electing a new Management Team and considering any other matter as may be appropriate at such a meeting.
- iv. The quorum for Annual General Meeting shall be at least eight (8) persons of which no more than four (4) shall be committee members.

## 10.ALTERATION OF THE CONSTITUTION

- i. Proposals for amendments to this by-laws or dissolution (see Clause 11) must be delivered to the secretary in writing. The secretary in conjunction with all other officers shall then decide on the date of a forum meeting to discuss such proposals, giving at least four weeks (28 days) clear notice.
- ii. Any changes to this by-law must be agreed by at least two thirds of those members present and voting at any general meeting.

## 11.DISSOLUTION

The group may be wound up at any time if agreed by two thirds of those members present and voting at any general meeting. Any assets shall be returned to their providers, if they require it, or shall be passed to another group with similar aims.

### Members of the CBST Group as of October 2013

Sl. No.	Name	Village	Chiwog	Gewog	Representing
1	Jamtsho	Chishilar	Tangchey	Phobji	PEMC & Gewog Administration
2	Gyem Phub	Aekor	Aekor	Gantay	PEMC & Gewog Administration
3	Pema Gayleg	RNRRC	Agriculture	Gantay	PEMC Secretary
4	Dampay Choezang	Forest Beat	Phobjikha	Phobjikha	PEMC member
5	Tshering Lham	Khemdro	Tangchey	Phobji	Homestay
6	Norbu Gyem	Khemdro	Talam	Phobji	Homestay
7	Daw Lhamo	Khemdro	Tangchey	Phobji	Homestay
8	Sangay Budar	Khemdro	Tangchey	Phobji	Homestay
9	Dechen Om	Khemdro	Tangchey	Phobji	Homestay
10	Gyem	Khemdro	Nimphey	Phobji	Homestay
11	Zangmo	Khemdro	Nimphey	Phobji	Homestay
12	Pem Choden	Gangtey	Gangtey	Gangtay	Homestay
13	Dophu Wangmo	Gangtey	Gangtey	Gangtay	Homestay
14	Phub Lham (Mrs. Gyaltsen)	Aekor	Aekor	Gangtay	Homestay
15	Pasang Zangmo	Aekor	Moel	Gangtay	Homestay
16	Yangka	Aekor	Moel	Gangtay	Homestay
17	Phub Lham (Mrs. Tanding Wangchuk)	Aekor	Moel	Gangtay	Homestay
18	Pem	Aekor	Moel	Gangtay	Homestay
19	Yanka	Aekor	Moel	Gangtay	Homestay
20	Sati	Khemdro	Tangchey	Phobji	Homestay
21	Phub Wangmo	Aekor	Moel	Gangtay	Homestay
22	Sonam	Aekor	Moel	Gangtay	Homestay
23	Karma Om	Aekor	Moel	Gangtay	Homestay
24	Gyaltsen	Semchubara	Semchubara	Gangtay	Local Guide
25	Samdrup	Tabiting	Yuesa	Gangtay	Local Guide
26	Migmar Dorji	Khemdro	Khemdro	Phobji	Local Guide
27	Tashi Yangcha			Phobji	Local Guide
28	Lhakpa Dup	Gangphey	Gangphey	Phobji	Local Guide
19	Tshering Wangchuk			Phobji	Local Guide

30	Tsagay			Gangtay	Local Guide
31	Phuba	Kumbu	Kumbu	Gangtay	Craft
32	Phub Wangdi		Yuesa	Gangtay	Craft
33	Sangay Wangmo	Moel	Yuesa	Gangtay	Craft
34	Pasang	Taphu	Taphu	Phobji	

**The elected office bearers of CBST Group for the period 1<sup>st</sup> September 2013 to 31<sup>st</sup> October 2015**

<b>Sl. No.</b>	<b>Name</b>	<b>Gewog</b>	<b>Representation</b>	<b>Roles</b>
1	Mr. Jamtsho	Phobji	PEMC member	Member
2	Mr. Gyem Phub	Gantay	PEMC member	Member
3	Mr. Gyaltshen	Gangtay	Local Guide	Chairperson
4	Mr. Pasang	Phobji	Local Guide	Secretary
5	Ms. Tshering Lham	Phobji	Homestay	Treasurer
6	Mr. Yangka	Gangtay	Homestay	Member
7	Ms. Tshering Choki	RSPN, CBST project representative		

***Product Development and Promotion in Phobjikha***

By: Yuji HARA, Kaze Travel

**1. Purpose of visit by Japanese**

Kaze Travel is located in Tokyo, Japan and holds about 30 staff. The company was established in 1991 and has operated package tours to Nepal, Tibet, Mongolia, silk road, Peru and Morocco.

Destinations of Japanese tourists are Hawaii, Guam, Saipan, Europe, America, Australia, South Korea, China, Taiwan, Thailand, Hong Kong, Singapore, Bali and so on. Purposes of the trip are mainly staying in resort, leisure, sightseeing in the scenic site, shopping, enjoying gourmet foods. Including business trip and visiting friends, total number of overseas tourists in Japan is about 17 million.

In November 2011, after visiting his majesty of king visited in Japan, Bhutan was spotlighted among Japanese and number of tourists to Bhutan from Japan has significantly increased. However, the number is still a few thousand. Although I think more Japanese tourist should visit Bhutan, there are some reasons why the number does not increase. As the tour to Bhutan is \$250 / day, it is often considered as one of the reasons. However, there are many tours which are more expensive than the tour to Bhutan. Therefore, it is not a main reason.

Kaze Travel operates package tours to fairly unique destinations and one of the few companies which operates package tours to Bhutan. As we operate package tours to Bhutan since 1993, we understand well why Japanese would like to visit Bhutan. At first, we would like to ask you to understand what kinds of Japanese visit Bhutan for what kinds of purposes.

Bhutan is famous as a “country of happiness” in Japan and the world. Therefore, many Japanese would like to visit the country to see the “happiness”. However, as the “happiness” is invisible, how does the tourist find the happiness? For example, unified shape of roof, window and color of the building as well as traditional clothes are important as it shows traditions in Bhutan. Above all, smiles of people in the town, communication with host family in home stay and peaceful scenery of agricultural village in Bhutan make them feel a “country of happiness”. Because, Japanese people are under stress in the civilized society. Bhutan is a contrasting country to the Japanese society and may be not convenient much. However, Japanese people regard there is a society of human kindness, which used to be found in Japan before.

Elder generation visit Bhutan for feeling nostalgia while youth visit with aspiration. They never visit Bhutan for shopping or enjoying gourmet foods. Although Punakha Zhong and Tiger’s nest

are attractive tourists spot, visiting the places are not highlights for their trip. The main purpose for Japanese to visit Bhutan is feeling the society of human kindness.

Therefore, it is important to send right message to tour operators about community-based tourism in Phobjikha, which was developed in this project.

## **2. Key points for product development**

Main program in Phobjikha is sightseeing with local guide and home stay. In the both program, following points are important.

### **a. Value lifestyle, culture and custom**

As I mentioned in the previous section, Japanese does not visit Bhutan to pursue convenience. They would like to enjoy traditional culture, lifestyle and custom in Bhutan. Therefore, they feel attractive Bhutanese wear traditional clothes in the daily life. Additionally, they would like to enjoy not Chinese or Western cuisine but ordinary Bhutanese cuisine (though some arrangement is needed for Japanese).

### **b. Value communication and exchange with tourists**

Japanese would like to hear from national guide, local guide and host family about stories in Bhutan, including traditional lore, custom, modern life in Bhutan and so on. Particularly, they would like to talk with the host family on their daily life and other stories when they have meals with host family. They are never happy with bed and breakfast style (just providing food and meals likely guest house and hotel.)

### **c. Consider interpretation for women**

Somehow, among the Japanese tourists, more women prefer to visit to Bhutan. In my company's case, 70% of the 350 tourists to Bhutan in 2012 were women. In addition, when Japanese couple make a decision on tour destination, mostly women have the right. Therefore, it is very important to consider for women. For example, women are very happy to wear traditional clothes. They are also happy to cook together in the home stay and weave clothes. It would be a good idea to give a special gift to women from the host family when they say good-bye. Don't forget cleanliness.

### **d. Guiding and interpretation which are more feeling rather than narrative**

Japanese people who visit Bhutan tends to be highly educated cultivated. National guides need to hold appropriate guiding skills. However, we would like to request to local guide and host family trying sending message on behalf of the whole village. It is also important to talk local stories which are not found in the guidebook.



### **3. Promotion**

#### **a. DVD, pamphlet and leaflet, which introduce Phobjikha**

Phobjikha is still not well known among tour operators and tourists and has not been a major destination for tourists in Bhutan. First of all, DVD, pamphlet and leaflet which shows beautiful nature with introduction of tourism in Phobjikha by local guide and detail of homestay is necessary. Their quality must be high to be shown to an ordinary consumer. Additionally, Japanese version should be prepared for Japanese tourists. The products contain not only scenery and Black-necked Crane but also lifestyle, culture and custom of villagers. It is also important to highlight local guide and host family to send message likely “we are waiting for you!”

#### **b. Promotion for land operators in Bhutan**

Tours in Bhutan must be arranged by land operators in Bhutan. As foreign tourists cannot travel in Bhutan freely, promotion to Bhutanese land operators is essential.

For example, FAM trip should be arranged for the tour operators for telling sales points of CBST in Phobjikha to them. Then, tell them conditions and prices to them and ask them to include in their tour packages. Make sure who the contact person is in Phobjikha and tell them whenever the person can arrange the booking. Remember no tour product can be sold without having easy and secure booking process.

#### **c. Promotion to Japanese tour operators**

After visiting his Majesty of King, even some Japanese tour operators, which have never arranged package tours to Bhutan before, planned and conducted tours for a while. However, the boom is already slow down. In conclusion, package tours to Bhutan have been designed by tour operators which are good at designing tours to unusual destinations. Even if a big tour operator designs a package tour to Bhutan, the company rarely includes Phobjikha in the package tour. Therefore, it is necessary to focus in the tour operators which will keep designing package tours to Bhutan. Even if tour operators in Bhutan do not feel good to design a package tour, the tour operator is obliged to included in the course if Japanese tour operators would like to include in the package.

In addition, small scale tour operators or tour operators which show interests to operate a new tour to Bhutan should be invited for promotion or FAM trip to Phobjikha.

#### **d. Promotion to Japanese universities and organizers**

There are several universities which conduct field works in Bhutan. Additionally, international exchanging program becomes popular in Japanese universities while some of the universities regard Bhutan as the destination. It is effective to do promotion directly to the universities.

#### e. Promotion to ordinary customers

Using mass media is one of the most effective ways for promotion to ordinary customers. Some Japanese TV programs are frequently taken in Japanese media. When they produce a program, it is effective to ask them to include Phobjikha in the program. If budget is enough, it is more effective to invite mass media.

#### **Others**

As Bhutan is regarded as a “country of happiness”, people do not have image of supports by NGOs. Therefore, rather developing study tours and volunteer tours, it is more appropriate to develop a tour, which provides a chance to experience daily life in Bhutan.

