

Landscape Management and the Challenge of Sustainable Tourism
in Northern Pakistan: The Case of Karimabad



by

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Submitted to the Department of Urban Studies and Planning
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ABSTRACT

Karimabad is located in the Hunza Valley of Northern Pakistan in one of the most spectacular, scenic, and remote parts of the world. Since the opening of the Karakorum highway in 1980, Karimabad's natural landscape and scenic appeal has catalyzed a dynamic and lucrative international tourism industry. Tourism has motivated many Karimabadis to abandon traditional agricultural land-use in favor of construction and commercial land-use. The sustainability of tourism, however, depends on the production and maintenance of natural landscape- a byproduct of agricultural land-use. Presently, farmers are not compensated for producing landscape views while entrepreneurs appropriate all tourism revenues. Economic incentives encourage the construction of hotels, restaurants, and other tourist shops at the expense of agricultural land and landscape conservation. Planners aiming to promote responsible landscape management must investigate how policies, rules, and incentives can give farmers a stake in tourism while conserving agricultural land. This thesis is an attempt to explore such policies, rules, and incentives.

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Figure 1.1 Map of the Hunza Valley

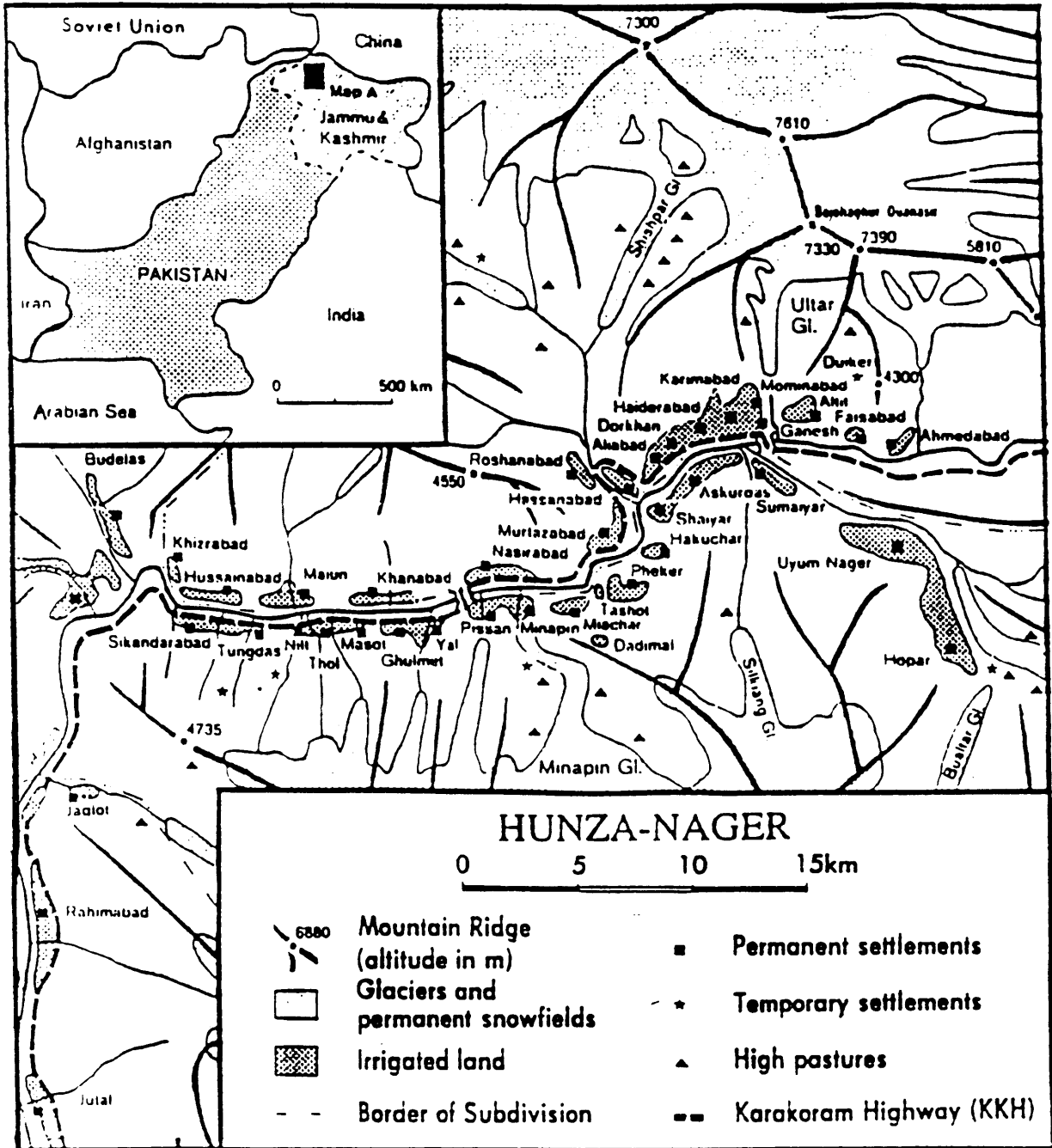
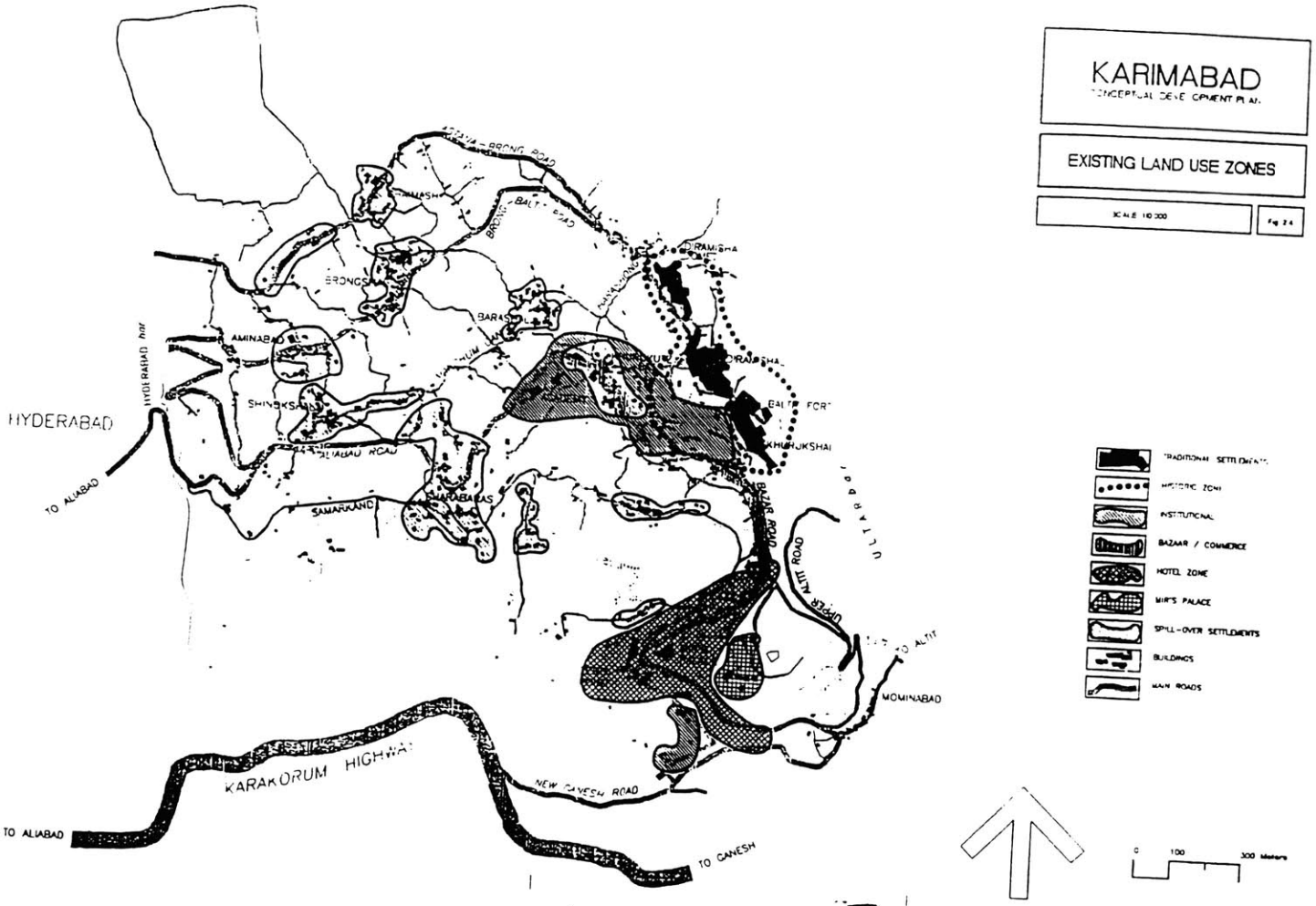


Figure 1.2 Existing Land-Use Zones



Chapter One: Introduction



1.0 Overview and Methodology

Managing the physical and natural environment of the Hunza Valley is one of many challenges currently confronting the people of Karimabad. Landscape conservation is central to promoting longer-term development in Karimabad's economy. Increasingly, Karimabadis are dependent on tourism and tourism-related activity as a source of income and employment. The impact of tourism on Karimabad's natural environment, however, raises fundamental concerns about the future viability of the industry. Policy makers striving to conserve Karimabad's natural resources and landscape appeal have formulated a conceptual development plan to rationalize chaotic processes of growth, guide commercial and residential development, plan infrastructure networks, and preserve the town's unique architectural character.

In the summer of 1995, I was contracted by the Aga Khan Trust for Culture (AKTC) to study the conceptual development plan, discuss it with the people of Karimabad, and evaluate its feasibility. For nearly ten weeks, I conducted forty-five interviews with Karimabadis representing all five extended family clans. I divided my sample into five categories of people within each tribe: (a) shopkeeper/commercial person; (b) civil servant/NGO employee; (c) tourism related employee; (d) farmer; and (e) seasonal migrant. Categories were not intended to be mutually exclusive but rather to include as many groups of people as possible. I considered gender, age, and village

organization affiliation in my choice of interviewees. After evaluating my preliminary results, I conducted a second round of interviews with twenty appointed and de facto leaders in Karimabad representing the tribal leadership, Jamati (religious) leadership, government officials, and NGO employees.

Both rounds of interviews were guided by an open-ended questionnaire (see Appendix A) which I developed ten days after arriving. My questions addressed the concerns of my client (AKTC), an NGO working in the field (KPSS), and people I spoke with informally during my first week. Questions did change over time and whenever possible, I re-interviewed selected individuals to fill gaps in the data. An average interview lasted 90 minutes and was usually conducted using the services of a local translator.

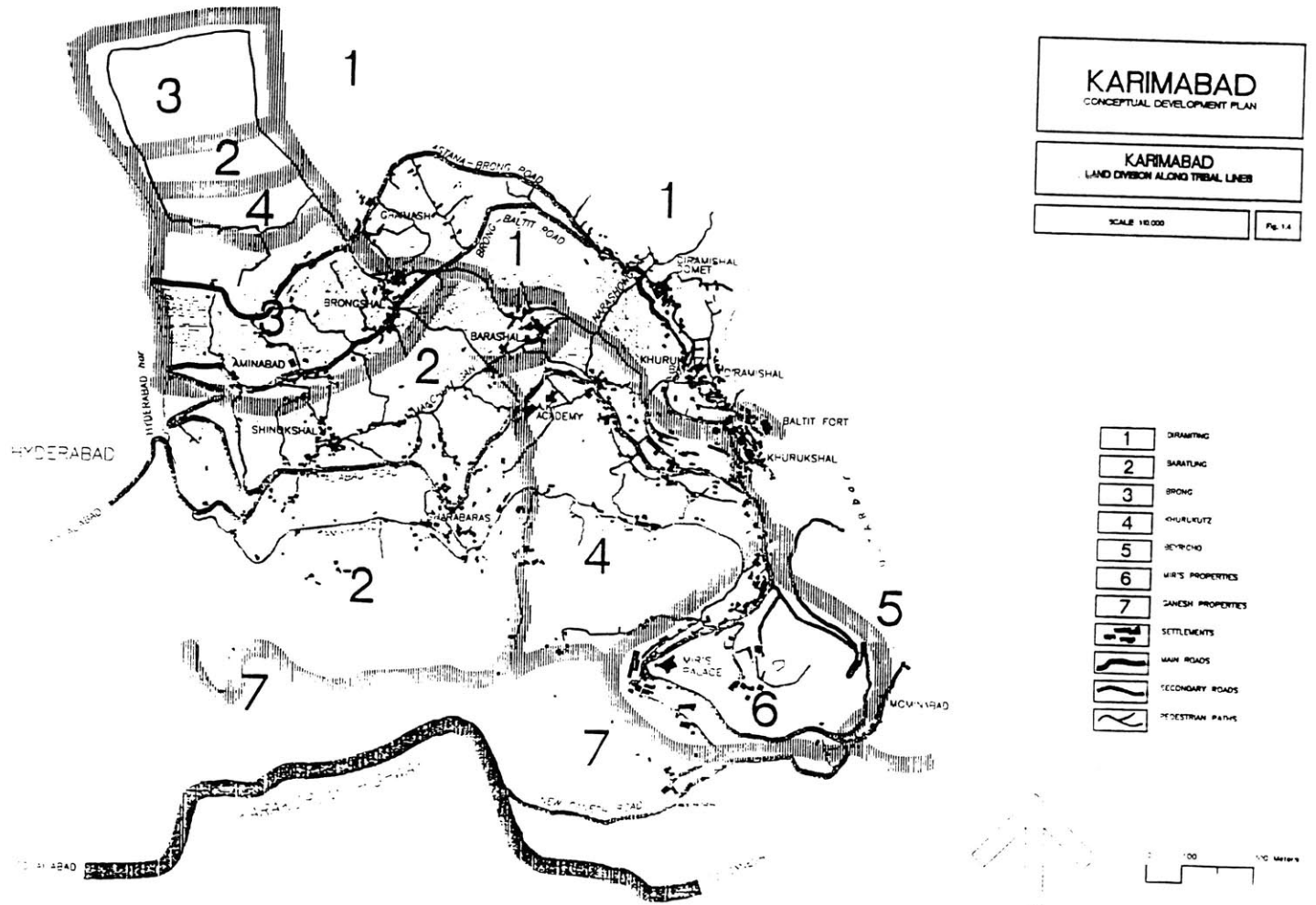
In September of 1995, I submitted a brief report to AKTC describing my impressions from the field and relaying recommendations to relevant policy makers. In the paper that follows, I extend my previous policy exercise but focus my efforts on land and landscape management in Karimabad. I examine and critique various policies, rules, and incentives that affect land-use decisions and argue that Karimabad's farmers must be given a stake in tourism if the town's physical and natural environment is to be preserved.

1.1 Geography and Brief History

The Hunza Valley is located in the Northern Areas of Pakistan between Gilgit, the administrative capital of the region, and Sust, the last Pakistani outpost before China. Karimabad is defined as the agglomeration of 14 villages lying between the Ultar *bar* (irrigation channel) to the east, the Hyderabad *har* (stream of water) to the west, Mount Ultar to the north, and the villages of Ganesh and Garelt to the south.¹ The town occupies about 320 hectares (1.25 square miles) of land, is approximately 115 kilometers north of Gilgit, and stands at an altitude ranging from 2250-2850 meters above sea level (Khan 1995).

¹ Six hundred households and approximately five thousand people live in Karimabad. The population of Karimabad is divided among five principal extended family clans: Diramiting, Baratling, Brong, Khurukutz, and Beyricho. See Figure 1.3 for land divisions among Karimabad's tribes.

Figure 1.3 Land Division Among Karimabad's Tribes



Karimabad, formerly known as Baltit, includes the historic Baltit Fort, two ancient settlements adjacent to the fort, and 12 other villages which sprung up around the historic areas. Economically and politically, the Hunza Valley played a very important role in the geo-political history of the Northern Areas. The traditional rulers of Hunza (the Mirs) often intervened in Gilgit's political quarrels with regional powers like Kashmir and successfully negotiated political agreements for the state (Khan p.13). Hunzakuts enjoyed easy access to China through the Shimshall valley and capitalized on their strategic location when Russia, China, and Britain battled for political influence in South Asia. Hunza's present dynamism can be attributed in part to the role Hunzakuts have played in the political-economic landscape of the Northern Areas.

Karimabad has witnessed fundamental change in the past two decades. Changes can be broadly divided into three categories. First, the opening of the Karakorum Highway (KKH) in 1980 linked Karimabad for the first time with China to the Northeast and Punjab to the South. The road facilitated the exchange of goods, services, and information between what was once an isolated mountain valley and the rest of Pakistan. A cash economy emerged as tourists eager to visit the Northern Areas demanded a medium of exchange. Increasingly, tourists who visit Northern Pakistan visit the Hunza Valley. The KKH has transformed the physical place of Karimabad, introduced Karimabadis to a market economy, and reconfigured what the people of Hunza want and need.

A second major change introduced in the 1980's was the expansion of the Aga Khan Development Network's (AKDN) social development programs in the Northern Areas.² In 1982, the Aga Khan Rural Support Programme entered the region's institutional landscape and formed partnerships with village organizations (VO). The objective of the partnership was to increase rural incomes through productive physical infrastructure investments (e.g. link roads, irrigation channels, bridges, etc.). AKRSP aimed to create a replicable model of rural development by catalyzing village

² The AKDN entered the Northern Areas in the 1950's to promote female literacy in areas with insufficient educational programs for girls. Along with AKRSP, the Aga Khan Housing Board, the Aga Khan Educational Services, and the Aga Khan Health Services have expanded their role in Northern Pakistan. One might say, these institutions represent a parastatal power augmenting government social programs. In some cases, AKDN service providers are the only ones available to provide certain services (e.g. maternal health clinics).

“development” organizations, encouraging rural credit schemes, and promoting collective action on behalf of individual farmers.³ Fifteen years later, it is difficult to gauge how much of the change that has occurred in the Northern Areas is attributable to AKRSP, however, rural incomes have increased, village organizations have formed, and opportunity horizons have shifted.

Third and sometimes underplayed in literature explaining the forces of change in Hunza, is the role of communication links between Hunza and the outside world. Satellite television and contact with international tourists are the primary vehicles by which Karimabadis are brought into contact with the international community. Television informs Hunzakuts of world political events, different standards of living, and unorthodox modes of thought and behavior. Tourists de-mystify market economics, representative government, and cultural differences between Muslim and non-Muslim ways of life. While it is difficult to estimate the impact of tourism or satellite television on the people of Karimabad, it is clear that Hunzakuts’ hopes and ambitions are increasingly shaped by their perceptions of what others have in various parts of the world. This is most noticeable when contrasting the aspirations of younger Karimabadis with Karimabadis of a previous generation.⁴

The hopes of younger Karimabadis are closely tied to tourism in the Hunza Valley. Karimabadis are capitalizing on natural capital reserves (i.e. mountain landscape) and using their most precious commodity -land- to generate income from tourism. The most conspicuous examples of land in the service of tourism are the multiple hotels, gift shops, and cafes that have proliferated along Bazaar Road in Karimabad.⁵

³ Some may debate the differential impact of AKDN institutions on different communities in the Northern Areas. Though Ismailies remain a minority community in the Northern Areas, they are the most visible beneficiaries of AKDN assistance. In theory, every community can access AKDN resources, however, social and political factors often prevent communities from taking full advantage of AKDN programs. The social change associated with many rural initiatives (e.g. female literacy) undermines AKDN’s roles in many religiously conservative areas. The purpose of this note is to question “replicability” as it relates to the success of the AKDN in many Ismaili areas such as Karimabad (in Hunza).

⁴ Most young Karimabadis do not aspire to be farmers. Many young men I interviewed hoped to remain in Karimabad and retain their landholdings in Hunza but did not foresee agricultural activity being the primary source of their income. This is directly relevant to any land-use plan or town planning strategy. Traditional village institutions tend to exclude the voices of all women and younger men (see Appendix C for more on women and planning).

⁵ Tourism is a highly volatile industry easily affected by political instability in southern Pakistan and neighboring Kashmir. The summer of 1995 was a case in point. Many hotel owners and shopkeepers complained that negative international press regarding incidents in Karachi caused international tourists to avoid Pakistan between May and July. Tourist shops lay empty as farmer/entrepreneurs decided it made more economic sense to close businesses and participate in agricultural harvests.

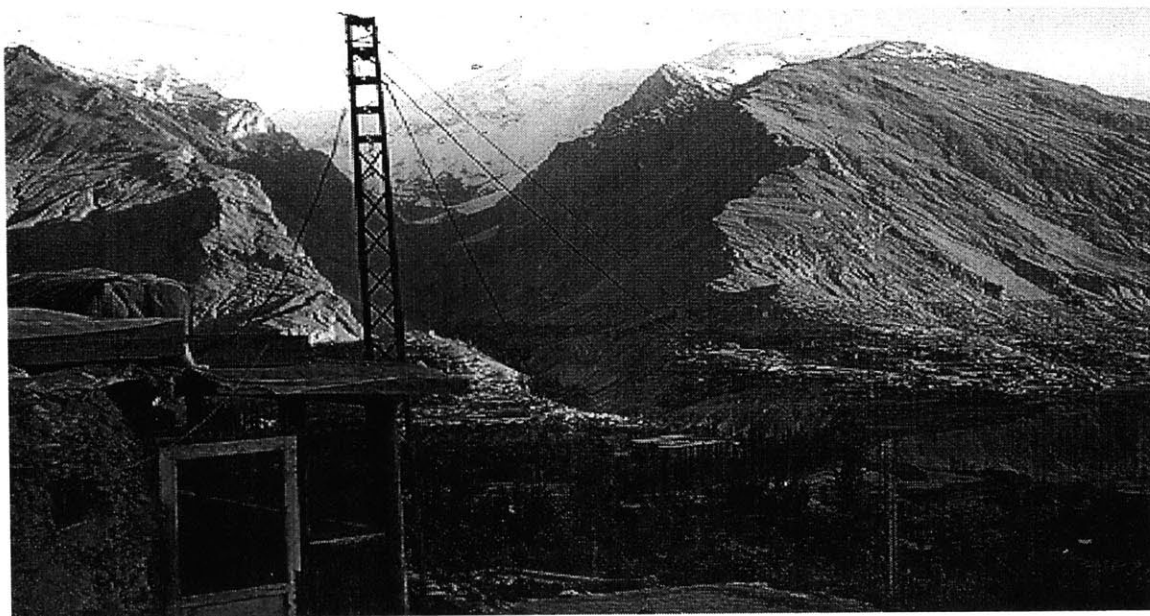
The impact of tourism on Karimabad, however, has not been benign. Structural change is taking place in Karimabad's physical, natural, and social environment. Traditional agricultural land-use is declining as rewards from agronomy are shrinking relative to those from commercial enterprise. Poorly designed hotels and shops are springing up throughout the town with little attention to aesthetic quality or the integrity of the built environment. Tourism benefits are concentrated within a small group of Karimabadis: hoteliers and shopkeepers. Local businesses and shopkeepers unable to afford high rents are fleeing to neighboring areas. Traffic congestion, air pollution, and noise pollution are increasingly commonplace in the town. The question therefore arises, how sustainable is tourism given that short-term profit motives are undermining the natural and physical landscape of Karimabad?

In the early 1990's, the Aga Khan Trust for Culture introduced a pilot institution in the Hunza Valley - the Karimabad Planning and Support Service (KPSS) - to rationalize and formalize the process of growth in the emerging town of Karimabad. Since 1992, KPSS has assisted the people of Karimabad with construction designs for their homes and shops, guided bilateral aid agencies in planning local infrastructure projects, and mobilized community members to participate in village up-grading schemes. In 1994, AKTC hired an architect/urban planner to work with KPSS to formulate a conceptual development plan for the town. As of the summer of 1995, the land-use portion of the plan is complete but the challenge of implementation remains.

Physical and natural landscapes will not be conserved in Karimabad until incentives emerge to make land conservation profitable for entrepreneurs and farmers alike. Under the current structure of economic incentives, farmers who produce landscape views are not compensated for land conservation. Therefore, farmers have incentives to invest in hotels and shops rather than landscape views- the resource upon which tourism depends. A traditional land-use plan, no matter how carefully constructed, ignores the incentives underlying land-use decisions. Zoning may slow down the process of land and landscape degradation but zoning will not reverse trends of landscape deterioration because it fails to address how farmers make land-use decisions.

In this thesis, I will describe the characteristics of landscape as a resource and highlight the particular management challenges it poses. Second, I will describe the problem of externalities and economic free-ridership as it affects incentives for commercial and agricultural land-use. Third, I will explain how traditional institutions have managed environmental resources in the past and extract lessons for the management of landscape. Finally, I will introduce a spectrum of policy options for more equitable, efficient, and sustainable tourism development in Karimabad.

Chapter Two: Conceptual Framework



2.0 Landscape: Public or Private Good?

Landscape is the aggregation of all lands, the built environment, flora, and fauna of a place. In Karimabad, it extends as far as the eye can see and includes agricultural fields, orchards, mountain peaks, glaciers, residential and institutional buildings, roads and paths, water channels, retaining walls, and adjacent lands outside the town. Parts of the resource are individually owned (crops, fields and houses), parts are communally owned (high grazing areas), and other parts are un-owned (mountains, glaciers, etc.). What is peculiar about the resource is that it shares characteristics with both public and private goods.

Landscape can be called public in that enjoyment of natural views is a non-rival good. One person's enjoyment of a view does not detract from another's appreciation of the same view. Users can jointly and simultaneously derive benefits from the resource without subtracting from the resource itself.⁶ Landscape is also public because it is a non-excludable good; it would be difficult to prevent people who do not contribute to the conservation of the resource from appropriating it.

⁶ Landscape views are a non-rival good except in the case of congestion externalities. The concept of externalities will be explained in the following section.

Land, however, a vital and necessary component of landscape, is a rival good. Two people cannot construct a building or grow crops on the same piece of land at the same time- a quality land shares with private goods. Second, since it is possible to prevent non-landowners from building on land and affecting landscape, the resource is partially excludable. Excludability is a characteristic of private goods though costs of exclusion can be very high. Third, landscape appeal can be “subtracted” or reduced by insensitive construction, over-construction, or poor maintenance- a characteristic common to private goods and several public goods.

The confusion between the “publicness” and “privateness” of landscape arises from conflating the flows of the resource from its stock. Just as there is a distinction between interest and capital in a savings account, there is a difference between views produced by land and land itself. Appropriation of natural views (i.e. the flow) is a public good; but alteration of land (i.e. the stock) constitutes infringement of a private good. Because private land-use decisions produce landscape, improper management of land *stocks* can irreparably damage landscape *flows*.

In Karimabad, private land owners possess land-use rights.⁷ Private land-use decisions degrade collectively-held landscape views undermining tourism resources. It is unclear whether land-use decisions can be jointly managed or coordinated to preserve landscape appeal. At present, Karimabadis do not perceive landscape as a collectively-owned good and therefore aggregate land-use decisions lack overall coherence. Any strategy to manage landscape in Karimabad must begin with an understanding of land management and the incentives underlying land-use.

2.1 Land Management in Karimabad

The majority of land in Karimabad is held privately by individual land owners. Every family in Karimabad owns private land with median land holdings approximately 9 kanals per household.⁸ Boundaries between plots are usually clear

⁷ Land-use rules do exist and restrictions associated with land-use will be explained in Chapter 3.

⁸ A kanal is approximately 1/7th of an acre. One hectare equals 2.5 acres.

usually clear and exclusion of access is exercised by individual owners. Remaining lands in Karimabad are held by tribe and access is circumscribed by tribal membership. Rules governing land-use are developed by tribal notables in partnership with a Numberdar (tribal chief).

Regulations on land-use are not new to Karimabad. Many customary *land-use* rules have survived with Numberdars as the custodians of land-related regulations. Land-use rules can be divided into two general categories: (a) rules regarding crops; and (b) rules regarding construction. The former rules are in effect to protect crops bordering adjacent plots. Rules dictate the distances that must be maintained between specific crops and adjacent land to protect soil nutrients. For example, the distance between a walnut tree and neighboring land is larger than the distance between wheat plants and neighboring land. This is explained by the fact that walnut trees have much longer roots than wheat plants. To protect nutrients of the soil, distances between walnut trees and adjacent land must be large (e.g. 24 steps). With respect to the built environment, people are concerned that shade from buildings should not fall on crops of adjacent land owners. Construction in agricultural fields has to consider the height of structures and maintain a distance at least as far (equivalent to height) from neighboring land. In summary, land-use regulations are robust and designed to minimize conflicts between neighboring land owners.

Examples of innovations and adjustments to land-related regulations in response to new realities abound in Karimabad. Falling household land holdings are resulting in negotiations between land owners regarding distances between crops and neighboring land. Numberdars are outside of this process and consulted only in the event of a dispute or a need to formalize an agreement. For example, AKRSP has introduced a new breed of apple trees in Hunza believed to be very lucrative. In response, several land owners have relaxed traditional distance requirements between crops and pooled together adjacent lands to plant apple trees. Profits are divided among land owners on the basis of trees planted and original landholdings. Traditional land regulations are proving flexible and capable of adjusting to new conditions in ways that are equitable and efficient.

In the case of tourism and landscape management, rules regarding appropriate land-uses and the distribution of landscape revenues do not exist.

The vacuum of tourism-related rules and regulations has created opportunities for select land owners with access to capital and road-side location to absorb all tourism revenues in the town. Tourists come to Karimabad in large part to appreciate the town's physical landscape or scenic appeal. This resource is a function of individual land-use decisions made by households in every part of Karimabad. By appropriating all profits associated with tourism in Karimabad, hotel owners and shop keepers are free-riding on the land-use decisions of Karimabad's farmers. The result is an inequitable distribution of tourism revenues across Karimabad and sends distorted signals to farmers and entrepreneurs in other parts of the town.

The following section will explore externalities and free-ridership in tourism and articulate why landscape is particularly prone to this problem. I will argue that current trends of land degradation and over-construction are better understood within the framework of positive and negative externalities.

2.2 Externalities in Land and Landscape

If we accept that an externality exists anytime "A" imposes a costs or benefit on "B" for which "B" is not compensated (positively or negatively), then tourism in Karimabad is plagued by externalities. For example, cutting down trees on private land reduces landscape quality and scenic appeal - a negative externality. Private landowners are presently unaccountable for their impact on landscape. How should Karimabadis deal with private individuals building on privately-held land causing externalities (positive and negative) on landscape appeal - a *collective good*? Given the importance of landscape in Karimabad's tourism industry, negative externalities threaten to jeopardize the longer-term sustainability of tourism.⁹

Landowners with access to road-side plots in particular parts of Karimabad capitalize on land-use decisions of neighbors and sell "natural views" as a commodity joined with a hotel room, a restaurant, or a gift shop. If we assume that landscape as a resource is quantifiable and accept that certain land-use decisions are detrimental to

⁹ Exploitation of landscape resources in the near-term can also lead to inter-generational externalities. That is, if landowners choose to appropriate all resources related to land in the short-term, future generations may be left without landscape resources. While there is no easy solution to this problem, policies and incentives proposed later in this thesis indirectly address this concern.

landscape, then we know that landscape quantity can be reduced over time. Let us assume further that landscape quantity is correlated with the number of trees on a particular plot of land. A decision to reduce the number of trees will diminish landscape quantity. Hotel owners and shopkeepers who build businesses on their land reduce landscape quantity by cutting down trees. Entrepreneurs should pay a price for this decision or take action to restore the natural environment in an amount equivalent to the extraction. Conversely, farmers and other agriculturalists who plant new trees and maintain existing trees contribute to landscape quantity. At present, returns to investment in landscape accrue to hotel owners and shopkeepers to a far greater extent than they do to farmers and other agriculturalists. Stated in terms of a bank account metaphor, it is roughly analogous to Person A (hotel owner) extracting interest payments from a savings account that belongs to Person B (farmer) while simultaneously reducing the principal in an account they jointly hold. The inability of agriculturalists to internalize positive externalities produced by them results in under-investment in landscape and over-investment in hotels and shops. Until this distortion is corrected, incentives currently promote building and construction at the expense of land conservation.

Land is not only an agricultural input but a collection of land-related environmental goods currently un-priced in Karimabad. Because landscape is un-priced, use of the resource does not reflect its true cost. As a result, distortionary incentives give rise to artificially high rates of consumption, profitability, and resource degradation. Wachter (1992) observed that when returns to agricultural lands decrease, investments in farming and farm-land conservation are similarly reduced; incentives for terracing, irrigating, or otherwise improving land disappear (Wachter, p. 83). In Karimabad, the removal of distortionary incentives would catalyze investments in land conservation, increase economic efficiency, and create incentives to preserve landscape appeal.

2.3 Tourism Externalities

Tourism in Karimabad generates limited positive externalities. For example, tourists who stay in hotels and buy goods from shopkeepers indirectly stimulate local producers who supply tourist businesses. These benefits are mitigated by the fact that most of Karimabad's entrepreneurs are also agricultural land-owners who utilize their own agricultural inputs. Local shopkeepers insist that inputs purchased from Punjab

and Afghanistan are cheaper than local goods despite transportation costs. As a result, opportunities for Karimabad's agriculturalists to benefit from external economies in tourism are limited.¹⁰

Interviews in Karimabad revealed that tourism-related activities produce several negative externalities which affect Karimabadis whether or not they participate in or benefit from tourism. Impacts such as air pollution, noise pollution, and traffic congestion are imposed on all local residents. Tourists often exhibit attitudes, patterns of dress, and behaviors that are culturally offensive, especially to the women of Karimabad.¹¹ Souvenir shops and other businesses catering to tourism displace local economic activities like grocery stores and butchers. Water and energy shortages result from excessive utilization by Karimabad hotels and tourist shops. Solid waste management problems arise because of littering and inadequate investment in sewerage infrastructure. While "costs" incurred by tourist businesses are partially offset by tourism revenues, agriculturalists absorb costs without compensation. The status quo is therefore economically inefficient (Glasson et al 1995). Negative externalities resulting from decisions made by entrepreneurs should be internalized by entrepreneurs and affected farmers should be compensated for costs they are forced to bear.

Why is it that externalities generated in Karimabad are not internalized by groups responsible for their production, and under what conditions could they be? Natural resource economists might describe the Karimabad conundrum as a case of incomplete delineation of property rights to scarce resources- a situation where some valued property is left improperly in the public domain (Wachter p. 86). In the following chapter, I will explain the concept of property rights in Karimabad. I will clarify what is a property rights regime, a resource management regime, and illustrate how traditional village institutions redefined property rights to minimize externalities and better manage resources.

¹⁰ External economies in tourism refers to opportunities that arise because of the role of tourism in the economy. For example, the demand for tour guides, transportation, entertainment, etc. are examples of industries that benefit from the presence of a tourism industry.

¹¹ While this comment was often made by men interviewed in Karimabad, several women agreed that foreign women dressed in ways insensitive to cultural norms. Karimabadis agreed almost unanimously that Punjabi men exhibited disrespect towards women in Karimabad (Warrington 1994). As a related point, many residents of historical settlements commented that they felt like zoo animals living behind cages for tourists to observe. Karimabadis do not want to become attractions nor do they wish their homes and culture to be sold as a commodity by local tour guides and hoteliers.

Chapter Three: Resource Management in Karimabad

3.0 The Evolution of Property Rights: How Village Institutions Adapt?

Before exploring property rights in Karimabad, let me clarify what I mean by a property rights regime. According to Coase (1960), it is rights rather than objects that are bought, sold, and owned by individuals. A right is the capacity to call upon a collective entity to stand behind one's claim to a benefit stream from an object. Accordingly, property rights are social contracts that define the relationship between individuals and objects of value vis-a-vis other individuals (Bromley 1991, p.14).

A resource management regime is a structure of rights and duties characterizing the relationship of individuals to one another with respect to a particular environmental resource. Relations between groups are defined by stating that one party has an interest that is protected by a "right" when all others have a "duty" with respect to that resource (Bromley 1991, p. 22).

Private property rights connote that owners can *exclude* non-owners from the benefit stream of objects owned by the former. Ownership rights include one or more of the following: (a) the right to use (b) the right to generate income from (c) the right to transfer or convey. In Karimabad, landowners possess all of these rights in private land although conveyance is subject to kinship restrictions.¹²

Common property regimes are private property regimes for a *group* of co-owners or resource appropriators. The regime differs from open access resources in that co-owners are capable of excluding individuals from resource appropriation and appropriators have explicitly recognized rights and duties. Irrigation management and grazing management in Karimabad can be described as common property regimes.

In the following sections, I will explore how irrigation systems and grazing lands are appropriated and managed in Karimabad. I will describe (a) characteristics of the resources; (b) supply and demand conditions; (c) problems with externalities; and (d) externality related management innovations. The overarching objective will be to

¹² *Haq-e-shifa* operates in the form of a first right of refusal to buy land in Karimabad. Family members must be granted the first opportunity to purchase land. If they refuse, the rights is transferred to tribe members, non-tribal Karimabadis, and finally non-Karimabadis (in that order). Legal recourse is possible if a land transaction does not follow this protocol.

extract lessons from these management regimes to improve the management of landscape in Karimabad.



3.1 The Case of Irrigation

Water is a resource very different from land in that water is mobile and virtually indivisible. The resource can be described as “fugitive” because of its movement and the difficulty of containing it within an area. In Karimabad, water resources are scarce, highly valued, and critical to the health of the agricultural economy. Since water scarcity is the primary constraint to land development in Karimabad, a highly complex irrigation network distributes water to agricultural lands on the basis of location, time, and tribal membership.

According to existing water rights arrangements in Hunza, irrigation water from Bulolo glacier/springs is shared between Karimabad and neighboring Hyderabad: Karimabad receives 10 shares to Hyderabad’s 6. Water appropriation is managed by a time sharing arrangement between villages. Each of Karimabad’s five tribal groups is allotted 2 days per week to receive water and each tribal member receives water for a specified number of hours on those days. Tribal members receive water for the same amount of time regardless of the size and location of their plots. Monitoring, and enforcement of water rights is carried out by water monitors or *jirgahs* from each tribe who are compensated in cash or in kind by every tribal household. Irrigation channel maintenance is undertaken once or twice a season by representatives from every family in Karimabad. Those who cannot participate in channel maintenance must contribute

cash or goods towards the effort. Fines or *charpas* are levied on tribal members who do not comply with rules and Numberdars preside over water conflicts within and between tribes.

Given the scarcity of water in the Hunza Valley and Karimabad in particular, it is remarkable that water conflicts arise as seldom as they do. For the most part, conflicts are resolved by Numberdars working in concert with village notables and elders.¹³ Fined members cannot afford to reject tribal sanctions because of the inter-related nature of the village economy. A refusal to cooperate with tribal notables could result in social and economic alienation making non-compliance very costly (Hussein 1987, Dani 1989).

New realities such as falling landholdings per capita have introduced new challenges for Karimabad's traditional water management system. Population pressures and limits to cultivable land contribute to a trend of smaller landholdings per household. Whereas two generations ago, landholdings in Karimabad may have been as high as several hectares per household, currently, landholdings per household average only 9 kanals (.5 hectare). Land conveyance especially to non-Karimabadis has long been stigmatized in the Hunza Valley. Islamic land-conveyance rules such as *haq-e-shifa* formalized and reinforced land transfer restrictions by allowing kin groups legal recourse in the event of land sales to "outsiders".

Despite restrictions on the sale of land, however, land values in Karimabad make it very difficult to prevent a land market from emerging. A formalized land market could mean that Karimabadis would lose control over land-use, lose authority in traditional resource management systems, and face unprecedented socioeconomic change. The example of Gilgit is often invoked as a case where traditional structures broke down and local institutions lost control of the pace of social change. Karimabadis are reluctant to concede total control of their land and resource management system to the market - perceived as wealthy, down-country Pakistani investors.

¹³ To a large extent, Karimabadis do not trust Police or other Pakistani law enforcement agencies. People prefer to resolve local conflicts locally and defer to state authorities in very rare cases.

In response to market pressures on land sales, Karimabadis have developed an institutional response which make them unique in the Hunza Valley. In Hunza, the purchase or transfer of land includes rights to traditional sources of water. In Karimabad, however, water rights are alienated from land rights. Given the tribally circumscribed nature of water rights, membership in a Karimabad tribe is essential to ensuring a reliable supply of water. Non-Karimabadis therefore, find it very difficult to purchase land in Karimabad because of the difficulty of accessing water resources. By separating land rights from water rights in Karimabad, traditional institutions minimized the likelihood of foreign investment and foreign influence in the town. Karimabadis realized that no-one has a greater stake in protecting the cultural, social, and environmental integrity of Karimabad than local people. Maintaining local control of landholdings mitigates against the risk of unwanted change.

The institutional innovation described above can be characterized as a change in property rights in response to a negative externality. The externality is the perception of cultural, social, and environmental degradation brought on by open land markets and foreign investment. The property rights regime responded by alienating water rights from land rights making it very difficult for foreign investors to enter Karimabad. Though not all "outsiders" have been prevented from entering Karimabad, most businesses are controlled by local residents and tribe members residing in neighboring villages.¹⁴

3.2 The Case of Grazing Lands

In the case of lands used for grazing animals, resources are fixed in location and easily divisible. Grazing areas in Karimabad were traditionally located in higher altitude parts of the town called meadows or nallahs. Though each tribe possessed grazing rights over separate parcels of land, meadows were accessible to all Karimabadis irrespective of tribal affiliation. Over time, however, each of Baltit's tribal communities developed their own areas for grazing cattle, harvesting grass, and gathering fuel wood (Khan, p. 46).

¹⁴ The five extended family clans of Karimabad (Diramiting, Khurukutz, Brong, Baratling, and Beyricho) originated in Baltit and migrated to different part of the Hunza Valley, especially neighboring Hyderabad, Aliabad, Ganesh, and Garelt. Therefore, settlers possess a way to enter Karimabad's land markets because of their relationship with a local tribe.

Population pressures and smaller parcels of land available to increasing numbers of people in Karimabad resulted in difficulties in managing communal meadows. Viable community management regimes need built-in structures of economic and non-economic incentives that encourage compliance with existing conventions and institutions (Bromley, p.27). In situations where the number of users becomes too large for a group to monitor resource use and enforce sanctions, a common property resource degenerates into an open access regime.¹⁵

Open access grazing areas in Karimabad ceased to be economically viable when meadow lands became scarce and costs of excluding users fell relative to the benefits gained by restricting access. New irrigation technologies and seed varieties allowed farmers to plant crops at higher altitudes and smaller parcels of land were allocated for grazing. Resource scarcity brought change to the property rights regime. Access was limited to a smaller group of users, resource boundaries were clearly demarcated by tribe, and sanctions were imposed against appropriators outside of the tribe.

Open access property regimes were transformed into tribally managed private property regimes. The change came about in part because of the negative externalities associated with congestion, overuse, and damage to grazing lands. As it became economic for those affected by externalities to internalize costs and benefits, property rights changed. Karimabad's tribes now manage their own grazing lands and appropriation is limited to tribe members. While rules regarding the use of the resource are flexible, fines are imposed against resource appropriators outside of the tribe.¹⁶

In summary, negative externalities associated with a property rights regime transformed the regime to a structure more amenable to responsible resource management. Traditional village institutions adapted themselves to better manage scarce resources for the benefit of their members. Impetus for change came from users and was not imposed by an outside body.

In the next section, I will critically evaluate both resource management regimes with attention to the robustness of traditional village institutions. I will critique the

¹⁵ As Hardin (1968) pointed out, open access regimes lead to resource over-extraction because of the uncertainty surrounding future availability of the resource and lack of credible appropriation controls.

¹⁶ Examples of fines include: (a) the immediate slaughter of an animal caught illegally grazing; and (b) cash payment to a jirgah in the amount equal to the value of the animal.

neo-classical approach to property rights definition and close with comments regarding the replicability of these institutional innovations.

3.3 Landscape Management: Can Institutions Change?

...individuals compare the net flows of expected benefits and costs to be produced by the set of status quo rules, as compared with an altered set of rules. To explain institutional change, it is therefore necessary to examine how those participating in the arenas in which rule changes are proposed will view the net return of staying with the status quo rules versus some type of change.

-Elinor Ostrom
Governing the Commons p. 142

If we compare irrigation and grazing management regimes in Karimabad, we find that changes to both property rights regimes occurred as perceived benefits of excluding resource users increased relative to costs of enforcing exclusionary rules. In the case of irrigation management, Karimabadis concerned about social and cultural upheaval redefined the traditional relationship between land rights and water rights. By alienating rights to water from land ownership, Karimabadis made it increasingly difficult for outsiders to buy land in Karimabad and directly impact Karimabad's social and economic environment.

In the case of high pastures or meadows, a shrinking supply of grazing land and a growing number of users made it economically infeasible to allow unrestricted access to users. In response, land was divided among tribes by clearly demarcating boundaries and access to meadows was determined on the basis of tribal membership. This allowed for manageable resource units that facilitated conservation and responsible use of grazing lands. As co-owners, tribe members had a greater stake in stewardship and fewer incentives to free-ride.

In both cases, however, what is not apparent from the short case notes is that powerful interest groups supported and benefited from changes in property rights. To assume that institutions and rules change whenever the benefits of an innovation outweigh the costs is a fallacy (Anderson and Hill, p. 204). It is a fallacy because it ignores the distribution of power, control, and influence among users. In other words, it fails to ask the critical question, who benefits and who pays the costs of change?

In the case of irrigation management, the system by which hydraulic infrastructure is built, maintained, and utilized is circumscribed by tribal rules and regulations. Users have explicit duties and responsibilities to match their water appropriation privileges. Tribal members cannot afford to renege on responsibilities because of the inter-related nature of the village economy. Failure to provide labor in an irrigational channel cleaning effort might result in failure to receive water on prime agricultural land. The importance of water and the credible threat of social sanction make anti-group behavior too costly for Karimabadis to undertake.

For non-Karimabadis, however, the threat of social sanction is far less dangerous. Non-Karimabadis do not depend on the complex web of reciprocal relations within and between tribes in Karimabad and have less to lose by not cooperating with tribal rules. They are more free to pursue self-interested, short-term, socially detrimental strategies. Local people know very well the effects of foreign investment and uncontrolled social change in Gilgit. Therefore, powerful and influential interest groups in Karimabad, namely Numberdars and village notables, do whatever is possible to minimize "outside" influence in the town. Controlling access to water is an example of village elites exercising power over a vital resource to keep foreign investors at bay. The combination of clear water channel boundaries, reliable water monitors, and the ability to restrict water-access have resulted in a fairly successful effort to keep non-Karimabadis outside of Karimabad's land market.¹⁷

In the case of grazing lands, influential Karimabadis again stood behind the effort to restrict access to meadows and grant entry on the basis of tribal membership. As open access to grazing lands became economically inefficient, village elite pressed to administer grazing areas tribally. Property rights in meadow lands had existed in the past but rights were not enforced as resources were plentiful and costs of enforcement were high relative to benefits. As grazing areas became scarce and demand for grazing lands grew, the negative consequences of open access on resource yields and land conservation became evident to all users. Tribes in Karimabad differed in quantity of meadow lands, number of users, and intensity of uses. Tribes with relatively larger landholdings and fewer members stood to benefit from excluding tribes

¹⁷ The notable exception to this trend is the Karimabad Girl's Academy and other institutional buildings. However, even in the case of the Girl's Academy - the crown jewel of the area - access to water has been a perennial problem. Tribes have been very reluctant to provide the facility with adequate water. Currently, several tribes in Karimabad provide the Academy with water on alternate days but the problem of water access is far from resolved.

with more members and more intensive land-uses. In this way, tribal members, especially tribal notables with the most animals, conserved tribal lands and protected grazing resources from premature degradation.

Land regulations in grazing areas differ markedly from agricultural land-use rules. They differ in that the former do not articulate *how* land can be used, they specify *who* can and cannot use land. It is easier and less expensive to enforce entry restrictions than to regulate land-uses. In Karimabad, tribes do not invest in complex monitoring mechanisms to regulate grazing uses because the investment is not seen as necessary. Instead, tribes opt to clearly demarcate tribal boundaries, employ tribal monitors to restrict entry, and empower monitors to punish rule-breakers. Because the system is straightforward- animals killed by monitors either were or were not on grazing lands- disputes between tribes are rare. The cost of losing an animal is very high and the threat of this outcome is credible. This property rights innovation aimed at entry restriction rather than use regulation is economically efficient, institutionally sound, and sustainable.

In both irrigation and grazing management, powerful local actors initiated changes to traditional property rights regimes to avert catastrophic outcomes or reduce negative externalities. Institutional innovations came from within the community and built on existing decision making structures, patterns of communication, and means for building consensus (Uphoff 1985). Tribe members were aware of the costs of not taking action and the benefits of changing the rules.

Unfortunately for landscape management in Karimabad, property rights do not exist in the same way they do for other resources. A property right is the capacity to call upon a collective to stand behind one's claim to a benefit stream (Bromley, p.14). Since Karimabadis do not yet recognize physical landscape as a resource capable of rights, efforts to manage, conserve, and renew landscape are limited in supply. In addition, externalities generated by ignoring explicit property rights in tourism benefit powerful Karimabadis at the expense of less powerful and less vocal members of the community. Unlike irrigation and grazing management regimes, influential Karimabadis will not lead the charge to redefine property rights in landscape.

Perhaps the most difficult challenge to overcome in the case of landscape management, however, is that nobody knows when landscape conditions will deteriorate to a degree unacceptable to tourists. In other words, when will the marginal social costs of building for tourism outweigh marginal social benefits? Similar to the fisheries, users of landscape in Karimabad do not know the area's tourism carrying capacity and cannot predict a single construction saturation point (Cruz 1986).¹⁸ As a result, Karimabadis feel no urgency to change status quo rules around tourism and define explicit property rights in landscape.¹⁹ This effort might be best catalyzed by non-governmental actors working with Karimabad's traditional village institutions.

In the following chapter, I will outline a range of policy options available to policy makers in Karimabad and briefly describe the costs and benefits of each.

¹⁸ The fisheries (like landscape resources) are an interesting counterpoint to grazing lands in Karimabad. In landscape and fisheries it is not always clear to users when resources are degrading. Resource over-extraction may be rewarded by inflated returns just before they plummet. Once the resource is "over-fished", however, it may be too late to reverse environmental damage (i.e. replenish landscape). For a definition of tourism carrying capacity see below.

¹⁹ Tourism carrying capacity is defined as the maximum number of people who can use a site without unacceptable alteration in the physical environment and without an unacceptable decline in the quality of the experience gained by visitors (Mathieson and Wall, 1982). Carrying capacity cannot be determined in the absence of value judgements which specify what levels of impact are acceptable and under what conditions further tourism growth would become undesirable. The problem arises with the variety of opinions as to what is desirable, acceptable, or appropriate in each situation. Differences occur both within and between groups of residents, tourists, managers, and politicians concerning the capacity of elements. A forum for regulation, coordination, and compromise is necessary. (Glasson, Godfrey and Goodey 1995, p. 63).

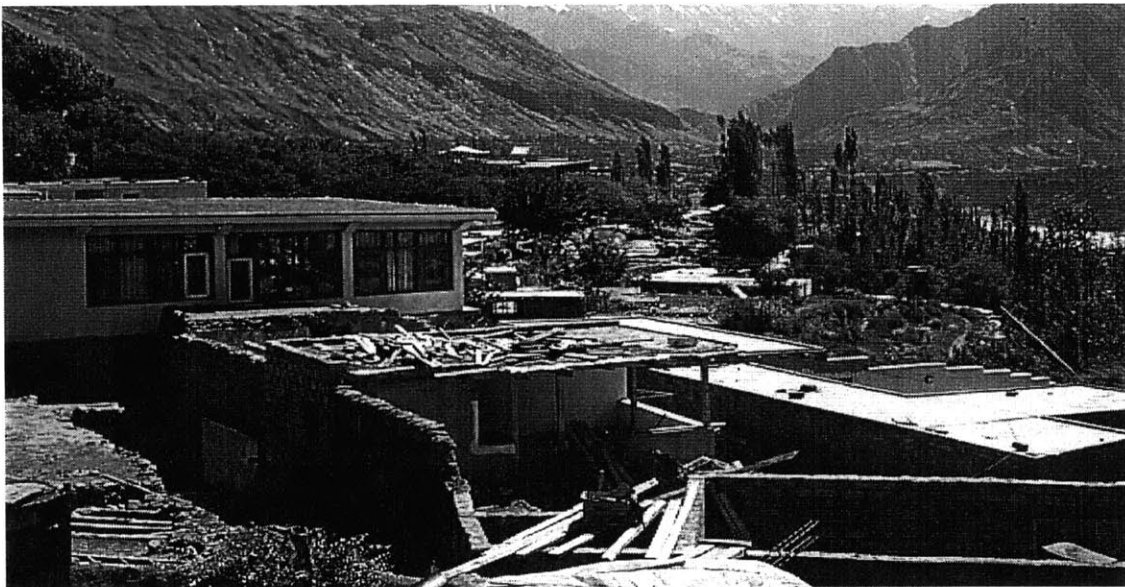
Chapter Four: Sustainable Tourism Development: Role of Policy

4.0 Policy Options in Karimabad

Policy options regarding tourism and landscape management in Karimabad can be thought of as falling along a continuum. On one end of the spectrum is a *laissez faire* approach - a belief that the market will naturally regulate the optimal rate of construction and that planners do more damage than good by intervening in processes they do not fully understand. The opposite end of the continuum represents a command and control approach - Karimabadis do not appreciate the physical damage they are effecting on their natural environment; they do not understand what tourists value in their town and they are dangerously close to destroying the base upon which tourism depends. Strict land-use rules are essential and zoning must be carried out by planners and enforced by local institutions to avert imminent environmental and economic disaster.

In this final section of my report, I will explore interventions along the above-mentioned policy continuum. I will evaluate each in terms of (a) impact on natural landscape; (b) effect on economic efficiency, and; (c) potential for distributive equity.

Laissez-faire



The first option is minimal intervention in Karimabad's current landscape management regime. Landowners make individual decisions regarding construction of hotels and shops according to expected returns on investment. Natural barriers to entry exist in that all plots are not well located and investors are capital constrained. Projects which are poorly located or poorly built suffer economic consequences and send market signals to prospective builders. More importantly, as the market saturation point is approached for a given commercial activity (hotel, shop, restaurant, etc.), existing projects are less profitable and incentives to enter the market are automatically reduced. Construction and commercial activity are curtailed without outside interference.

The implicit assumption above is that entrepreneurs possess perfect information and know where financial returns are highest. When opportunity costs of commercial construction outweigh expected benefits, Karimabadis will respond by investing resources in alternative ways. Karimabad's northern corridor along Bazaar Road is a case in point. Shops located in this area are far less profitable than shops situated along the southeast portion of the road in the town's main shopping district. To match lower expected yields, rents along Karimabad's north corridor are 75% lower than the de facto central business district.²⁰ Last year for example, several general stores opened along the western corridor of Bazaar Road but low revenues and low profit margins compelled shopkeepers to close shops in the middle of the summer. During the tourist season, farmers returned to their fields to participate in potato harvests. In short, Karimabadis responded to market signals and curtailed commerce in areas improperly suited to business activity. The process was iterative: entrepreneurs took risks, made mistakes, and learned from mistakes.

Is the market best equipped to manage landscape resources and respond to tourism growth? I would argue it is not. Karimabad's physical landscape is suffering enormous environmental damage while budding entrepreneurs cut down trees to erect new shops. When businesses fail, shops can close but trees take time to grow. The market's self-correcting capacity falls short in addressing the irreversibility of environmental resources. Because it is unclear how much construction tourists will tolerate in Karimabad before opting for "greener pastures" (i.e. other destinations),

²⁰ This figure is based on data collected during the summer of 1995 from a sample of shops along the northern corridor of Bazaar Road.

one cannot say with certainty how much building is too much. Once the construction saturation point is reached, however, it may be too late for Karimabadis to restore landscape resources.

Last, externalities and economic free-ridership in landscape are symptomatic of market failures. By definition, there is over-investment in the production of hotels and shops and under-investment in the production of landscape. Agriculturalists responsible for producing and maintaining landscape resources are unrewarded. Conversely, shopkeepers and hoteliers who contribute to environmental degradation absorb the majority of tourism revenues generated by landscape. Market incentives exist for farmers to discontinue agricultural production in favor of commercial activity to narrow the gap between agricultural and commercial returns. Farmers who wish to internalize landscape externalities do so at the expense of landscape. Current conditions resemble a free market scenario that is clearly inequitable and economically inefficient.

The next range of options I will explore constitute neither *laissez faire* nor command and control policy interventions. They fall squarely between the two poles in trying to correct for market failures while catalyzing and sometimes compelling responsible tourism practices. Options can be evaluated individually or as a package. They are a first step towards changing status quo rules regarding tourism in Karimabad.

Education/Awareness-Raising

It is important to remember that tourists and Karimabadis value different things in Karimabad. While there may be occasional overlap of interests (e.g. conservation of the Baltit Fort), the two groups do not always share an understanding of what is "beautiful" or worthy of protection in Karimabad. If we accept that Karimabadis do not adequately appreciate what tourists "value" then we understand why current land-use decisions undermine the long-term sustainability of tourism. This condition is referred to by economists as the problem of asymmetrical information. Buyers and sellers do not have access to the same body of information and therefore at least one group is handicapped. In Karimabad, the problem can be remedied by information sharing and by educating producers about the specific needs and demands of consumers (tourists). For example, if Karimabadis learn that foreign tourists are unimpressed by large-scale, western-style, reinforced concrete architecture, they can

better serve tourist demands. If tourists prefer smaller-scale, lower-density guest houses that resemble traditional homes, Karimabadis need simple and inexpensive ways to learn this information. By initiating pilot schemes aimed at educating Karimabadis and better serving tourist demands, an outside agency such as KPSS or AKRSP could change the trajectory of land-use decisions. Prototype projects might include VO owned-and-managed hotels, co-op tourist shops, and model housing settlements in select parts of Karimabad. Awareness-raising initiatives would not only augment tourism revenues but enhance tourism sustainability by minimizing damage to the town's physical and natural environment.

The education/information sharing model, however, assumes that tourists who currently visit Karimabad (e.g. mountain climbers) are the same group who will visit Karimabad in the future. As long as road access to Karimabad is difficult and tourist facilities in the Hunza Valley are sub-standard, this assumption may hold. As transport routes improve and hotels cater for higher-end tourist markets, however, Karimabad's tourist profile may change. It seems plausible that the opening of the Baltit Fort/Museum will attract different types of tourists (e.g. cultural tourists) who may visit Karimabad for reasons different from traditional mountain climbers and hikers. A cultural tourist, for example, may require a higher standard of accommodation, may be less dependent on landscape resources, and may be willing to pay more money per visit to satisfy his needs. This represents a significant opportunity because Karimabad's architectural heritage and physical location are unique in the Northern Areas. The cultural tourism market may be more secure than the traditional tourism market because substitute destinations are more accessible to mountain climbers than museum patrons.

Tourism Multipliers

Tourism as an industry benefits from and contributes to economic linkages with other activities in Karimabad. For example, when a hotel is built in the town, land must be cleared, timber must be obtained, and labor must be employed to complete construction. Every phase of the project generates linkages with other sectors in the economy. My argument, however, is that tourism is largely untapped in terms of its potential to create multipliers. A multiplier measures the extent to which income generated in the economy is spent locally (McIntosh and Goeldner 1990). In Karimabad, multipliers are minimized due to a heavy reliance on imports and emphasis on savings. Most of Karimabad's gift shops import handicrafts produced

outside of the Hunza Valley. Shopkeepers complain that local crafts are too expensive relative to Afghan and Punjabi imports. Second, food inputs used in local hotels and restaurants are either gathered from hotel owners' agricultural lands or purchased from Gilgit. One hotel owner complained that chicken and beef sold locally was inferior to meat available in Gilgit because of the poor cutting techniques of local butchers. If Karimabad's butchers were trained to meet the quality standards of local hotel owners, demand would be created for local cows, chicken, and other livestock.

The challenge for Karimabadis therefore is exploiting external economies in tourism. Tourist shops need inputs like arts, crafts, and agricultural produce. If farmers were better informed about the quality and type of produce local restaurants required, economies of scale could be tapped, higher quality produce could be planted, and labor specialization might occur. Tourists require special services like laundry, tour guiding and jeep transportation. Forward linkages to economic activities related to tourism are minimally exploited in Karimabad. Capital constraints may partially explain why local people fail to fully realize tourism-related opportunities. Farmers may be aware that jeep transport to Gilgit is highly valued by tourists and potentially lucrative, but they may be unable to purchase the vehicles necessary to start a transport business. In these instances, AKRSP- supported village organizations can play a pivotal role in mobilizing resources to meet new demands in the tourism industry. Village organizations could work with the newly formed Karimabad Bazaar Committee to search for ways in which local people can supply inputs to local businesses and enhance the services entrepreneurs currently provide.²¹ KPSS could collaborate with AKRSP to increase opportunities for farmers to participate in and benefit from tourism-related enterprise without damaging the natural environment.²²

Strategic Transportation Infrastructure

²¹ The Karimabad Bazaar Committee is comprised of local shopkeepers, hoteliers, and other business people. The committee formed in 1995 to fulfill needs shared by shopkeepers along Bazaar Road in the absence of a municipal government. As of the summer of 1995, the committee was trying to organize street cleaning efforts, coordinate pricing strategies, and make loans to its members. Membership fees were as high as 5,000 rps (US \$170) to join.

²² Successful travel agencies like Walji's and Sitara Travel benefit greatly from Karimabad's tourism industry by capitalizing on external economies in tourism. Both agencies offer professional mountain guides, jeep rentals, and climbing expeditions from Karimabad. While the finances for these travel agencies come from down-country Pakistan, most of the staff are Hunzakuts. With proper training and financial resources, Karimabad village organizations could participate in this industry.

Transportation infrastructure has a tremendous influence over the scale and growth of commercial and residential construction. The majority of Karimabad's shops are located on Bazaar Road near New Ganesh Road which connects Karimabad with Gilgit via the Karakorum Highway (see Figure 4.3). The proximity of this area to tourist traffic and transportation links is directly related to the magnitude and scale of commercial activity. Planners can similarly use new road construction as a strategic tool to induce desired land-use and buildings patterns. For example, the northern corridor of Bazaar Road is commercially dormant and distant from links to the Karakorum Highway. A cement road directly connecting the area to the Karakorum Highway would impact the corridor and transform land-use patterns towards commercial development. Link roads connecting potential residential clusters with Bazaar Road would promote housing construction. Alternatively, agricultural areas which Karimabadis want to conserve could be supplied with road infrastructure consistent with desired land-use patterns. In other words, transportation infrastructure can serve land-use policy objectives.

The group of options I have thus far proposed respond to problem of landscape conservation but fail to address economic free-ridership and its attendant effects on equity and economic efficiency. No matter how many vehicles are created for farmers to benefit from external economies in tourism, until they are compensated for landscape production, incentives to participate in land conservation are significantly reduced.

The final "middle-ground" options I will propose are more aggressive than the previous three and call for fundamental changes in the distribution of tourism revenues. They should perhaps be phased and cannot be attempted until their principles are clearly understood and embraced by Karimabad's landholders and tribal elite. Let me call this first of these options the bundle-of-rights model because it aims to more clearly delineate property rights in landscape and facilitate the transfer of select land rights.

Bundle-of-Rights

The premise underlying this proposal is that landowners possess a *bundle* of property rights related to land and land-use. What we commonly refer to as "use rights" includes several groups of rights. For example, the right to grow particular crops, the right to use certain materials, the right to divide land, and the right to build

on land are distinct rights related to the use of land. For the purpose of this exercise, I will un-bundle use rights and focus on *the right to build* because of its impact on landscape. I will argue that just as *the right to water access* was un-bundled from landownership in Karimabad so can *the right to build* be separated from landownership. Once the property right is detached from the landholder, it becomes transferable and a system of prices can develop.

Presently in Karimabad, hotel owners and shopkeepers appropriate revenues from land-use decisions made by farmers. Farmers produce landscape views as a spillover effect of agriculture but revenues generated by views are appropriated by non-farmers. This is possible precisely because landscape is an un-priced good lacking sufficient property rights. Let us assume that landscape quantity is positively correlated with the number of trees on a plot of land. Farmers possess the *right to cut down trees*, construct buildings and reduce landscape quantity. Farmers in Karimabad, however, choose not to exercise this right and landscape production is a by-product of this decision. Under the status quo, entrepreneurs capitalize on farmers' decisions "not-to-build" while farmers internalize the opportunity *costs* of non-commercial land-use.

By clearly defining property rights in landscape, it becomes possible for farmers to price and sell their "option to build". Those interested in conserving landscape can purchase the "option" from farmers in exchange for a commitment *not to build* on agricultural land. In Karimabad, those who stand to benefit most from farmers' collective decisions *not to build* are hotel owners and shopkeepers. They depend on the production of landscape views to sustain tourism revenues but do they have incentives to pay farmers? The nature of landscape makes it impossible to exclude entrepreneurs from appropriating landscape views whether or not they pay for them. The risk of shirking payment is high because costs are concentrated while benefits are diffused. Payment, therefore, must come from a public actor capable of extracting rents from free-riders.

Given that Karimabad lacks a municipal government, a representative public actor must be created out of traditional village institutions. This actor must recognize the least common denominator among interest groups in Karimabad and serve their collective interests. Currently, each group shares a stake (however limited) in the

longer-term sustainability of tourism.²³ Present land-use trends threaten the future of tourism and require active landscape management and environmental conservation.

Can free-riders be compelled to pay for “public” landscape benefits when returns to investment will not be realized until the medium to long-term. Can the Town Management Board (TMB) leverage incentives and disincentives to co-opt the participation of Karimabad’s entrepreneurs in a revenue redistribution scheme without recourse to draconian enforcement measures? Ideally, the TMB would levy an annual charge against Karimabad’s businesses in return for benefits like operating licenses, infrastructure access, soft loans, and other publicly provided goods.²⁴ Central revenues could be used to purchase “building options” from farmers in return for a commitment *not to build* in a given period.²⁵

Strong municipal institutions capable of extracting development levies, monitoring land-uses, and enforcing sanctions would be essential under this scheme. Non-compliance would have to be costly for all groups and the threat of punishment credible. The question is can this be achieved in Karimabad when many powerful and influential Karimabadis are themselves hotel and shopkeepers? The current membership of the Town Management Board speaks to the power of local entrepreneurs and tribal elite (frequently overlapping categories). At present, the TMB has limited incentives to tax entrepreneurs for the benefit of farmers. If, however, it were possible to reward farmers for landscape production without taxing entrepreneurs, powerful Karimabadis might be amenable to change.

Tourist User-Fees

Tourist user-fees could directly compensate farmers for positive land-use decisions without disturbing entrepreneurial interests. Under such a plan, tourists who consume landscape views would pay farmers to continue producing views through

²³ Many Karimabadis commented on the educational experience of interacting with international tourists. Young people learn to speak English, often meet Ismaili brethren from other parts of the world, and generally broaden their horizons.

²⁴ The Town Management Board is a quasi-municipal government formed in Karimabad within the last year (under the Pakistan Societies Act) to formalize representative decision-making around issues like land-use, housing, and infrastructure provision. Two TMB members are selected by each tribe and Numberdars, local government leaders, and Ismaili religious leaders serve as ex-officio members.

²⁵ Rather than regulating construction explicitly, rules could specify that a certain number of trees must be maintained per kanal of agricultural land. As the number of trees fell, so would the subsidy paid to farmers producing landscape.

user-charges at local businesses. Hotel and shopkeepers would become intermediaries in the transaction between tourists and agriculturalists. For this plan to work, however, tourist businesses would have to agree on a standardized method of calculating and extracting tourist user-fees while respecting different price elasticities of demand for tourism goods.²⁶ In other words, how much more would a tourist be willing to pay for a hotel room or meal in Karimabad without reducing his consumption of the good? Once this figure is calculated, each business in Karimabad would levy the appropriate “user-fee” for the benefit of farmers.

This scheme would require a strong municipal institution capable of collecting rents and compelling entrepreneurs to cooperate. Why should entrepreneurs cooperate? First, if the plan encourages farmer investment in land conservation, hotel owners and shopkeepers benefit from expanded time horizons to generate tourism income. Second, greater incentives to participate in agriculture reduce the threat of commercial competition for Karimabad’s businesses. What do entrepreneurs have to lose? Higher prices on tourist goods brought on by user-fees could reduce product profit margins. Second, if select shopkeepers choose not to participate, they could set lower prices and under-sell participating shopkeepers. The compliance of each business person, therefore, would depend on expectations regarding the compliance of others (Ostrom 1992).

Can compliance be assured? It would be in the interest of hotel owners and shopkeepers to levy tourist user-fees if they were required to pay a fixed landscape conservation fee each year. The fee would function as a linkage payment from entrepreneurs to farmers and could be collected by a special committee within the TMB. The amount would need to be negotiated locally on the basis of commercial space occupied, hotel rooms owned, or other easily definable characteristics.²⁷ The

²⁶ Price elasticity of demand is defined as the percentage change in the quantity demanded that results from a 1 percent change in price (Frank 1994, p. 134).

²⁷ This entity could function as a Trust for the Conservation of the Hunza Valley and could market itself to tourists as a body concerned with environmental protection and natural resource management. Hotels and tourist shops could distribute brochures on the objectives of the Trust and make it possible for concerned tourists to contribute financial resources to the Trust in addition to tourist user-fees collected by local businesses.

User fees should be collected from tourist shops and hotels on the basis of conspicuous characteristics to minimize the risks of cheating or shirking payment. For example, if payments were a function of tourism revenues, hotelliars could easily under-report earnings. If payments were tied to hotel rooms owned or commercial space occupied, however, risks of cheating would be minimized. The Trust mentioned above

sum should be sufficient to discourage farmers from pursuing commercial enterprise at the expense of agriculture.

To extract fees from businesses, a public actor would need the power to enforce sanctions against those who did not pay. Sanction could be in the form of services withheld (e.g. restricted water access), monetary fines, or diffuse social censure. As long as sanctions are credible, fines are costly, and enforcement is impartial, entrepreneurs will have incentives to pay landscape conservation fees and avoid penalties.²⁸

The bundle-of-rights and user-fee model share several common advantages. First, landscape conservation would be encouraged because of fewer incentives to build hotels and shops in prime agricultural areas. Second, the distribution of tourism revenues would be more equitable because farmers would be compensated for land conservation and landscape production. Third, the system would discourage the proliferation of hotels and shops at the expense of landscape because agricultural activity would be more economically viable.²⁹

The advantage of tourist user-fees over a bundle-of-rights model, however, is the suspension of a zero-sum framework. Tourism revenues are not extracted from one group of Karimabadis (entrepreneurs) and passed on to another (farmers). Rather, a new pool of revenues is created from which tourists directly compensate farmers for agricultural land-use and landscape production. To be sure, no fee will deter all farmers from abandoning agriculture in favor of commercial activity. User-fees, however, reduce present incentives to cut down trees and build hotels, compensate farmers for contributions to tourism, and reinforce positive land-use decisions.

would have to calibrate tourist-user fees each tourist season on the basis of expected tourism revenues, gaps between agricultural and commercial land-use/kanal, or other criteria deemed appropriate locally.

Farmers within the landscape catchment area (Karimabad Bowl) would be compensated according to similarly conspicuous characteristics like (a) kanals of agricultural land in the "bowl", (b) trees per kanal owned, (c) absence of construction on farm land, etc.

²⁸ What is meant by impartial enforcement is that each business person must feel that the same rules, rewards, and penalties that apply to him apply to all others irrespective of status or tribal affiliation. In other words, each individual decision to comply with rules is contingent upon expectations of other users' strategies.

²⁹ While it is difficult to gauge how economically viable agriculture is (or can be) in Karimabad, a study is needed to establish how large tourist-fees (paid to individual households) need to be to sufficiently reduce incentives for commercial land-use.

The disadvantage of both bundle-of-rights and user-fee models is the reliance on strong local institutions capable of extracting taxes, monitoring land-use decisions, and enforcing sanctions. The former model also calls for the definition and delineation of property rights in landscape - a slow process which must come about organically and would require the support of tribal elite to be sustainable.

The final option I will present in this document is the traditional command and control zoning model. This approach is typified by a masterplan clearly demarcating how land should be “zoned” and used in every part of a town. In theory, masterplans rationalize chaotic growth processes, guide residential and commercial development, achieve land-use control, and protect environmental and cultural resources. In reality, masterplans frequently fail for at least three conspicuous reasons: (a) masterplanning is fundamentally a top-down exercise; (b) masterplans are difficult to enforce; and (c) masterplans are rigid and often lack mechanisms to resolve conflicts or revise rules.

The Conceptual Development Plan

In Karimabad, a conceptual development plan was prepared for the town between 1994-1995. The plan is a combination of the education/awareness-raising strategy described earlier and the traditional urban masterplan. It was developed by a professional architect and urban planner in consultation with Karimabad’s tribal leaders, government officials, and local residents. The plan strives to protect environmentally sensitive areas, explores options for future land development, and suggests strategic plans for infrastructure networks. In effect, it formalizes existing development trends while placing limitations on commercial and residential land-use (see Figures 4.1 and 4.2).

The process by which the land-use plan was developed in Karimabad was consultative not participatory. Karimabadis were advised of the potential impacts of land-use trends, informed of the need for planning, and told that physical and natural resource conservation was necessary. Karimabadis did not, however, make decisions about *how* land should be used, *what* resources should be conserved, and *where* housing projects should be located. Participation was limited to implementation of the plan rather than decision-making about the plan. From interviews conducted in Karimabad, I learned that Karimabadis were mostly unaware of *how* the plan was conceived or

whether the plan affected their land. Most Karimabadis were surprised to learn that the plan restricted rights to build on privately owned land.

The land-use portion of the plan fails to consider the incentives underlying current land-use decisions in Karimabad. It ignores the problem of externalities, economic free-ridership, and inequities inherent in the current distribution of road-side land. As a result, the plan formalizes the *de facto* central business district, contains commercial growth to areas along Bazaar Road, and tacitly reinforces the economic status quo.³⁰ Farmers in Karimabad who lack access to road-side land cannot internalize landscape externalities and are unlikely to comply with rules that preclude commercial land-use. Why should farmers restrict themselves to agricultural land-uses given the growing disparity between farming and entrepreneurship?³¹ How can farmers challenge land-use rules stipulated in the plan and what is the process of conflict resolution?

Conflicts over land-use rights are inevitable. Given that Karimabadi farmers may interpret land-use restrictions as unfair, costs of enforcement could be enormous. The combination of high enforcement costs and unclear conflict resolution procedures may lead to severe implementation problems. The critical questions become: how accountable will Karimabadis be to a land-use plan developed by an outside planner? Who will enforce the plan, how, and at what cost? When land-use related conflicts arise, what will be the process of resolution?

Private land rights cannot be taken from people without mutually agreed-upon processes of settlement and compensation. A masterplan that un-bundles private property rights and removes *the right to construct* from a farmer's bundle-of-rights must be negotiated with representative village institutions. Elickson writes,

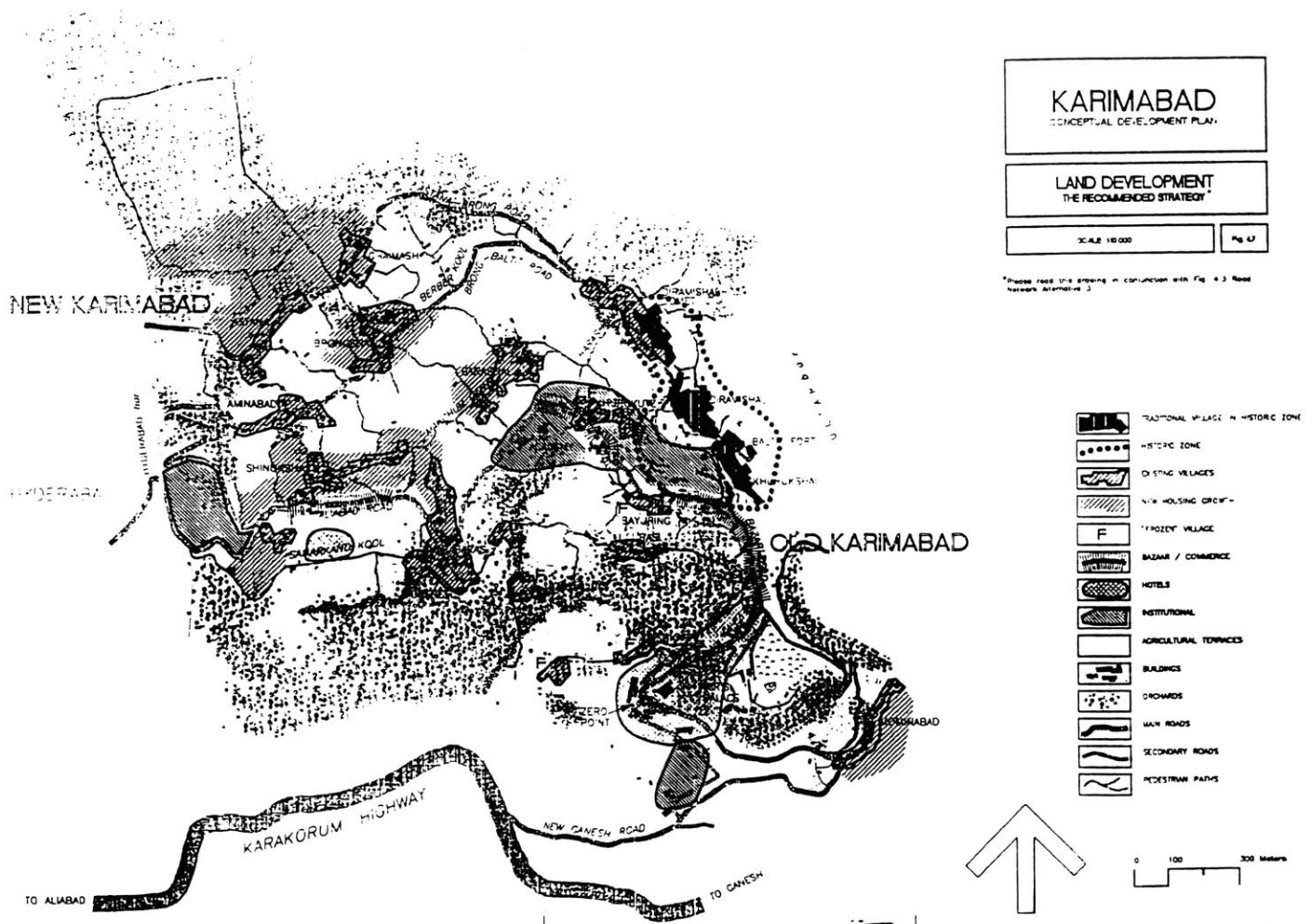
"It is inadvisable to compel a close-knit group to change its land institutions... a land institution that has evolved over time is far more subtle than the mind of any single individual" (Elickson p. 1400).

³⁰ By calling for a halt in construction to conserve Karimabad's agricultural land, the plan rewards economic free-riders who capitalized on the land-use decisions of farmers and prevents farmers from claiming a share in tourism revenues.

³¹ Average annual gross earnings from agricultural land-use varies from 700 rps/kanal (US \$21) for wheat to 5,000 rps/kanal (US \$160) for potatoes to a potential 8,000 rps/kanal (US \$250) for fruits like apricots, apples, and cherries. Compare this with 5-20,000 rps (US \$165 - \$650) for a 3m x 3m kiosk along Bazaar Road depending on location.

In Karimabad, village organizations may serve as the institutional anchors capable of resolving emerging conflicts in land and periodically redefining land-related rights and regulations. This can only happen when farmers and entrepreneurs understand the principles upon which a land-use plan is based. At present, Karimabadis do not understand the conceptual development plan. As a result, costs of enforcement, limited community support, and rigidity could make implementing the plan extremely difficult.

Figure 4.1 The Recommended Strategy for Land Development



KARIMABAD

CONCEPTUAL DEVELOPMENT PLAN

EXISTING LAND USE

SCALE: As shown 1:10,000 Fig 23













-  Residential
-  Commercial
-  Hotels
-  Open agricultural fields
-  Orchards and poplar plantations
-  Institutional
-  Jamat Khena
-  Public Open Space
-  Conservation zone
-  Graveyard
-  Karakorum Highway
-  Main roads
-  Secondary and feeder roads



Figure 4.2 Existing Land-Use

4.1 Conclusion and Recommendations

Tourism in Karimabad by its very nature is an agent of change. Some impacts of this change can be controlled, regulated, and guided. If properly managed, tourism has the potential of being a renewable industry where resource integrity is maintained or enhanced (Glasson, Godfrey and Goodey 1995). If mismanaged-managed, however, or allowed to expand with short-term horizons, tourism has the capacity to destroy the resources upon which it is built.

The challenge for Karimabad is to manage landscape resources in a way that is sustainable, equitable, and efficient. Currently, land and landscape are facing degradation because of the structure of incentives underlying land-use decisions. Farmers who *produce* landscape views as a byproduct of agriculture are not compensated while entrepreneurs who cut down trees and *sell* landscape views appropriate tourism benefits. The inability of farmers to internalize the positive externalities they produce results in under-investment in landscape and over-investment in hotels and shops. These distortionary incentives promote construction at the expense of landscape conservation- the basis of sustainable tourism development.

While market solutions may be appropriate in the management of other natural resources, the market is ill-equipped to deal with the peculiar nature of landscape. Landscape is characterized by unclear property rights, physical indivisibility, indeterminate boundaries, and externalities. Pure market solutions fail in the face of these obstacles. Karimabad's rampant economic free-ridership and environmental degradation testify to the failure of laissez-faire landscape management.

Alternatively, a command and control zoning model fails to address the relationship between land location and distribution of wealth in Karimabad. The land-use plan currently proposed reinforces the economic status quo by concentrating commercial development along Bazaar Road and alienating farmers from participating in or benefiting from tourism. The plan is not equitable and would be very difficult to enforce given the current structure of private property rights in land.

It should also be noted that masterplans are rarely implemented. They serve as useful starting points in planning processes but are seldom fully realized. Karimabad's current land-use plan is a good beginning point for discussion with Karimabadis at the

tribal level. Land-use rules and regulations must not be “foreign” to local people. The more active people are in formulating and modifying the rules that affect them, the more accountable they will be to processes of enforcement .

Unlike innovations in irrigation and grazing management which benefited local elites, changes in the management of landscape resources may be resisted by powerful actors in Karimabad. Status quo conditions benefit Karimabad’s elite, many of whom are hotel and shopkeepers. External interventions intended to enhance the sustainability of tourism will not be realized until they are understood and embraced by Karimabad’s village elders and tribal elite.

A viable approach to landscape management, therefore, must include the following critical components. First, Karimabadis must be better informed about what tourists “value” in their town. This may encourage more responsible natural resource management and influence the character of Karimabad’s built environment. Second, efforts must be made to increase tourism multipliers. The greater the local economy’s ability to produce goods and services tourists value, the greater will be the benefit to local people. Third, the strategic construction of roads and related infrastructure should be consistent with locally desired land-use and construction patterns. Housing and commercial building generally follow favorable road and infrastructure access. Fourth, property rights in landscape should be clearly defined and farmers should be allowed to benefit by alienating building rights from agricultural landownership. If farmers can price and sell their *right to build* on agricultural land, incentives would be created to conserve landscape resources. Finally, the support and participation of local elites must be catalyzed to lend the planning process credibility and to win the confidence, trust, and cooperation of local people.

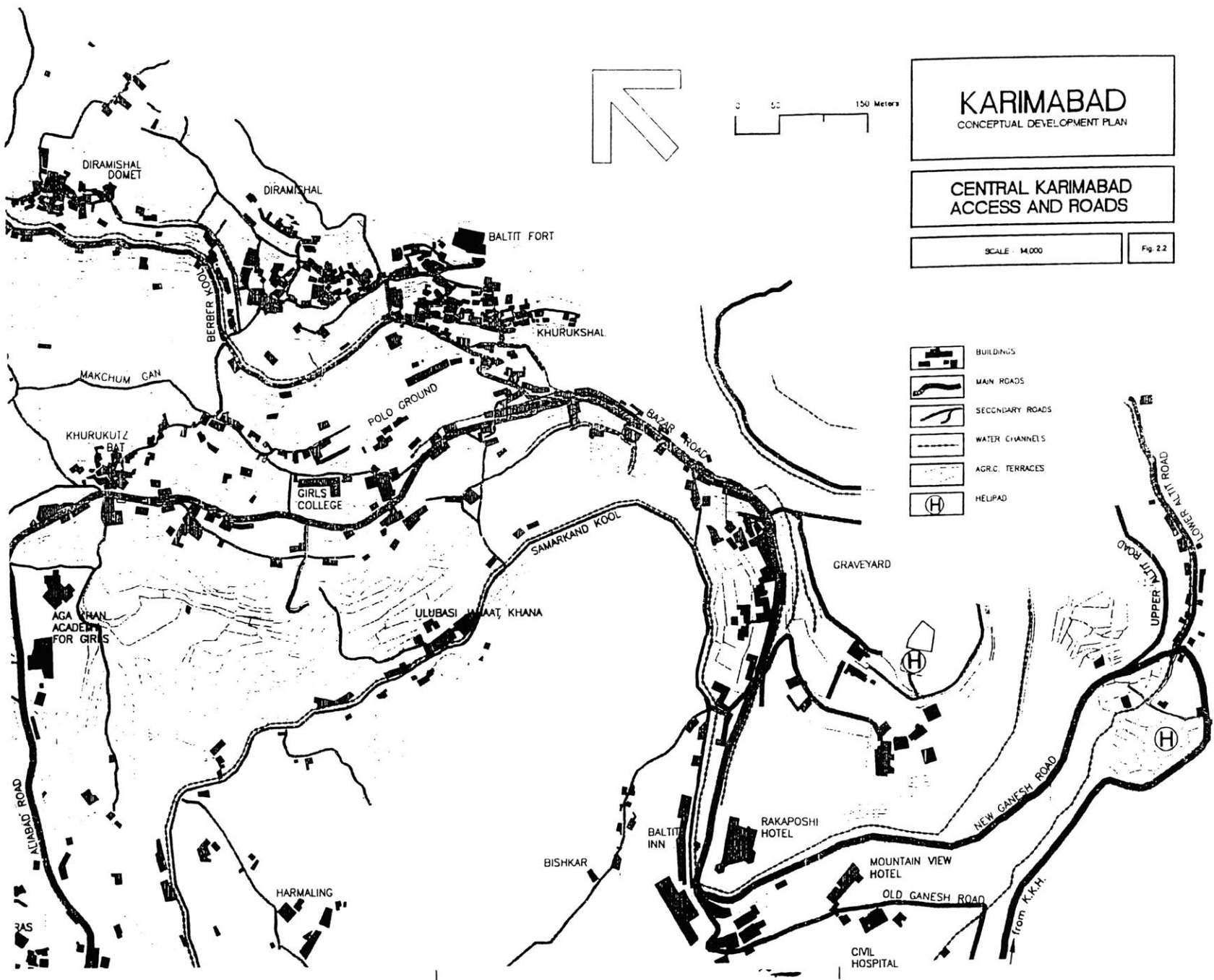


Figure 4.3 Central Access Roads in Karimabad

Appendix A

Interview Questions

Categories of Interviewees:

Shopkeeper/Commercial Person, Civil Servant/NGO employee, Other Tourism-related Employee, Farmer, Migrant- other things to keep in mind- generational differences (young, middle-age, old), gender, water management people.

Separate People by Tribe and Further by VO/WO?

Personal Introduction

Interviewee Introduction

- Name, occupation, education, social/professional affiliations
- Tribal/family origins
- Size of family? How many live in Karimabad? What do they do? Those who live outside, where do they live and what do they do (education)?
- *How many married couples in family? children per conjugal relationship? (Masood's Question), 8/1/95*
- *Age of house, desire to build/renovate (reasons)? Do you have the necessary materials/resources?*
- Have you ever been/lived outside Karimabad?

Land, Land-Use and Property Rights

How much land do you own/control and what are the different uses of your land?

Crops? Orchards/Gardens? Pastures? Trees for Construction?

Is this land in one place (contiguous) or spread out?

Do you sell your fruits, vegetables, trees, etc.? To whom do you sell them, when do you sell and what crops are the most profitable? (Perhaps, ask for annual income per kanal/crop)

What are the current rules/restrictions governing the use of your land and how do they affect you? Are traditional rules still enforced? Are they relevant? Are new rules needed (concerning what?) e.g. crops, construction, etc..

What is the system of land exchange and/or sale? What are the rules governing exchange of land (Haq-e-Shifa)? How is land exchanged/transferred within the family? Can outsiders purchase land ?

Have you bought, sold or exchanged land recently? What has happened to the land market around here recently (examples: kanals, time frame)? Is the land "market" more active now than it was in the past?

What is the best (most economical) use of your land (agriculture, commerce, housing etc.)? Given the location of your land, how would you like to use it in the future? How is the size of the family affecting decisions about Land-Use?

Common Resource Management

Tell me a little bit about the Water Management System (historically and presently). How is it different from the traditional system? Is there enough water for all and how are water disputes handled? Does the current system work or is there a need for modification?

Other than water, are there other spaces/ resources, etc. that are communally owned/managed? How are they managed and by whom?

Agriculture and the Emergent Tourism Economy

What is the relative contribution of tourism to your income? (Relative to agriculture, civil service and other sources of revenue)

How has tourism affected Karimabad (economically, socially, culturally)?

- Positively
- Negatively

What are your expectations regarding the opening of the Fort? How will this effect Karimabad's economy and living conditions (social/cultural climate)?(Where relevant) What effect will the Fort have on housing/privacy of living areas in the vicinity of the Fort? (Stefano's Question), 8/1/95

What are notable differences between domestic tourists/tourism and international visitors? Examples...(Talk about sustainability of tourism industry).

Do you see ways in which Tourism and Agriculture can work together in the future of Karimabad?

What other sorts of economic opportunities do you envisage in Karimabad in the future (suggestions/ideas)?

(For Shopkeepers) Is most of your business from local consumer or tourists (rough percentages)? How long is the tourist season? Is it enough to sustain your income? Give an example of a good month (high season) and a bad one (low season)- How big is the difference? From where is your inventory purchased (within Karimabad, Other parts of Hunza, Gilgit, Downcountry, Outside Pakistan)? (Stefano's Interest), 8/1/95

The Role of Institutions

What are institutions that are working in the interest of all groups/communities in Karimabad? What are they doing?

What is the role of Government Institutions?

What is the role of AKDN or Jamati Institutions?

Role of the Mir and His family?

What is the TMB, who does it represent, and what is it doing?

What is KPSS and what is its role in Karimabad?

Appendices

(If relevant) What is the Bazaar Committee and what is its role?

Are you aware of the current Land-Use plan proposed by the TMB/KPSS? How was this plan conceived and was the community consulted?

How does the Land-Use plan affect you and your land? Has the new link road (under construction) affected your land? (How? Have you been compensated?)

(If relevant) How do you suggest the Land-Use plan be implemented/enforced? By whom? Are sanctions needed? Who should be in charge its implementation?

Where relevant

What is the current water supply system? Solid Waste Disposal System? Sanitation System? Energy Sources?

How has KPSS or other institutions affected your attitudes about housing and/or Land-Use? Would you be willing to live in a housing settlement inhabited by members of different tribes? Is distance from your land/fields/orchards a concern with respect to location of housing?

Did a system exist before the Haq-e-Shifa? How was it different from the present system practiced today? How is the role of the Numberdar today different from the role of Numberdar under the Mir (change in responsibilities, new responsibilities, phasing out of certain duties, etc.)?

Appendix B

Excerpts from a Report Submitted to the Aga Khan Trust for Culture re: fieldwork completed in Karimabad 6/96 - 8/95

I will divide my comments below into four general sections (though overlap is unavoidable and perhaps desirable).

- First, I will discuss the planning *process* in Karimabad. I will give my impressions of the work done thus far, peoples' perceptions of the process, their understanding of the need for a "plan", and suggestions for a broad-based "awareness-raising" campaign.
- Second, I will discuss the role of the various *actors* in Karimabad's planning landscape. I will discuss the legitimacy of various institutions working in Karimabad and make suggestions to augment the credibility of organizations already active in Karimabad.
- Third, I will discuss the *Land-Use* portion of the plan. I will present (briefly), the traditional relationship between people and land, how this relationship has changed over time and finally how people *plan* or envisage Land-Use in the future. I will also discuss the current *single-use* framework of the Masterplan. Perhaps, a more flexible approach to Land-Use planning (e.g. mixed uses) would lead to positive outcomes with little need for outside intervention. I will also make suggestions with respect to enforcing the plan (e.g. tribally administered systems rather than formal legal mechanisms).
- Fourth, I will discuss my initial thoughts on the housing situation in Karimabad (this was not the primary area of my research). I will make a distinction between *needs assessment* and *effective demand* for housing. I suggest an incentive/disincentive based approach which aims to influence housing construction *not* control it.

The Planning Process

I interviewed more than seventy people while I was in Hunza. Of the people I interviewed, less than half knew that there was an "urban plan" being developed by a planner in collaboration with KPSS. Among those who had heard of "a plan", it was not uncommon for an interviewee to respond that the plan did *not* affect *his* land. Many people thought the plan was designed only for those land owners along the road and near the Pologround. They did not see the plan as a comprehensive development strategy. This is not to suggest that people would reject the *plan* if they understood it, but rather, to emphasize that people do not yet know *how* the plan affects *their* land and therefore, cannot fairly comment about it.

My sense is that Masood met with several groups of people while he was in Karimabad in 1994-95. He explained the conceptual framework of the plan and may have introduced some of its key ideas. People do not remember the details and cannot access the document anywhere. When I walked into interviews with the plan in my hand, people looked at the document with a great deal of interest. They especially found the maps fascinating as they were the only part of the report they understood (with a little help and translation).

After talking with Masood about many of the principles upon which the plan is based, I am convinced that even KPSS staff are not well versed in these principles. It is paramount that KPSS staff understand (and internalize) these principles and start talking to people about them in the field. I believe what is needed is an on-going educational strategy to make people aware of the *need* for planning. Until people are convinced that planning serves a useful purpose, it will be very difficult to gain their support and cooperation.

One way to accomplish this end might be to train KPSS staff to work with people in the field and disseminate the plan's principles. Over time, a cadre of young, educated and respected members from each tribe should be selected to work with KPSS staff to spread the basic ideas of the Land-Use plan. Once a week (or month), this group of tribal representatives would meet with KPSS staff and share their experiences from the field, ask any relevant questions and communicate people's concerns to KPSS staff.

If the plan is to be successful, people must feel like they have a stake in it. By involving people in the *process* of planning, you give them a stake. It is important that the plan be flexible without compromising on its principles. One way to allow for healthy flexibility is to *educate* people. This cannot be a one-off, all-inclusive presentation. It must be a series of simple, incremental dialogues with people beginning with an explanation of how the plan affects their land and explaining how their land fits into the larger Land-Use framework for Karimabad.

The Legitimacy of Local Institutions

To my understanding, KPSS has been working in Karimabad since 1992. The people of Karimabad associate KPSS with designing houses, designing shops along Bazaar Road, paving the road to the Pologround, aligning link roads, and most recently improving houses in the Khun (historic) area.

People's opinions with respect to the work of the KPSS vary. Some Karimabadis (especially in the Khun area) praised the institution for how it changed their lives for the better. Others complained about the perceived waste of AKDN resources (they see little tangible benefit after 3 years) and complained that KPSS favors some groups (e.g. Diramiting tribe members) over others.

As you probably know, in Karimabad, there is considerable tension surrounding the idea of hiring "outside experts" i.e. non-Karimabadis to fill key posts. People have not forgotten that a very high profile job at the Baltit Fort was filled by a Gojali last year. Many Karimabadis told me that people who come from the outside are not more qualified than locals, but rather, procure employment because of personal contacts (nepotism). It is important that the KPSS open its doors to local people. At present, I believe two of the eight employees are *Karimabadis*. When I suggested to people that perhaps Karimabad did not have all the human resources necessary to staff AKDN institutions, people retorted that expertise/capacity could be built locally. They were against hiring foreign experts who generally leave after a short time and preferred building capacity locally.³²

³² A case in point is the hiring of staff for the opening of the Baltit Fort. One man in Karimabad told me that if the Trust has known for years that it will require a Fort Manager or Museum Curator, then why has no one from Karimabad been sent for training? He complained that jobs in Karimabad are filled by outsiders ostensibly because local expertise is not available. However, there is little effort made to create capacity locally. He is not convinced the selection process is meritocratic, but, feels there are political reasons for appointments.

With respect to the newly formed Town Management Board (TMS) and Town Management Society (TMS), people do not know what these organizations do and even fewer understand the difference between them. In fact, when I asked a TMB member to tell me the difference between the TMB, TMS and KPSS, he told me they were the same entity, but had several names. I asked a Numberdar of one of Karimabad's tribes about the role of the TMB: he told me he was the chairman of the body, when in fact he is not an official member. Several members of the TMB admitted to me (in confidence) that they do not know why the body exists.

I had the opportunity to attend two TMB meetings while I was in Karimabad. Both meetings were announced on very short notice and were attended by scarcely half the membership. Of those who attended, the majority were from one of Karimabad's tribes. A quorum was announced however, because half of the members were present. The group was not representative of Karimabad's population.³³ Perhaps more important than noting who was present at the meetings was noting who was absent. Of the four tribal heads living in Karimabad, only two are members of the TMB. I was told by one of Karimabad's Numberdars that until he was included in the *planning process*, he would make sure that no one from his tribe participated in earnest.

I suggest that the TMB include (at the very least) the Numberdars from all of Karimabad's tribes as ex-officio members. In addition, though some TMB meetings might need to be closed sessions to discuss "sensitive" issues, others should be open to the public (akin to town hall meetings) to give people in Karimabad an official forum to voice their concerns, a vehicle to better understand the *planning process*, and finally to make TMB members more accountable for the decisions they make. I say this primarily because I think there are certain people in Karimabad that are much more dangerous (to the process) if they are excluded from it. If they are working within the process, they can voice their opposition and fight to be heard, but, if left outside of the circle, they may undermine the planning process.

On the issue of TMB elections, I witnessed a very interesting phenomenon in one of Karimabad's tribes. When elections (secret ballot, official record-keeping?) were discussed with KPSS representatives at a tribal meeting, elders of the tribe objected to the idea. They argued there was no need to *elect* a member from the tribe, notables would *select* someone to represent them (if anyone objected, he raised his voice and this continued until consensus was reached- a pseudo-democratic process). Though the meeting was only intended to *discuss* the idea of elections, before it ended, a tribal representative was *selected* (he demonstrated interest and nobody objected)! Even more interesting, a female representative was selected though no women were present in the meeting. When I asked how this happened, I was told that the Women's Organization (WO) president was chosen de facto though several members raised objections about female representation: she was to be informed of her appointment after the meeting.³⁴

³³ Quorum should be a function of representation from each tribe not majority representation from one tribe. Tensions arose while I was in Karimabad between members of the Khurukhuz and Diramiting Tribes over precisely this issue.

³⁴ I am not convinced that female representation on the TMB is best way to include women's voices in the process. I fear that placing women in a position (public forum with men) in which they are not comfortable may do more to marginalize their concerns than to empower them. Further, I was told by male members of the TMB, they were nervous about including Ismaili women in a public forum open to non-Ismaili men. They told me women would probably not be allowed to attend if this became a problem (presumably to their husbands).

Excluding powerful and vociferous men from the process to achieve gender-balance may prove to be the wrong decision for the TMB. Further, this policy (in the TMB by-laws) was not generated organically by TMB members. It was drafted as part of the TMB charter and had limited appeal to the TMB members I spoke with.

As a final note on the point of institutional legitimacy, I noticed several times while I was in Karimabad that the authority of “the Imam” was invoked by members of AKDN institutions to compel Karimabadis to act in certain ways. Rather than being a starting point for discussion, the Imam’s authority was manipulated to stifle debate and force compliance. This facile strategy is counterproductive and may undermine the credibility of Network institutions in the longer term.

The Land-Use Plan

The notion of restriction on Land-Use is not new to the people of Karimabad. Since the time of the Mir’s rule in Hunza, there have been restrictions on the use of agricultural land. Many of the customary *Land-Use* rules and regulations still survive today among tribes in Karimabad (Numberdars are the custodians of land-related rules).

I learned from my interviews in Karimabad that Land-Use rules could be divided into two general categories: (a) rules regarding crops; and (b) rules regarding construction. The former rules went into effect to protect the crops that were grown on land bordering adjacent plots. These rules dictated the exact distances that must be maintained between specific crops and adjacent land to protect nutrients in the soil. For example, the distance between a walnut tree and neighboring land must be larger than the distance between wheat plants and neighboring land.³⁵ With respect to the built environment, the concern was that shade from buildings should not fall on the crops of adjacent land owners. Construction in the fields had to consider the height of the structure and maintain a distance at least as far (equivalent to height) from neighboring land.

Land-Use rules are changing and the process is very interesting. First, I was told that because of the scarcity of land, land owners are negotiating with one another to reduce the distances between crops on adjacent plots of land. Negotiations between neighboring land owners need not concern the Numberdar: he is consulted only when there is a dispute in which case he defers to traditional rules (precedent) and the opinions of elders. Second, I was informed that since AKRSP has introduced a new breed of apple trees in the region (believed to be very lucrative), Land-Use restrictions with respect to apple trees have been relaxed. In fact, many land owners have joined together adjacent plots of land to plant only apple trees. On the issue of shade and construction, there is still concern about the shade cast by buildings on neighboring land. However, land owners are negotiating with one another to find compromises and reduce distance requirements.

³⁵ This is explained by the fact that walnut trees have much longer roots than wheat plants and therefore to protect the nutrients of the soil of neighboring land, distances between the tree and adjacent land must be very large (e.g. 24 steps)

The irony of the matter is that because of scarcity of land concerns, many people in Karimabad are in the process of relaxing Land-Use restrictions. A Land-Use plan that moves in the opposite direction may be very difficult to enforce. Most people I interviewed complained that their land holdings were reduced to meager proportions (compared to the land holdings of their ancestors) and that land was barely enough to build houses for their children. Housing was a major priority of most people. If building housing meant changing the use of traditional agricultural land, people were prepared to build houses in their fields. Others mentioned their desire to build shops or tourist hotels (especially those with land along Bazaar Road) and finally those without land along the road or with large land holdings, stated their desire to grow apple trees, potatoes (cash crops in Hunza) and other fruit trees.³⁶

To a large extent, people in Karimabad realize that shops and hotels will not be viable investments in every part of the town. They do however, wish to capitalize on roadside location; this summer's construction boom (along Bazaar Road) is proof of this desire. People scarcely appreciate that an outside body may restrict their ability to use their land as they see fit. In my opinion, *Land-Use planning* or "zoning" as people understand it, means that certain areas will be set aside for housing and incentives will be provided for people to settle in "housing colonies".

Many Karimabadis expect that KPSS will acquire land from individual land owners, construct housing (of the quality MIT architects talk about) and lease housing units to people on a rent-to-own basis. Though this seems unrealistic for KPSS (or any other agency to carry out), preventing people from building on land they own will be very difficult to enforce unless *Land-Use* restrictions are generated at the tribal level. As I mentioned before, Numberdars remain the custodians of land in their communities. If Numberdars meet with their respective constituencies and discuss the advantages of restricting housing construction, this may lead to new rules regarding residential construction in Karimabad (according to tribe). Different tribes may come up with different rules and some may decide that limiting construction is not desirable.

I suggest that the *Land-Use* plan become the starting point of discussion at the tribal level. Legal backing for the existing plan may still be desirable so that the plan in question is taken seriously. However, I think that the people of Karimabad deserve the opportunity to contribute to the plan. As I mentioned in section one above, the debate should not be an uninformed affair. People need to understand the principles upon which the plan is based (though they may not share all of the planner's values) and that is why a public education campaign is so crucial in the initial stage. A plan which emerges as the product of consensual processes will be *owned* by the people who participated in the process. What is more, they can be held accountable for the rules they helped formulate. Enforcement should be handled by Numberdars and tribal notables in a way similar to the management of water resources in Karimabad.³⁷

Last, I suspect that Karimabadis may want to expand the *single-use* framework of the current plan. For example, much of the land in the fields is currently used for

³⁶ To a large extent, Karimabadis have accepted that wheat (their traditional staple) is no longer profitable to grow. Many families still grow some wheat and some barley, but, most buy these goods in the market (imported from Punjab).

³⁷ Given that water is such a scarce resource in Karimabad, it is remarkable how few water disputes arise in the area. When disputes do occur, there is a very well established system by which the dispute is settled. The process is managed in large part by tribal Numberdars. I think there is a lot we can learn about land management from the existing water management system.

multiple purposes: income generation, housing, and animal grazing. Similarly, the new plan could be flexible and allow people to use residential areas (as an example) for income generation purposes (e.g. renting rooms, starting businesses, etc.). Such a *mixed-use* framework may be less costly and more flexible for Karimabadis over time. A plan which does not allow people to keep animals near their homes for example, would be very difficult to enforce (given the long history of this practice) and may impose high transaction costs in the form of the commute between home and grazing areas. The point is that *incentives* can be provided to encourage people to live in certain areas and to graze in certain areas, however, legally restricting uses of land will probably not work. Enforceable rules are much more likely to be the ones generated organically at the tribal level and not those imposed from the outside.

Some Thoughts on Housing

I must admit that I did not go to Karimabad to study questions of housing, however, the housing issue was paramount in the minds of many Karimabadis and penetrated many of my conversations with people in the field.

When Essa Khan came to MIT last winter, he said that according to a survey he had conducted in Karimabad, every household wanted to build another home. While this may be true, it does not suggest that *effective housing demand* is one hundred percent. The distinction is an important one: all people may have said they would like another home, but, this does not mean they can *afford* another home. My sense is that housing *needs* can be estimated using conventional indicators (e.g. couples per household, number and age of sons, etc.), however, *demand* for housing is much more difficult to predict.³⁸

KPSS cannot nor should it provide ready-built structures to people in Karimabad. Instead, the current strategy of expanding existing housing settlements by servicing plots of land is a better and more cost-effective strategy. The problem with this strategy however, is that limited funding can only service limited amounts of land and therefore satisfy a very small portion of housing demand. Land owners fortunate enough to control serviced land could sell or exchange housing plots with other Karimabadis (or even Hunzakuts in Gilgit) and absorb all value-added. This is clearly not the intention of a housing subsidy.

Another option could be for the Trust to *announce its intention* of expanding several existing housing settlements by surveying and demarcating the relevant land. This would cost very little, but, would do much to influence perceptions of housing supply (which naturally influences price). Once land owners realize the broad-based scope of the effort, property values are less likely to appreciate rapidly in the near term.³⁹

In terms of controlling the use of land for housing, I think KPSS should rely on an incentive/disincentive based approach. KPSS has leverage in that it controls the

³⁸ Demand is particularly difficult to estimate because the *price* of housing lots is impossible to predict in Karimabad's rapidly appreciating land market. Furthermore, it is difficult to estimate people's capacity to purchase (or build) new housing. Social customs still operating in Hunza compel brothers to share income and divide total assets evenly among themselves at the request of their father. This makes wealth or capacity to purchase housing very difficult to estimate using conventional measures.

³⁹ I cannot take credit for this idea. It was generated out of a lunch conversation between Masood, Omar and myself. Credit goes largely to Omar Razzaz.

emerging sanitation infrastructure and housing loan disbursement from the Diamond Jubilee Housing Fund (vo's might be the bodies through which these loans are disbursed). Karimabadis who choose to build housing in *residential* zones should receive immediate connection with sanitation infrastructure and receive housing loans in the form of cash and/or building materials. For those families who choose to build away from housing clusters, KPSS should withhold sanitation connections and housing loans. Furthermore, tribally-based land management bodies can decide how to sanction *Land-Use* transgressors within tribal units (like the *jirgah* system in water management). Though my thoughts on this subject are far from complete, I believe a simple incentive/disincentive based system like the one mentioned above would be easy to implement, cheap to administer, and more importantly, realistic to achieve.⁴⁰

General Comments and Summary

In general, I suggest a *do more with less* approach in Karimabad. I think that the Trust working through the KPSS should try to *avoid* formulating complex Land-Use restrictions and elaborate systems of wealth redistribution. Objectives such as these require institutional maturity and municipal governance to enforce. Karimabad is without such institutions, but, Karimabad is not without a firmly rooted system of authority and legitimacy.

The Trust should not underestimate the role of the tribe in the planning process. Tribal structures have prevailed in Karimabad for hundreds of years; it is better to build on strong institutions than build new ones. First, tribal leadership must be convinced of the *need* for planning. Once this is achieved, tribal management systems may be able to guide Land-Use in ways similar to current patterns of water management. People need to feel like they contribute to the planning process. Involving them through their own tribes (perhaps through VO's) may be the best way to give them *ownership* of the process. Once they own the process, they can be held accountable to it.

Actors like the KPSS and the TMB in Karimabad need to re-think their roles. The KPSS must first equip its staff with a thorough understanding of the principles upon which the Masterplan is based. Staff must then share this knowledge with people in the field especially tribal leaders and appointed tribal *planning* representatives. These representatives should meet regularly with KPSS staff to share ideas, augment their knowledge base and give KPSS a sense of the thinking on the ground.

The role of the TMB is very ambitious. As a quasi-town government, members of the TMB must take their role very seriously. Currently, many members of the TMB serve on several other bodies in Karimabad and Hunza. They can only afford to allocate a few hours a week to an institution that *manages* the planning of Karimabad. Perhaps, the TMB could have one or two full-time employees or at least an office to manage its own affairs. Members of the TMB should be chosen very carefully and educated about the scope of their responsibilities. KPSS should be very careful not to exclude powerful players (e.g. Numberdars) from the process. Key people left out of the process could be undermine the credibility of the whole institution.

⁴⁰ My idea calls for damage control leading to Land-Use control. I think the costs of aiming for more than this may outweigh potential benefits. Keep in mind that building in the fields, enjoying larger plot sizes and spectacular views is becoming a status symbol in Karimabad. Note that almost every member of the KPSS has constructed a home or rents a home in agricultural fields. KPSS staff cannot preach one gospel and practice another.

The people of Karimabad need a flexible approach to Land-Use. As land becomes more scarce, people want to use *less* land for more purposes. Strict Land-Use controls may be very difficult to impose given this social context. Perhaps, a mixed-use framework would allow Land-Use to be planned, while giving Karimabadis the flexibility they need to construct buildings and generate income from sources other than agriculture.

Last, on the question of housing, the Trust (through KPSS) should make known its intention of expanding current housing settlements. Land should be surveyed and plots divided. At this stage, as funds arrive, money can be invested to service land for housing construction (presumably self-help incremental construction). KPSS can use levers such as the provision of sanitation infrastructure (clean water will flow to all Karimabadis through the government scheme) and housing loans to guide housing construction. This method will *limit* (but not stop) building in areas deemed less desirable by tribal consensus and/or KPSS staff. If this sounds like a *damage control* strategy that is because it is precisely that. I believe that anything more than that would require coercive and/or draconian measures to be taken by the Trust and KPSS.

Appendix C

HEARING WOMEN'S VOICES: *Some Thoughts about Planning and Cultural Context*

Imagine a village meeting among mountains. Imagine further, a village meeting in the Karakorum Mountains under a tree. Imagine still further, a community of men sitting under a tree, making decisions on behalf of their community, continuing a tradition they have followed for hundreds of years. Such is the context of decision-making in a village I studied this past summer in Northern Pakistan. The purpose of my fieldwork was to study *planning processes* in Karimabad, Hunza, a village of six hundred households facing unprecedented social change due to the emergence of a tourism-led cash economy.

In this short essay, I will discuss the roles of men and women in Karimabad. I will present how gender is factored into decision-making, explicitly or implicitly, and argue that economic change is transforming traditional gender roles. More importantly, I will argue against the *mandatory* inclusion of women by the Aga Khan Trust for Culture into traditional "male" decision-making structures unless and until demand for this sort of social change is generated organically.

Since 1992, the Aga Khan Trust for Culture (AKTC) has been actively involved in *planning* for urban growth in Karimabad. Karimabadis belong primarily to the Ismaili community, a sect of Islam led by the Aga Khan. This is important because of the special importance people of the Hunza Valley attach to institutions that bear the Aga Khan's name. When AKTC became involved in urban planning activities in Karimabad in 1992, many elders of the community waited for guidance from the institution and regarded its suggestions as moral imperatives to be carried out and not questioned.

Over time, the people of Karimabad have learned to distinguish between the "Aga Khan" and "Aga Khan Institutions," which have proven fallible, despite good intentions. Therefore, when AKTC talked about *participatory planning* and the inclusion of women into public planning processes, many men made their objections known, albeit quietly. They objected less to the inclusion of women in decision-making; the women of Karimabad have traditionally made their voices heard. The men of Karimabad took issue with the *public* nature of women's participation in decision-making.

In fairness to the architects of the plan at AKTC, they feel that excluding women from visible participation in the newly formed Town Management Board (TMB) is tantamount to ignoring women's voices in the planning process. How can a plan be termed "participatory" or "representative" when more than half the population of Karimabad is ignored? Further, the outright exclusion of women from the planning process is not acceptable, especially given that the body presiding over the process (AKTC) has been an advocate of women's rights and has supported female literacy programs in the region for several years.

My argument is not with the *intent* of including women's voices in the planning process; I object to the *manner* in which they are being included because it disregards long-standing cultural norms. If the goal of the planning effort is to achieve sustainable popular participation, I would argue that social engineering is not the appropriate vehicle to bring about this end. On the contrary, a Western interpretation of "female participation" may endanger women in an environment marked by relative religious

conservatism. A woman who transgresses socio-religious norms puts herself in danger and faces charges of impiety among "people of the faith". Surely, this is not the intention of AKTC. The decision of *how* to include women in the planning process must be made by the people of Karimabad. It cannot be made by an outside agency unaware of local sensitivities and concerns.

Further, membership in the Town Management Board (TMB) may not be the best way to *include* women in the planning process because of the masculine orientation of that "space" within Karimabad's cultural context. In the same way that an anthropologist may be uncomfortable speaking before an audience of economists and may be concerned that his analytical framework will be "judged" unfairly, women in Karimabad appearing before a council of male elders may be shunned and unfairly evaluated by men who expect them to articulate themselves in certain ways. This would certainly not *empower* women or *encourage* them to voice their concerns. Indeed, it could have the opposite effect. Women shunned by men in a "space" unfamiliar to them may be marginalized further making it more difficult to *voice* their concerns in other contexts. Also, the idea of *excluding* powerful men from the TMB (space is limited) to achieve gender balance may place the entire planning process in jeopardy. Powerful actors in Karimabad excluded from the process can do much more damage outside the formal planning framework than if they are functioning within it. Women could be targeted as barriers or obstacles preventing powerful men from formally participating in the village planning process.

The question therefore arises, how can women be included in the planning process in a way that is at once constructive and *not* threatening to existing social norms? In other words, how can women contribute to decision-making in ways that are consistent with their roles in society without giving up the right to raise their voices? Before answering these questions, it may be useful to look briefly at traditional gender roles in Karimabad and see how these roles have changed in recent years.

The men of Karimabad have traditionally functioned outside of the home. Their role was to defend the village from outside invaders and forge political agreements with neighboring villages and tribes. Women, on the other hand, dwelled within the home. They maintained family crops with the help of children, allocated and budgeted household resources, and controlled inter-village barter. Over time, as economic, social, and political circumstances shifted, so did the roles of men and women. For men, transformed political and economic circumstances displaced them from the frontier of the battlefield to the dual frontiers of tourism and trade. Men in Karimabad today continue to dwell in the *public* space acting as tour guides to visitors, managing tourist shops, and owning hotels that cater to tourism. Karimabad's women have diversified their activities as well, but have maintained the non-public orientation of their community involvement. Apart from managing the family's agricultural fields, women now teach in the community girls' schools and staff maternal and child health clinics. It is important to note that women's contact with *men* is still limited. Though they have expanded their activities beyond the home, the "public space" is still off-limits to them because of cultural taboos regarding public contact between unmarried men and women.

Therefore, any plan that tries to involve women in the planning process must consider the limitations imposed by Karimabad's cultural context. The "space" in which women participate must be one familiar to them and comfortable enough to allow them to speak their minds unhindered by the "shame" associated with male-female contact in the public realm. Women have traditionally reigned over the "private space" and voiced their concerns to their husbands and families within the safety of

their homes. How can that environment be replicated outside the home or how can women's concerns voiced within the home be heard outside of it? That seems to be the question AKTC should be asking. Perhaps, it is not for me to answer. It may be best answered by the women of Karimabad. As a male doing fieldwork in Karimabad, I had limited contact with women except among the families I lived with. Perhaps, a female researcher would have been in a better position to meet with Karimabad's women and ask them how they could make their concerns known to planners. To assume that Karimabad's women will find it necessary to differentiate their voices from those of their husbands is a culturally "loaded" assumption. Perhaps, the real voices that are unheard in Karimabad belong to the poorer tribes of the village. In other words, gender may not be the defining *fault line* which divides the concerns of the people of Karimabad. This question can only be answered by the people of Karimabad: men and women, rich and poor, Ismailis and non-Ismailis.

In conclusion, I think that it is for the people of Karimabad, men and women, to decide what is the most appropriate way to include women's voices into the planning process. Indeed, this may not be a pressing question within their cultural frame of reference. It is not the place of the Aga Khan Trust for Culture or any other *external* agency to decide *how* various voices within the community should be heard. While their concerns about excluding marginalized groups from the conversation are well-intentioned, their restrictions may do more to de-legitimize the process than empower it. Excluding powerful actors in order to achieve gender balance -a concept that carries limited currency- may rob the process of credibility and effectively undermine AKTC's goal of *involving* people in the planning of Karimabad.

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