



**Organization for Security and Co-operation in Europe**

**Office of the Co-ordinator of OSCE Economic  
And Environmental Activities**

**OSCE Center in Almaty**

**Vienna, 17 September 2004**

**CENTRAL ASIA WORKSHOP ON INCOME GENERATION  
THROUGH THE PROMOTION OF SME DEVELOPMENT IN THE TOURISM SECTOR  
ALMATY , KAZAKHSTAN, 21 - 23 JULY 2004**

**CONSOLIDATED SUMMARY**

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**OPENING PLENARY**  
**OPPORTUNITIES FOR THE SUSTAINABLE DEVELOPMENT OF THE TOURISM SECTOR IN CENTRAL ASIA**

The Workshop was introduced as the first direct follow-up activity to 12th OSCE Economic Forum entitled "New Challenges for Building up Institutional and Human Capacity for Economic Development and Co-operation" and held in Prague from 31 May to 4 June 2004. The initial incentive for the workshop stems from the First Preparatory Seminar for the Forum, entitled "Supporting the Development of SMEs" and held in Yerevan, 17-18 November 2003, in which a working relationship with the World Tourism Organization (WTO) was established and co-operation with international NGOs in the tourism sector, such as the International Youth Hostel Federation (IYHF) was considered.

During the first part of the plenary session presentations were made by representatives of Kazakhstan, Tajikistan and Uzbekistan.

The Kazakhstan tourism government representative informed that at present there are more than 700 tourist companies and 456 tourism agencies, with approximately 3-10 people working in each company with an average yield ranging within 700,000 - 1,500,000 Tenge or approximately EUR 4300 – 9300 per year. In 2003 tourist companies generated revenues of 1.716 billion tenge, or 10.6 million Euros (EUR 10,592,592), and the consolidated revenue from the whole sector (including national parks, hotels, etc.) was 3,666 billion tenge, or EUR 22,629,629. Kazakhstan has the aim to become a full member of the world tourism community. During the last three years the industry drew more attention from the government. In order to enliven and strengthen the sector, a number of laws and regulations were introduced, including the Law on Tourism activity, the Concept of Tourism, regulations for the Tourism Board, and a Programme of tourism development. In addition, simplification of visa procedures and training of personnel was undertaken. A project, aimed at reviving small towns, especially those in border areas, by means of tourism development was implemented. It was stressed, however, that in order to meet rapid changes in the developing tourism sector legislation needs further improvement and the tourism market needs diversification. The sector in general lacks qualified and trained personnel. The importance of educational and training events was specifically highlighted. The State Tourism Agency has an expert board for support of entrepreneurship, which deals with issues vital for small enterprises. In the near future the agency also plans to establish the Innovation and Information Tourism Centre in the capital of Kazakhstan

Tajikistan has made the development of tourism one of its main priorities and is backed up by governmental policy. The State Programme of tourism development was adopted 10 years ago by the country. The main emphasis of the Programme are as follows: study of the current tourism infrastructure; attraction of investments; revival of stability; making the tourism sector one of the country's priorities; restoration of tourism objects and increase of domestic tourism. The countries' tourist companies broadly participate in various international tourist events. The representative of Tajikistan proposed: a) working out a project, the main component of which would be a programme of co-operation between all CA countries in the tourism sector; b) setting up an organ for co-ordinating tourism policy in CA; and c) resumption of old Soviet tourist routes and sites as the efficient way of revival of tourism industry in Tajikistan.

The representative of Uzbekistan in his presentation on the current status and prospects of the tourism industry, informed that his country has provided the main element needed for the successful development of tourism, which is stability. More than ten years ago the government established the national company "Uzbektourism", which was to ensure independent development of the tourism industry and to bring it up to international standards. Touching upon the role of the state in the development of tourism sector, the representative named the Law on Tourism, Programme for the Development of Tourism industry until 2005, and Decree of the President of Uzbekistan On Measures Promoting Rehabilitation of the "Silk Way" and Development of International Tourism among important steps made by the government.

There are more than 400 tourism agencies of various forms of ownership and more than 70 private hotels in the country. Domestic tourism is actively developing; in 2003 there were almost 500,000 domestic tourists. The recent move, which enforces the governmental strategy in tourism sector, is the elaboration of a national concept "Sustainable development of tourism in Uzbekistan". The most urgent needs of the industry include new hotels, tourist bases, camping sites and guesthouses, developed transport, communication services and entertainment industry as well as expansion of the range of services, production of national souvenirs and goods etc.

During the discussions, questions about the development of domestic tourism, tourism infrastructure, transboundary and regional co-operation, co-operation with the state ministries and agencies were raised. It was stated that the idea of a common visa for Kazakhstan, Kyrgyzstan and Uzbekistan (like Schengen) is being explored and worked on. One of the impediments to that is the question of agreement on the working mechanism between the countries. It was agreed that in order to expedite the introduction of a common visa for several CA countries, the mechanism of facilitation and encouragement should be devised. The project on introducing the single visa for the Silk Way route is already developed. Another questionable and complicated example of separate visas for tourists, visiting the Ferghana Valley, was mentioned.

The second part of the plenary focused on the advantages and shortcomings of the tourism sector in Central Asia (CA); practical ways for its improvement were considered. Upon the observations and travel experiences of a renown travel author cooperating with Lonely Planet, the advantages of CA were highlighted as based upon its historical heritage, variety of historical riches, safety and hospitability. Drawbacks include lack of professional enthusiastic guides, neglected sites, hassles from police, border crossing, visas and related paperwork, and red tape. In order to sell CA as a tourism product, the region should develop a common strategy as it is more marketable as a region than by individual country.

Community based tourism (CBT) should be wider promoted, the internet profiles of CA countries need to be improved and inter-regional tourism encouraged. The representative from the NGO Helvetas Swiss Association for International Cooperation in Kyrgyzstan cited about five projects which are implemented at present in this country. Specific attention was paid to the project of development of CBT. For the last three years CBT proved to be one of the most efficient and beneficial ways of creating job opportunities, increasing local capacities, developing rural areas and attracting tourists. The idea of CBT justified itself especially in the countryside as in the cities the concept of community seems to be indistinct.

The concept of Youth Hostels and their working mechanisms was also outlined by the representative of the International Youth Hostel Federation (IYHF) during the session; its benefits – self-sustainability, profitability and importance for states were stressed as well as its worldwide networking capacity. Also the market potential of the young traveller was highlighted and how the region could tap into neighboring tourist business (from China, Russia, India) for its gain.

The issues of creating attractive tourist products, development of infrastructure and support for tourism on the local level, state security, tourism promotion and design of a tourism package were brought forward during the following discussions. Questions of regional and transboundary co-operation as well as visa regime, registration and permits for foreigners were constantly raised during the discussions.

To follow up on the recommendations and projects proposals discussed in the Working Sessions, the participants agreed to participate in a first follow up meeting to be organized on the margins of the Tashkent Trade Fair in October 2004.

## **WORKING SESSION I**

### **ROLE OF THE STATE AND PUBLIC-PRIVATE COOPERATION IN PROMOTING TOURISM**

#### **I. SUMMARY (BRAINSTORMING)**

This session focused on how to enhance the working relationship between the business community and governmental authorities, in order to promote sustainable tourism within Central Asia. By improving the working relationship between the public and private sector, and facilitating tourism opportunities for both local and foreign guests, the income of many local residents could increase.

A number of challenges exist in Central Asia related to public-private cooperation in promoting tourism, particularly in the administrative area. One issue repeatedly identified by participants was visa requirements, and in particular the costs and time necessary to obtain visas for each country. For example, a tourist may have a visa for Uzbekistan but also wish to travel to Tajikistan, where a separate visa is required. The current system is a disincentive to many tourists, and recommendations to improve the visa regime include making visas available upon arrival, or offering the ability to apply for a visa over the Internet (e.g. Armenia example). Another idea is to establish a “Schengen” style visa that allows the holder to travel freely throughout Central Asia. One positive step is the decision of Kazakhstan and Kyrgyzstan to discuss the possibility of recognizing each other’s tourist visas.

A related problem is the requirement that visitors register with authorities after arrival. Participants stated that the registration requirement undermines tourist confidence and creates a poor first impression of the country, impedes the ability to travel, and provides increased opportunities for corruption. Although participants recognized the need to reconcile national and regional security interests with the goal of stimulating tourism, the majority agreed that registration requirements should be abolished.

Another challenge is presented by the number of different national laws and regulations related to tourism and how they are often contradictory, or in conflict with local regulations. One way to address this situation is to establish a Working Group in each country to review laws and regulations related to tourism, whose public and private sector members would make recommendations for legislative additions and amendments. Similarly, the legal status of small and medium entrepreneurs who work in the travel and tourism sector should be reviewed (focusing on such issues as licensing, taxation, etc.).

An additional concern is the low priority often given by state authorities to the development of tourism. If there is no clear governmental plan for the development of this sector, this will hinder tourism. Participants suggested that a “Strategic Plan of Tourism” be developed or updated for each country. Another possibility is to work out a “Regional Tourism Plan for Central Asia”. In terms of providing strategic direction, another option is to establish a “Tourism Advisory Council” for each country and for Central Asia. This Council could include representatives of Ministry of Foreign Affairs, Ministry of Internal Affairs, and private sector representatives (private tour operators, tour associations). Associations of Hotels, Travel Agents, and Tour Operators can help provide strategic direction and advice to public sector policy-makers.

Finally, participants pointed to the negative effects of corruption (e.g. local authorities demanding money from tourists for alleged violations of laws) on tourism, and how just a few such well-publicized incidents, for example on the website of “The Lonely Planet”, may adversely impact tourism. To fight such corruption, the government and private sector can work together on low-cost initiatives, such as publishing a leaflet that includes helpful information for tourists.

#### **II. RECOMMENDATIONS TO GOVERNMENTS**

1. Establish a Tourism Advisory Council for each country and for Central Asia. Council will include representatives of MFA, MVD, and private sector representatives (private tour operators, tour associations).

2. Develop/update a “Strategic Plan of Tourism” for each country, and possibly a “Regional Tourism Plan for Central Asia”.
3. Form a Working Group in each country to review laws and regulations related to tourism (visa regime, registration requirements), and to make recommendations for additions and amendments.
4. Highlight the negative effects of corruption (e.g. local authorities demanding money from tourists for alleged violations of laws), and initiate a project to fight such corruption, such as the “Hotline for Tourists” which is being planned for Kazakhstan.
5. Review the legal status of small and medium entrepreneurs who work in the travel and tourism sector (focusing on such issues as licensing, taxation, etc.).

### III. PROJECT PROPOSAL PRESENTED BY PARTICIPANTS

**Project proposal: Establish a “Tourism Advisory Council” for each Central Asian country and the region as a whole.**

#### (1) **Members:**

- (a) In each country, the Council will include representatives of the Ministry of Foreign Affairs, Ministry of Internal Affairs, Ministry of Labor, and private sector representatives (private tour operators, tour associations).
- (b) Each country will nominate delegates from its Council for representation on the Central Asia Tourism Advisory Council.

(2) **Purpose:** To enhance cooperation between the public and private sector in order to increase tourism in each country and the region, and provide job opportunities and generate income for local residents.

#### (3) **Objective:**

##### **In the first phase;**

Each country will form its Tourism Advisory Council. Its tasks could include:

- (a) Reviewing laws and regulations related to tourism, and making recommendations for additions and amendments. Specific areas to be reviewed include requirements related to visas (possibility of a Schengen style visa, visas upon arrival or visas through the Internet) and those related to registration.
- (b) Reviewing the legal status of small and medium entrepreneurs who work in the travel and tourism sector (focusing on such issues as licensing, taxation, etc.).
- (c) Reviewing cross-border issues (ease in cross-border transport)
- (d) Reviewing the issue of border area permits (abolishing or simplifying requirements to obtain such permits).

##### **In the second phase:**

Delegates from the Tourism Advisory Council will meet as the “Central Asian Tourism Advisory Council”. The issues discussed on a national level will be discussed on a regional level, with the goal of increasing tourism within each country and across borders.

## **WORKING SESSION II AWARENESS RAISING AND MARKETING**

### **1. SUMMARY (BRAINSTORMING)**

During the first session of „Awareness Raising and Marketing“ the following aspects were touched and covered by several participants.

#### **1.1 Building up of National/Regional Organisations**

*Status Quo:* Not all countries have yet formed an actively operating national tourism association to promote the country on tourism issues. There is no joint tourism association of all Central Asian countries.

*Suggestions:* The idea of establishing a Central Asian Tourism Association was strongly supported. Also, regional and local tourist information centres should be fostered. All those institutions should be connected and linked to each other. Information should be exchanged better and a general internet platform promoting tourism to Central Asian countries should be established. This general platform should be linked to up-dated national a private websites. Central Asia and its countries should be made a known brand with a good slogan to go with. PATA should be joined.

*Disagreements:* It could not be agreed, if the national/regional association should be mainly governmental. Private or a mixture of both. Also, there was no common view on when to establish a regional office for the whole Central Asia.

#### **1.2. Establishment/Tightening of Contact to Airline Carriers and International Tour Operators**

*Status Quo:* Currently local travel agencies are not well linked to foreign or international tourist companies. Agencies are not satisfyingly informed about Central Asian tourism opportunities.

Concerning Western airline carriers, they are more interested in business than tourism transport. Local companies are mainly state owned. There is a lack of competition, air fares could be lower.

*Suggestions:* The cooperation between Central Asian tour operators and international partners should therefore be fostered. There might even be promotion tours for foreign tour operators. Regarding airline carriers, the establishment of better competition should be supported. National airlines should be used for promoting the country (or region).

#### **1.3. Focus on Target groups**

*Status Quo:* Currently, the typical tourist in Central Asia seems to be over 35 and well educated. There seem to be more individual tourists than big groups. There has not been an agreement, on which target group Central Asia should focus on.

*Suggestions:* One should identify one (?) main target group for all marketing activities. Marketing may be different depending upon the target group.

*Disagreements:* It is not agreed, which target group(s) may be of (most) interest: Europeans/Americans above 35 yrs of age, Backpackers, Japanese Tourists, Chinese Tourists, Russians.

#### **1.4. Visa Regime**

*Status Quo:* As mentioned in the first session, visa and OVIR regime is an obstacle to tourism in Central Asia. As concerns marketing, a bad experience at the embassy/OVIR/border is also bad marketing for the country.

*Suggestions:* see Working session I

*Disagreements:* see Working session I

### **2. RECOMMENDATIONS:**

Apart from the project outline, during Working Session II/2 the following recommendations were addressed to the Central Asian national governments:

1. National governments should be aware of the importance of joint Central Asian marketing and therefore provide their contribution to the establishment of (not only central) information centres/portals/booths.

2. National governments should offer their promotional material for contribution through the Central Information Centre.
3. National governments should ensure that their national agencies cooperate in the establishment of the Central Asian Information Centre and -later on- in the establishment of one Central Asian Tourist Association. This is especially, as the promotion and establishment of a tourism industry in Central Asia should not only be a task for international donor organisations but also be of national importance.
4. National governments should provide one person who is in charge of monitoring the advices foreign government give travellers regarding travelling to Central Asian countries. It should be ensured, that negative information is only published where still up-to-date and justified. The persons in charge in the countries should build up a network.
5. Certain marketing research could and should already be carried out by national governments to identify tourist target groups and their needs in each country.

### 3. PROJECT PROPOSAL

*Summary of Project Proposal:*

1. Step: *Gathering of all tourism information already on-line (2 months).  
**Building up of a central internet portal**, that gives access to all those resources at one single glance (Internet page of Central Asia Discovery could be used. Cooperation with university students possible for establishment and maintaining the portal).*
2. Step: ***Establishment of a Central Asian Tourist Information Centre**, that gathers and provides not only for virtual information, but also for print material and other media The working group for the establishment could meet at the Tashkent Trade Fair in October for a first time. OSCE might feel like preparing this follow-up event and coordinate the preparation of the potential members.*
3. Step: ***Establishment of a Central Asian Tourism Association as a roof for the National Tourism Associations/Agencies/Councils** to foster Central Asia as a known brand. Marketing research could be organised by the Association as well as all or at least a lot of marketing and lobby measures concerning tourism in the region.*

### Project Proposal : Establishment of a Central Asian Cooperation Network on Tourism Marketing

#### 3.1. Purpose:

The purpose of the project is to make the marketing and promotion of Central Asia as tourism destination more successful by gathering existing governmental and private marketing resources, thus using synergy effects and creating new resources. This seems to be important, as currently, marketing measures are only of local, maybe of national origin, therefore funded by a small budget and not as efficient as they could be.

#### 3.2. Objectives:

To establish and increase cooperation among Central Asian Countries in the tourism sector, therefore increase the level of efficiency of those measures, so marketing Central Asia as a special tourism brand becomes more successful.

#### 3.3. Geographical Area

The project addresses all Central Asian countries, i.e. Kazakhstan, Kyrgyzstan, Tadjikistan, Turkmenistan and Uzbekistan, especially those regions with a already developing tourism industry and those having a potential to do so.

#### 3.4. Timeline

A detailed schedule has not yet been elaborated. The first part of step one, however, should be fulfilled by October (Tashkent Trade Fair), step two should be ready to start by that date.



### **3.5. Implementing Partners**

Implementing partners on governmental side are: the ministries in charge of tourism issues and the national tourism agencies.

Private partners are tour(ism) operators/companies, their associations and publisher of travel magazine (Uzbekistan for Stepp one).

Also, tourism faculties, i.e. students focusing on tourism, can and should be cooperated with (see step one).

### **3.6. Results**

Short term result shall be the establishment of a central internet portal, where all already existing tourism information on Central Asia is gathered and/or linked to. With this, it will be easier for a potential tourist to “weave” his way along the silk road, by having easy and maybe even online booking access to all/a lot of tour operators, accommodations facilities, timetables and other information at one glance. If this project is carried out in cooperation with students of tourism, the students will be able to gather practical information they urgently need for successfully building up their own businesses after university.

Mid term result shall be the establishment of a Central Asian Tourism Information Centre that ensures not only easy access to tourism information online, but also to print material and other media. This information material, the Centre will get from national agencies/operators/associations. The Information Centre can foster the establishment of small local information booths supplying tourist with information e.g. at the airports, border posts, embassies abroad etc. Also, this first cooperation between Central Asian countries may provide the foundation and confidence for step three.

Long term result shall be the establishment of a Central Asian Tourism Association, that has its own brand and slogan, provides for proper and professional marketing research, and issues promotional material for the whole region. On the basis of the research made, the association may be able to foster and promote new marketing measures, such as e-ticketing etc. within Central Asian tour operators etc. The central association can also do lobby work towards airline carriers, international tour(ism) operators etc. Both the governments as well as the private sector are to be involved.

### **3.7. Activities**

There is not yet a detailed timetable, except for the one outlined above.

Responsible for collecting the internet information needed for the establishment of the website are the future participants of the Tashkent workshop (mainly the same group as participating in this meeting, ensuring that already existing tourism associations are all included). Mr. Marat Akhmendjanov may offer his own already existing internet portal as fundament for this project. With the establishment of central portal he may work with a tourism faculty. Maybe Mr. Allbergenov may want to get a group of his students involved. Alternatively, another university to cooperate with or to organise the whole project should be found. Kyrgyzstan and Uzbekistan, that already have national portals, can provide further assistance and share their experiences.

Future participants of the Tashkent workshop will be responsible for the creation of the Central Information Centre. They may prepare a national silk way route with offers and prices before Tashkent, so that a joint route through all countries can be promoted soon.

For step three, i.e. the establishment of the Central Association, now responsibilities can be identified, apart from naming the national tourism associations/agencies/councils. It may be, that an actively and efficiently working Information Centre will be able to foster this establishment without the help of outsiders.

The OSCE may help with the creation of the Central Information Centre by being an impartial moderator and logistic organiser of a first workshop at the Tashkent Trade Fair in October.

There could also be some support regarding the establishment of the internet portal to ensure sufficient information is gathered and provided and that this information is distributed in an equal way.

**WORKING GROUP III**  
**SME AND COMMUNITY DEVELOPMENT IN THE TOURISM SECTOR.**

**1. RECOMMENDATIONS**

**1.1. Establishment and registration of the tourism sector SME.**

Recommendations on the ways to establish tourism SME in CA states.

- To maximally use the services of business incubators (legal and business consultations, premises and micro credits);
- To use the Kyrgyz experience while establishing tourist structures like Community Based Tourism (CBT).
- To attract qualified guides through cooperation with Universities (high schools) or organizing professional competitions.

**1.2. Assurance of qualitative and stable tourist services in the region**

Recommendations for CA tourist structures:

- To establish national and regional tourism associations;
- National and regional tourism associations have to collect and systematize data on the tourism related services providers and submit it to the members of associations;
- To coordinate activities with providers on the basis of the collected data in order to create more qualitative and integrated tourism structures and creating new employment.

**1.3. Improvement of the legal base regulating tourism related services**

To recommend national tourism associations to address the regional governments with the request to improve the legal base, regulating taxation on the related to tourism services providers.

**2. PROJECT PROPOSAL**

<b>Project Proposal: Data collecting, establishment and maintenance of a tourism related services providers database in the region.</b>
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The project idea is closely related to the following recommendations:

2.1 National and regional tourism associations have to **collect and systematize data on the Tourism** related services providers and submit it to the members of associations;

2.2. To **coordinate activities** with providers on the basis of the collected data in order to create more qualitative and integrated tourism product and creating new employment.



Organization for Security and Co-operation in Europe

Office of the Co-ordinator of OSCE Economic  
And Environmental Activities

OSCE Center in Almaty

Vienna, 21 July 2004

**Central Asia Workshop on Income Generation**

**through the Promotion of SME Development in the Tourism Sector**

*(July 21-23, Almaty)*

**Conference Venue:**  
**Hotel of the Sanatorium "Alatau" - Conference Hall**  
**Village Tau Samal, Almaty, Kazakhstan**  
**Tel: 7 (3272) 549737,**  
**Fax: 7 (3272) 549681**  
**E-mail: [info@alatau-spa.kz](mailto:info@alatau-spa.kz)**  
**<http://www.alatau-spa.kz>**

**Workshop Agenda**

**(Day 1) Wednesday, July 21:**

**10:00 - 15:00**            **Registration**

**11:00 - 12:00**            *Meeting of Moderators and Rapporteurs*

**15:00 - 15:30**            **Opening Remarks**

- **Amb. Ivar Vikki**, Head of the OSCE Centre in Almaty
- **Mr. Tugelbai Bekbergenov**, Head of the Department of Tourism and International Cooperation, the Agency of Tourism and Sport of RK
- **Mr. Marc Baltes**, Deputy Co-ordinator, OSCE Office of OSCE Economic and Environmental Activities

**15:30-16:15**            **Plenary: Opportunities for the Sustainable Development of the Tourism Sector in Central Asia**

*Moderator: Mr. Marc Baltes*, Deputy Co-ordinator of OSCE Economic and Environmental Activities

*Rapporteur: Ms. Lyale Nazarova*, Economic and Environmental, Assistant, OSCE Centre in Ashgabad

- **Mr. Tugelbai Bekbergenov**, Head of the Department of Tourism and International Cooperation, the Agency of Tourism and Sport of RK
- **Mr. Faizulloev Fattoh Nabievich** Director of Company "Tajikaviatur", Tajikistan
- **Mr. Abror Rozikhodjaev**, Leading Specialist of the National Company "Uzbektourism"

**16:15-16:45**            **Discussion**

**16:45-17:00**            **Coffee break**

**17:00-17:45**

- **Mr. Mark Elliot**, Travel Author and Tourism Consultant
- **Ms. Damira Rayeva**, HELVETAS Swiss Association for International Cooperation, Kyrgyzstan
- **Mr. Goran Beus Richembergh**, Central and East European Development Co-ordinator, International Youth Hostel Federation (IYHF)

**17:45-18:15**                    **Discussion**

**19:00**                            **Reception “National Kazakh Cousin”**

**(Day 2) Thursday July 22:    Working Sessions (discussion and brain-storming)**

**9:00 - 11:00**                    **WS I: Role of the State and public-private cooperation in promoting tourism.**

*Moderator:* **Mr. Timur Duisengaliev**, Director Jibek Joly Company, Kazakhstan

*Co-Moderator:* **Mr. Armands Pupols**, Mission Programme Officer, Conflict Prevention Centre, OSCE Secretariat, Vienna

*Rapporteur:* **Mr. Douglas Tookey** , Economic and Environmental Officer, OSCE Centre in Tashkent

**11:00-11:30**                    **Coffee break**

**11:30- 13:30**                    **WS II: Awareness raising and marketing**

*Moderator:* **Mrs. Damira Rayeva**, HELVETAS Swiss Association for International Cooperation, Kyrgyzstan

*Co-Moderator:* **Mr. Mark Elliot**, Travel Author and Tourism Consultant

*Rapporteur:* **Ms. Moira Kettner**, Friedrich Ebert Stiftung, Germany

**13:30- 15:00**                    **Lunch**

**15:00 – 17:00**                    **WS III: SMEs and local business development**

*Moderator:* **Mr. Andrew Eil**, Communication Coordinator, Eurasia Foundation, Kazakhstan

*Co-Moderator:* **Mr. Anwar Allabergenov**, Deputy Director of the Tashkent Tourism College, Uzbekistan

*Rapporteur:* **Mr Saulius Smalys**, Environmental Officer, OSCE Center in Dushanbe, Tajikistan

**19:00**                            Trip to Almaty Skating Rink Medeo and Chimbulak Ski Resort

**(Day 3) Friday July 23: Working Sessions: (drafting of recommendations and project proposals) - same moderators as on the previous day-**

**9:30 – 11:00**                    **WS I: Public-private cooperation**

**11:00 – 11:30**                    **Coffee break**

- 11:30 - 13:00**            **WS II: Awareness raising and marketing**
- 13:00 -14:30**            **Lunch**
- 14:30 – 16:00**            **WS III: SMEs and local business development**
- 16:00 – 16:30**            **Coffee break**
- 16:30 – 17:30**            **Closing: Presentation and Discussion of Recommendations and Proposed Projects**  
*Moderator: Mr. Marc Baltes, Deputy Coordinator, OCEEA*
- Summary report and presentation of project proposals (Rapporteurs)
  - Closing remarks by Head of the Kazakhstani Delegation,  
**Mr. Tugelbai Bekbergenov**, the Agency of Tourism and Sport of RK
- Free evening / social event*

**(Day 4) Saturday, July 24: Site Visit**

- 9:00-17:00**                    **Turgen waterfalls and trout farm**



Organization for Security and Co-operation in Europe

The Secretariat

Office of the Co-ordinator of OSCE Economic and  
Environmental Activities

Vienna, June 17, 2004

#### INTRODUCTORY NOTE

### TO THE CENTRAL ASIA WORKSHOP ON INCOME GENERATION THROUGH THE PROMOTION OF SME DEVELOPMENT IN THE TOURISM SECTOR

#### **Background**

Since the collapse of the Soviet Union poverty and inequality have risen sharply in the five Central Asian countries creating a serious threat to security and stability in the region. Countries in the region with natural resource wealth have developed undiversified economies that rely heavily on one sector (oil and gas in Kazakhstan, gold in Kyrgyzstan, aluminum and cotton in Tajikistan, and cotton in Uzbekistan) making them highly vulnerable to market and economic shocks. Similarly, growing socio-economic fragmentation have brought new risks to these transition economies making them susceptible to crime, corruption and various forms of trafficking.

In keeping with its aim of promoting security and stability, the OSCE/OCEEA aims to promote the development of income generating opportunities and SMEs, particularly in underserved and border areas using sustainable tourism<sup>1</sup> as the economic vehicle.

Sustainable Tourism is the optimal use of natural and cultural resources for national development on an equitable and self sustaining basis to provide a unique visitor experience and an improved quality of life through partnership among government, the private sector and communities.

OCEEA recognizes tourism to be one of the largest and fastest growing industries in the world and is an increasingly important source of income and employment— including tourism-related sectors, such as agriculture and construction – in many countries. Moreover,

- Tourism contributes to a geographical spread of employment often largely benefiting rural areas where new income generating opportunities can have significant impact. Due to the relatively labor-intensive services, the sector can provide considerable number of jobs for low-wage and unskilled and can help alleviate poverty in remote and rural areas.
- Tourism, compared to other industries, tends to employ more women and young people enhancing the economic independence of these groups and diminishing incentives of illegal employment.
- Tourism can create new market opportunities and foster the establishment of SMEs in an industry which may involve few start up costs.<sup>2</sup> Furthermore, the development of the tourism sector can help diversify economic base and contribute to sustainable economic growth in the countries of the region.

Tourism also fosters inter-cultural exchange by bringing people from different backgrounds and nations together, allowing them to exchange ideas and learn from each other. Thus, tourism can serve as a catalytic vehicle in enhancing the openness and broadening the perspectives of Central Asian societies. The economic importance of

<sup>1</sup> Sustainable Tourism is the optimal use of natural and cultural resources for national development on an equitable and self sustaining basis to provide a unique visitor experience and an improved quality of life through partnership among government, the private sector and communities.

<sup>2</sup> World Tourism Organization (WTO): Tourism and Poverty Alleviation, March 2004

tourism and its vital role in promoting increased understanding among different cultures and in creating enduring links between people and states has been acknowledged by the OSCE participating States.<sup>3</sup>

Despite its great potential, the tourism sector in Central Asia is still quite poorly developed.<sup>4</sup> The region where once traders of East and West travelled and traded along the Silk Road has much to offer both domestic and foreign travellers. The new frontier attraction of Central Asia coupled by numerous historical sites and magnificent natural environments offers great potential for both regional and international tourism. Particular consideration should be given to developing the market for young travellers given their contribution of up to US\$1.4 billion to tourist revenues world-wide every year. Also, the potential of the domestic tourism market within Central Asia as well as those from large neighboring countries such as Russia and China should be not underestimated. Development and promotion of tourism opportunities for these markets need not warrant significant infrastructure costs but rather better cataloguing of existing local resources and directed marketing.

In this respect, OSCE can play a facilitating role in assisting countries to establish the enabling environment to encourage sustainable tourism, including eco- and rural-tourism, and thereby create new market opportunities for SMEs to enhance the economic and environmental resources of Central Asia for the benefit of its people.<sup>5</sup>

### **Aims and objectives:**

The overall objective of the Central Asia Workshop is to facilitate the development of the tourism sector and service-related SMEs, thereby contributing to the creation of new economic and income generating opportunities for the local population.

In this respect, Workshop aims at:

- strengthening the cooperation between the main private and public stakeholders of the five Central Asian countries to facilitate tourist travel - both intra-regional and international - with a focus on enhancing institutional capacities and sectoral dialogue, promoting appropriate legislation and facilitating administrative procedures among others.
- introducing the concept of hostelling to the region by engaging the interests of all sectors, including government, private and civil society.
- promoting the development of SME in the tourism sector at a regional, national and local level to provide necessary tourist-related services.

### **Approach**

By pursuing a regional, working-level, multi-stakeholder approach, the Workshop aims to create synergies with relevant actors in Central Asia to promote sustainable tourism development in the region. With this intention, the Workshop will bring together representatives of the tourism business sector and working-level government authorities from the Central Asian countries as well as select experts from relevant international organizations, NGOs and development agencies. Emphasis will be placed on ensuring involvement from municipalities and border regions from both the private and public sectors. It is expected approximately 6 representatives from each country will attend the event: (50% from the private sector, including civil society, and 50% from the public sector) with a maximum attendance of 60 participants.

### **Structure of Workshop**

The Workshop will be an event of two and half days (2.5 days) and be structured as a practical exchange of views and recommendations among working level tourism policy makers and private sector travel and tourism representatives. The working language of the Workshop will be English and Russian.

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<sup>3</sup> Cf. Budapest Document 1994 "Towards a Genuine Partnership in a New Area" and the consolidated summary of the Bucharest Seminar (6-8 November 1995) on "The Role of Tourism in Promoting Better Understanding Between Different Cultures".

<sup>4</sup> Cf. for example EIU Country Forecast Kazakhstan (1 June 2003), EIU Country Profile Kyrgyzstan (18 July 2003), EIU Country Profile Tajikistan (1 September 2003), Country Profile Turkmenistan (9 October 2003) and EIU Country Profile Uzbekistan (29 March 1999).

<sup>5</sup> Recommendations from the 12<sup>th</sup> Economic Forum "New Challenges for Building up Institutional and Human Capacity for Economic Development and Co-operation" Prague, 31 May - 4 June 2004 and First Preparatory Seminar held on 17-18 November in Yerevan, Armenia, "Supporting the Development of SMEs".

The opening plenary will provide a macro-level perspective on the current state of the tourism industry in Central Asia and identify opportunities and issues to be addressed to enhance the environment for local business and SME development in the industry. The plenary will also introduce new perspectives to the tourism market in the region and provide the basis for a more detailed discussion in the working groups. Both foreign and local experts will be invited to address the plenary session. Issues to be addressed at the plenary session will include:

- Opportunities and impediments for the development of sustainable tourism in Central Asia
- The concept and value of hostelling; marketing to new tourist audiences
- The economic potential of tourism for the societies in Central Asia, including pro-poor tourism and case studies of successful examples in other regions

Thereafter, the working groups will be tasked to address specific issues in detail and elaborate concrete recommendations and steps for further actions. The purpose of the working groups is to encourage discussion, critical thinking and a set of recommendations for the three specific topic issues:

- I. **Public-private cooperation to facilitate tourist travel:** how to enhance the working relationship between the business community and government authorities to promote increased tourism within country and across borders
- II. **Awareness raising and marketing to (new) tourist audiences (including regional and young travellers)**
- III. **SME and local business development in the tourism sector:** how to encourage local communities and entrepreneurs to provide services for the sustainable tourism market

In addition, each working group will be requested to propose 1-2 potential project activities that address its specific issue based upon the discussions and consensus of each group. The proposed elaborated projects will be taken into consideration by OSCE, local stakeholders and donors for funding and implementation as a follow-up activity to the Workshop.

Each of the working groups will be guided by two moderators and assisted by a rapporteur (OSCE CA EEO) rather than have a panel of speakers. The moderators will open the discussions with an overview of the topic of the working group based upon national and regional experience. They will then request audience feedback and reaction. The rapporteur can contribute to the discussions by sharing information from the local tourism assessments prepared by each of the OSCE Centres in Central Asia. It is expected representatives from each of the 5 Central Asia countries will be present and participate in the discussion.

#### **Expected outcomes:**

- Increased dialogue and cooperation between public and private sectors on national and regional level
- Agreement of issues in need of follow-up action to increase sustainable tourism and related SME development
- Identification of approx. 5 pilot projects (ideally involving each country of the Central Asia countries in a regional/cross-boundary manner)

#### **Justification:**

The justifications for OSCE involvement are:

- Promotes public – private dialogue and cooperation
- Support for the development of sustainable tourism contributes to SME development, income generation and economic empowerment of at-risk groups
- Contributes to diversifying economic activities and environmental awareness raising
- Promotes openness and inter-cultural dialogue and understanding
- Enhances cross-boundary and regional cooperation
- Follow-up to 12<sup>th</sup> Economic Forum



**SPEECH**

**by T. Bekbergenov, Head of the Tourism Coordination Administration of the Republic of Kazakhstan under the Agency for Tourism and Sport of the Republic of Kazakhstan**

Mr Ambassador,  
distinguished participants of this workshop,  
Ladies and Gentlemen,

On behalf of the Tourism Coordination Administration of the Republic of Kazakhstan, I would like to welcome the participants of the Central Asia Workshop on Income Generation through the Promotion of SME Development in the Tourism Sector. I take this opportunity to express my appreciation and gratitude to OSCE, and personally to the Head of the OCSE Centre in Almaty, for organizing this Central Asia Forum in Kazakhstan, which is renowned for active tourism activities.

The role OSCE plays in promoting tourism through SME development, and also in establishing cooperation between entities of the international tourism community cannot be overestimated and is of great importance for all tourism administrations and for those who are involved in organizing tourism businesses in the Central Asia.

Currently, 759 travel companies, of those 303 tour operators and 456 tour agents, operate in the Republic of Kazakhstan. These represent over 98% of small businesses, since the number of employees of such companies does not usually exceed 3 to 10, with the average yield ranging within 700,000 – 1,500,000 Tenge. This makes it clear that the State has to take part in the development of the tourism market.

Kazakhstan, which became a member of the World Tourism Organization in 1993, makes every effort to become a full member of international tourism community. Another positive impetus to our bilateral relationships was given by the visit of Francesco Franzhialli, General Secretary of WTO, to Kazakhstan, who visited this country in April 2003 on the invitation of President of the Republic of Kazakhstan Nursultan Nazarbaev. Presently, the Kazakhstani International Tourism Fair "Tourism and Travels» (KITF), and the International Tourism Festival "Belukha" have been included in the WTO Work Plan.

Development of ecotourism is of particular importance for the Central Asian countries, as these are rich in all required natural resources. In addition, this part of the world has preserved interesting sites and artifacts of cultural and natural heritage. Owing to its geographical position, Central Asia has been for thousands years a crossroad of trading, migration and pilgrimage routes, and the Silk Road was passing through the Central Asia.

To produce a tourist product, the colorful Central Asian community as a whole, and each Central Asian country in particular, shall establish an interconnecting leverage.

The goal of this workshop is to work out a programme for joint activities with the professionals who operate in this Central Asian market to further build up the capabilities of this sector and promote sustainable tourism businesses in this region.

OSCE interconnects and renders support to the countries and directly tourism sectors in formation of a favourable environment that would enhance market opportunities for SME.

Dear counterparts and friends,

Let me express my appreciation to the Office of the Co-ordinator of OSCE Economic and Environmental Activities (OCEEA) and OSCE Offices in the Central Asia, and all who have organized this project, wish them success and fruitful work!

Thank you for your attention!

## **SUMMARY OF THE STATE OF TOURISM IN THE REPUBLIC OF TAJIKISTAN AND ON THE TOURISM PROMOTION MEASURES**

**by Mr. Fattokh Faizulloev, General Director of TajikAviaTour**

Ladies and Gentlemen

I would like to express my gratitude to OSCE for arranging this Workshop and giving us an opportunity to meet with our counterparts from Central Asia and discuss issues related to promotion of tourism, which is so vital for Central Asian countries.

Today, we may say that tourism is turning into a top priority sector of the economy of Tajikistan. The State plays a well defined role in rendering support to and developing tourism in Tajikistan. To this end, the Law on Tourism has been enacted, and also the Government has adopted a State Programme for Development of Tourism in Tajikistan for the period 2004-2009. The Programme states the main goals of reviving international tourism in this country, providing easier access to the country for tourists from abroad, and improving the existing tourism and sanatorium and recreation infrastructure of Tajikistan. Another goal of paramount importance is to attract investments so that Tajikistan could grow into a remarkable landmark on the Great Silk Road attractive for international tourists.

Notably, over the last years Tajikistan has succeeded in developing international tourism owing to eager activity of those who are involved in the tourism business. For example, over 700 people have entered the country since 1996, and 12,000 to 18,000 people entered it in 2003.

Announcing tourism a priority sector of the national economy, adopting and implementing resolutions made by the Government of the Republic of Tajikistan on Declaring the Varzob and Baldjuvan Regions and the Ramit Canyon to be Areas for Sanatorium, Health and Recreation Activities and International Tourism has benefited the country to have primarily revived internal tourism, rehabilitated the existing facilities of the kind in the said regions, made it possible to make use of available recreation and medical care services. As a result of the measures taken in this respect, the number of holiday-makers has grown, almost over 80% of rehabilitated facilities are in full operation now. It has been for the first time this year that they reported they will not be able to receive all comers. An increased inflow of foreign tourists in Tajikistan, and also other holiday-makers who visit the tourism areas was predominantly owing to the consistent home and foreign policy pursued by the Government of the Republic of Tajikistan aimed at achieving peace, national unity, political stability in this region, successful implementation of economic reforms and measures under the aegis of the President of Tajikistan.

The positive image of Tajikistan as a democratic, secular and constitutional state and confidence in the offered national tourism product have strengthened owing to annual participation in international tourism fairs, in particular, those held in Berlin, Moscow, Almaty, Tashkent and other Central Asian countries, publishing advertising products, booklets, brochures, videos, creating a specialized Internet webpage, and active efforts taken by tourism businesses. Nevertheless, the review of the state of the tourism sector of Tajikistan has proved that, despite the positive achievements, it does not meet the requirements of the Government to this sector, which are aiming to develop this sector into a paying sector of the economy of Tajikistan.

Given the above, we believe that that following should be done with the assistance of OSCE:

1. The Central Asian countries should adopt a joint programme for cooperation in the field of tourism.
2. Tourism coordination agencies (national and regional associations) should be established in the Central Asian countries.
3. Routes passing through several Central Asian countries should be established to improve integrity and the quality of the tourism product offered.

I believe all this will help us achieve the goals set by this Workshop. Thank you for your attention.

**Current Status and Prospects of Tourism Industry in Uzbekistan.  
Role of the State in the Development of the Tourism Sector**

**by Mr. Abror Rozikhodjaev, Leading Specialist of the National Company "Uzbektourism"**

Almaty, July 2004

Dear Ladies and Gentlemen,

First of all, please allow me to welcome the participants on behalf of National Company "Uzbektourism," and to wish you all fruitful work, and to also express my gratitude to the organisers for the opportunity to meet with you today and discuss industry's urgent problems and possibilities for a closer cooperation.

As it was noted earlier, I represent a state structure and in this respect, in my presentation I would like to talk about the role of the state in the development of the tourism industry in Uzbekistan.

When organising the first ever tourist tour in the middle of 19th century, Tomas Cook probably did not know what kind of development his undertaking would experience. Since that time, tourism has become a huge industry, with its peak growth in the second half of the last century. The number of international arrivals, which was 25 million in 1950, grew to 165 million by 1970, and to 700 million by 2000. According to estimates of the World Tourism Organisation, by 2020 the number of travellers will reach 1.5 billion persons a year. There is almost no place on our Earth that has not drawn attention of its curious inhabitants. Today, it is not unusual if people visit the North or South Pole or conquer mountain peaks, scorching deserts, and sea abysses. Today's tourists even pay astronomical amounts of \$20 million just to be able to see our planet from space and to feel the condition of zero gravity. Space tourism, until recently a subject of science-fiction books, has now become reality.

The reason for such a fast development and further expansion of international tourism is not only the never-ending curiosity of humankind towards the outside world, but also these three factors:

- growth of purchasing power of the people, especially their consumption-disposable income;
- more time available for leisure;
- increase of the number of private cars and inexpensive air transportation.

Today tourism and leisure have become main components of the fast-developing service sector, and are an important factor of economic development in European and North American economies. The countries in Asia, Africa and Latin America are all reaping the fruits of the bursting tourism industries. Tourism provides excellent opportunities for personal entrepreneurship and self-realisation, and good opportunities for economic rehabilitation and re-profiling of human resources in the regions experiencing economic stagnation. Examples of successful development of the tourism industry include South-Asian states (Malaysia, the Philippines, Singapore, Thailand, Vietnam and others). The People's Republic of China has now joined the club of actively developing tourism destinations. The country once closed for foreigners was visited by 37 million tourists in 2002, who brought 20 billion US dollars to the state budget. Through an intensive development of the tourism industry, China has an ambitious plan to become, by 2020, the first country in the world reaching 130 million foreign visitors a year.

According to the World Tourism Organisation, international tourism generated 476 billion US dollars in foreign currency in 2000, surpassing revenues from the sales of oil, cars, telecommunications equipment, textile products and any other goods and services.

There are more than 4,000 historical, cultural and architectural sites in the Republic of Uzbekistan relating to different eras starting from early Middle Ages. At the same time, Uzbekistan is not only about old towns, it is also about natural diversity, where the mountains mix well with valleys, and deserts with lakes. All this makes possible the development of all popular kinds of tourism and leisure.

The Uzbekistan tourism industry started to develop in the early 1960s. Tourism activities in Uzbekistan were organized by all-Soviet Union organizations: Intourist, Sputnik, and Central Council for Tourism and Excursions under the AUCCTC<sup>6</sup>. Local organizations were only allowed to provide services to the arriving tourists. The most popular destinations in Uzbekistan were Samarkand, Boukhara and Khiva. The Uzbek tourist industry

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<sup>6</sup> All-Union Central Council of Trade Unions – translator's note.

reached its peak at the end of the 1980s. For instance, in 1988 the country received more than 500,000 foreign tourists and provided services to 1,376,000 tourists from the Soviet Union republics.

The breakdown of the Soviet Union resulted in a complete destruction of Uzbekistan's tourism infrastructure. The state made a great deal of effort and investment to rehabilitate and develop the tourism industry. Since independence, significant transformation has taken place in the country. A special priority has been assigned to the preservation of our people's cultural heritage. Hundreds of historical sites have been restored since independence. Such monuments as the magnificent Ak-Sarai in Shakhrisabz, Bibi-Khanum, and Gur-Emir in Samarkand, have been saved from complete destruction. An immense amount of work has been accomplished to restore historical monuments in Boukhara, Khiva and other towns. It is worth noting that not only Muslim sites have been restored but also premises relating to other religions. A good example is Tashkent, where Polish, Catholic, and Slavonic churches as well as other houses built in the 19<sup>th</sup> century have been restored along with the monuments of the Islamic culture, such as the Abdul Kasim, Kukaldash and Shaikhantaur medreses. One can see that the state in fact pays a great deal of attention to the development of tourism infrastructure if one visits Samarkand, the most popular destination among foreign tourists. A lot of gardens and parks have been laid out in the city, as well as spacious streets and walk areas; old building that blocked the view of historical sites have been disposed of; comfortable parking lots have been built, etc. Industrial enterprises are being moved away from the historical center. At present, a long-term program of development of the city of Samarkand is being drafted pursuant to a government decree. The program calls for the development of Samarkand as a center of international tourism in the first place. High-speed train connection has been recently opened between Tashkent and Samarkand.

It should be noted that along with the above-mentioned measures the state has provided for the main element needed for the development of tourism, that is stability in the country. Thanks to the measures that have been taken (some of them too harsh sometimes) Uzbekistan has been able to get away from the chaos of ethnic and other conflicts. This is exactly this factor that tourists take into consideration when deciding on making a trip to different regions in the world. Today tourists can walk in any place at any time without fearing for their lives.

In order to revive the national tourism industry on the basis of what was left from 1992, the government of Uzbekistan has established National Company "Uzbektourism." The company has been given a difficult task to ensure independent development of the tourism industry, and to bring it up to international standards. This task was complicated by the Company's lack of international connections, and by physical depreciation of the hotels and car park, as well as by the lack of highly qualified professionals.

Today we can say that that the task we have been given is being successfully accomplished. Uzbekistan now has the necessary legislation that promotes tourism development, which includes Law "On Tourism," Program for the Development of Tourism Industry until 2005, and Decree of the President of Republic of Uzbekistan "On the Measures to Promote the Participation of the Republic of Uzbekistan in the Rehabilitation of the Great Silk Way and in the Development of International Tourism." All this speaks for the fact that tourism in Uzbekistan, as in many other countries in the world, has been chosen as one of the principal factors in the development and improvement of the people's lives.

Just like in any other industry, private entrepreneurship is actively developing in the tourism sector. More than 400 tourism agencies of various forms of ownership have obtained required licenses and are actively working to attract and provide services to foreign guests. There are more than 70 private hotels providing services to both foreign and local tourists. Based on the increasing demand, the network of private hotels is constantly expanding. Smaller hotels create a healthy competition to large hotel complexes.

International connections are also developing at a fast pace. Uzbek tourism agencies cooperate with their colleagues in more than 60 countries throughout the world. Representatives of Uzbek tourism firms and agencies participate in leading international tourism exchanges and fairs. NC Uzbektourism, which has been a member of the World Tourism Organisation since 1993, actively participates in the work of this organisation and cooperates in the implementation of large international projects. One of those is a WTO project entitled "Tourism Along the Great Silk Way." As you know, the goal of this project is to revive this historical itinerary, which once run through the territory of many states, including the ones that now participate in this seminar. The project is aimed at uniting the efforts of state and non-government structures in order to create conditions necessary for travel along this most interesting itinerary. As part of the project, a decision has been made to establish a regional WTO bureau in Samarkand, a city that is rightfully considered a key point along the Great Silk Way. An official opening is scheduled for October this year.

International tourism in Uzbekistan mainly takes the form of cultural and introductory tourism, when foreigners visit and acquaint themselves with historical, architectural and religious sites and objects in ancient

towns. Tourist itineraries in Uzbekistan include travel to Samarkand, Boukhara, Khiva, Shakhrisabz – all these cities are protected by UNESCO and included in the list of sites of worldwide historical value. These cities are the ancient sources of the world culture. There are a number of samples of medieval architecture that also have a religious value.

Along with historical-architectural and ethnic-cultural forms of tourism, an entertainment industry has also begun to take shape.

Tour operators offer theatrical performances right at the historical monuments; those performances demonstrate the history of the country, its roots and traditions. There is a leisure system in place which includes natural parks, bars, golf courses etc. – those types of facilities foreign tourists are used to.

Uzbekistan is blessed with a wonderful rich nature, and this provides tour operators with opportunities to arrange leisure for all tastes: in addition to the visits to masterpieces of ancient architecture, those interested in exotic tours are offered tours to valleys, rafting, hunting and many other activities. Those who like it can also receive some “desert” delicacies, such as camel transfers and tasting of camel milk, or spending a night in the yurta right in the desert. Also in demand are excursions to the dying Aral Sea, where, dozens of kilometres away from the seashore, are dusty villages that used to live on fishing, and a cemetery of ships in the heart of the desert.

NC Uzbektourism, jointly with the World Tourism Organisation and with the support of UNDP, has developed a national concept entitled “Sustainable Development of Tourism in Uzbekistan.” The purpose of this project is to attract foreign tourists to the country, transform the tourism business into one of the most profitable industries, develop modern forms of tourism, improve professional skills of the personnel, and create competitive tourism products and a strong industry of tourism which will be able to reach international markets.

The number of tourists visiting our country is constantly increasing. In 2003, 234,000 foreign tourists visited Uzbekistan. This year we expect approximately 300,000 foreign tourists.

According to the estimates of Uzbek specialists, with all other factors favourable, it will be possible to attract a million, and even more, foreign tourists a year.

Along with the development of foreign tourism, the state places a great importance on the development of domestic tourism industry. Last year, tour operators provided services to almost 500,000 domestic tourists. These included travel to the CIS countries and abroad, excursions (including to historical cities in Uzbekistan), summer and winter activities in the mountains, etc. To further improve and expand tourism and excursion services to the local population, NC Uzbektourism has submitted to the government a number of proposals for consideration. We believe we will have a decision soon that will promote radical changes in this sector.

For further active development of the tourism industry in the country, it comes natural that it is necessary to improve and develop the accompanying infrastructure.

In this respect, most important becomes the construction of new hotels and camping sites, guesthouses and tourist bases in compliance with international standards, capable of receiving significant numbers of tourists and visitors.

A special attention will be paid to the reforms in the field of transport services. It will include not only automobile transportation but also other types of transport, such as railway and air. It is necessary to build new modern airport terminals, railway and bus stations, in order to provide facilities for arriving tourists and passengers. It is anticipated to introduce modern telecommunications systems at all tourism destinations throughout the country.

Just as important is the development of the entertainment industry. Seeing historical sites is not enough for obtaining a complete picture of Uzbekistan. In order to attract tourists it is necessary to expand the range of services, and to add cultural programs, folk art, carnivals, festivities and other activities. In addition to that, there a strong leisure system needs to be established, which would include natural parks, game centers and night bars, golf courses etc. Attention has been and will continue to be paid to the production of traditional national items and goods.

As you can see, we have great tasks ahead of us whose successful resolution will make Uzbekistan even more attractive as a tourist destination.

Thank you for your attention.

## SPEECH NOTES

by Mr. Mark Elliott, Travel Author and Tourism Consultant

Travel from two perspectives

- writer
- traveller

From both perspectives Central Asia is one of the most exciting and most fascinating places to travel in. It has many aces up its sleeve. *But it's also a frustrating place to travel in.*

### I. POSITIVES OF CENTRAL ASIA

#### **Historical riches:**

Traveller view: Rich, fascinating history yet a blank on the mental map

Author view: Lots of exciting historical tales, stories and characters to thread in (Great Game, Timur, Manas...)

**Variety** is incredible:

Silk road cities

The fabulous upland pastures

Stay in a yurt! Wow.

Mountaineering possibilities.

#### **Safe and hospitable**

For me it was the main reason I fell in love with the area

Misunderstandings over Kalashnikovs

Kyrgyzstan hitch-hiking story.

Superb new and growing community based tourism initiatives allow that hospitality to form the core of a business.

#### **Fascination of the former USSR**

It is something that is often lost on people who lived through it - but for me as with many westerners there is an incredible frisson to visit the great nation that we were so misled about by our own propaganda.

Great to learn more about the Soviet realities - horrors but also positives.

We learn about ourselves while learning about your history.

Sad to see Lenin statues removed - we still have Queen Victoria in UK even though she's now the very symbolism of imperialism that we have (supposedly) rejected.

Leninabilia very marketable as souvenirs (even on the US base in Kyrgyzstan)

#### **Not a 'dead end'**

Best of all you can visit the region 'on the way' to China.

SO MUCH more interesting than the Trans Siberian!

#### **Quirky, colourful and original**

The kalpak hats

The tea houses

The wonderful Bukharan gowns

The incredible fire cavern and great-canyon in Turkmenistan as well as that country's surreal side modern architectural edifices.

Culture shock of a whole new system

### II. PROBLEMS IN THE WAY

#### **Visitors' historical ignorance:**

The 'blank on the map' notion means that it takes rather more inspiration to be a good tour guide as many of the characters aren't familiar with the individuals or events that bring life to the sites.

Also many of the sites themselves have been very heavily damaged.

**Variety** yes but spread out

Borders that were easy to hop across a few years ago now a pain.

Visas a big problem (see later)

### **Safe and hospitable**

Safety is one thing, perception of safety is another...

Miami dangerous but people go in their millions

Ignorance and sensationalist reporting a problem for the region

HASSLES from police - less perhaps than in previous years but for many tourists the whole fright of borders, visas, paperwork and Tashkent metro police is inexplicable. Photos in metro - why not?!

Great Community based tourism projects could be better advertised.

### **Fascination of the former USSR**

Obviously there are many less than charming left-overs

- the strange jigsaw of borders...

- ecological problems

- radioactivity

Annoyingly these are the main thrust of much TV coverage in the west (a recent series 'Meet the Stans')

It's still something that needs to be addressed

Collapsing transportation

### **Not a 'dead end'**

Should be a real competitor to the Trans Siberian train

But for now the Trans Sib still inexplicably gets the custom over the 'Silk Rail' experience.

- Russian visas annoying

- needs co-ordination of several tickets

*SOLUTION - set up on-line ticketing for trains?*

An even more exciting route is Turkey-Caucasus-C Asia China

The main problems here are

a) Turkmenistan visa regime (3 days transit)

b) Unreliability of Baku-Aktau boat

### **Quirky, colourful and original**

Culture shock of a whole new system - sure.

So why make it so tough to come.

## **III. SELLING CENTRAL ASIA**

Region more marketable than country by country

- that's exactly what we're doing here

[SLIDE]

More practically an all-regional association, based perhaps on the model of KCBTA could usefully do the following:

### **a) CBT**

> Continue to develop community based tourism, yurt accommodation and homestays

> Share information on the pluses and minuses of experience between countries

This is already underway

### **b) Internet profile improvement**

1> suggest inter-linkage of websites between members

2> identify a central coordinating website for regional tourism as a central link-point to be reliably up-to-date. This need not be new - indeed several good starting points exist.

www.eurasianet.org has the right sort of platform but its travel links are already dated.

Help from IATP? (Internet Access & Training Programme (of IREX and US State Department)

3> if staff available survey members' websites for faulty or out-dated info or links and advise (make responsible)

4> advise member sites on adding practicality or cross linkage

eg on the [www.lepsinsk.freenet.kz](http://www.lepsinsk.freenet.kz) site "Within easy reach is Alakol" - adding in a new-window hyperlink to an Alakol site once there was one would offer more sense of place to Lepsinsk and could help Alakol too.

5> investigate a shared secure-server on-line credit card acceptance that could be used by member SME tourist concerns to collect deposits/pre-bookings/rail-fares/paperwork

### **c) Basic low-tech ads**

It's surprisingly effective to have photocopied info sheets for other town's projects/homestays/towns posted in hostels.

### **d) Encourage inter-regional tourism**

e.g. Kyrgyz to Bukhara and Samarkand (visa problem)

### **e) Use association strength as a pressure group to call for paperwork simplification**

Some businesses make a certain profit from the bureaucracy of permits, visa invitation letters and silly border procedures like at Torugart.

However, in the long term it would profit the whole region to sweep away visas altogether or make them available at borders without hassle or paperwork.

### **f) Guide books and Thorn Tree**

Guide books are particularly powerful.

Cadogan the most inspiring but out of print/Out of date

It's very useful to be aware of the '**4 year cycle**' - June 2004, April 2000, and that research is almost a year before publication.

Suggest keeping in touch with LP

### **BUT**

These 'niggles' are probably the biggest single factor dissuading tourists from coming in much greater numbers.

Visa fee calculation.

KCBTA Kyrgyz Community Based Tourism Association

<http://www.cbtkyrgyzstan.kg/>

As a traveller I love this region and I'd love the people to make more out of tourism.

But in a crowded marketplace

NO 1 Gripe:

### **Visas and Paperwork**

Worst visas in the world?

US or UK - \$100 or so JUST TO APPLY - disgraceful.

Tit for tat? Won't really work.

> Customs declaration - does anybody actually use this data?

> Letters of introduction - fortunately being dropped as a requirement but absolutely senseless.

OK a money-spinner for provider-companies but a very major disincentive to travel.



Same goes for

**Variety** yes but spread out

Borders that were easy to hop across a few years ago now a pain.

Visas a big problem (see later)

### **Visas**

World's worst countries for visa are in the west

Central Asian states aren't nearly that bad.

But they're bad enough to be one of the biggest dissuasive factors in destination choice.

But to many westerners used to visa-free travel it simply isn't worth the trouble to

a) apply for a mysterious letter of introduction

b) to have a day off work to go to the capital city to apply for the visa

c) to take another day off to collect it

Group tourists

Can be done by an agency but that is also expensive and requires nerve-racking mailing of the passport to an unknown organisation.

Still doesn't help

Mention Azerbaijan's idea of reduced prices for Tourists\$

### **BOOKS**

Power and problems of guide books.

What there is;

What there could be;

The idea of free/government sponsored ones

Trademark Tourism (Az example)

### **FOOTBALL TOURISM**

#### **Stopover Tourism**

#### **Community Tourism Existing work extensive**

Dangers versus prospects - Geopolitical comparison with Thailand in 1970's

END

**Central Asian Seminar on Generation of Income Through the  
Development of Medium and Small Business in Tourism**

Organisers: Organisation for Security  
and Co-operation in Europe (OSCE)

**Development of Community  
Based Tourism in Kyrgyzstan**

Prepared by Damira Rayeva, Manager of the Development of  
Community Based Tourism Project, Helvetas, Kyrgyzstan



**Swiss Association for International Co-operation  
HELVETAS**

**Mission:** to assist the rural population of Kyrgyzstan in the difficult period of transition from the socialist to market economy.

Helvetas has worked in Kyrgyzstan since 1994.

**2004:**

- Kyrgyz Swiss Agricultural Project
- Community Based Tourism Support Project
- Legal Aid to Rural Population
- Agricultural Vocational Education Project
- Organic Cotton Production and Trade Project

**Critical Factors for Development of Tourism in Kyrgyzstan**

Strengths	Weaknesses
<ul style="list-style-type: none"><li>• Nature, magnificent mountain landscapes</li><li>• General hospitality of people</li><li>• Nomads' culture</li><li>• Dry and sunny climate</li></ul>	<ul style="list-style-type: none"><li>• Accessibility: few direct airlines</li><li>• No single programme for the development of tourism</li><li>• Price-Quality Relationship</li><li>• Short Season</li><li>• Cross-border problems</li><li>• No advertising of Kyrgyzstan</li></ul>

## Tourism Development Strategy

### Five basic question:

- Will tourists benefit from the tourism?
- Will the local community benefit from the tourists attraction?
- Do the proposed tourism services have any competitive advantages?
- What is the potential market?
- How does the tourist attraction integrate into development of the region and the country in general?

◀ helvetas ▶

## Community Based Tourism Development (CBT)

CBT is the development of tourism by and for local communities guided by the principles of openness and transparency.

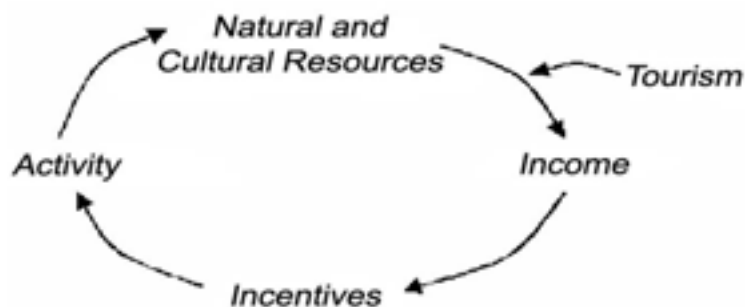
CBT should promote development of the local economy through income and other benefits obtained by members of the community from tourism.

CBT should promote development of natural and/or cultural resources and/or improvement of measures for their preservation

Success and achievements of CBT are in the hands of community members.

◀ helvetas ▶

## Resources and Activity Relationship in the Model of Community Based Tourism



◀ helvetas ▶

## Project Types of Activity

- Teaching the fundamentals of business and institutional development in the sphere of tourism
- Building the potential/organisation in the tourism sector through the provision of technical aid and grant support
- Marketing support (development of the tour product, establishment of connections and direct marketing)
- Information and liaison through the publication of the quarterly tourist bulletin “Tunduk CBT”

www.helvetas.ch

◀ helvetas ▶

### Community Based Tourism Support Project

#### Work conducted on two levels:

##### *Locally:*

- Support of 11 CBT\* Groups in Talas, Naryn, Djalal-Abad, Issyk-Kul and Osh Oblasts.

##### *Nationally:*

- Support of the Kyrgyz Association of Community Based Tourism (KACBT) «Hospitality Kyrgyzstan»

\* CBT - Community Based Tourism

www.helvetas.ch

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### Objectives of CBT groups

- Generating income to improve the quality of life in rural regions
- Preservation of nature and culture of Kyrgyzstan
- Mutual cultural exchange with tourists

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## **Clients of CBT groups**

Tourists from Europe:

- Adventurous people
- People who study culture and cultural heritage

### **Who are they?**

- Well educated people
- Over 35 years
- Environmentally sensitive
- Striving for active life
- Need comfort

[www.helvetas.ch](http://www.helvetas.ch)

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## **CBT product includes:**

- Accommodation in a private house or yurt
- Meals
- Tours (1-5 day horse or foot tours)
- Guide\interpreter services
- Crafts products\ participation in their providing
- Folklore show, festivals
- Transportation services

[www.helvetas.ch](http://www.helvetas.ch)

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## Kyrgyz Association of Community Based Tourism



### Aims of the Association:

- Rural Tourism Development
- Coordination among all CBT groups
- Lobbying rights of rural providers of tourist services
- Marketing of CBT groups in Kyrgyzstan and outside
- Environmental issues
- Support and development of regional CBT groups through training and information supply

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## Kyrgyz Association of Community Based Tourism (KACBT)



- KACBT was founded in January 2003.
- Donors: Helvetas Kyrgyzstan  
Eurasia Fund
- Budget for 2004: US\$52,000
- Number of participating organisations –  
11, consisting of 302 families

www.helvetas.ch

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## Kyrgyz Association of Community Based Tourism



### Aims of the Association:

- Rural Tourism Development
- Coordination among all CBT groups
- Lobbying rights of rural providers of tourist services
- Marketing of CBT groups in Kyrgyzstan and outside
- Environmental issues
- Support and development of regional CBT groups through training and information supply

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## Kyrgyz Association of Community Based Tourism



Main objectives:

- Develop and differentiate CBT products nationally
- Set a national system for accreditation and classification of tour products and a national system of quality control
- Exploit trade marks of CBT tour products
- Create and implement a joint marketing strategy
- Cooperate with tour operators
- Create locally a customer order system and set up an information centre network for tourists
- Carry out training on rural tourism

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## What has been done?



	Number of Seminars	Among them, seminars at request	Total number of participants
2001	50	8	886
2002	45	7	781
2003	33	4	514
2004	23	11	316

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## What has been done?



### Marketing:

- Over 5,000 brochures on CBT published in Kyrgyzstan
- 16 framework agreements signed with Kyrgyzstan tour operators
- Kyrgyzstan CBT group guide published
- Support provided to 9 Tourist Information Offices
- 2 study tours held for tour operators, state bodies and mass media

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### What has been done?



Trade marks exploited for all available tour services and tour products

Further, guest house ranking system exploited with conferring of «Edelweiss» ranks



### What has been done?



- B&B accreditation carried out, 137 houses in Kyrgyzstan inspected in 2004, of which:
  - 63 houses or 46 % – 1 edelweiss
  - 47 houses or 34 % – 2 edelweisses
  - 11 houses or 8 % – 3 edelweisses
  - 16 houses or 12 % – have not been accredited
- 41 guides accredited, of whom 8 received a certificate and are able to work as CBT guides
- 46 drivers accredited, of whom 35 received a sign of a member of the CBT network

## Review of questionnaires of service providers who are members of CBT groups

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### Members of KACBT

- Men – 38 %
- Women - 62 %
- Married – 75 %
- Single – 25 %
- Retired – 9 %
- Unemployed – 30 %
- Students – 5 %
- Employed – 56 %
- With higher education – 67 %
- With incomplete higher education – 4 %
- With secondary education – 29 %

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### Problems

- A larger part of our service providers in rural areas have no command of foreign languages.
- Marketing requires substantial financial and human resources.
- Long-term and medium-term training for guides should be arranged.
- Communication problems with remote regions.

www.helvetas.ch

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**For further information, please refer to :**

**[www.helvetas.kg](http://www.helvetas.kg)**

**[www.cbtkyrgyzstan.kg](http://www.cbtkyrgyzstan.kg)**

**Thank you for your attention!**





**Most Recommended Hostels Worldwide**

**Presentation by  
Goran Beus Richembergh**

**Central and East European  
Development Co-ordinator  
of the International Youth Hostel Federation**





**Most Recommended Hostels Worldwide**

INTERNATIONAL YOUTH HOSTEL FEDERATION

## POTENTIAL HI DEVELOPMENT IN CENTRAL ASIA REGION

Central Asia Workshop on Income Generation  
through the Promotion of SME Development in the Tourism Sector  
(July 21-23 2004 Almaty)



**Most Recommended Hostels Worldwide**

### ? HOSTELLING INTERNATIONAL ?

- strong history and philosophy
- started 100 years ago in Europe
- become Worldwide 60 years ago

Today:

- concept of travel (independent travelling)
  - way of life (membership open for all)
- infrastructural network (hostels, info and booking centres, discounts web-based services etc.)

## HOSTELLING INTERNATIONAL

- **4,000 + hostels**
- **85 countries**
- **3,2 million overnights**
- **4 million members**
- **330,000 beds**

## INTERNATIONAL YOUTH HOSTEL FEDERATION

- **umbrella for 60 member Associations, 13 Associate organizations and 23 Accredited Agents**
- **International NGO**
- **affiliated to UNESCO and WTO**
- **professional structure and business network**

## What is Youth Hostel?

- **Accommodation facility**
  - **Meeting point of young travellers**
  - **Social learning center**
  - **Info center for foreigners**
- Difference between Hotel and Hostel?**
- **Hotels: standard creates atmosphere**
  - **Hostels: atmosphere creates standard**

### **HOW YH SHOULD BE ORGANIZED?**

- **economically self sustainable system**
- **corresponding to the local environment**
- **meeting the HI standards: welcome, comfort, cleanliness, safety&security and privacy**
- **meeting the other customer expectations**

### **WHO ARE THE OWNERS OF THE YOUTH HOSTELS?**

- **YH Associations**
- **Municipalities & Regional authorities**
  - **Governments**
  - **Trade Unions**
- **Youth & Student Organizations**
- **Private sector (¼)**
- **Others**

### **Youth Tourism in Central Asia Region:**

- **No youth hostels or simmlar cappacities**
- **Low profile international travelling**
- **No promotion targeting young travellers**

**Potentials of the  
Regional CA Youth Travel Market:**

- Very rich heritage and culture
- Hospitality and welcoming nature of the people
  - Preserved nature
  - Silk Road Initiative
- Neighboring markets: Russia, India, China, Iran

**The pre-conditions for the Youth Tourism  
development:**

- Product creation (cultural tourism, eco-tourism, adventure travel etc.)
- Infrastructure (transport, hostels, info centres, local support)
- Reliable specialists (agents)
- Fair level of the safety and security
- Promotion (web based and targeting the special markets)

**IYHF could assist in Youth Hostel Network  
establishment and promotion:**

- Transferring the know how to the local partners (Franchiseing, standard assessments, study visits to the other hostels, training of the staff etc.)
- Supporting the local YH Associations (advocacy, training, regional activities etc.)
- Promotion (Hihostels.com, regional promo-materials, major travel fairs etc.)





**Local partners in the HI development  
in CA Region:**

- **Private investors interested in Youth Hostelling  
(shorter investment cycle)**
- **national governments and capitals authorities**
  - **national tourism organizations**
    - **travel agents**
  - **Student & youth NGOs**
  - **International organizations**



**National Youth Hostel Association:**

- **non profit structure**
- **very good media for the long-term development**
  - **promotion, training, networking**
  - **coordinator of the national development and regional and international cooperation**
- **But not the pre-condition of the YH establishment**
  - **Youth Hostels could be franchiseed directly by IYHF if they meet required standards**



**IYHF is able  
To provide packages of the  
relevant information about the  
Hostelling practise to all OSCE  
Missions in CA Region in order to  
ensure local investors to approach  
information and first contact  
locally.**



**Most Recommended Hostels Worldwide**

**Considering the future Tourism  
development in CA Region,  
don't forget that every 4<sup>th</sup> International  
Travel in the World was made by  
travellers in the age under 26.**



**Most Recommended Hostels Worldwide**

**THANK YOU IN ADVANCE**



**COMPILATION OF QUESTIONNAIRES : THE TOURISM SECTOR – COUNTRY OVERVIEW**  
**for Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan**

prepared by the OSCE Centers in Central Asia

**KAZAKHSTAN**

**I. PUBLIC INSTITUTIONS FOCUSING ON TOURISM** (MINISTRIES, AGENCIES): institutional structure, activities, services delivered, geographic area(s) covered (national, regional, local) what are they doing for awareness raising and marketing of their countries tourist attractions;

The Agency of the Republic of Kazakhstan for Tourism and Sports is the governmental body responsible for tourism development in the country. Its main functions include popularization of Kazakhstan's tourism potential abroad through exhibitions, fairs and other events; development of a database of projects in the sector; assist with development of the concept of tourism development programme. The Agency is presented in each region of Kazakhstan by departments of tourism. However, tour operators and other stakeholders believe that the Agency does not use its full capacity and is not energetic enough in fulfilling the declared tasks.

Other state bodies are also involved: the Ministry of Foreign Affairs (visas), Customs, Ministry of the Interior (obligatory registration of travelers), the Committee on Forestry and Hunting of the Ministry of Agriculture.

The government tries to promote the country abroad at various international exhibitions and other events. However, more needs to be done – for example, so far there is no information booths/corners in the airport or city centre where incoming tourists could easily access information.

Regarding local tourists, there are a lot of small and mid-size tourism agencies in the country – now that the economy of the country has been developing, the number of people that can afford traveling within and outside the country steadily increases.

**II. MAIN OBSTACLES TO TOURISM DEVELOPMENT** (including SME involvement) identified by you or your local interlocutors;

Kazakhstan has a good potential for tourism development. However, notwithstanding the fact that tourism was formally set up as one of the priorities for economic development, the country lacks dedication in this area – oil extraction is currently the main source of income and the main concern of the government. As a result, there are relatively few tourists in Kazakhstan – especially if compared with neighbouring Uzbekistan and Kyrgyzstan. Usually it is toured by foreigners working here in oil, audit or other companies.

The following obstacles can be briefly enumerated:

- a natural barrier is Kazakhstan's remoteness from developed countries and the large territory of the country itself. Travelling to Kazakhstan, as well as between cities and to remote areas in the country can take a lot of time;
- high prices from abroad to the country and high prices of air and railway tickets within the country due to low competition and tendency of monopolisation in the airline industry;
- low promotion of Kazakhstan's tourist attractions abroad.
- general negative image of the region in connection with terrorism. Though Kazakhstan is quite safe in this respect, there is little information abroad about this.
- large administrative barriers for small operators in remote areas. For example, permission from seven different government bodies is needed to open a tourism business in Kazakhstan.
- complications with receiving visas, obligatory registration upon arrival in the country, etc.

- administrative barriers are heavy for travel in national parks and border areas. This is especially clear in the areas bordering other countries. For example, in the Altai mountains the Russian side is intensively explored by tourists, while in the Kazakhstani side the number of tourists is considerably less.
- Lack of or underdeveloped tourism facilities in many natural resorts and places of interest, such as several national parks, the Alakol lake, etc.,
- although accommodations can be found in all cities and in some natural resorts, often the price does not correspond to the level of service provided.
- the English language is not widely spoken in the service sector (except for expensive hotels, of course)
- lack of signposts prevents tourists from exploring cities.

### **III. IDENTIFY BUSINESS NETWORKS FOCUSING ON TOURISM - their strengths and weaknesses;**

The Kazakhstan tourism association is active in lobbying measures aimed at removing administrative barriers to tourism development. In particular, thanks to their active involvement, in the beginning of this year, the visa regime was alleviated. But the association is overly focused on development of hotel business, rather than focusing on the tourism business as such.

Several travel and tourism agencies are present in the country. For example, the Central Asia Tourism, a travel and tourist agency, has its branches in 8 cities of Kazakhstan and in Dushanbe. It provides air tickets, sells tours in the region and abroad, assists with visas, etc. These advantages are counter-balanced by a somewhat slow service. Other agencies do not have branches per se, but co-operate with local partners and provide good service – Global Air, BTA, ACS and others.

The Great Silk Road Tour Operator Group (an association of tour companies from Armenia, Azerbaijan, Georgia, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Turkmenistan and Uzbekistan) also has the long term-potential to develop regional tourism.

### **IV. ARE THERE SPECIFIC INCENTIVES/ASSISTANCE FOR SME PARTICIPATION IN TOURISM SECTOR;**

Our interlocutors from the private tourist sector have told us that there are no specific incentives for SME participation in the tourism sector.

### **V. IDENTIFY TOURISM INITIATIVES (ALSO PROMOTING SMES) BEING PROMOTED IN YOUR COUNTRY; WHO IS IMPLEMENTING THEM?**

The joint project of the OSCE Centre in Almaty, Eurasia Foundation, Volunteer Service Overseas (VSO, a British volunteer organization) with participation of several other partners started last year's spring and continues this year. From the OSCE Centre's side, the project is focused on promotion of participation of local communities in tourism services.

The Forum of Ecological NGOs of Kazakhstan has announced an intention to initiate creation of a tourism centre that would collect all data on eco-tours in the country, promote companies performing eco-tourism, work in close contact with local authorities, establish links with tour operators abroad, etc.

Similar activities are planned by the Eurasia Foundation in conjunction with Exxon mobile, VSO and other organizations (the OSCE Centre is also considering participating in it).

UNDP/GEF has recently invited an international and a local expert on ecotourism. They will be working within the programme on preservation of bog resources. Possibly, the small grants programme will also be involved – currently this all is in the process of development.

### **VI. IS THERE ANY CO-OPERATION BETWEEN NGOS AND SMES IN THE FIELD OF TOURISM?**

Currently the work of non-governmental sector has activated. Especially it concerns eco-tourism. Since obtaining a license for tourist activities is problematic for NGOs, they tend to conclude contracts with local tour operators that already have this license.

## THE KYRGYZ REPUBLIC

**I. PUBLIC INSTITUTIONS FOCUSING ON TOURISM (MINISTRIES, AGENCIES):** institutional structure, activities, services delivered, geographic area(s) covered (national, regional, local) what are they doing for awareness raising and marketing of their countries tourist attractions;

The responsibility is shared between the State Committee of the Kyrgyz Republic for Tourism, Sport and Youth, the Ministry of Emergencies, the Ministry of Economics, and if education issues are involved, then also the Ministry of Education.

The first Congress of Tour Operators held in May showed how far the association is from taking responsibility for tourism issues and all participants were emphasizing the government needs to commit more resources to tourism. The primary criticism was that there was no one ministry that focused on the development of tourism in Kyrgyzstan.

The tour operators are also responsible for their lack of cooperation and their unrealistic expectations. At the Congress the Minister of Youth, Sport and Tourism adamantly defended his work, asking how was he supposed to develop an overseas marketing strategy with the small budget allotted by the government.

**II. MAIN OBSTACLES TO TOURISM DEVELOPMENT** (including SME involvement) identified by you or your local interlocutors;

In the Southern regions of Kyrgyzstan, mountain tourism has disappeared due to political instability including several kidnappings of foreign tourists. Followed by the war in Afghanistan and the US State Department recommendations against travel to the region, there will be no significant increase in mountain tourism in the south. The virgin peaks and new routes wait like money in the bank for Kyrgyzstan.

There is a great potential for development in Eastern Kyrgyzstan. A major focus of mountain tourism has been in the Issyk Kul and Naryn region that contain all that Kyrgyzstan has to offer, including cultural trekking, high altitude mountaineering, political stability, and accessibility. There are already three companies that are involved in Jailoo tourism.

At the easternmost tip of Kyrgyzstan the biggest threat is ecological – In high season in August the helicopters fly several flights a day, affecting the experience of those who came to the region for hiking in a quiet area. Secondly the problem represents the base camps on high altitude moraines (4200 m). The fragile ecosystem doesn't support the amount of trash that is disposed there each year. There are already several trash dumps near the base camps, as these grow larger so does the negative impact on the environment and impressions of the tourists.

As Kyrgyzstan moves forward with tourism it will be important to minimize the negative effects of tourism or the positive efforts will be negated. Even with the success of programs such as CBT and tourism business associations, if pristine areas are developed inappropriately, if roads bridges and trails continue to fall into disrepair, the hard fought progress will fail. A well designed marketing campaign will not be successful until the area is cleaned.

Regardless of one's point of view, all can agree that one of the greatest threats to tourism in the region is the very real possibility of regional instability. Headlines of negative events in any of the Central Asian countries can destroy a tourist season in even the remotest areas of Kyrgyzstan. There was a loss of innocence in Kyrgyzstan after the world started to look at Central Asia not as a place of beautiful mountains and exotic culture, but as a place too dangerous for travel. Now more than ever international marketing will have to be a focus to counter negative media reports of the region.

*SWOT ANALYSIS FOR TOURISM IN KYRGYZSTAN*

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• Natural conditions: mountain scenery, lakes, rivers, variety of flora and fauna</li> <li>• Preserved natural environment and local culture</li> <li>• Support for tourism initiatives by government and international aid organizations</li> <li>• Most democratic county in the region</li> </ul>	<ul style="list-style-type: none"> <li>• Decaying transportation, tour bases and other infrastructure</li> <li>• Lack of government funds for tourism development</li> <li>• Lack of awareness of tourism among population,</li> <li>• Cultural issues such as alcoholism, women's rights, poor educational system</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Potential new markets from the growing interest of clients from different worlds countries</li> <li>• Still many virgin or near undeveloped mountain areas</li> <li>• Large youth population that could be trained for tourism</li> <li>• Potential of internet to advertise and communicate with customers</li> </ul>	<ul style="list-style-type: none"> <li>• Still existing Soviet mentality of tourism agencies</li> <li>• Un-ecological approach of agencies while serving groups (trash on glaciers and elsewhere, helicopter flights...)</li> <li>• Regional and internal political instability</li> <li>• Changing government regulations, no insurance incase of disaster, no available credit</li> </ul>

### **III. IDENTIFY BUSINESS NETWORKS FOCUSING ON TOURISM - their strengths and weaknesses;**

There are several well established tour operators in Bishkek that focus on all types of tourism, the most prominent being ITMC, Dostuk Trekking, Top Asia, Asia Mountains, Tien Shan Travel, Celestial Mountains, Muza tours and Travel Co., Kyrgyz Concept. and Ak Sai Travel. The similarity of these companies is that they are all operated by people that successfully made the transition from the Soviet climbing era to the era of for-profit tourism.

### **IV. ARE THERE SPECIFIC INCENTIVES/ASSISTANCE FOR SME PARTICIPATION IN TOURISM SECTOR;**

The Kyrgyz Community Based Tourism Association (KCBTA) provides support to its member organizations by way of marketing and promotion of their services and products, training in tourism and business and support in organizational development; it also represents its members' interests in policy development at the national level and in negotiations with the mainstream tourism industry.

The KCBTA organizes training, seminars and study tours for rural service-providers by sharing practical experience with all members and improving the quality of services offered. The Association's activities help to create new jobs and to attract financial means to the regions, which assists increasing the income levels of the rural service-providers themselves and the local citizens.

Community based tourism (CBT) is based on the principle that money spent on tourism should end up as close to the service provider as possible. The organization strives to create a network of locally based organizations that keep quality standards high and are paid directly by the clients without the use of a middle company. Each CBT project has a coordinator that is responsible for advertising and collecting 15% of the money received; this money then goes back into the organization.

### **V. IDENTIFY TOURISM INITIATIVES (ALSO PROMOTING SMES) BEING PROMOTED IN YOUR COUNTRY; WHO IS IMPLEMENTING THEM?**

Community based tourism (CBT) in Kyrgyzstan was initiated in May 2000 by Helvetas, Swiss Association for International Cooperation, which is running programs in more than 20 countries of the world (for more details, please visit the website at [www.helvetas.kg](http://www.helvetas.kg)). Among the main goals is the development of a sustainable eco-tourism model throughout the country.

This initiative has great support from local people and today there are 10 actively working CBT groups throughout almost the whole of Kyrgyzstan. For further development and coordination of the activities within the country, these groups have established their own umbrella organization, The Kyrgyz Community Based Tourism Association (KCBTA) - "Hospitality Kyrgyzstan". The main objective of the KCBTA is to improve the living conditions of people in remote mountain regions, by developing rural tourism without harming the natural environment.

In many towns there are CBT tourism offices, as well as several tourism companies that offer a guesthouse and services including guides, equipment rental and transportation.

To solve mutual problems the 'Silk Road Tour Operators Association' has been formed engaging 18 full members and 15 part members. This association has two broad areas of focus: Tourism development of Kyrgyzstan, and the specific problems of tour operators. The association has addressed such issues as permit fees for peaks over 7000m and registration regulations for tour companies. In early 2003 the association received a grant of 10,000 euros from TACIS (Technical Assistance for the Commonwealth of Independent States) for developing a program of legal assistance for tour operators. Also planned is to expand the association to include more tour operators located outside of Bishkek.

A new information center was opened in June 2003. The funding is coming from TACIS for two years as part of an overall development strategy. As an implementing partner of the tourism component TACIS is working with the institute for Tourism in Karakol. After two years the center will have to become self-sustainable perhaps through percentages from reservations, or direct support from tour operators.

## **VI. IS THERE ANY CO-OPERATION BETWEEN NGOS AND SMES IN THE FIELD OF TOURISM?**

Currently, 10 NGOs are the members of the KCBTA (more than 170 people). Since the beginning of the year, more than 20 people have become KCBTA members and their number seems set to increase in the future.

## **TAJIKISTAN**

**I. PUBLIC INSTITUTIONS FOCUSING ON TOURISM (MINISTRIES, AGENCIES):** institutional structure, activities, services delivered, geographic area(s) covered (national, regional, local) what are they doing for awareness raising and marketing of their countries tourist attractions;

The Ministry of Economy and Trade of the Republic of Tajikistan is the main governmental body responsible for tourism development in the country.

The State Unitary Enterprise "Sayoh" is the main implementing body for all related to tourism issues in Tajikistan. Its main functions include promotion of Tajikistan's tourism potential abroad and assistance in the development of a tourism strategy/program.

Other state bodies are also involved: The Youth, Sport and Tourism Department of the RT President Administration, Protected Areas Department of the State Committee on Environment and Forestry of RT (developing ecotourism itineraries in protected areas), Ministry of Foreign Affairs (visas), Customs, Ministry of the Interior (obligatory registration of travelers).

The government tries to promote the country abroad at various international exhibitions and other events.

Regarding local tourists, there are several tourism agencies in the country – now that the economy of the country has been developing, the number of people that can afford traveling within and outside the country steadily increases.

## **II. MAIN OBSTACLES TO TOURISM DEVELOPMENT (including SME involvement) identified by you or your local interlocutors;**

Tajikistan has a good potential for tourism development. It is a newly-independent republic on the southern tip of what used to be Soviet Central Asia. Beautiful and remote, Tajikistan was host to substantial numbers of visitors, largely from the USSR and Eastern European countries. Tourists were attracted by opportunities for alpine mountaineering, rock climbing, walking, fishing, or simply relaxing among dramatic mountains and lakes. However, notwithstanding the fact that tourism was formally set up as one of the priorities for economic development, the country lacks dedication in this area. When the 1992-97 civil war started, almost all tourism was terminated overnight. However, the war is now over, the country is slowly getting back on its feet, and today Tajikistan has much to offer to the mountaineer, the hiker and the independent traveller in search of remote locations and unusual cultural experiences.

The following obstacles can be briefly enumerated:

- Tajikistan's remoteness and mountainous terrain, without well developed infrastructure, serves as a natural barrier. Travelling to Tajikistan as well as between cities and to remote areas in the country can take a lot of time;
- Tajikistan is economically not attractive to international tourism due to high travel costs from abroad as well as expensive prices for air and railway tickets within the country due to low competition and the tendency of monopolisation of the local airline industry;
- Tajikistan has a negative image as a result of its border with Afghanistan and recent civil war (1992-1997). Although Tajikistan is quite safe in this respect, there is little information abroad about this.
- The Pamir area is the most attractive for tourists but special permission is needed to travel to this area.
- Tourism facilities in many natural resorts and places of interest, such as Iskanderkul Lake, Sarez Lake, Safeddorak are not yet developed.
- Insufficient number of the hotels in Dushanbe, the price of accommodation, and the conditions do not meet the level of service provided.
- English language is not widely spoken
- No signposts in the cities.

## **III. IDENTIFY BUSINESS NETWORKS FOCUSING ON TOURISM - their strengths and weaknesses;**

28 private tourist companies obtained license from the Ministry of Economy and Trade of the Republic of Tajikistan, but only 8-9 of them are functioning actively.

Several international travel and tourism agencies are presented in the country. For example, the Central Asia Tourism travel and tourist agency, Marco Polo Joint Stock Company have branches in Dushanbe. They provide air tickets, sell tours in the region and abroad, assist with visas, etc.

## **IV. ARE THERE SPECIFIC INCENTIVES/ASSISTANCE FOR SME PARTICIPATION IN TOURISM SECTOR;**

The legal base on tourism promotion has been established in the country.

## **V. IDENTIFY TOURISM INITIATIVES (ALSO PROMOTING SMES) BEING PROMOTED IN YOUR COUNTRY; WHO IS IMPLEMENTING THEM?**

Some International Organizations have announced an intention to initiate activities in tourism sphere (UNESCO-Ecotourism in East Pamir to design and develop an original, innovative and environmentally sound ecotourism product which is adapted to address the socio-economic conditions of the local population).

## **VI. IS THERE ANY CO-OPERATION BETWEEN NGOS AND SMES IN THE FIELD OF TOURISM?**



Local NGO Sohin, International NGOs (CAMP, SOROS Foundation, Act Central Asia UK) are working to promote the development of tourism in the country.

## TURKMENISTAN

**I. PUBLIC INSTITUTIONS FOCUSING ON TOURISM (MINISTRIES, AGENCIES):** institutional structure, activities, services delivered, geographic area(s) covered (national, regional, local) what are they doing for awareness raising and marketing of their countries tourist attractions;

The State Committee of Tourism and Sports (SCTS), was established by the Decree of the President of Turkmenistan in 2000. The Committee was created on the base of the State Corporation of Tourism “Turkmensyyakhat” (which was set up in 1994). Its goal is to develop tourism and sports activities. Its goal is to develop tourism and sports activities. There are several important structures within the SCTS, among which there is the National Institute of Sports and Tourism and another is the Centre of Methodological Studies.

The state policy in tourism industry is governed by the Law of Turkmenistan on tourism and by the relevant chapter in the State Strategy of the socio-economic development for 2000-2005 and until the 2010. The law regulates legal, economic, social and organizational bases of tourism and touristic activity in Turkmenistan. It was introduced on 24 November 1995. The law stipulates that the state, through its corresponding bodies, shall develop and implement the governmental tourism policy.

There are 6 priority areas of tourism activity determined by the SCTS:

1. Development and modernization of tourism in Turkmenistan
2. Qualitative development of tourism
3. Study and training
4. Measures of environmental protection and protection of historical-archeological places
5. Planning, statistics and marketing. Advertisement and information support.
6. Development of co-operation and partnership.

There are several important structures within the SCTS, among which there are the National Institute of Sports and Tourism and the Centre of Methodological Studies.

**II. MAIN OBSTACLES TO TOURISM DEVELOPMENT** (including SME involvement) identified by you or your local interlocutors;

Main obstacles include the lack of developed tourism infrastructure outside Ashgabat, lack of state support, problem with licensing of private tourist companies, administrative barriers (complicated entry visa regime, strict customs regulations, long time for issuing permits for special tourist sites in border zones, special registration in the places of accommodation etc).

**III. IDENTIFY BUSINESS NETWORKS FOCUSING ON TOURISM** - their strengths and weaknesses;

There are two types of tourist companies in Turkmenistan – state and private. At present no association of private companies exist in Turkmenistan. State companies belong to the State Committee of Sports and Tourism and are governed by it and the Cabinet of Ministers of Turkmenistan.

**IV. ARE THERE SPECIFIC INCENTIVES/ASSISTANCE FOR SME PARTICIPATION IN TOURISM SECTOR;**

The state policy in tourism industry is governed by the Law of Turkmenistan on tourism and by the relevant chapter in the State Strategy of the socio-economic development for 2000-2005 and until the 2010. The law

regulates legal, economic, social and organizational bases of tourism and touristic activity in Turkmenistan. It was introduced on 24 November 1995. The law stipulates that the state, through its corresponding bodies, shall develop and implement the governmental tourism policy.

#### **V. IDENTIFY TOURISM INITIATIVES (ALSO PROMOTING SMES) BEING PROMOTED IN YOUR COUNTRY; WHO IS IMPLEMENTING THEM?**

In 1996-2002 a joint project on tourism education for the students was implemented at the National Institute of Sports and Tourism. It was organized within the TEMPUS/TACIS programme. The project included technical assistance, training of teachers at Bournemouth and Perpignan Universities in the field of tourism and one month study of the best selected students at Bournemouth University, lectures by visiting foreign experts.

#### **VI. IS THERE ANY CO-OPERATION BETWEEN NGOS AND SMES IN THE FIELD OF TOURISM?**

There are no registered NGOs in Turkmenistan at present; registration is a requirement by law for NGO's to operate.

#### Further information on the Development of tourism in Turkmenistan:

For the last 13 years tourism attracted increasingly more interest as a prospective and beneficial branch of the national economy in Turkmenistan. The transition from budget financing to the market mechanisms of the organized of tourism business led to the establishment of modern tourist agencies, which function now as tour-agents and tour-operators. They include both state and private ones. There are examples of developed touristic activities within the frameworks of which these enterprises have set up their own accommodation facilities.

At present the national touristic industry includes 17 touristic organizations, agencies and companies - 7 of which are state agencies and 10 private ones. There is a broad network of hotels and lodges, most of which meet modern requirements. Other types of services related to tourism are also offered.

Turkmenistan is a member of the World Tourism Organization since 8 October 1993. This enables the country to promote tourism development and prepare the base for creating an effective national tourist industry.

For the last ten years there has been an expansion in the development of tourism infrastructure, namely in the hotel sector. There are three market models and three corresponding management types in the hotels' organizational structure. 1) First these are non-category "post-Soviet" guest houses with old fashioned management and services. 2) Secondly, these are good quality hotels and hotels having franchise agreements with international networks, managed in the Western style according to the international standards. These are situated mainly in Ashgabat. 3) Thirdly there are also some hotels, mainly private ones, which combine elements of the two types above.

At the same it is evident that there is a lack of small hotels and B&B lodging facilities at tourist destinations, which are in remote places and away from economic centres. Based on experience, it is very well known that these hotels – comfortable ones, built in a country style and offering services at affordable prices – attract many tourists. Tradition, cultural heritage and ethnic specificity are among the main attractions.

One reason of non-adequate development of tourism in remote places is the low efficiency of local (regional) tourist organizations, which rather wait for instructions from above than undertake initiatives, despite knowing the local situation better. They could have taken the co-ordinating role for private enterprises network locally, while organizing mass recreation infrastructure. The latter concentrates mainly on the Caspian coast. Cultural, cognitive, local lore, history and economy has not become attractions for masses in the domestic tourism market because of the low solvency of potential local tourists. Also the absence of marketing policy for domestic tourism promotion affects the situation. Now, paradoxically, tourist sites are more accessible for a foreign consumer, who is being transported and served at a cost, which is not affordable to a domestic customer. On the other hand, due to the absence of small hotels and B&Bs and sufficient services, the foreign tourists can be served only as members of a tourist group; individual tours are very rare. There is also a problem of accessibility to some sites because they are situated in border zones. This makes it necessary to obtain an individual permit every time such a site is included in the travel plan.

Development of the tourism sector warrants donor and investor resources in order to allow both domestic and foreign visitors to benefit from the country's cultural attractions in an equitable manner. Well-targeted advertising and information dissemination can also contribute to the growth of income and greater efficiency of the tourism business.

## UZBEKISTAN

**I. PUBLIC INSTITUTIONS FOCUSING ON TOURISM** (MINISTRIES, AGENCIES): institutional structure, activities, services delivered, geographic area(s) covered (national, regional, local) what are they doing for awareness raising and marketing of their countries tourist attractions;

One of the major institutions in the field of tourism is the National Company “Uzbektourism”. This company is responsible for developing and coordinating the national tourism policy in compliance with international standards. The majority of tourists arriving from abroad are serviced by the operators of Uzbektourism. Awareness raising and marketing initiatives are closely coordinated with the National Company “Uzbekistan Airways”, through on-flight ads and brochures about the most attractive places for tourists.

**II. MAIN OBSTACLES TO TOURISM DEVELOPMENT** (including SME involvement) identified by you or your local interlocutors;

The following factors can be identified as the main obstacles to tourism development in Uzbekistan: (1) insufficient level of tourist infrastructure, and lack of services in compliance with international standards; (2) the relatively expensive prices of the services of tourist firms; (3) lack of foreign language capacity by the personnel involved in this sector; (4) lack of available and up-to-date guidebooks for tourists; (5) administrative barriers (difficulties with booking air and train tickets, visa procedures, complicated customs declarations, etc.); (6) expensive prices for air tickets to travel to and from Uzbekistan, mostly due to lack of competition; (7) limitations on the ability of tourists to freely explore the country due to the lack of car rentals, signposts along roads, maps, traffic police, etc.; and (8) continuing concern over security in the region.

**III. IDENTIFY BUSINESS NETWORKS FOCUSING ON TOURISM** - their strengths and weaknesses;

The interests of small private tour operators are represented by the “Association of Private Tourism Companies of Uzbekistan”. According to representatives of some small private tour operators, the number of tourists has recently started to increase. This creates new opportunities for small firms to acquire their own market share and clients. As it is important in the tourism industry to have services available for different types of tourists, the comparative advantage of private firms is that they often open their own small private hotels or enter into agreements with private hotels. This is a good option for tourists who seek less expensive accommodation as they travel in Uzbekistan and Central Asia.

The Great Silk Road Tour Operator Group (an association of tour companies from Armenia, Azerbaijan, Georgia, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Turkmenistan and Uzbekistan) also has the long term-potential to develop regional tourism.

**IV. ARE THERE SPECIFIC INCENTIVES/ASSISTANCE FOR SME PARTICIPATION IN TOURISM SECTOR;**

The Government of Uzbekistan has passed a number of laws and regulations in order to stimulate tourism and increase this sector's share in overall economic growth of the country. The “Law on Tourism” (1999), the Cabinet of Ministers' Resolution “On Improving the Activity of Tourism Organizations” (1998), and the Presidential Decree on “The State Program on Tourism Development in Uzbekistan Prior to 2005” (1999) were intended to create a favourable climate for tourism.

In this context, newly established tourism companies are exempt (up to three years) from paying income tax, land tax and property taxes until the first profit is made. In the first year of profit, the company pays 50% of taxes, the second year 75%, and starting from the third year 100%. In addition, specialized categories of tourism (sanatoriums and health care, camps for children, etc.) are also exempt from VAT.

**V. IDENTIFY TOURISM INITIATIVES (ALSO PROMOTING SMES) BEING PROMOTED IN YOUR COUNTRY; WHO IS IMPLEMENTING THEM?**

A large project of the European Union within the framework of the “Institution Building Partnership Programme’s” (IBPP) initiative is the “Regional Centre on Staff Training for Small and Medium Business in Tourism” which was established in Bukhara region in February 2004. This project includes Bukhara, Nukus, Khiva, Samarkand and Qoqand cities, and is conducted in partnership with the Institute for International Cooperation of the German Adult Education Association (IIZ/DVV), and the Alben Tourism University (Bulgaria). The aim of the project is to train SME representative in tourism sector through seminars and workshops, as well as to support the publication of books and manuals for this sector.

In addition, the World Tourism Organization is supporting the establishment of the Silk Road Tourism office, to be based in Samarkand.

**VI. IS THERE ANY CO-OPERATION BETWEEN NGOS AND SMES IN THE FIELD OF TOURISM?**

ECOSAN International Fund, a Tashkent-based NGO with a strong network throughout Uzbekistan, is working to promote development of eco-tourism in Uzbekistan in cooperation with the Government, NGOs, and tourism companies. ECOSAN is drafting a “Concept on Development of Eco-tourism in Uzbekistan”, discussing the development of eco-tourism in well-known sites such as Tien Shan, Zarafshan preserve, Chatkal, Zaamin and others.



**Organization for Security and Co-operation in Europe**

**The Secretariat**

**Office of the Co-ordinator of OSCE Economic and  
Environmental Activities**

**Almaty, July 2004**

**Central Asia Workshop on Income Generation  
Through the Promotion of SME Development in the Tourism Sector**

*Almaty, Kazakhstan, 21-23 July 2004*

**Venue:** Hotel of the Sanatorium "Alatau" - Conference Hall

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