1. Key development issues and rationale for Bank involvement

**Lagging Economic Development and in the Province.** Located in southwest China, Guizhou is ranked as the poorest province in the country, based on its per-capita GDP, which is CNY 5,206 (USD 666). The province has a population of 39 million, 37 percent of which belong to 30 ethnic minority groups, living mostly in the southern part of the province. Guizhou has large deposits of coal and a potential for hydropower development, yet overall development has been constrained by inadequate infrastructure and low levels of outside investment. As statistics indicate that the number of Guizhou’s 87 administrative counties that are designated as ‘low income’ has increased from 47 in 2000 to 50 in 2005.

**Poverty among Ethnic Minority Populations.** Most of Guizhou’s ethnic minorities are indigenous, live in remote rural areas, and have a very low standard of living. For the most part,
they depend on subsistence agriculture because there is limited cultivatable land and there are few other employment opportunities. The average rural per capita income is only 27 percent of that in the province’s urban areas. This region has the reputed karst landscape of hundreds of conical mountains, which covers nearly 90 percent of the land. As a result of this difficult landscape, 15 percent of rural communities are inaccessible by road, 27 percent of the population is not connected to the electrical grid, and a majority lack adequate water supply and sanitation. These conditions encourage younger generations to migrate, posing a serious risk to the viability of minority communities and their unique cultural heritage.

**Sustainable Tourism Development as Development Priority.** Guizhou is richly endowed with cultural, natural and historical resources comprising dramatic karst landscapes, gorges, rivers, rapids, caves, pre-historic fossils, and the ancient living traditions of its minority peoples, including extensive vernacular architecture and intangible heritage, such as song, dance, handicrafts, and festivals. A major element of the Guizhou Provincial Government’s (GPG) economic restructuring and poverty alleviation strategy as stated in its recent Five Year Plans, is to speed up the development of the tourism industry, particularly rural tourism. Based on a tourism master plan, prepared in 2002, Guizhou has formulated provincial policies and plans that pursue sustainable tourism development and poverty alleviation through: development of tourism resources; protection of natural and cultural heritage; vocational and professional training; and promotion of domestic and foreign investments in the sector.

**Rapid Tourism Growth and the Challenges of Protecting Cultural and Natural Heritage.** The Province’s tourism marketing effort has been successful in increasing tourist visits. Recent tourist arrivals have exceeded the province’s long-term averages, increasing 20 percent in 2005, and 60 percent in the first 6 months of 2006. This rapid growth has exposed structural weaknesses in the implementation of the current tourism strategy and presented challenges for the preservation and sustainable use of the heritage assets for future generations. New investments and improvements are required in basic tourism infrastructure in order to maximize the tourism benefits that can alleviate poverty in minority communities and promote the economic development of the Province.

2. Proposed objective(s)

Project development objectives are to achieve: (a) a higher level of livelihood productivity among residents of participating historical and cultural villages/districts in Guizhou Province; and (b) a high level of satisfaction among cultural and eco-tourists visiting participating sites while protecting the assets effectively. These objectives would be achieved by undertaking prioritized and sustainable investments in infrastructure, initiatives to enhance incomes of the ethnic population, and a set of tourism industry interventions paying special attention to natural and cultural heritage of Guizhou, as well as by capacity building in tourism and protection sectors.

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2 The plan was financed by the World Bank, together with GPG and the United Nations World Tourism Organization.
3. Preliminary description

The project design aims to enhance incomes, create employment opportunities and improve the standard of living of the ethnic minority population, using the area’s tourism resources as the primary vehicle. Proposed project component are summarized below. A detailed description is provided in Annex 1.

**Component 1. Heritage Protection, Income Generation and Infrastructure in Ethnic Minority Villages and Towns:** The component will make interventions in villages/towns in 12 counties in Qiandongnan Prefecture, Anshun Municipality and Qiannan Prefecture), village tourism associations will plan, manage and implement the programs using the CDD model, supported by project-provided facilitators:

(a) **Income Generation and Infrastructure Services:** (i) expansion of craft production, tourist information centers, promotion and marketing; (ii) basic community infrastructure (iii) home renovation through a loan program, and a pilot micro-credit facility; (iv) training for small business development, service standards and hygiene practices; and (v) expansion of tourism activities to increase interest, length of stay, and spending

(b) **Protection of Physical, Natural and Intangible Cultural Heritage:** (i) preparation of conservation plans for physical, natural and intangible heritage; (ii) development of protection measures/regulations for land use, cultural landscapes, traditional architectural integrity and consistency, acceptable limits of change for basic infrastructure installation, residential upgrading, renovation and restoration of traditional buildings, including improvement of interior facilities, and development of village-level interpretation to raise awareness of community and inform visitors on the meaning, value and significance of the local heritage

**Component 2: Natural and Scenic Area Facilities Improvement**

(a) provision of improved facilities at six tourist locations, based on best international practice, for tourism facilitation; cultural and natural resource inventory, monitoring and documentation; and infrastructure, tourist services including safety and first-aid facilities

**Component 3: Gateway Town Facilities**

(a) construction of one ethnic minority cultural and historical museum (Kaili), two tourist information centers (Liping and Jianhe), and a tourist information center in Guiyang for tourist services, promotion, exhibition and marketing of ethnic minority products; and

(b) development of strategies to renew infrastructure, and measures to leverage investments from the private sector in gateway towns

**Component 4: Technical Assistant (TA) for Sustainable Cultural and Eco-Tourism Development and Implementation Support**

(a) capacity building for the Provincial Tourism Bureau for sustainable cultural and eco-tourism development, and (b) project implementation support

4. Safeguard policies that might apply

Indigenous Peoples, Environmental Assessment and Involuntary Resettlement
5. Tentative financing
Source: ($m.)
Borrower 30
International Bank for Reconstruction and Development 60
Total 90

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