

Nepal's 16th Periodic Plan on Tourism: Strategies, Targets and Recommendations

By: Sonia Timalsina

The Sixteenth Periodic Plan of Nepal is the country's current five year periodic development strategy designed to provide guidelines for the economic, social and environmental aspects of the nation's development. It is formulated by the National Planning Commission and endorsed by the Council of Ministers. The purpose of the plan is to serve as the binding national development framework and act as an overall guide for the Government. It has a long term vision "Prosperous Nepal, Happy Nepali", further recognising tourism as one of the principal contributing sectors to the overall economy of the nation.

Historical Significance

WNepal's first planned development effort began in 1956 when the Planning Commission was formed with the objective of guiding planned development in institutionalised form under the chairmanship of Prime Minister. The Sixth Plan (1980/81 - 1984/85) was the first plan to focus on tourism development. After that 8th, 9th The Seventh Plan (1985/86 - 1989/90) gave continuity to this, prioritising tourism development as the core sector for development. The Eighth Plan (1992/93 - 1996/97), the first plan formulated after the restoration of multiparty democracy, placed emphasis on tourism promotion alongside achieving sustainable economic growth, reducing regional imbalances and many more. The Ninth Plan (1997/98 - 2001/02) came in tandem with the 20 year long term development vision. It kept tourism development in priority alongside agriculture and forestry, water resources and power, human resource and social development, industrialisation, and international trade and physical infrastructure. The Thirteenth Plan (2013/14 - 2015/16) which came in light with the vision to graduate Nepal into a developing country from the least developed country status included development of industry and tourism under its priority sector activities. And the Fifteenth Plan, despite being negatively disrupted by COVID-19 which caused tourism income to suffer significant contraction, still marked tourism as a sector where positive outcomes were observed over seven decades of planned development. It is against this historical backdrop that the Sixteenth Periodic Plan takes forward the tourism agenda.

Where did tourism stand when the 16th Plan was formulated?

As of Fiscal Year 2022/2023, according to the 16th Plan, the tourism sector contributed 2% to Nepal's Gross Domestic Product (GDP) and directly employed around 200,000 people. In 2023, the sector earned foreign exchange equivalent to USD 5,481 million. Furthermore, annual tourist arrivals were 820,000 tourists with an average 13.1 days of stay and average spending of USD 40.5 per tourist per day. However, it's worth taking notice that in the tourism sector there can be many informal actors so the average daily spending may not depict the true insight and it can be more.

The 16th Plan sets the following targets to be achieved by the fiscal year 2028/2029, annual tourist arrivals to reach 2,500,000, average length of stay to increase to 15 days, average spending per tourist per day to rise to USD 85 and tourism sector's share of GDP to grow to 7%. Also bilateral air service agreements to increase from 40 to 48 countries.

Some of the strategies for tourism under the 16th Periodic Plan and how the government aims to undertake it:

1) Promoting Tourism as a Priority Sector for Economic Growth

- Simplify legal and procedural matters to increase domestic and foreign investments in tourism, providing financial incentives and investment security
- Integrate tourism with industries and export trade to increase production and productivity, and develop it as a primary means of earning foreign exchange
- Encourage investment of remittances in the tourism industry

2) Increasing Tourism's Contribution to GDP

- Develop and expand tourism infrastructure, diversify attractive destinations, and expand ecotourism keeping close affinities with Nepal's geographic and cultural diversities
- Connect the tourism industry to ecotourism activities in line with sustainable development, develop agro-tourism on a regional basis, and commercialise locally produced tourism products
- Link major touristic locations with other tourism destinations to create opportunities for increased economic benefits

3) Ensuring Tourism Benefits Reach Local Communities

- Ensure forward and backward linkages to reach equitable benefits of tourism to local communities, and make proper arrangements for management, sharing, and distribution of tourism income
- Develop skill and competence of human resources in tourism through collaboration with universities and academic institutions
- Promote tourism across education, health, sports, adventure, and cultural fields at the provincial and local level, and diversify tourism destinations and products
- Encourage involvement of backward communities, women, Dalits, and indigenous tribal people in the tourism industry, and implement a self-reliance programme for daughters to prepare entrepreneurial women in tourism and service sectors

4) Tourism Promotion and Market Development

- Launch tourism promotion campaigns targeting countries of strategic importance, utilising public-private partnerships to reach tourists from India, China, and other major source markets
- Promote at least one district-one tourist destination and one local-level multi-tourism village, develop an expanded accounting system for tourism, and create networks for publicity and flow of tourism information
- Develop tourism products, improve hospitality management, increase tourist spending per day, and adopt measures for maximum value addition from the tourism business

5) Tourism Infrastructure and Destination Development

- Develop waterways and railway services for tourism promotion, and make policy and legal reforms for safe and reliable management of waterways and ropeways.
- Protect and utilise rivers as natural, cultural, and heritage resources, and enact river management laws.
- Expand rural tourism in coordination with local governments, promote local products through forward and backward linkages, and respect local communities' active role in conservation of tourism assets.

6) Promoting Health Tourism

- Encourage the private sector to open elderly care centres and nursing homes suitable for foreign nationals.
- Develop an integrated health system combining modern, Ayurvedic, natural, and alternative healthcare as the basis for international health tourism.

7) Tourism as a Service Export and LDC Graduation Tool

- Promote export of tourism services as part of the service trade promotion strategy, and develop human resources and infrastructure for tourism service exports
- Increase the number of foreign tourists and foreign currency receipts by improving the quality of services at tourism destinations, and develop tourism infrastructure as part of the export diversification agenda
- Manage service-related employment in trade and tourism through timely reforms

8) Tourism, Research, and Governance

- Make policy and institutional arrangements for study and research in tourism, in collaboration with universities and research institutes.
- Develop an expanded accounting system for tourism and make proper arrangements for management and distribution of tourism income among local communities.

9) Tourism and Environmental Sustainability

- Expand the scope of ecotourism based on forests and protected areas, and increase optimum participation of local communities in forest conservation.
- Increase public knowledge and awareness of the adverse impacts of climate change on the tourism sector.

Recommendations

However, strategies alone do not guarantee outcomes, the structural conditions that shape implementation matter equally. The recommendations below draw from Governance Lab's "Nepal Action Research for Tourism Solutions" project, which is an ongoing research effort into Nepal's tourism landscape, taking Khumbu (Everest Region) as a pilot. Our work has sought to understand how the sector functions, who makes the key decisions, where money flows through the tourism value chain, where legal mandates overlap, policies fall short and where do opportunities remain untapped. Our Findings were drawn through regulatory mapping, value chain analysis, financial flow tracking and approximately 12 key informant interviews with stakeholders across the public, private and academic sectors as well as independent researchers.

1. Strengthen labour protections, especially for porters: The Labour Act 2017 provides special provisions for tourism workers, but enforcement across the tourism sector remains weak and largely unable to reach the informal workforce. The most critical gap is the absence of a dedicated Porter Welfare Act, leaving porters the backbone of Nepal's trekking and expedition industry at significant disadvantage in terms of labour rights, safety and social protection.
2. Tourism revenue should reach the communities that generate it: Tourism revenue remains structurally centralised at the federal level. The government should provide clarity on the concurrent power of shared resources so local communities hosting and sustaining the tourism economy retain a fair share of what they generate.
3. Build a unified tourism data system: Tourism data is fragmented with no single consolidated national database to support evidence-based policymaking. In many developed countries, tourism policies are driven by robust data systems, whereas Nepal continues to face significant data gaps. For example, current tourism figures often fail to distinguish between foreign tourists and Non-Resident Nepalis (NRI's), despite substantial differences in their economic contribution and spending patterns. The government must invest in a unified and reliable tourism data system that captures these distinctions and supports informed policymaking. Data is a critical asset for effective governance and long term tourism planning.
4. Consolidate the permit and licensing system: Tourists and registered agencies must navigate through multiple separate permit systems, Trekkers' Information Management System (TIMS), National Park entry fee, climbing permit, and municipal entry fees each administered by different government institutions without adequate coordination. This creates bureaucratic burdens for tourists and a competitive disadvantage for registered operators, while informal ones continue to take unfair advantage. The government should move towards creating a properly regulated "One door Policy", to consolidate the permit system and eliminate duplication.
5. Resolve protected area governance conflicts: The management of several national parks, including Sagarmatha National Park, is marked by overlapping and contested jurisdictions among the Department of National Parks and Wildlife Conservation, Khumbu Pasang Lhamu Rural Municipality, and the Sagarmatha Pollution Control Committee, with no formal coordination mechanism in place. In addition, longstanding community governance systems such as the Nawa System in Khumbu have historically regulated land, forests, and natural resource use in the region. It is imperative that the government formally recognises and empowers these indigenous governance systems within the tourism sector.

6. Address the enforcement gap in food safety and accommodation standards: Food safety and accommodation are critical to tourists' experiences and Nepal's tourism reputation. Nepal's regulatory framework for food safety and accommodation is well designed on paper, but enforcement and monitoring mechanisms remain weak. The government must prioritise resolving overlapping regulatory mandates that exist, strengthen inspection systems and ensure strict compliance with established legal standards.

Recommendations

The Governance Lab is leading the [Nepal Action Research for Tourism Solutions](#) - an independent, evidence-driven initiative to diagnose governance gaps, map financial flows, and surface systemic inefficiencies across Nepal's tourism value chain. Phase 1 has formally identified three priority reforms: a centralized One-Door permit system, technicalization of the Ministry of Tourism, and the establishment of an open, real-time national tourism data infrastructure.

About the Writer

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References

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