POLICY BRIEF

PHASE 1 FINDINGS — NEPAL ACTION RESEARCH FOR TOURISM SOLUTIONS

Policy Brief: Streamlining Nepal's Tourism Governance Value Chain

A governance mapping of the Khumbu tourism value chain — where national law, fiscal policy, protected-area mandates, local government, and labor law converge, conflict, and leave gaps unaddressed.

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01 BACKGROUND

A high-value tourism economy governed by fragmented law

Khumbu, home to Sagarmatha National Park and the Everest trekking economy, generates some of Nepal's highest-value tourism revenue. The legal and institutional architecture meant to regulate, fund, and protect this economy was built incrementally, across different levels of government and different eras of Nepali law, without a single coordinating framework. Since the 2015 constitutional transition to federalism, responsibilities that once sat with the central government have been formally devolved to municipalities, but the sectoral legislation governing tourism, protected areas, and labor has not been correspondingly revised. The result is a value chain regulated by overlapping mandates rather than a coherent system.

OBJECTIVE

To map how national law, fiscal policy, protected-area mandates, local government authority, and labor law actually function, and fail to function, across the Khumbu tourism value chain, and to identify the governance reforms that would most directly close the gaps this mapping reveals. This briefing distills the seven core findings and priority reforms from the full Phase 1 policy brief for today's panel discussion.

02 METHODOLOGY

A five-dimension legal and institutional mapping

Phase 1 is built on a structured review of the statutes, regulations, and institutional mandates that govern the Khumbu tourism value chain, cross-checked against how those mandates are exercised on the ground.

DIMENSION 01–02

National law & fiscal flows

Review of the Tourism Act 2035, the pending Tourism Bill 2081, revenue-sharing statutes, and permit/royalty structures administered by MoCTCA, NTB, and TAAN.

DIMENSION 03–04

Protected areas & local government

Analysis of DNPWC conservation mandates, buffer- zone and EIA rules, and the devolved authority of Khumbu Pasang Lhamu Municipality under the federal constitution.

DIMENSION 05

Labor law

Review of statutory protections, or their absence, for porters and guides, including insurance mandates under TAAN/NMA and licensing regimes under NMA and the Department of Tourism.

This legal and institutional mapping was triangulated through key informant interviews across government, private sector, academia, and Khumbu communities, ensuring the findings reflect implementation on the ground and not only the text of the law.

> *"The locality that hosts, maintains, and socially sustains the tourism economy retains only a marginal share of the revenue it generates — not the result of one policy decision, but of a cumulative set of revenue instruments that each direct income upward to the federal level."*

03 FINDINGS

What the law actually says and where it stops applying

Each finding below traces back to a specific statute, mandate, or jurisdictional line, not to a single respondent's account. Together they show a pattern: authority is fragmented across agencies and levels of government that were not required to coordinate with one another.

01 Permits are fragmented, duplicative, and uncoordinated

TIMS (NTB/TAAN), the SNP entry permit (DNPWC),climbing royalties and expedition permits (MoCTCA), and the new municipal entry fee (Khumbu Pasang Lhamu Municipality) sit in four separate systems with no shared data or reconciliation mechanism. Compliant operators absorb duplicated cost and paperwork; informal operators face none of it.

TIMS · NTB/TAAN | SNPPermit · DNPWC | MoCTCA Royalties | Municipal Fee

02 Tourism revenue is structurally centralized

Visa fees and Lukla/Ramechhap landing fees flow entirely to the federal level, with no statutory mandate for local return. The SNP entry fee, which carries a 30–50% local share, is the exception, not the rule. Community trust tracks this directly: the collapse of TIMS was fundamentally a revenue-transparency dispute, and the shift to direct municipal fee collection has rebuilt confidence precisely because reinvestment became visible.

Visa Fee Statute | CAAN Landing Fees | SNP Fee — 30–50% local share

03 Protected-area governance has unresolved boundary conflicts

Trail jurisdiction is contested between DNPWC and the municipality, with no coordination mechanism for maintenance or safety. Most significantly, the customary Nawa system, which has historically governed land, forest, and resource use in Khumbu, has no formal recognition anywhere in national conservation law, undermining community-based enforcement and tenure security.

DNPWC Mandate | Nawa System — no legal recognition

04 Labor governance leaves porters almost entirely unprotected

There is no dedicated Porter Welfare Act. Insurance mandates under TAAN/NMA are unenforced in practice, and no statutory body is responsible for minimum standards, safety, or accountability for one of Khumbu's largest and most economically vulnerable workforces. Guide licensing is separately duplicated between NMA and the Department of Tourism.

No Porter Welfare Act | TAAN/NMA Insurance — unenforced

05 Enforcement of food, accommodation, and environmental standards doesn't reach the mountains

Policy design under the Food Act 1967, hotel star-rating rules, and EIA/buffer-zone limits is reasonably comprehensive on paper, but enforcement capacity does not extend meaningfully above Namche Bazaar, and jurisdiction between national agencies and the municipality remains unresolved.

Food Act 1967 | Hotel Star-Rating Rules | EIA / Buffer-ZoneLimits

06 Tourism data is fragmented, not real-time, and cannot support evidence-based decisions

Helicopter movements (100+ per day in peak season) are entirely untracked; trekker duration and exit are unrecorded; diaspora visits are conflated with international arrivals in headline statistics. Without this baseline data, the municipality cannot make an evidence-based case for fiscal transfers, and Nepal's 16th Plan debate on visitor caps cannot be resolved.

No Helicopter Tracking | Arrivals Data — conflated

07 Cross-cutting jurisdictional conflicts recur across almost every stage of the value chain

MoCTCAvs. the municipality on permit fees, CAAN vs. local government on airport revenue, NMA vs. DoT on guide licensing, SPCC vs. DNPWC on waste and conservation, and unassigned responsibility for rescue operations all trace back to the same root cause: constitutional devolution that has not been matched by reform of sectoral legislation.

MoCTCA vs. Municipality | CAAN vs. Local Govt. | NMA vs. DoT | SPCC vs. DNPWC

Note for discussion — The Tourism Bill 2081 passed Nepal's National Assembly (upper house) in February 2026 and now awaits House of Representatives approval; once enacted, it would repeal the Tourism Act 2035 and could restructure the permit architecture described above. Reform design should build in flexibility for recalibration once the Bill is finalized.

READING THE FINDINGS FORWARD

None of these seven findings sit in isolation — each traces back to the same structural pattern of fragmented mandates and centralised revenue described in the Background. Section 05 sets out the three reforms the Phase 1 evidence base validates as the highest-leverage response, alongside two further gaps — the Porter Welfare Act and Nawa recognition — that require separate attention.

04 CRITICAL GAPS

Highest-priority governance gaps, mapped to the value chain

The composite gap analysis rates each governance gap against the layer of the system it sits in and the stage of the tourism value chain it affects. Seven gaps were rated **HIGH** priority — spanning national policy down to protected-area management, and touching nearly every stage from planning through recreation.

GOVERNANCE GAP	LAYER	VALUE CHAIN STAGE	PRIORITY
No integrated permit and licensing platform	National policy	Planning & booking	HIGH
Revenue centralization; no calibrated local return	Fiscal & revenue	All stages	HIGH
Nawa customary governance unrecognized in law	Protected area / local	Getting around, recreation	HIGH
No dedicated Porter Welfare Act	Labor & welfare	Personnel & entertainment	HIGH
SPCC lacks statutory funding guarantee	Protected area	Recreation, activities	HIGH
Lukla airport revenue has no local transfer mandate	Fiscal & revenue	Arrival / departure	HIGH
No real-time, integrated tourism data system	National policy / fiscal	All stages	HIGH

TWO FURTHER GAPS REQUIRE EARLY ATTENTION

- **A dedicated Porter Welfare Act** — this requires original legislative drafting, not regulatory amendment, given the absence of any existing statutory basis for porter protections.
- **Formal recognition of the Nawa customary governance system** — a precondition for locally legitimate conservation governance in Khumbu, not an optional complement to it.

05 REFORMS

Three priority reforms the findings validate

REFORM 01

One-Door Policy

A single integrated platform for tourism permits and licenses, replacing the four uncoordinated systems identified in Finding 1. It must absorb emerging municipal-level fee systems from the outset, or risk recreating fragmentation inside a nominally unified platform.

REFORM 02

Institutional strengthening of the Ministry of Tourism

Must be paired with investment in sub-national data collection capacity, particularly at the municipality and SNP checkpost level, so national policy reflects destination-level realities rather than aggregated national figures.

REFORM 03

Open Tourism Data System

Must be built around Khumbu-relevant data points: visitor flows by zone and season, revenue by collection point, employment by worker category, to support fiscal-transfer and conservation-planning decisions grounded in evidence rather than estimation.

CONCLUSION

The seven findings point to a structural, not sectoral, cause: mandates, revenue instruments, and data systems built at different times, for different purposes, without a mechanism to reconcile them. Some gaps — permit fragmentation, revenue centralization, incomplete data can be addressed through better coordination and integration. Others, including the absence of a Porter Welfare Act and legal recognition of the Nawa system, reflect an absence of statutory basis altogether, and require original legislation rather than administrative reform. The pending Tourism Bill 2081 offers a timely opportunity to address both.