

Tourism and Poverty Reduction in Lao PDR

A reflection of SNV's work
2003 - 2011



SNV

Connecting People's Capacities



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Acronyms

ADB	Asian Development Bank	PTD/O	Provincial Tourism Department/ Office
CBT	Community-Based Tourism	SNV	Netherlands Development Organisation
CSR	Corporate Social Responsibility	SS&US	Semi-skilled and Unskilled
EU	European Union	STDP	Sustainable Tourism Development Project
JICA	Japan International Cooperation Agency	ST-EP	Sustainable Tourism for Poverty Alleviation
LATA	Lao Association of Travel Agents	UNWTO	United Nations World Tourism Organisation
LHRA	Lao Hotel and Restaurant Association	VCA	Value Chain Analysis
LNTA	Lao National Tourism Administration	VCD	value chain development
MTDP	Mekong Tourism Development Project		
NHR	Northern Heritage Route		
PATA	Pacific Asia Travel Association		
PPPD	Per Person Per Day		
PPST	Pro-Poor Sustainable Tourism		

Introduction

SNV is a capacity-building organisation. It works to reduce poverty by creating production, income and employment opportunities and increasing access to basic services by strengthening the capacity of local actors.

From 2003 to 2011, SNV was privileged to work in Lao PDR to build the capacity of the public and private actors in the tourism sector. During this time, the tourism industry has flourished and now represents the third most important economic driver of the Lao economy, contributing in excess of US\$380 million in 2010.

SNV's role during this period has been to ensure the growth and development of the sector is pro-poor and sustainable – that poorer segments of the community are also economic and social beneficiaries of tourism, and that the industry will create lasting jobs and income opportunities with minimal negative impacts. For SNV, this has meant working on multiple levels within the government, civil, and private sectors, exploring new approaches to policy and business development, and building human capacity to implement and manage the industry for the long-term benefit of all Lao citizens.

SNV employed a diverse array of tourism development approaches over its tenure in Lao PDR. In 2003, activities focused on community-based tourism (CBT), often within the context of eco-tourism product development. At this time, tourism was just emerging as a development tool and early tourism and poverty reduction initiatives were somewhat experimental.

Since then, SNV and its partners and clients have refined their approach to tourism development, learned a number of lessons, and evolved ways of working that are more effective and efficient. More recently, SNV's Pro-Poor Sustainable Tourism (PPST) work has taken a more holistic perspective, utilising destination development strategies, Value Chain Analysis (VCA), and private sector engagement for a greater impact on poverty.

The Government of Lao PDR, through the Lao National Tourism Administration (LNTA), has been an important and dedicated partner in developing the industry in a pro-poor manner. SNV and the LNTA have collaborated to build the knowledge and skills of public sector officials to understand the dynamics of this complex, multi-dimensional industry, and how it can be successfully structured to contribute to poverty reduction throughout the country.

In addition to the LNTA, SNV has worked closely with the provincial tourism departments of Houaphanh, Khammouane, Luang Prabang and Savannakhet to successfully implement PPST development on a local level, utilising: *strategic planning, development of new tourism products and services, guide training, marketing, effective engagement with the private sector*. The private sector itself has become a crucial partner over the past three years in ensuring pro-poor tourism business practices, both through national and provincial tour operator associations and directly with individual travel companies.

SNV's work over the past nine years would not have been possible without the support and collaboration of a range of national and international organisations, including industry associations, non-governmental



Figure 1. SNV's primary areas of work

organisations, donors, and educational and training institutes. These formal and informal partnerships have been crucial in creating a shared understanding of Lao tourism's pro-poor potential and combining resources to ensure this potential is realised.

While there have been many achievements throughout SNV's involvement in the tourism sector, a number are worth particular mention, including:

- Developing the Lao Eco-Tourism Strategy and Action Plan, 2005 – 2010
- Implementing the EU-Asia Invest-funded Marketing Responsible Tourism project with the Lao Association of Travel Agents (LATA)
- Enacting the National Tourism Law in 2005
- Piloting the popular Leadership and Organisational Change Program with the LNTA
- Pioneering VCA methodologies to map pro-poor tourism expenditure, specifically in Luang Prabang and the East-West Economic Corridor
- Creating tourism site Master Plans for Kungsi Waterfalls and Viengxay
- Establishing Eco-tourism Guide Associations in Savannakhet and Khammouane

This document is a reflection of the past nine years of partnership, challenges and successes, and an acknowledgment of the dedication and work of a great number of SNV advisors, clients, and communities to ensure a more sustainable and equitable tourism sector in Lao PDR.

Tourism in Lao PDR

The tourism industry in Lao PDR has blossomed over the past decade. In 1990, when the country opened up to foreign visitors, there were 14,400 arrivals. In 2003, when SNV began its work in tourism, there were 636,361 international tourist arrivals. In 2010 this number had increased to 2,513,028 visitors; an almost four-fold growth¹. With tourism businesses expanding and generating direct and indirect jobs, it directly contributed US\$287 million to the Lao economy in 2010, or 4.5% of total GDP².

Public and private sector investments in new infrastructure development are also having a significant impact on the sector through new airport facilities, road access routes, and mid- and high-end hotels. These investments also serve to attract new and emerging tourist markets, thereby diversifying the appeal of Lao PDR to tourists.

Table 1. Market share (%) of tourist arrivals by region, 2003-2010 ³

	2003	2004	2005	2006	2007	2008	2009	2010
Asia and Pacific	78.29	81.59	82.10	83.01	86.61	85.36	90.65	89.93
Europe	14.75	12.53	11.99	11.43	9.09	9.72	6.48	7.09
Americas	6.21	5.27	5.48	5.01	3.78	4.33	2.66	2.68
Africa, Middle East	0.75	0.61	0.42	0.55	0.51	0.59	0.21	0.30

While the traditional European market remains steady, there is tremendous growth in the regional markets of Thailand and China as discretionary income levels rise. In particular, new cross-border routes from Vietnam, Thailand and China have increased regional transit traffic – creating a boost in visitor numbers without a concurrent rise in spending. Nevertheless, with this growth come new challenges for the industry – namely, dealing with significantly increased volumes of tourists, creating opportunities to benefit from regional travellers, and catering to different needs and expectations.

1. LNTA, 2011. 2010 Statistical Report on Tourism in Laos

2. WTTC 2011 (<http://www.wtcc.org/research/economic-data-search-tool/>)

3. LNTA, 2011. 2010 Statistical Report on Tourism in Laos

Table 2. Revenue Comparison of Tourist (Regional and International) 2010 ⁴

Category	Tourist Arrival (Person)	Average Length of Stay (Days)	Average Expenditure PPPD (US\$)	Revenue in 2010 (US\$)
Total	2,513,028			381,669,031
Thai (Passport)	708,928	3	52	110,592,768
Thai (Border pass)	808,136	1	20	16,162,720
Vietnam (Passport)	397,762	3	30	35,798,580
Vietnam (Day Tripper)	33,249	1	12	398,988
China (Passport)	65,984	3	30	5,938,560
China (Day Tripper)	95,870	1	12	1,150,440
Regional Tourist	2,109,929	4.5	50.50	170,042,056
International Tourist	403,099	7	75	211,626,975

Lao PDR's tourism policy framework is relatively strong, and reflects an understanding of the role that tourism can play in poverty reduction. With SNV's input, the Lao National Assembly passed the country's first National Tourism Law in November 2005, and in March 2006 the National Tourism Strategy and Action Plan (NTSAP) 2006–2020 was adopted. The strategy highlights five areas for the development of tourism:

1. Governance, planning, and research
2. Service quality, education, and training
3. Product diversification based on the country's unique natural attractions
4. Equity considerations, including ways to spread the benefits to remote and minority communities
5. Using tourism to promote Lao PDR and its products in the global market

Tourism was prioritised as an important sector in Lao PDR's Socio-Economic Development Plan for 2006–2010, and in the National Growth and Poverty Eradication Strategy, tourism is identified as a priority sector in contributing to poverty eradication by enacting a strategy focused on pro-poor initiatives, CBT development, the enhancement of specific tourism-related infrastructure, and increasing sub-regional tourism cooperation. The LNTA has heavily promoted CBT, particularly with the success of the Nam Ha Ecotourism Project and the ensuing Asian Development Bank (ADB)-supported Mekong Tourism Development Project (MTDP) and Sustainable Tourism Development Project (STDP).

Casinos have become a relatively recent feature of the tourism landscape of Lao PDR, developed with foreign investment near the borders of China and Thailand where gambling is still illegal. How to create pro-poor tourism opportunities from these types of establishments will be a major challenge in the years to come.



Popular travel destination – Luang Prabang

4. LNTA, 2011. 2010 Statistical Report on Tourism in Laos

SNV and Tourism in Lao PDR

Though SNV officially began to work as an independent organisation in Lao PDR in 2003, interventions began in 1999 through a United Nations Volunteer partnership. Tourism programmes commenced the following year. SNV's vision for PPST has been to:

Raise awareness and understanding of good practice in PPST planning and management principles among national and provincial tourism agencies and the private sector, and empower them to implement pro-poor, gender and socially inclusive strategies that contribute to poverty alleviation.

SNV's initial focus was on supporting provincial needs, and advisors were placed with Provincial Tourism Departments (PTDs) in Khammouane, Luang Namtha, Luang Prabang, and Savannakhet. In Luang Namtha, SNV supported the New Zealand Aid-funded UNESCO Nam Ha Ecotourism Project, a ground-breaking initiative in northern Lao PDR that led to the ADB-funded Mekong Tourism Development Project, in which SNV was also involved. In other provinces, SNV advisors supported the development of tourism products and services that involved rural communities in and around protected areas. Activities included:

- Basic tourism surveying and statistics gathering
- Developing treks and establishing guide units
- Village-level awareness raising and training
- Capacity building of the PTDs

Much of SNV's advisory work was determined by the low capacity of the tourism offices, and with the exception of Luang Prabang, the immature state of tourism in each province. Advisors worked with government staff providing training and implementing activities at the district or village level, which continued with the commencement of the LNTA/ADB Mekong Tourism Development Project in 2003. In this project SNV had an unofficial but key role as capacity-builder of the PTDs responsible for carrying out activities in three of the five target provinces. The MTDP and its particular formula for CBT development helped to brand Lao PDR as an eco-tourism and trekking destination, and dominated the approach to tourism taken by the government and development agencies like SNV for much of the past decade.

In 2003, at the request of the Science Technology and Environment Agency and UNDP, SNV began work on the design and implementation of a national Eco-tourism Strategy and Action Plan, and signed a MoU with the National University of Laos to develop an eco-tourism course. This solidified SNV's two-tiered approach with national-level policy interventions and provincial-level interventions to support implementation, and a commitment to ecotourism and CBT.

A slight shift in SNV's approach came in 2005, with a greater focus on the institutional development and organisational strengthening of clients. PTDs were evaluated on their overall capabilities, leading advisors to make broader interventions such as job description development, leadership training, team-building and strategic planning. This was in response to the recognition that strong organisations and governance lead to effective and sustainable development. Although these actions supplemented tourism activities rather than replacing them, the approach narrowed SNV's direct impact on tourism and poverty.

As a learning organisation, SNV commissioned a Pro-Poor Sustainable Tourism Sector Evaluation in 2005/2006. A key recommendation of the evaluation was that SNV adjust its strategy to improve measurable impacts on poverty reduction. In response, the PPST sector diversified the client base to involve the private sector more directly, recognising that

government tourism departments were often not the primary agents for income generation. A successful bid for EU-Asia Invest funds resulted in the Marketing Responsible Tourism Programme with LATA, and SNV began a dynamic partnership with tourism businesses that were serious about mainstreaming poverty reduction and social responsibility into their activities.

To maximise impact with higher numbers of poor and marginalised target groups, SNV began employing the VCA methodology as a basic starting point, rather than focusing only on CBT product development in rural areas. Destination Development and Management was also identified as a key strategy for SNV's tourism work across Asia, creating inclusive and sustainable tourism hubs. This helped to expand the scope of SNV's work to incorporate a broader range of interventions, including handicraft development, tourism business support, and comprehensive tourism product development.

In employing the Destination Development and VCA approach, SNV's recent tourism activities in Lao PDR focused around one main programme – the Northern Heritage Route (NHR), covering Luang Prabang, Houaphan, Sayaboury and Xieng Khouang provinces. The programme uses the NHR as a focus for marketing support and development of the handicraft and food supply chains to improve pro-poor impacts. In addition, institutional development is utilised to improve the efficiency and effectiveness of organisations representing the industry.

From modest beginnings supporting village-level CBT with a handful of advisors, to supporting countrywide tourism interventions with 12 advisors, SNV has dedicated its tourism work in Lao PDR to building the capacities of the public and private sector to strengthen the industry as an important economic sector for Lao PDR.

Similarly, tourism in Lao PDR has been transformed from a niche industry known for being "off the beaten track", to being listed by the New York Times as the number one destination in the world in 2008. It has also achieved one of the highest visitor growth rates in the region.

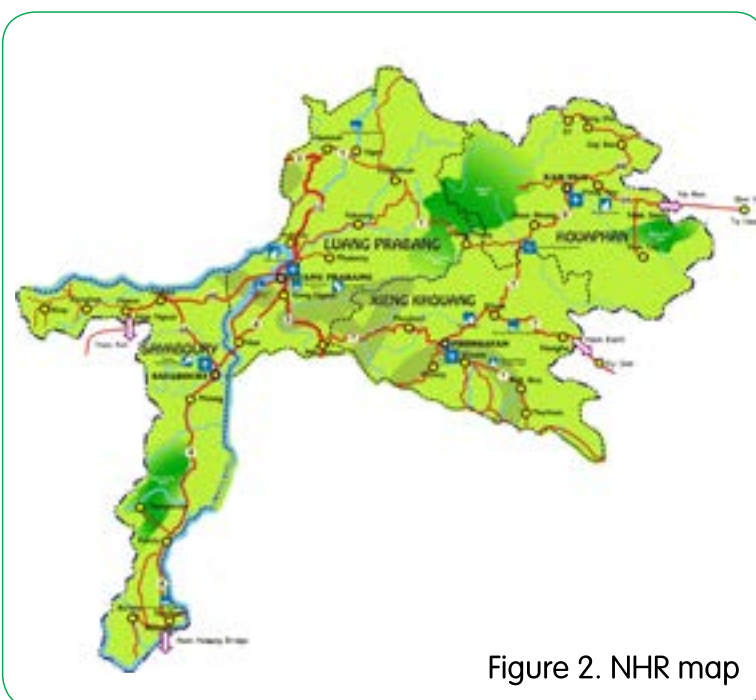


Figure 2. NHR map

Key Clients

The LNTA is responsible for developing and regulating tourism in Lao PDR in cooperation with other government ministries. LNTA has been SNV's key client during its tenure in Lao PDR. With the LNTA, SNV has broadly supported an enabling environment for sustainable tourism, including through policy and planning development, a leadership training programme for tourism officials, multi-stakeholder processes, marketing and human resources development.

While SNV supported an overarching framework for tourism at the national level with the LNTA, at the provincial level advisors supported implementation of this framework

and elaboration of PPST approaches on the ground. SNV advisors have worked with the Provincial Tourism Offices (now Departments), in Houaphanh, Khammouane, Luang Prabang, and Savannakhet, contributing additional inputs in specific districts. SNV has supported tourism product development and marketing (particularly under the Mekong Tourism Development Project – MTDP), guide training, handicraft value chain development, and capacity building of the PTDs on strategic tourism planning and management.

“Working with SNV on eco-tourism development and pro-poor tourism development allowed us to learn that sharing experiences and knowledge are the main factors for our effective and successful work as development partners.”

- Mr Thavipheth Oula, Deputy Director General, Planning and Cooperation, Lao National Tourism Administration

Private sector clients of SNV have included LATA, the Lao Hotel and Restaurant Association and the Luang Prabang Association of Travel Agents. These clients, along with individual tourism businesses, strengthened the argument that PPST should engage further with the private sector, in view of their influence on how tourists travel and how businesses spend their money, source their supplies, and work with local communities.

In an effort to foster a higher level of tourism knowledge and management skills, SNV supported Lao educational institutions such as the National University of Laos, Souphanouvong University in Luang Prabang, Savan Institute of Management, and the Training Department of the LNTA. Tourism curricula and teaching resources were developed with the universities as part of their tourism training programmes. The capacities of commercial training providers and research agencies were also improved to provide specialised tourism training and research services to the sector.

Partners

SNV's work in the tourism sector in Lao PDR would not have been possible without the cooperation and collaboration of a great many partner organisations. In particular, SNV's global partnership with the World Tourism Organisation (UNWTO) in the Sustainable Tourism for Poverty Alleviation (ST-EP) Programme has resulted in a suite of knowledge resources on destination development and PPST. The ST-EP Programme also supported the development of the Viengxay Caves in Houaphanh province as an emerging destination.

SNV has enjoyed a productive working relationship with the ADB, the primary funder of Greater Mekong Sub-region (GMS) tourism initiatives, including the GMS Tourism Strategy. SNV has supported implementation of ADB's two major projects in Lao PDR; the Mekong Tourism Development Project (MTDP) and the Sustainable Tourism Development Project (STDP), complementing their funding and activity frameworks with capacity building.

Other important partners in Lao PDR have included the Mekong Private Sector Development Facility, GTZ and DED (now GIZ), JICA, NZAID, the Pacific Asia Travel Association (PATA) and Lux Development. These partnerships have funded tourism product development, provided technical assistance to the development of local tourism capacity-builders, and supported private sector development. These collaborative activities have allowed SNV to expand its capacity-building approach to tourism development beyond what would have been possible as a single organisation.

SNV's Approach to Tourism

Using a mix of process-oriented and technical expertise, the SNV PPST team has worked with government actors, the private sector and local organisations to create an enabling environment in which inclusive tourism destinations can thrive and to improve income for the poor through supply chain development. SNV integrates the cross-cutting themes of good governance, gender equality, and access to finance throughout its activities in this sector.

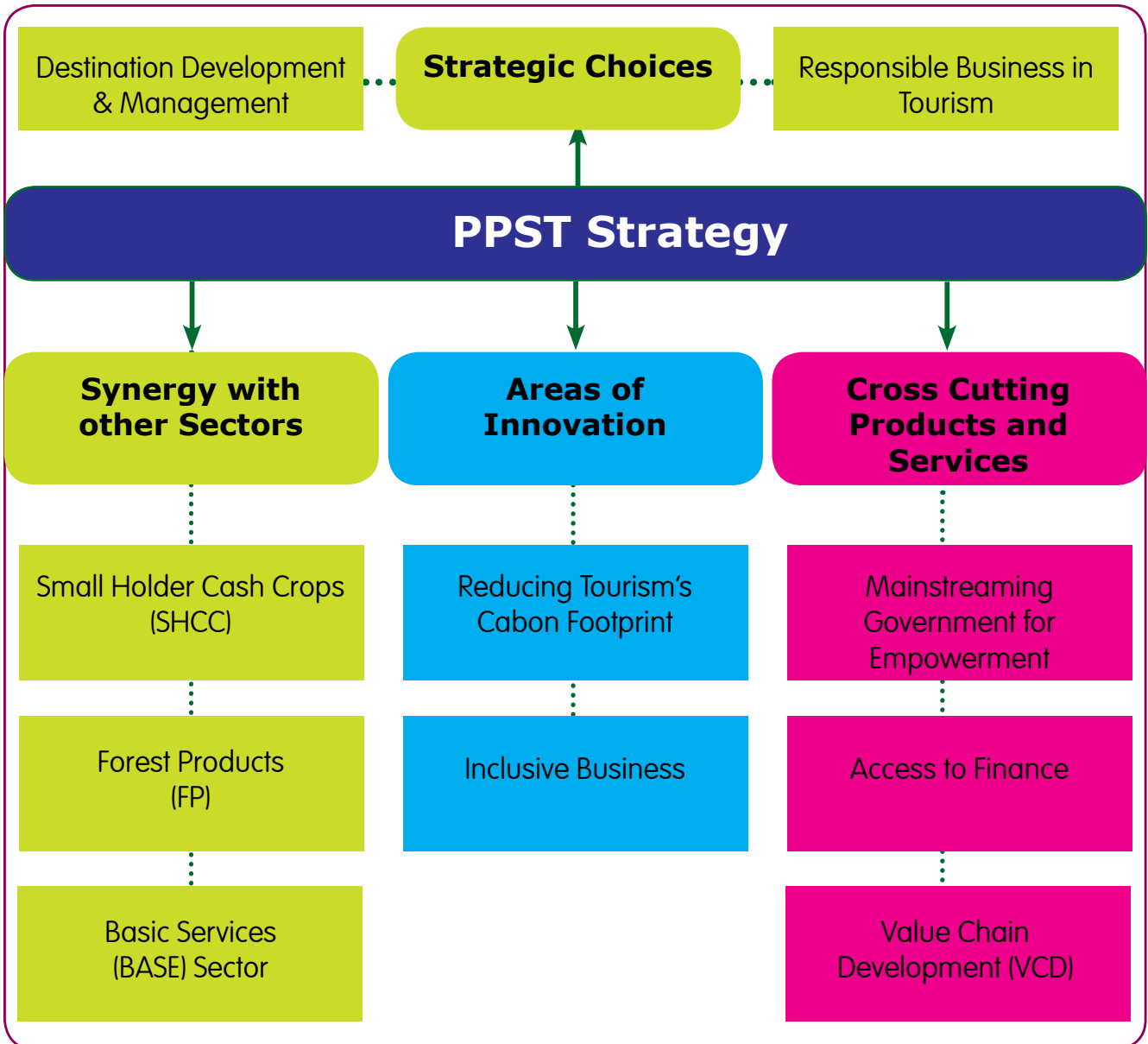


Figure 3. SNV Lao PDR's PPST approach

As SNV uses capacity-building as its entry point to development, it is crucial that a clear logic for its interventions with local actors is established. A result chain that considers inputs, outputs, outcomes and impact is an important tool for clarifying SNV's approach.

Over the past four years, SNV Lao PDR has made a concerted effort to shift from implementing isolated product development (often associated with CBT) and government-dominated activities towards the more market-driven approach of destination management, which utilises value chain development as a tool to effect measurable and more sizeable impacts. Many of SNV's clients in the sector are now tourism businesses and business associations, and SNV has been responsible for bringing together private and public stakeholders for more inclusive and responsive tourism destination development.

Key approaches utilised by SNV to make an impact on poverty reduction in PPST have included:

- Developing an Enabling Environment
- Destination Development and Management
- Multi-Stakeholder Dialogue and Planning
- Responsible Business in Tourism
- Value Chain Development



Creating an Enabling Environment

An important foundation for sustainable tourism development is an enabling environment. This includes a clear strategy and framework for tourism and its benefits, policy that supports and regulates private sector investment, human resources development opportunities, and tourism facilities and infrastructure. A key constraint to effective pro-poor tourism development in Lao PDR has been the limited capacity of government authorities and insufficient understanding and implementation of policy.

SNV has tackled many aspects of developing a supportive enabling environment, including:

- Assisting with the development and implementation of the National Tourism Law with the UNWTO ST-EP Programme
- Supporting the establishment of the National Ecotourism Strategy and Action Plan, and the Ecotourism Task Force
- Facilitating provincial-level tourism development plans

SNV led the development of the Houaphanh Provincial Tourism Action Plan and the subsequent establishment of the Viengxay Caves as a tourism site. SNV also supported a Tourism Marketing Strategy and brand for Luang Prabang and the long-term development plan for Savannakhet.

In addition to robust policy, responsive institutions managing tourism are crucial to an effective enabling environment. SNV's comprehensive work in capacity building has encouraged participatory planning processes, organisational development, and tourism skills development for PTD staff. In particular, SNV piloted and expanded a Leadership Development Programme for tourism officials and the private sector. This popular programme led tourism managers and directors through 3- to 5-day modules on key areas in leadership development.



- 1) Leading Yourself
- 2) Leading Your Team
- 3) Leading Your Organisation
- 4) Leading Your Society

Though the modules did not directly address tourism issues, they targeted the underlying governance and organisational issues that negatively affect government officials' ability to effectively manage tourism, and thereby strengthened the enabling environment.

"Within our association and the board of directors there is an increasing exchange of ideas... another change is our relation with the Provincial Tourism Department. There used to be no feedback in meetings, communication from the department was authoritative and one-way only. We participated together with the PTD management in the Leadership Learning Programme. This has strengthened our relationship and improved our communication. The PTD has become more accessible and open. There is freedom now to offer suggestions and ask questions which they will answer, or send on to national level for feedback. This is a very positive development."

- Vice President, Luang Prabang Association of Travel Agents

Destination Development and Management

Creating an enabling environment is an important aspect of the destination development and management approach. This approach is a holistic framework for improving the long-term viability or competitiveness of a destination. Establishing a successful, sustainable, more inclusive destination means that:



- The volume of tourism is increased (attract more tourists, lengthen duration of their stay, repeat business, increase tourist expenditure locally, reduce seasonality, improve return on investment and yield per visitor)
- Benefits of tourism are spread over more stakeholders, particularly the poor and marginalised
- A balance is maintained between economic, socio-cultural and environmental impacts.

At the beginning of SNV's inputs in Lao PDR, the focus was on developing rural excursions to spread tourism benefits beyond urban hubs to reach poorer populations. In Luang Namtha, Luang Prabang and Khammouane, SNV supported tourism

product surveys, handicraft development, district and village training, and marketing of new tourism sites, as part of the Mekong Tourism Development Project Community Based Ecotourism component.

In recent years, SNV has focused on encouraging the development of emerging destinations and circuits with larger impact potential, such as the NHR. This has meant:

- Engaging tourism authorities and the private sector in appropriate product development methodology (feasibility and market surveys, community mobilisation, monitoring and evaluation)
- Supporting market-oriented strategy development and planning by destination management authorities
- Identifying and facilitating income distribution mechanisms to improve pro-poor benefits
- Brokering public/private sector partnerships
- Linking and branding products

"SNV helped us to learn by doing work with us. We appreciated it when we had SNV advisors working in our office. They could help us plan and implement activities, especially with the MTDP. SNV also helped us set up our first information centre and improve it a lot."

- Soukan Navisian, Luang Prabang Provincial Tourism Department

A key area in which SNV improved destination development and management was aiding tourism departments to become more pluralistic in how they plan and manage a destination, using multi-stakeholder processes. Simultaneously, SNV focused on empowering the private sector to lobby strongly for a more coordinated and responsive role for PTDs.

Multi-Stakeholder Dialogue and Planning

Tourism is a complex, multi-sector industry, requiring planning and management across a great number of government departments, private sector stakeholders, communities, and interest groups. Successful development and management of a destination requires the coordination and collaboration of many stakeholders through responsible leadership. In Lao PDR, tourism development has tended to be led by government tourism authorities, with some limited consultation of related government departments and the private sector associations. Over the past nine years, SNV has introduced and emphasised the importance of more inclusive planning processes through multi-stakeholder forums and dialogue.



Inclusive tourism planning

SNV has supported multi-stakeholder meetings for national and provincial policy development, encouraging feedback and input from a variety of actors. The Ecotourism



Multi-stakeholder consultation

Task Force, established to support implementation of the Ecotourism Strategy and Action Plan, included representatives from the LNTA, PTDs, Departments of Agriculture and Forestry, and Protected Area managers. In 2005, SNV helped the LNTA to establish the Sustainable Tourism Network, an informal gathering of tourism practitioners that met once a month to discuss issues of interest. A simple idea, it drew a large committed following of participants from the private, public and NGO sectors, allowing unprecedented open discussion and debate.

Multi-stakeholder processes have been a cornerstone of SNV's capacity building support in Lao PDR and across the world, a key feature of its advice to authorities on tourism planning and management. In 2010, SNV supported a publication called "Joining Forces: Multi-Stakeholder Processes for Sustainable and Competitive Tourism" with UNWTO.

Responsible Business in Tourism

Local and national tourism authorities have been the established partners for sustainable tourism development activities, and indeed, can be major change agents for policy frameworks and destination planning. However, the private sector, particularly tour operators and hotels, have become important partners in the pro-poor and sustainable reorientation of the industry. These businesses are the link between the destination and market, affecting how tourists travel, where they stay, how they eat and what they buy.

SNV has recognised the potential of working with business associations and private companies to influence the way that tourists travel and their demand for products and services. Demonstrating to companies that inclusive business practices are advantageous in the short and long term has a direct impact on employment policies, use of community services, income for local producers and environmental practices. Much of the private sector refers to this as 'corporate social responsibility' (CSR), and more and more businesses

support environmental and social projects or funds. However, SNV's approach has been to further encourage the integration of responsible tourism practices throughout their businesses. SNV's work has included:

- Introducing tour companies and accommodation providers to principles and tools for inclusive business practices
- Assisting business associations and governments to raise awareness of, promote, provide incentives for, and reward responsible tourism
- Piloting responsible tourism models with individual businesses, then publicising and up-scaling them
- Providing leadership training for responsible tourism industry front-runners
- Supporting branding and marketing of destinations based on sustainable and responsible tourism attributes
- Providing capacity building to tourism business associations to improve their overall relevance and efficacy

In 2006, SNV assisted LATA to submit a successful proposal to the EU Asia Invest fund, resulting in a three-year project called "Marketing Responsible Tourism in Lao PDR." Among other things, the project supported strengthening of the association itself, seminars and training on responsible tourism practices, and links to the European market.

In 2008, SNV provided support to the LHRA, to foster CSR in the accommodation and restaurant sector in Lao PDR, including:

- A survey of LHRA members to identify current levels of awareness and practice in relation to CSR in the accommodation and restaurant sector
- A desk study to identify various approaches, methodologies, tools and certification schemes for CSR in the tourism sector
- Development of a CSR Implementation Pack for the accommodation and restaurant sector

In 2010, SNV, with PATA and GTZ, issued a Best Practice Guide for CSR. This online publication documents case studies of businesses within the region that are successfully engaged in sustainable tourism practices, providing concrete examples for industry peers.

Value Chain Analysis and Development

More recently, VCA has been utilised to understand how tourism functions at a destination and to find opportunities to increase benefits to the poor. Rather than focus just at the level of the tourist experience, the value chain approach looks at potential within the entire tourism economy.

The tourism value chain is a highly segmented and complex amalgamation of direct and indirect industries that serve the tourist; from where they sleep at the destination to what they eat, how they travel, what they buy and what activities they undertake. However, four discrete chains that make up the local tourism value chain are commonly recognised:

1. Accommodation
2. Food and beverage
3. Excursions and activities
4. Souvenirs and shopping

Based on their impact potential, SNV has focused primarily on the food, excursions and shopping supply chains. Due to the emerging nature of many of the tourism destinations in which SNV Lao PDR works, the development of tourism activities and excursions is in high demand and has the potential to reach the poor, particularly in rural areas. The excursions supply chain itself is quite complex, consisting of tour companies, guides, transport operators, villagers, attraction managers and others.



Supporting Lao silk textiles through tourism

'Souvenirs and shopping' refers to products (in particular, handicrafts and specialty foods) that tourists can buy at their destination for consumption back home. Handicrafts in particular provide an excellent opportunity to benefit socially excluded groups and women, who are often traditional producers of curios and crafts. The food and beverage chain provides the largest potential for impact on the poor. However, this is also the most geographically scattered and technically complex supply chain.

The importance of good market links to the feasibility of a tourism destination has been widely acknowledged, and small improvements in the tourism value chain can mean significant benefits for a large number of stakeholders.

In the past four years, SNV has introduced clients and local organisations to market scans and VCAs, and has increased local benefits through pro-poor supply chain improvements. This has required widening the scope of tourism activities to include interventions in marketing and branding, handicraft development, agricultural produce supply and small business development.

A number of VCAs have been conducted in Lao PDR, including:

- Tourism in Luang Prabang
- Lao cotton textile production in Savannakhet
- Silk production in Houphahn
- Buddha Cave tourism in Khammoune
- That Inhang destination in Savannakhet



Tourism supporting food supply chains

In Lao PDR and Vietnam, SNV worked with two local organisations, the Savan Institute of Management and the Hue College of Economics, to complete a VCA of the East-West Economic Corridor linking Vietnam, Thailand and Lao PDR. This route has experienced a rapid increase in visitor flow, and the study helped to identify strategies for the poor to derive income from this new opportunity.

"SNV's substantial contribution to knowledge synthesis and dissemination helped to raise the profile of pro-poor tourism among policy makers and catalyze support for the sector... SNV, in partnership with ODI, developed a ground-breaking approach to tourism value-chain analysis and destination development that are now being mainstreamed in the Mekong Sub-region. This is an important legacy of SNV's work in the tourism sector."

- Steven Schipani, ADB (and former Chief Technical Advisor for MTDP and STDP)

Conclusions

For the past nine years SNV has worked with local stakeholders in Lao PDR to maximise the contribution of PPST towards poverty reduction and socio-economic development. A number of lessons have been learned, leading to a refined approach that emphasises commercial viability, measurable impacts in terms of income and employment, leadership development and multi-stakeholder initiatives.

SNV's international and national advisors have strengthened the capacities and organisational structures of: tourism and environmental agencies; local government and tourism destination management organisations; local training and knowledge providers; and tourism business associations/private sector organisations. By developing the capacities of these clients, SNV envisaged that:

- Tourism businesses would develop more pro-poor (inclusive business) strategies
- Local capacity builders (public and private) would become more capable of delivering PPST capacity development services
- Women and marginalised and excluded people would be better connected to mainstream tourism activities
- New pro-poor tourism destinations, products and value chains would be developed
- National and local governments would develop and improve pro-poor tourism policies and plans
- Even greater impact on and outreach to poor people would be achieved

SNV has partnered with development agencies, donors, business membership organisations, academic institutions and consultant groups to achieve these objectives.

Major Outcomes and Impacts of SNV's Work

Pro-Poor Business Strategies

Through its work with the LHRA, LATA and LUTA, SNV was able to pilot private-public partnership models in tourism, introduce responsible tourism practices and strengthen business operations. Empowering tourism business associations has allowed them to advocate for their members, create opportunities for business-to-business links and take a more active role in destination planning.

Empower Local Capacity Builders

In its drive to ensure sustainability, SNV has made a strong effort to build the capacity of local organisations that can provide similar types of tourism advice and expertise. Over a quarter of the days spent with clients in 2010 were delivered by local organisations (with some support from SNV), meaning that though SNV is ending its work in tourism in Lao PDR, PPST will not end.

More Inclusive Tourism Activities

SNV has introduced the concept of inclusive supply chain development, encouraging accommodation, restaurant and tour operator businesses to seek more local and responsible products and activities. Through VCAs in Luang Prabang, Savannakhet and Houaphanh, SNV was able to identify opportunities in the handicrafts supply chain to increase pro-poor income, particularly through silk and cotton production.

New Pro-Poor Tourism Destinations

SNV has fostered the development of numerous new pro-poor tourism sites and destinations. In particular, the Viengxay Caves and Houaphanh province have become notable new destinations due to SNV's work with the LNTA, Houaphanh PTD, Khaisone Phomvihan Memorial Caves Office, and the UNWTO. Meuang Ngoi in Luang Prabang has been supported by SNV, first through the Mekong Tourism Development Project, and then directly by SNV to develop further cultural tourism activities, and achieve a broader market appeal. That Inhang and the Buddha Cave in Savannakhet were supported to develop more income-generating opportunities through the handicraft and food and beverage supply chains, and better tourism site management.

Improved Tourism Policies and Plans

A great deal of effort has been dedicated to improving local capacity to create and implement robust policies that will provide a strong foundation for PPST. The National Tourism Law and National Tourism Strategy and Action Plan were enacted during SNV's tenure in Lao PDR, and are important articles of legislation to guide the country's tourism development for the next decade. SNV has also worked with PTDs to implement these national strategies and to develop realistic and responsive local action plans for PPST.

In less than a decade, SNV has employed over 20 tourism advisors in six provinces to build the capacity of a variety of stakeholders to achieve PPST. Today, the sector functions more efficiently and benefits from a higher level of sector understanding among local actors than it did nine years ago. Visitor numbers have quadrupled, and tourism is now the third most important economic sector in Lao PDR. It is more difficult to measure the number of jobs and income generated from SNV's tourism inputs, however, coupled with the knock-on effects of new product development, improved business practices and better marketing, there is no doubt of the wealth generated for many people in Lao PDR.

Though SNV is discontinuing its work in tourism, the organisation has left a strong legacy of pro-poor tourism knowledge and activities in Lao PDR through its capacity building. SNV is confident that local government, businesses, organisations and communities will be able to further develop the tourism sector in Lao PDR in a sustainable, equitable and pro-poor manner.



PPST Case Studies from Lao PDR

SNV's tourism work in Lao PDR has been extremely varied, from developing CBT tourism products with PTDs in the north, to VCA of major new transport routes in southern Lao PDR and developing marketing strategies for the LNTA at the national level. Here, two case studies of SNV's PPST work in Lao PDR provide an insight into how SNV operates and successfully partners with other organisations and clients.

1. LATA Marketing Support

As SNV began to shift its services towards the private sector, it identified LATA as a key player in the emerging tourism sector. LATA was a relatively new representative association in an environment where civil society is largely undeveloped. LATA currently represents some 70 private companies in the inbound tourism sector. A number have grown from state-controlled enterprises but the majority are private sector initiatives, some with international investment.

A strengthened private sector association can support the promotion of micro and small enterprise development in tourism in Lao PDR and play an important role in fostering responsible tourism. LATA members play a key role in marketing a destination, together with LNTA. However, as a new organisation, LATA lacked knowledge and experience in administration, enterprise development, provision of industry-specific training, strategic planning and marketing. SNV's advice (together with that of Leeds Metropolitan University) was crucial in securing support for LATA from both the European Union (EU) and the Japan International Cooperation Agency (JICA), to help strengthen the capacity of LATA's board, executive and members.

SNV's Intervention

In 2006, SNV supported the LATA Board to prepare a funding application to the EU (and later to JICA) to provide support for capacity development services, training and marketing. The EU-funded marketing focused on Europe, while JICA support emphasised Asian markets. The three year EU-funded programme was valued at over half a million Euros (€529,485)



and included contributions from SNV (€209,486 in kind) and LATA (€20,000). The EU Asia Invest II programme was particularly compatible with SNV's emphasis on connecting capacity, as it sought to link Asian and European business and enterprise.

The SNV-led programme had the following overall objectives:

- To increase the volume and quality of LATA members' high yield European sales
- To enable LATA to engage more effectively in sustainable tourism policy development, management and institutional frameworks

The programme had the following result areas:

- Strengthened capacity of LATA and its members
- Identification and assessment of tourism market opportunities in Lao PDR and Europe

- Sustainable tourism products and packages developed and promoted
- Development of a National Tourism Marketing Strategy

To strengthen the association, visioning workshops were held with the LATA Board to prepare a long-term strategy. To improve communication and member services, a newsletter and website were established and a comprehensive LATA directory was published. These actions greatly helped to increase LATA membership and to direct follow-up by the new LATA staff. In total, 11 tailored training courses were organised for LATA members, including two on sustainable product development, conducted by Leeds Metropolitan University.

To upgrade the marketing efforts of Lao PDR's private sector, an analysis of Lao tourism products was completed and marketing guides were produced for targeted European markets. The LNTA National Marketing Strategy was updated with input from Leeds Metropolitan University in 2007, and LATA members and the LNTA attended international trade fairs in Germany, Thailand, Vietnam and the United Kingdom in 2007 and 2008 with support from the project.

With SNV's advice and facilitation, the project achieved the following successes:

- Increase in fully paid-up LATA members from 38 (first year of project) to 70
- Increase in LATA income from training, advertising on LATA website, publication of LATA directory, membership fees, individual websites and participation in promotions
- 255 participants from over 50 member companies attended training courses organised by LATA and Leeds Metropolitan University
- Participation of LATA Board members in two visioning workshops leading to a strategy that reflected industry ambitions
- Increased awareness of LATA members of responsible tourism practices
- LATA website created and regularly updated, which now attracts 800 unique visits per month
- In cooperation with LNTA, LATA attended the International Travel Expo Ho Chi Minh in October 2007, ATF Thailand in January and ITB Berlin in March 2008
- LATA Directory produced and distributed at trade fairs, including ITB and regional travel trade fairs, and to other stakeholders

The EU Asia Invest Project – Marketing Responsible Tourism ingrained social responsibility and environmental principles in LATA members, and demonstrated links to quality service provision. Facilitation of market access and business-to-business links between Lao and European tour operators resulted in substantial new investment and increased business revenue.

2. Houaphanh Provincial Tourism Development

Houaphanh, situated in the mountainous northeast of Lao PDR, is one of the more remote provinces of the country. With 26 different ethnic groups within the population of approximately 267,000 people, the province enjoys much cultural diversity, in addition to the outstanding natural beauty of forests, waterfalls and limestone karst formations. Nestled in the mountains of Houaphanh is the "Hidden City" of Viengxay, home to a network of caves that were used as the headquarters of the Pathet Lao (Lao Revolutionary Movement) from 1964 to 1975.

With the support of SNV, the Government of Lao PDR opened this important historical site to domestic and international visitors, in a bid to increase income generation and employment opportunities for poor people in the area.

SNV Intervention

Tourism was identified as one of five priority areas to develop and expand the Houaphanh economy, and SNV was requested by the Government of Lao PDR to assist provincial authorities in PPST development. Areas identified for support included:

- Raising awareness, knowledge and skills in PPST development as a mechanism for poverty alleviation
- Co-ordination and collaboration with relevant stakeholders for tourism development
- Strategic tourism planning and management
- Market-oriented tourism product development and destination marketing
- Assessment of the PTDs' capacity needs and capacity building plans for management and staff

SNV assigned two advisors – one national and one international – to work in Houaphanh from July 2005 to 2010 in support of the PTD to carry out the following activities:

- Implementation of actions in the Houaphanh Provincial Tourism Action Plan
- Organisation of district tourism awareness seminars and training
- Improving the tourism information centre in the provincial capital and building the capacity of staff in information centre management
- Development of promotional materials and increasing the capacity of PTD staff to market the province as a tourism destination
- Tourism planning and preparation of the long-term pro-poor sustainable tourism development strategy for the province to the year 2020
- Collection and analysis of statistical data in relation to tourism activity in the province
- Project management of two UNWTO ST-EP projects
- Creation of a pro-poor rural excursion with villagers in Viengxay
- Development of the Viengxay website, leaflets, booklet and audio tour

"....we learnt everything about preserving and managing national heritage from SNV. For example, how to categorise the documents in the library and how to maintain and protect the heritage....from working with SNV we understand the value of heritage."

- Staff from the Kaysone Phomvihane Memorial Caves Office

Two UNWTO ST-EP projects were implemented in Houaphanh Province, including, "Tourism Planning and Promotion – Viengxay Caves" and "Capacity Building in Conservation Planning and Management". Both the Houaphanh Provincial Tourism Department and the Kaysone Phomvihane Memorial Caves Office (responsible for management and interpretation at the Viengxay caves) have worked closely with SNV to promote and develop pro-poor tourism.

A number of partners were crucial to the achievement of these activities and objectives. SNV was able to link the Houaphanh PTD with knowledge providers, such as Hong Kong Polytechnic University and Deakin University (Melbourne), in addition to PATA and

the UNWTO which funded various activities. SNV's advisors ensured that collaborating organisations were informed of the tourism objectives for the province and how the alliance could best contribute to achieving those goals.

As a result of SNV's support to the Houaphanh PTD, more effective and coordinated support for tourism development and management in the province is taking place. This in turn contributes to increased visitation and pro-poor revenue through new product development, marketing and business support. When SNV started supporting PPST in Houaphanh in 2005 there were 3,175 international visitors to the province. In 2010, this number had increased almost seven fold, to 22,116 visitors⁵



Viengxay Master Plan and cultural conservation project

5. LNTA, 2011. 2010 Statistical Report on Tourism in Laos

Publications

These publications from SNV and its partner organisations on PPST serve as further resources. Where available, web links have been provided for free downloads or purchase.

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Ashley, C. (2006) *How Can Governments Boost the Local Economic Impact of Tourism? A toolbox created by SNV in partnership with the Overseas Development Institute (ODI)*.

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SNV is dedicated to a society where all people enjoy the freedom to pursue their own sustainable development. We contribute to this by strengthening the capacity of local organisations.

SNV

Connecting People's Capacities

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