

# **Strategy and Action Plan to Encourage Tourists to Stay Longer and Spend More on the East West Economic Corridor Savannakhet, Lao PDR**

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## Executive Summary

The Sustainable Tourism Development Project will utilise a number of approaches to increase tourist length of stay and tourism expenditure along the East West Economic Corridor (EWEC) in southern Lao PDR. Both the restaurant industry with its supply chain, along with the handicraft industry and associated supply chains, have been identified as areas that have a strong pro-poor impact in Savannakhet Province. They are also parts of the tourism value chain which need to be strengthened to support current and future pro-poor tourism growth along the EWEC.

The East West Economic Corridor is characterised by a high volume of regional transit visitors, spending little time or money as they travel from Thailand to Vietnam or *vice versa*. One of the main target groups of this Strategy will be these regional transit visitors, coupled with regional, domestic and international tourists. Improving connectivity between producers and buyers, along with improved product quality and promotion of tour itineraries in Savannakhet form the basis of this strategy, through which it is estimated that by 2018 an additional USD26.75 million in tourism expenditure will be generated *per year*, of which USD10.71 million will be pro-poor.

Key developments include construction of a roadside tourist service centre at Muang Phine with the potential to attract hundreds of thousands of visitors per year, along improvements to food and handicraft markets in Savannakhet Town which will play a strong role in increasing tourism expenditure and providing a tourist focal point within the city. Working with the pilot villages of Ban Non Yang, Ban Nong Kadeng and Ban Kaeng Lin, both souvenir quality and quantity will be increased. Quality tour product development combined with increased shopping opportunities will lead to an increase in length of stay of 0.3 days, incremental spending increases of 10% across all markets, and an incremental increase in the volume of arrivals by 2% over historic growth rates.

In order to achieve these ambitious targets, a strong marketing and branding strategy will be implemented. Fundamental to the branding strategy is the adoption of 'Savannakhet Historic Trail' as the official slogan and brand for the EWEC and attractions found within a short distance of the route 9.

A multi-stakeholder approach is key to achieving the fore-mentioned projections, and buy-in from both private and public sectors is vital. Training and support will need to be provided to many actors in the tourism sector, and support from Government departments at the national, provincial and district levels is essential to the successful implementation of this strategy.

## Map of Lao PDR with Location of the East-West Economic Corridor



 : East-West Economic Corridor (route 9)

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## 1. Introduction and Background

As part of the ADB-LNTA's Sustainable Tourism Development Project's (STDP) activities in Savannakhet, SNV Development Organisation (SNV) has been engaged to provide assistance to develop a Strategy and Action Plan ("the Strategy") to encourage tourists to stay longer and spend more along the East West Economic Corridor (EWEC) in Savannakhet Province, Lao PDR.

This document is part of a larger STDP implementation plan that covers 9 provinces in Lao PDR. The overall project goals are to:

*"Contribute towards the sustainable socioeconomic development of Lao PDR focusing especially on poverty reduction, sustainable development and protection of the natural and cultural heritage and protection of vulnerable groups from exploitation."*<sup>1</sup>

Currently, lack of access, facilities and knowledge have created a situation whereby very few tourists stop to visit attractions along the EWEC. As a result, there are few opportunities for communities to participate in and/or capture economic benefits from tourism.

*"Implementation of this Strategy therefore aims to redress this problem by creating economic opportunities for local communities located along the EWEC, increase tourist spending and length of stay in Savannakhet Province, reduce poverty, and create jobs - especially for women and ethnic groups - and protect the integrity of natural and cultural heritage by installing appropriate infrastructure, interpretation and management systems."*<sup>2</sup>

This document will outline a number of measures, which if successfully implemented in coordination with a wide range of stakeholders, shall increase the length of stay of tourists to Savannakhet Province by at least 0.3 days, incrementally increase the number of visitors to Savannakhet by at least 2% annually, and increase average per person expenditure by 10% above organic growth levels after the successful completion of this 5 year project.

## 2. Primary and Secondary Data Sources Used in This Document

Data used to support this Strategy has come from a number of sources, including but not limited to:

- The official Lao PDR Statistical Report on Tourism published by the Lao National Tourism Administration (LNTA) from 2000 - 2008.
- The GMS Sustainable Tourism Development Project in Lao PDR, 2009 - 2014 Project Document

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<sup>1</sup> Asian Development Bank (2008). Report and Recommendations of the President to the Board of Directors. GMS Sustainable Tourism Development Project

<sup>2</sup> GMS-STDP in Lao PDR (2009). Final TOR: Development of a Thematic Interpretation Plan & Strategy to Encourage Tourists to Stay Longer on the East-West Economic Corridor in Lao PDR

- Village interviews (conducted by the strategy formulation survey team<sup>3</sup>) with village chiefs and key village members in 5 communities targeted by the STDP.
- Interviews with District Governors and key district officials in Phine, Nong, Sepone and Kaysone Phomvihane Districts.
- Meetings with representatives from STDP, Savannakhet Provincial Tourism Department (PTD), JICA and SNV.
- A 2008 Tourism Satisfaction Survey conducted by JICA (available at [http://www6.plala.or.jp/riyo/ewec/download/Report\\_SIM.pdf](http://www6.plala.or.jp/riyo/ewec/download/Report_SIM.pdf))
- The report *Tourism on Road 9; Identifying Opportunities for the Poor* (Robert Travers for SNV, Dec 2007)
- The report *Luang Prabang Tourism and Opportunities for the Poor*, SNV/ODI August 2006
- Interviews conducted by SNV with leading tourism operators in Savannakhet Province.
- Information gathered from SNV's 'Formulating the Long Term Tourism Development Strategy for Savannakhet' Workshop conducted on 20<sup>th</sup> June 2009

### **3. The Current Tourism Situation in Savannakhet Province**

Accurate statistics on tourist behaviour in Savannakhet Province are currently limited in availability. Prior to 2007, LNTA statistics combined the international entry points of Dan Savanh, Dane Savanh and Savannakhet Airport into one set of provincial figures, thus making any long-term analysis of different border entry points within the Province impossible unless immigration data from the Ministry of Public Security can be accessed. Statistics from the Savannakhet PTD are also sometimes inconsistent with figures published by the LNTA, therefore data found in the annual Statistical Report on Tourism in Lao PDR will be used in this document as it is considered most reliable and contains information on national trends.

JICA, in cooperation with the Savannakhet PTD and Savan Institute of Management (SIM), conducted a tourist satisfaction survey (n=503) in February 2008. There was a very strong bias in the sample towards the western market (59% of respondents) whereas LNTA statistics suggest the western market constituted less than 4% of tourism arrivals to Savannakhet Province in 2008. Survey locations were also restricted to the western areas of Savannakhet Town and the Friendship Bridge 2 border crossing, rather than geographically representative of Savannakhet Province. This satisfaction survey also included a section on tourist expenditure, however the survey was not administered as an exit-survey therefore the results may not accurately reflect true spending across all market segments.

Statistics on international arrivals to Savannakhet Province reported by the LNTA are generated from immigration data and an annual visitor survey administered to 1,500 international visitors. The LNTA's Annual Statistical Report on Tourism in Laos does not however, account for domestic tourists, international tourists arriving overland from within Laos, or domestic air passengers. The majority of western tourists that come to Savannakhet Province are observed to arrive from other locations within Laos rather than

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<sup>3</sup> The survey team consisted of the SVK PTD, SNV PPST Advisor, STDP Team leader and Thematic Interpretation Specialist

using the international border crossings in Savannakhet Province<sup>4</sup>, thus figures representing western tourist arrivals to Savannakhet Province are likely to be underestimated.

Despite their shortcomings, the above reports provide the best available data on tourist behaviour in Savannakhet Province and are used as the basis for calculations, forecasts and assumptions found in this document. To help underpin the sustainable development of the tourism industry in Savannakhet Province, it is highly recommended that a system for accurately monitoring and recording tourist behaviour is developed to ensure that tourism development is market-led and demand driven.<sup>5</sup> Further caveats are made on a case by case basis throughout this document.

In terms of tourist related facilities and services, Savannakhet province had a total of 63 accommodations establishments with 2,762 beds in 2008. There are 4 travel agents registered in the province and branch offices of 7 ground operators. The province reopened its international airport in 2008 with service to Bangkok and Vientiane. Overall room occupancy rates were reported to be 65% in 2008, which is the same reported figure for Champasak Province<sup>6</sup>. One large scale tourism-related development situated in the Savan-Seno Special Economic Zone that became operational in 2008 is the Savan Vegas Casino and Resort with mainly serves the Thai market.

### **3.1 Tourist Arrivals**

Tourist arrivals to Savannakhet Province have been erratic over the past 8 years. The decline in arrivals in 2003 mirrors national trends and the dramatic increase in 2007 can be largely attributed to both the overall growth of tourism in Lao PDR during that year (34% national growth) as well as the opening of the Friendship Bridge 2 in December 2006. Regional tourists (mainly visitors from Thailand and Vietnam) clearly make up the most significant portion of arrivals, although as noted previously due to data collection techniques currently employed, domestic tourism data is not recorded and international tourist arrivals from source markets in Europe, North America and the Pacific Rim may be substantially underestimated.

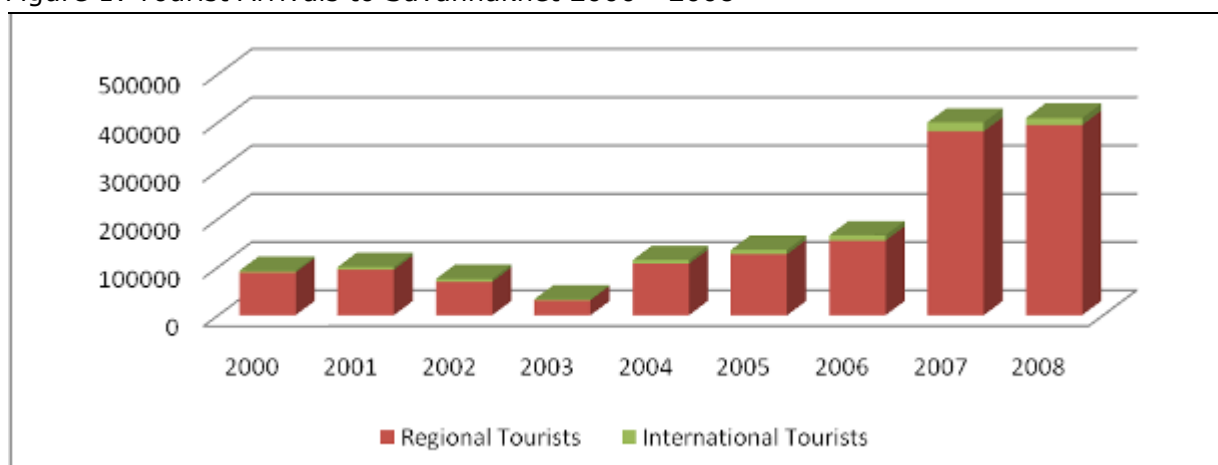
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<sup>4</sup> Observations are made at the domestic bus terminal and based on informal discussions with the PTD and tourists

<sup>5</sup> SNV in cooperation with MMG (formerly Oz Minerals) and STDP will be conducting a more extensive market research project with the results expected to be available around September 2009. It is recommended that this document is reviewed at that time to include findings from this survey.

<sup>6</sup> 2008 Statistical Report on Tourism, LNTA pp. 17

Figure 1: Tourist Arrivals to Savannakhet 2000 - 2008



Source: LNTA Statistical Report on Tourism 2000-2008

The growth in tourist arrivals between 2000 and 2008 averaged 18.01% per annum<sup>7</sup>, with regional arrivals growing on average by 18.07% annually and international arrivals growing by 16.60%. These average annual growth figures are the basis of forecasts to Savannakhet Province in sections 8 and 9 of this document.

### 3.2 Transit Visitors

Since it would be very difficult to assess the exact number of transit visitors utilising Route 9 through Lao PDR without conducting individual interviews with every person passing through Savannakhet’s immigration checkpoints, the following assumptions are made regarding transit visitors:

- Thais entering Lao PDR through the border crossing at Dane Savanh shall be considered transit visitors (i.e. those Thais returning from Vietnam). As transit visitors are very likely to have travelled in both directions, this number shall be multiplied by 2, with the corresponding number subtracted from arrivals at the Friendship Bridge 2.<sup>8</sup>
- Vietnamese entering Laos through the border crossing at the Friendship Bridge 2 shall be considered transit visitors (i.e. those Vietnamese returning from Thailand). As transit visitors are very likely to have travelled in both directions, this number shall be multiplied by 2, with the corresponding number subtracted from arrivals at Dane Savanh.

Table 1: Thai and Vietnamese Arrivals by Point of Entry

Year	Thai Arrivals Friendship Bridge 2	Thai Arrivals Dane Savanh	Vietnamese Arrivals Dane Savanh	Vietnamese Arrivals Friendship Bridge 2
2007	232,019	44,083	88,380	15,696
2008	217,005	56,419	95,964	24,180

Source: LNTA Statistical Report on Tourism 2007-2008

<sup>7</sup> Calculated as: ((Number in last year / number in first year)^(1/number of years))-1

<sup>8</sup> For example, if there is 100 Thais arriving through the Friendship Bridge 2, and 25 Thais arriving through Dane Savanh, Thai tourist arrivals shall be considered 75 and Thai transit visitors shall be considered 50.



From the data in Table 1, 38% of Thai Arrivals were transit visitors in 2007 and 41.3% in 2008<sup>9</sup>. For the Vietnamese, 35.5% of arrivals in 2007 were transit visitors, and 50.4% in 2008. These figures are possibly higher than reality as they do not consider Thai or Vietnamese on multi-country tours or re-entering Lao PDR through checkpoints in other provinces. However this difference is considered negligible. With only 2 years of data available, and with the Friendship Bridge 2 only opening in December 2006, medium and long-term changes cannot be predicted with any sense of accuracy. Therefore this Strategy will assume that the share of transit visitors as a percentage of total visitors to Savannakhet will remain at 2008 levels.

### 3.3 Tourist Length of Stay and Expenditure

Data on average length of stay and expenditure shown in Table 2 reinforces that Thai and Vietnamese visitors are characterized by a shorter length of stay than that of other market segments. On the other hand, this segment's daily expenditure is higher than that of western and other Asian visitors, which suggests the Thai and Vietnamese tourist does (relatively) have considerable spending power.

Table 2: Average Length of Stay and Daily Expenditure in Savannakhet Province

Nationality	Thai + Vietnamese	Western	Domestic	Other Asian
Average Length of Stay (days)	2.25	3	3	3
Average Daily Expenditure (USD)	27.23	17.85	31.23	20.35

Source: JICA Satisfaction Survey 2008 and survey team's estimates

However as the data in Table 2 was only gathered from tourists present in Savannakhet Town it ignores all Vietnamese day trippers to the eastern side of Savannakhet Province who never reach Savannakhet Town. There is also an under-representation of Thai visitors in this survey sample, which is likely skewing average length of stay among Thai and Vietnamese visitors higher than the actual figure. Further evidence of an over-estimation of regional tourist length of stay is reflected in the fact that the national average for regional tourists is 2 days<sup>10</sup>. It is therefore reasonable to assume that with the high number of regional transit tourists crossing from Thailand to Vietnam, the average length of stay for Thai and Vietnamese tourists in Savannakhet Province is 1 day.

<sup>9</sup> Calculated as 2 \* number of Thai arrivals at Dane Savanh / total number of Thai arrivals

<sup>10</sup> 2008 Statistical Report on Tourism in Laos, LNTA

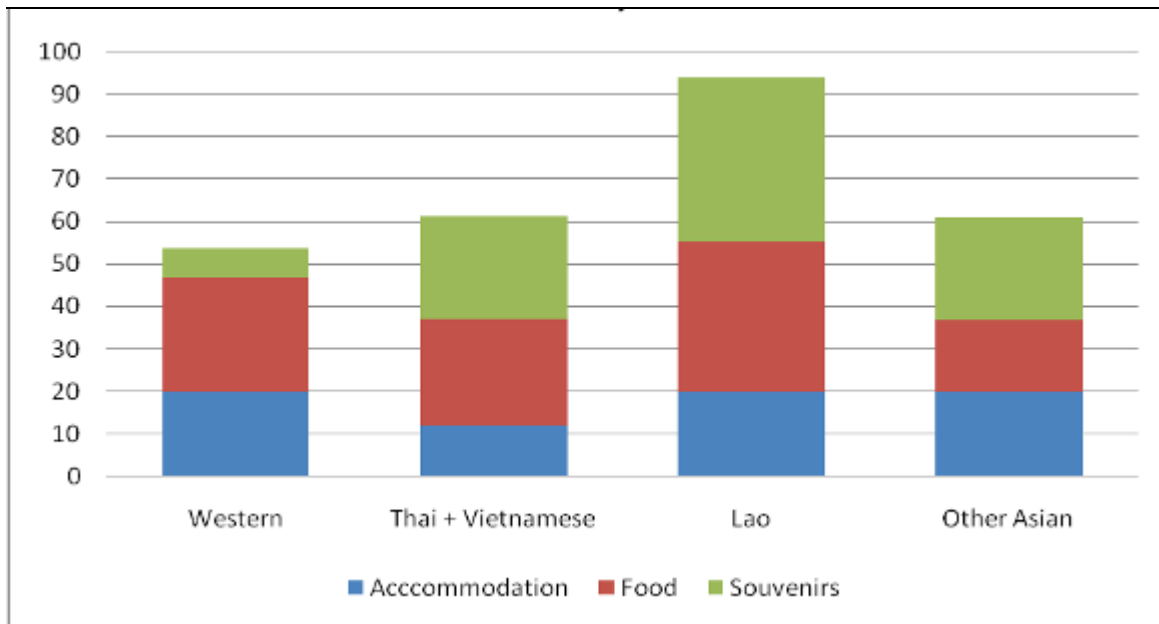
Figure 2: Average Length of Stay for Tourists to Lao PDR 2000 - 2008



Source: LNTA Tourism Statistic Reports 2000-2008

Figure 3 shows the total per-person expenditure results from JICA’s satisfaction survey conducted in February 2008. Total per-person expenditure was calculated by multiplying reported average length of stay by average daily spending. This survey’s question on expenditure lumped daily spending estimates into a single figure, therefore data on individual categories such as transportation, tours, visas etc is not available. The share of spending on accommodation was assumed to be USD10 per-night. As the best data currently available, expenditure details from the JICA survey will be used as reference figures to describe average expenditure across the different market segments in Savannakhet.

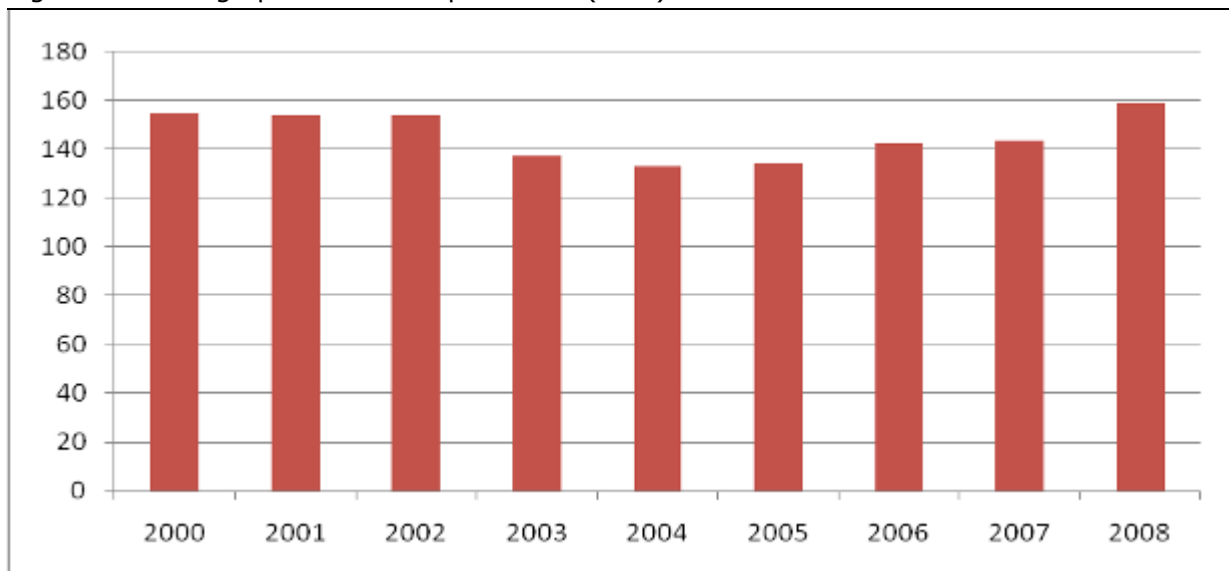
Figure 3: Total Expenditure per-Tourist (USD) in Savannakhet Province



Source: JICA Satisfaction Survey 2008

To highlight national trends, Figure 4 shows the average expenditure per tourist in Lao PDR over the last 9 years<sup>11</sup>. Despite fluctuations over the course of this period, there is little difference between per person expenditure in 2000 and 2008. The annual growth rate in terms of expenditure is only 0.3% per annum<sup>12</sup>, however it is assumed that this growth rate is even less for Savannakhet. This is because following improvements to Route 9 a large number of tourists are now simply transiting to either Vietnam or Thailand and the journey time has decreased from approx 12 hours to 3-4 hours resulting in fewer stopovers for meals, activities or accommodation.

Figure 4: Average per-Tourist Expenditure (USD) in Lao PDR 2000 - 2008



Source: Statistical report on tourism in Laos, LNTA & Survey team estimates

<sup>11</sup> Calculated as total tourism revenue / total number of tourists

<sup>12</sup> Calculated as: ((Number in last year / number in first year)^(1/number of years))-1

### **3.4 Estimating the Pro-Poor Tourism Impact (PPI) in Savannakhet**

A 2006 study by SNV and the Overseas Development Institute (ODI) identified that approx 27% of tourism expenditure in Luang Prabang was pro-poor<sup>13</sup>. While a complex array of criteria were used to classify what defined 'poor', the international definition of USD1 per person per day was the threshold used to establish what was 'poor' or 'sufficient' in the study population.

Similar studies have not been conducted in Savannakhet, so some assumptions are made to help estimate the potential pro-poor impacts of successfully implementing this Strategy.

- The percentage of money spent on accommodation in the Luang Prabang survey was approximately 40% of the total. In Savannakhet the proportion of total spending towards accommodation is substantially less, with more being spent on 'pro-poor' food and handicrafts<sup>14</sup> (see Figure 3). Thus the percentage of tourism spending that goes to the poor in Savannakhet Province can be assumed to be substantially higher than that of Luang Prabang.
- SNV's current definition of 'poor' is someone that earns less than USD2 per day – at least twice as much as the figure used for the Luang Prabang study. Applying this definition will significantly increase the number of people classified as poor and therefore also increase the percentage of tourism spending that is pro-poor.

Based on these two assumptions, it is assumed that 40% of all tourism spending in Savannakhet Province is pro-poor.

### **3.5 Tour Operators**

There are a total of 11 ground operators in Savannakhet, with 4 (SK Travel, Souk Na Pha Travel, SV Travel, and Savan Ban Hao Travel) serving as the main ground handlers for regional tour operators. Rather than developing and selling their own products tour operators in Savannakhet appear content with serving as ground handlers for the large and growing number of Thai and Vietnamese package tours. For example, one tour operator working with a Thai travel agent reported that he doing quite well by simply charging a USD5 per person administration fee for all visitors processed by the company.

The one local inbound operator that is actively developing new tour products is the Savannakhet Eco Guides Unit, a non-profit entity supervised by the Savannakhet PTD. This is the only organisation which is actively sells tours to walk-in clients within Savannakhet Town. They offer a range of ecotourism experiences based around 2 and 3 day trekking itineraries as well as newly developed 1 and 2 day cycling tours. Their product line is very strongly targeted towards the western backpacker market, although they do have relations with a couple of travel agents. In 2008, the Eco-guide Service served about 500 clients.

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<sup>13</sup> Luang Prabang Tourism and Opportunities for the Poor, SNV/ODI August 2006

<sup>14</sup> Value Chain Analysis of Tourism on Route 9; Robert Travers for SNV, January 2008.

## **4. Strategic Options to Increase Tourist Expenditure in Savannakhet Province**

Increasing tourism expenditure is a priority of this Strategy. The biggest current impediment to increasing tourist expenditure is a lack of opportunities for tourists to easily spend their money on local products and services. Availability of suitable tour products is not necessarily an issue, neither is demand. The problem is that there are currently very few enterprises, establishments and locations for bringing the two together. The STDP will focus on a few select locations and strategies for increasing spending, however, it should be noted that this is not an exhaustive list of opportunities but limited to the scope of what the STDP and PTD can accomplish given limited financial and human resources. Additional options should be explored by other stakeholders with an aim to maximise tourism expenditure and stimulate investment in pro-poor tourism-related products and services.

The STDP will utilise two complimentary approaches to increasing tourism spending. The first is to increase opportunities for spending, and the second is to add value to local products which will return greater profits for producers, traders and retailers.

### **4.1 Increasing Spending Opportunities**

In addition to employing the more traditional community-based tourism (CBT) development approach which aims to encourage tourist spending in villages or at tourist sites operated by local communities, the STDP will place a greater emphasis on getting existing products such as handicrafts and local foods to existing and potential markets. Interventions listed below are priority sites that will receive STDP assistance.

#### **a. Savannakhet Evening Food Market (Mekong Riverside Night Market)**

The Evening Food Market is situated along a 1.5km stretch of the Mekong Riverbank in Savannakhet Town. There are approximately 24 vendors with 130 tables and more than 530 seats available on a typical evening. Main products sold are local foods including grilled fish and meats, snacks, beverages and a type of soup called *sin jourm*. The range of cuisine is limited and could be expanded significantly. Vendors report that they pay a fee of 30,000-45,000 kip each month for space rental and trash removal. Fees are paid directly to village authorities in Ban Sayamongkhone and Sayaphoum that have been assigned management responsibilities for the site by the Savannakhet Town Municipality Management Organization.

While the night market is set in a pleasant location there is an urgent need to improve sanitation, food safety and environmental management of the site. Trash is scattered about and either thrown directly into the Mekong river or left in piles to rot on the side of the road. There is a lack of trash bins and general awareness in sanitary food and beverage service. It is unlikely that the small monthly rental fee is adequate to cover the cost of trash removal, and given the large volume of trash present, there seems to be a lack of enforcement actions taken by the village management committees.

The PTD has proposed to re-zone the existing night market, establish a 0.5 km "walking street" south of the immigration facility and establish a separate handicraft market at the *Talad Yen*. Re-zoning the existing market coupled with awareness raising, training in

sanitary food and beverage service and enforcement of environmental regulations are priority activities that will be supported by the STDP.

The planned improvements to this area will considerably enhance its attractiveness to locals, domestic, regional and international tourists and help to create a focal point for tourists in Savannakhet Town. The majority of income generated through these stalls and their supply chains is considered pro-poor<sup>15</sup>.

#### **b. Savannakhet Evening Handicraft Market**

At the moment, the only place for buying locally produced handicrafts in Savannakhet Town is the private company of Thong Laha Sinh and a few small stalls in the main market. The ODOP Shop located at KM6 on Route 9 near the entrance to the Friendship Bridge 2 border crossing does sell a range of Lao and Thai products, but few are produced in Savannakhet Province.

In order to increase the opportunity for local people to sell handicrafts and other local products, the STDP and PTD will organize monthly or twice-monthly handicraft markets that are timed to coincide with major festivals in Savannakhet and public holidays in Thailand. Physical improvements to the facility include tree planting, installation of benches and signage.

#### **c. Muang Phine Roadside Station**

With up to 41.3% of Thais and 50.4% of Vietnamese being transit visitors, it is imperative that Savannakhet finds a way to capture as much revenue as possible in the short time visitors are in the province. To help achieve this, the STDP will be constructing a Roadside Station in Muang Phine which will contain a tourist information centre, restaurant, toilet facilities and handicraft shops. Restaurants and handicrafts (and their related supply chains) have been identified as having the greatest pro-poor impact (PPI) amongst tourism-related services in Savannakhet Province<sup>16</sup>.

#### **d. Phalanxay Roadside Station**

While this initiative is funded by the Japanese Asean Integration Fund (JAIF) and not specifically part of the STDP, the STDP and PTD will assist with supply chain support to ensure local communities and traders maximize opportunities to sell local products at the facility. The STDP may also assist with installation of tourist information and promotion at the site.

#### **e. That Inhang**

That Inhang Stupa is the most popular tourist attraction in Savannakhet Province as well as an icon for the area. With the exception of entry fees and purchase of candles and incense, there is currently no opportunity for tourists to spend any additional money at this attraction. With visitor numbers estimated to have exceeded 200,000 in 2008, That Inhang offers an excellent opportunity to increase tourist expenditure.<sup>17</sup> Ways to increase expenditures at the site include:

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<sup>15</sup> SNV's measure of poor is an income level of less than USD2 per person per day.

<sup>16</sup> Value Chain Analysis of Tourism on Route 9; Robert Travers for SNV, January 2008.

<sup>17</sup> In 2010, SNV may be working with the relevant authorities to develop a site management committee responsible for Dong Natad Protected Area, That Inhang Stupa and Lake Bungva. There is considerable potential for partnership development here with STDP.

- **Merchandising:** That Inghang is one of the most prominent locations where the range of 'Savannakhet Historic Trail' merchandise should be sold. Development of additional That Inghang merchandise (information booklets, postcards, t-shirts, collectables) should also be investigated.
- **Handicraft Sales:** the volume and nature of visitors (domestic and Thai predominantly) means that the potential for handicraft sales is significant. The nearby village of Ban Phonsim does produce some locally made products, and with its history could also be developed into a one or two hour tour from That Inghang.
- **Restaurant:** located only 4km away and directly on the route from Savannakhet Town is the scenic Lake Bungva (Nong Bungva). While currently offering some simple lakeside restaurants, these are not up to international standards. A restaurant development such as Nong Suam at Tha Ngon, located approx 20km outside of Vientiane city, could be a suitable model to replicate.
- **Construction of a Local goods & Handicraft Market:** would increase sales opportunities for local vendors to sell handicrafts and local products. A successful market would also strengthen backwards linkages to poor producers<sup>18</sup>.

#### f. ODOP Shop

The ODOP shop is a popular shopping venue for visiting Thais and is ideally located near the Friendship Bridge 2 border crossing. While no development work is recommended here, the shop can be a key partner for product placement and sales.

## 4.2 Improving Product Quality

The second method to increasing tourist expenditure focuses firstly on working with 3 villages to improve both the quality of locally made products and connectivity to wider commercial markets beyond those detailed in section 4.1. The initial 3 pilot villages that will receive assistance from the STDP are Non Yang in Muang Phine, Kaeng Lin in Nong and Nong Kadaeng in Vilabouly. A brief description of each site and proposed STDP assistance is detailed here.

- a) **Ban Non Yang** is located approx 6km east of Muang Phine directly alongside Route 9. The village currently produces a significant volume of high quality *lao lao* (estimated at over 550,000 litres per year) which is sold in bulk in Phine and other nearby districts. There is both potential for increasing the volume of production and the quality of the final product to generate higher profit margins. Opportunities for assistance identified by the survey team include the creation of a

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<sup>18</sup> In 2007 SNV conducted a simple value chain analysis of That Inghang identifying the construction of a market as the single most influential activity of encouraging pro-poor tourism spending.

line of products infused with medicinal herbs that are packaged in distinct bottles, food-standard certification, trademarks, and organization of a sales and marketing group. This village would also be an attractive stop for tourists passing by, therefore there is a need to install roadside signage, conduct tourism awareness seminars and train 3-4 site guides that can explain *lao lao* production to guests and invite them to taste and purchase the product at a small retail outlet in the village.

- b) **Ban Nong Kadeng** is located close to the Sepon Gold Mine in Vilabouly district and is home to a livelihood training centre at Houay Kong that specializes in cotton weaving and aquaculture. The quality of cotton materials current produced is high, but production is less than half of capacity due to lack of sales opportunities. Opportunities for assistance identified by the survey team include: supporting the centre to attend handicraft festivals and trade fairs (That Ing Hang Festival, Lao Handicraft Festival in Vientiane), production of a brochure and catalogue, and sponsoring exchange visits with traders and retail shop owners from Laos, Thailand and Vietnam.
- c) **Ban Kaeng Lin** is located 20km south of the Nong District Centre and about 1.5 hours drive from Route 9. Weavers in the village produce distinctive cotton and silk textiles that are currently used mostly for domestic purposes or for bartering with visiting Vietnamese traders. Production is significantly under capacity and very few cash sales are currently made. Weavers report that they once raised silkworms and used natural dyes but both are rarely practiced today. Knowledge of how to do so still exists, but with the availability of cheap thread and dyes in the marketplace, women have chosen not to pursue traditional raw-materials production techniques. The distinctive *jok* patterns seen here have been in existence since as long as anyone in the village can remember, and the introduction of several new patterns that resemble aerial bombers used during the Indochina War (T-28, B-52, F-105), have been incorporated into contemporary designs. Ban Kaeng Lin has the ability to produce a distinctive product that would likely be highly sought after in markets in Savannakhet, Vientiane, Luang Prabang and perhaps regionally. The main areas identified for assistance are re-training in the application of natural dyes, providing assistance to purchase higher quality cotton and silk raw materials, marketing and promotional assistance in the broadest sense, exchange visits by higher end traders and retail shop owners, and bringing village producers on study tours to main tourism centres in Vientiane and Luang Prabang so they can observe tourist's purchasing habits.

### **4.3 Increasing Length of Stay – Tour Product Development**

With the popularity of shopping as an activity for both the Thai and Vietnamese markets, it is expected that the additional shopping opportunities specified in section 4 should contribute to a slightly longer length of stay. Both the Evening Food Market and proposed *Talad Yen* Handicraft Markets appeal to western tourists too and may encourage visitors to spend a little more time in town for shopping before departing. Other activities that will be promoted to extend the length of stay are discussed in this section.

**a) Day Tours in Savannakhet** A range of one day products (7 different one-day programmes) have been designed by the PTD and JICA. Published brochures are readily



available throughout Savannakhet town in a variety of languages (English, Thai and Lao).<sup>19</sup> These programmes are generally designed to begin and end in Savannakhet Town.

**Savannakhet Downtown** ([http://www6.plala.or.jp/riyo/ewec/download/SKT\\_web.pdf](http://www6.plala.or.jp/riyo/ewec/download/SKT_web.pdf)) is designed as a guide for independent travellers that wish to see the highlights of Savannakhet Town. This is not a walking tour and transport is needed. The Savannakhet Eco Guides currently offer bicycles for rent, but there is also the potential for a private company to offer bicycle rentals and guides to accompany this suggested tour programme. Attractions visited on this tour may not be strong enough to draw additional visitors to Savannakhet, but may be interesting enough to influence tourists already here to book a tour.

**Savannakhet Outskirts** ([http://www6.plala.or.jp/riyo/ewec/download/SKO\\_web.pdf](http://www6.plala.or.jp/riyo/ewec/download/SKO_web.pdf)) is a one day tour encompassing 6 sites in Kaysone Phomvihane District, including the iconic That Inghang Stupa. Motorised transport is needed to visit all these sites in one day. There is potential for tour companies to modify this itinerary into a one-day programme that is offered to the international market.

**Champhone** ([http://www6.plala.or.jp/riyo/ewec/download/Cham\\_web.pdf](http://www6.plala.or.jp/riyo/ewec/download/Cham_web.pdf)) is a one day tour incorporating the 5 highlights of Champhone District. Motorised transport is needed to visit all these sites in one day. There is potential for tour companies to modify this itinerary into a one day programme that is offered to the international market.

**Ho Chi Minh Trail** ([http://www6.plala.or.jp/riyo/ewec/download/RN9\\_web.pdf](http://www6.plala.or.jp/riyo/ewec/download/RN9_web.pdf)) presents some of the attractions in the eastern part of Savannakhet Province. As the programme is currently organized there is low potential for a tour company to market the tour to the mass market because travel distances (and costs) are high, and the quality of the attractions may not be compelling enough to sell to international visitors. This tour may be more appropriate for specialized markets including Lao and Vietnamese veterans and international visitors interested in war history.

**Mekong River South** ([http://www6.plala.or.jp/riyo/ewec/download/MekongS\\_web.pdf](http://www6.plala.or.jp/riyo/ewec/download/MekongS_web.pdf)) offers a range of historical, natural and cultural sites that has the potential to be developed into a product suitable for the international, regional and domestic market.

The other 2 brochures focus on promoting food and handicrafts in Savannakhet Province. It is unlikely that either of these tours would be stand alone products, rather the information and products could be integrated into existing or new tour programs.

#### **b) Savannakhet Eco Guide Unit**

Savannakhet Ecoguide Unit (EGU) currently offers a 5-day trek to the Dong Phou Vieng NPA. This tour is too long and too expensive for the typical visitor in Savannakhet, and involves a long overland trip to the area in Phine district where the trekking takes place. Based on market research<sup>20</sup>, independent tourists prefer trekking tours ranging from 2-3 days, with only a small percentage requesting trips of 4 days or more. If logistically

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<sup>19</sup> Programmes can be downloaded from <http://ewectourism.net78.net/download.html>

<sup>20</sup> LNTA-ADB Mekong Tourism Development Project, Annual Monitoring Report 2007

feasible, the Savannakhet ecoguides should consider shortening the Dong Phou Vieng trek to 2 nights or less, and perhaps offer the option of purchasing the trips through a local agent in Phine District. The arrangement may be done through a local guesthouse or restaurant. In all likelihood sales would still originate from Savannakhet Town but by allowing budget travellers (or at least giving them the option) to purchase their own public transportation to Phine may lower the cost of the trip to a level that stimulates increased sales volumes. Other tours offered by the Savannakhet EGU such as the one and two day treks to Dong Natat will receive marketing and promotion assistance from the STDP.

### **c) Rafting the Ho Chi Minh Trail**

In September 2009 a survey is scheduled with the national tour operator Green Discovery to assess the feasibility of a 2 day white water rafting trip along the Xe Banghiang River, beginning in Sepon Town and ending at Tad Hay Village Phine District. If the survey is successful, the STDP will assist Green Discovery to develop this a both a stand-alone 2-day tour offered by Green Discovery and a 4 day (2 days rafting and 2 days trekking) trip to be co-managed with the Savannakhet EGU trekking tour to Dong Phou Vieng.

### **d) Tad Hay Bridge and the Keng Sammattaek Rapids**

Ban Tad Hay is situated 35 km from Muang Phin District centre on the Xe Banghieng River. The village is accessed via a dirt track that passes through Dong Phou Vieng National Protected Area and ends at the historic Souphannavong Bridge that was destroyed by bombing during the Second Indochina War. Based on the village interviews and selection criteria applied, Tad Hay is an acceptable candidate for CBT development in Phine District and will be developed as an attraction on the Savannakhet Historic Trail<sup>21</sup>. Priority activities include creation of a site development plan, tourism awareness, establishment of a conservation area near the village's sacred stones, demarcation of a parking area, observation platform, guide training, training in handicraft marketing and surveys for excursions on the Xe Banghieng river, including the rafting trip from Sepon Bridge to Tad Hay Village.

With the construction of National Route 1 (originating in Attapeu) that directly passes Tad Hay and then continues through Muang Phine northwards, this area will see a dramatic increase in traffic and visitation to the attractions at Tad Hay and Kaeng Sammattaek. Proposed STDP interventions will assist the village to capture benefits from this increased traffic and visitor arrivals.

### **e) Tour Companies**

Of the 4 tour companies interviewed in Savannakhet town, one of them did not sell any tours to attractions within Savannakhet Province, and the remaining three only offered visits to attractions within Kaysone Phomvihane District. As all of these operators are ground handlers for international tour companies (mostly Thai but some Vietnamese) any changes to itineraries need to be demand driven. Proposed activities to increase consumer demand for visitation to attractions in Savannakhet Province include wide dissemination of information about available activities and attractions at source markets (through tour agents) before they arrive in Savannakhet, improvements to tourists information centres, publication of guidebooks and websites and implementation of the EWEC Savannakhet Historic Trail branding strategy.

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<sup>21</sup> The proposed theme of the EWEC – see Branding Strategy and Thematic Interpretation Plan for more details.

Other issues raised by tour companies were a need for improvements in road access, site development, more and higher quality food and beverage options within Savannakhet<sup>22</sup>.

## **5. Information Dissemination and Marketing**

In order to get people to stay longer (and spend more) it is imperative that both tourists and tour companies know what tours and services are available, how to book a tour and logistic requirements. This section proposes suggestions to improve information dissemination. While providing tourists already in Savannakhet with information on things to do is necessary, the focus should be on getting information to tourists before they arrive. Most tourists have a limited amount of time available and pre-determined travel plans, therefore additional activities in Savannakhet need to be in their travel plans before they arrive.

### **a) Tourist Information Centres**

The newly constructed tourist information centre on the ground floor of the Savannakhet PTD can be improved by providing additional information. A 14 banner information display in the centre of the room is suggested, with the majority of banners providing information not only on attraction sites, but also on logistical details so that tourists can obtain all the information necessary to reach attractions independently. This display could be replicated and placed at the existing tourist information areas at all border entry points as well as at the roadside station in Phine.

### **b) Guidebook**

It is recommended that a pocket guidebook is developed for Savannakhet Province and widely distributed. Advertising may be used to help partially offset the cost of producing the guide (in several languages).

### **c) Online Guides / Websites**

The most affordable way to reach a large target audience is through use of the internet. It is recommended that a Savannakhet specific (not project specific) website is developed. However previous experience has shown that Provincial Tourism Departments generally do not have the time or resources to maintain a website, and lack experience and knowledge of Search Engine Marketing and Optimisation. It is therefore recommended that the STDP encourages a public-private sector partnership to develop and maintain this website. The owners of [www.luang-prabang-hotels.com](http://www.luang-prabang-hotels.com) have expressed an interest in a public-private partnership and developing a web-based portal for Savannakhet Province.

### **d) Food and Handicraft Fairs**

In coordination with other stakeholders it is recommended to hold regular Food and Handicrafts Fairs in Savannakhet Town, preferably at the *Talad Yen* site. The PTD and JICA have planned a Food Festival in October 2009 and the STDP will also help market and promote this event. The That Inghang Festival in early December would be an ideal opportunity to promote handicraft sales. It is recommended that all festivals feature both

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<sup>22</sup> The upcoming market research study to be conducted by SNV will give a much more detailed insight into both the Thai and Vietnamese source markets. It is recommended that this document be reviewed when these findings become available.

food and handicrafts. Taking this concept further, it is recommended that once the re-development of the two evening market areas is complete, regular festivals including music, food, handicrafts and cultural shows are held around key Lao and Thai national holidays when there is likely to be a large number of people in Savannakhet Town.

#### **e) Familiarization (FAM) Trips for Travel Industry and Media**

A series of FAM trips for the travel industry and media should be arranged once the construction of STDP supported tourism-related infrastructure is completed. FAM trips should be carefully designed to target the right markets, industry professionals and travel writers. Separate FAM tours for Vietnamese, Thai and western orientated tour companies are recommended<sup>23</sup>. These FAM trips should be timed to coincide with the suggested Food and Handicraft Fairs and other local festivals or events whenever possible.

#### **f) FAM Trips for Traders**

A series of FAM trips for handicraft and local product traders will be arranged as part of the STDP's value chain support program.

#### **g) Promotional CD for Distribution to the Travel Industry**

A promotional CD / DVD will be created for distribution to all travel companies in Laos, Thailand and Vietnam that showcases the highlights of Savannakhet province. This CD should include video footage, photographs, suggested tour itineraries, web resources, and contact details for hotels and local travel companies.

#### **h) Travel and Trade Shows**

Savannakhet should be represented at all national travel shows. A set of marketing material and a booth display will be specifically designed for this purpose. Savannakhet should also participate in Thai and Vietnamese travel shows if resources permit. Handicraft trade fairs should also be attended to promote Savannakhet as a destination with distinct handicrafts and build relationships between producers and traders.

#### **i) Media**

Considering the STDP and PTD have limited marketing and promotion resources the STDP should invite and support a select number of travel writers that have proven success in publishing articles in newspapers and travel-related magazines. A series of press releases should also be distributed to national and international media outlets and published online on LNTA and PTD websites. Banner advertising could be posted employed on a number of important Lao and regional travel websites to raise the profile of Savannakhet as a destination. All travel guidebooks and websites should be contacted and provided with up to date information on Savannakhet.

### **6. Increasing Tourist Arrivals to Savannakhet**

Increasing tourists arrivals is not necessarily an intended outcome of this strategy, however if the marketing actions described above are implemented successfully there will likely be a small incremental increase in arrivals. The branding strategy aims to reach out to both new

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<sup>23</sup> The SNV Market Research Study will identify a target list of Thai and Vietnamese tour operators

and existing markets and improved shopping and leisure opportunities will make Savannakhet more attractive as a destination which may result in more return visitors.

## **6.1 Branding Strategy**

Typically a branding strategy would include positioning statements, service standards, corporate relation guidelines, and a marketing strategy; however, because STDP resources to implement such actions are limited, branding-related tasks will first focus on destination image development, production of marketing materials and building knowledge of the area among the wider tourism industry.

The proposed theme for the EWEC in Lao PDR is the '**Savannakhet Historic Trail**'. Some of the main attractions in Savannakhet that relate to this theme are:

- The iconic That Inghang Stupa
- The residence of Kaysone Phomvihane
- The French Colonial influence, specifically in Savannakhet Town
- The Dinosaur Museum and footprints
- Lam Seun battlefield in Sepon
- The old gold trade routes
- The Ho Chi Minh Trail
- Traditional villages and handicrafts

The historic theme also aligns well with the UNESCO World Heritage Sites in Hue and Hoi An on the Vietnamese section of the EWEC as well as the Second Indochina War history. The theme 'Historic Trail' is applicable to sections of the EWEC in both Lao and Viet Nam making it possible to extend the theme into a regional initiative at a future date. Some suggested actions to support roll out of the theme are development of marketing materials and media in alignment with the Savannakhet Historic Trail thematic interpretation plan guidelines. The theme and brand awareness will be built by promulgating the interpretation plan at public and private sector meetings, and a line of Savannakhet Historic Trail merchandise including t-shirts, baseball caps, key chains and postcards will be developed. Sales of these products in markets and at attractions throughout the province could provide additional pro-poor income through retail sales commissions. Given sufficient demand, merchandise could be customised to specific attractions.

The STDP will also support development of packaging that shows the Savannakhet Historic Trail logo on locally made handicrafts and other products to further increase brand awareness. Locally produced products should also come with an information card providing details of the village where the products were produced and their local significance. This information may lead to an increase in sales and encourage tourists to visit these villages as well as further enhancing the Savannakhet Historic Trail brand.

## 7. Private Sector Investment Opportunities

There are many investment opportunities along the Savannakhet Historic Trail and the STDP will focus on facilitating private sector investment in a select number of initiatives. These include:

- a) Tour product development and related services as specified as section 4.3
- b) A restaurant at the roadside station in Muang Phine
- c) An eco-lodge, restaurant and tourist facilities at the Sammattaek Rapids
- d) Merchandising for the Savannakhet Historic Trail
- e) Rental of vendor stalls at the *Talad Yen* and Evening Market
- f) Establishment of handicraft and local product supply contracts between local producers and traders

## 8. Forecasts With and Without Implementation of the Strategy

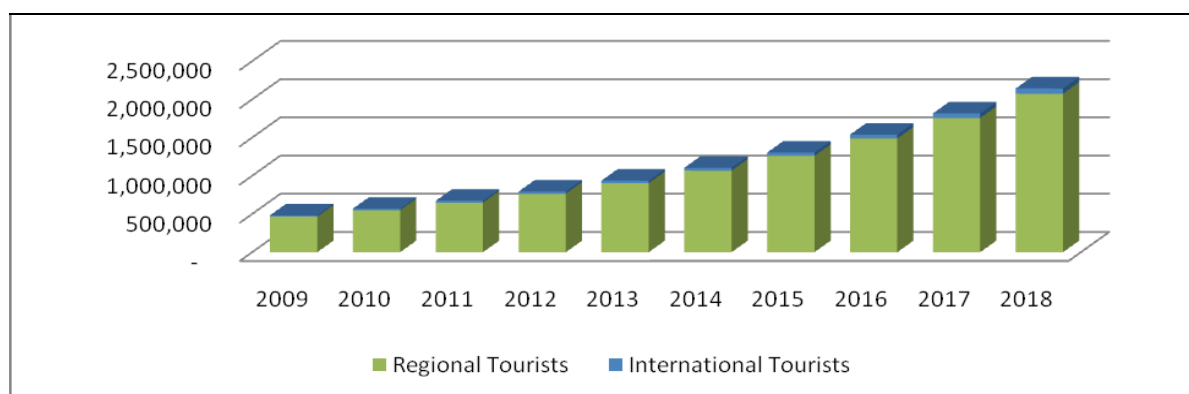
This section presents forecasts on tourist arrivals, spending and length of stay with and without successful implementation of this strategy. These forecasts are based on the following baseline data assumptions:

- The growth rate of regional tourist arrivals to Savannakhet Province will continue to grow organically at 18.07% per annum through 2018 without implementation of this strategy
- The growth rate of international tourist arrivals to Savannakhet Province will continue to grow organically at 16.60% per annum without implementation of this strategy
- Average expenditure per day for western tourists in Savannakhet Province is USD17.85 in 2008
- Average expenditure per day for Thai and Vietnamese tourists in Savannakhet Province is USD27.23 in 2008
- Average expenditure per day for domestic tourists in Savannakhet Province is USD31.23 in 2008
- Average length of stay for Thai and Vietnamese tourists to Savannakhet Province is 1 day and will remain constant until 2018 without implementation of this strategy
- Average length of stay for western tourists to Savannakhet Province is 3 days and will remain constant until 2018 without implementation of this strategy
- Average length of stay for domestic tourists to Savannakhet Province is 3 days remain constant until 2018 without implementation of this strategy
- 41.3% of Thai arrivals are transit visitors
- 50.4% of Vietnamese arrivals are transit visitors
- 40% of all tourism expenditure is pro-poor

### 8.1 Tourist Arrivals without Implementation of the Strategy

Based on the historic growth rates reported in the LNTA's Statistical Report on Tourism (2000 - 2008) regional arrivals to Savannakhet are growing at an average annual rate of 18.07% and international arrivals at 16.60%. Arrival forecasts based on these historic rates are shown in figure 9.

Figure 5: Savannakhet Arrival Forecasts 2009-2018



Culminating with over 2 million tourist arrivals in 2018, this forecast may be overly optimistic but is based on historic growth rates over the previous 9 years. It is expected that growth rates will plateau at some time in the future; however, raw arrival numbers will likely remain high because of the high number of transit tourists and double counting of Thai and Vietnamese transit visitors.

### 8.2 Transit Visitors without Implementation of the Strategy

Growth in transit visitors is expected to continue to expand rapidly. Table 3 shows growth forecasts within this segment based on the the historic growth rate of regional visitors and 2008 arrivals.

Table 3: Forecast Numbers of Thai and Vietnamese Transit Visitors 2009-2018

Year	Total Thai Arrivals	41.3% of which are transitory	Total Vietnamese Arrivals	50.4% of which are transitory
2009	322,821	133,325	141,849	71,492
2010	381,142	164,272	167,476	84,408
2011	450,000	193,950	197,732	99,657
2012	531,297	228,989	233,455	117,661
2013	627,282	270,359	275,631	138,918
2014	740,607	319,202	325,427	164,015
2015	874,406	376,869	384,219	193,646
2016	1,032,378	444,955	453,632	228,630
2017	1,218,888	525,340	535,586	269,935
2018	1,439,094	620,250	632,346	318,702

The large number of regional transit visitors shown in Table 3 is a compelling reason to target activities that encourage spending and slightly longer in-country stays among this segment. With an estimated 1 million transitory Thai and Vietnamese visitors in 2018, extracting just an additional USD2 per person would lead to an increase in expenditure of over USD2 million per year, which if targeted correctly could be largely pro-poor.

### 8.3 Tourist Expenditure Forecasts without Implementation of the Strategy

With growth rates in length of stay and expenditure assumed to be 0% without implementation of this strategy, and pro-poor spending assumed at 40%, some rough

predictions can be made regarding possible tourism expenditure levels among different market segments in Savannakhet over the coming 10 year period.

Table 4: Expenditure Forecasts for Thai and Vietnamese Tourists, 2009-2018 (without strategy)

Year	Number of Thai and Vietnamese Tourists	Average Length of Stay (days)	Average Expenditure Per Day (USD)	Total Expenditure (USD millions)	Pro-poor Expenditure (USD millions)
2009	464,670	1	27.23	12.65	5.06
2010	548,618	1	27.23	14.94	5.98
2011	647,732	1	27.23	17.64	7.06
2012	764,752	1	27.23	20.82	8.33
2013	902,912	1	27.23	24.59	9.83
2014	1,066,033	1	27.23	29.03	11.61
2015	1,258,624	1	27.23	34.27	13.71
2016	1,486,009	1	27.23	40.46	16.12
2017	1,754,473	1	27.23	47.77	19.11
2018	2,071,437	1	27.23	56.41	22.56

Table 5: Expenditure Forecasts for Other Asian Tourists, 2009-2018 (without strategy)

Year	Number of 'Other Asian' Tourists	Average Length of Stay (days)	Average Expenditure Per Day (USD)	Total Expenditure (USD millions)	Pro-poor Expenditure (USD millions)
2009	678	3	20.35	0.04	0.02
2010	800	3	20.35	0.05	0.02
2011	945	3	20.35	0.06	0.02
2012	1,116	3	20.35	0.07	0.03
2013	1,317	3	20.35	0.08	0.03
2014	1,555	3	20.35	0.09	0.04
2015	1,836	3	20.35	0.11	0.04
2016	2,168	3	20.35	0.13	0.05
2017	2,560	3	20.35	0.16	0.06
2018	3,022	3	20.35	0.18	0.07

Table 6: Expenditure Forecasts for Western Tourists, 2009-2018 (without strategy)

Year	Number of Western Tourists	Average Length of Stay (days)	Average Expenditure Per Day (USD)	Total Expenditure (USD millions)	Pro-poor Expenditure (USD millions)
2009	17,100	3	17.85	0.92	0.37
2010	19,950	3	17.85	1.07	0.43



2011	23,261	3	17.85	1.25	0.50
2012	27,122	3	17.85	1.45	0.58
2013	31,624	3	17.85	1.69	0.68
2014	36,873	3	17.85	1.97	0.79
2015	42,993	3	17.85	2.30	0.92
2016	50,129	3	17.85	2.68	1.07
2017	58,450	3	17.85	3.13	1.25
2018	68,125	3	17.85	3.65	1.46

The tables in this section suggest that without the influence of the STDP, by 2018 tourist arrivals will have grown to over 2.1 million visitors and generate USD 56.41 million in tourism expenditures, of which USD 22.56 million will be pro-poor spending.<sup>24</sup>

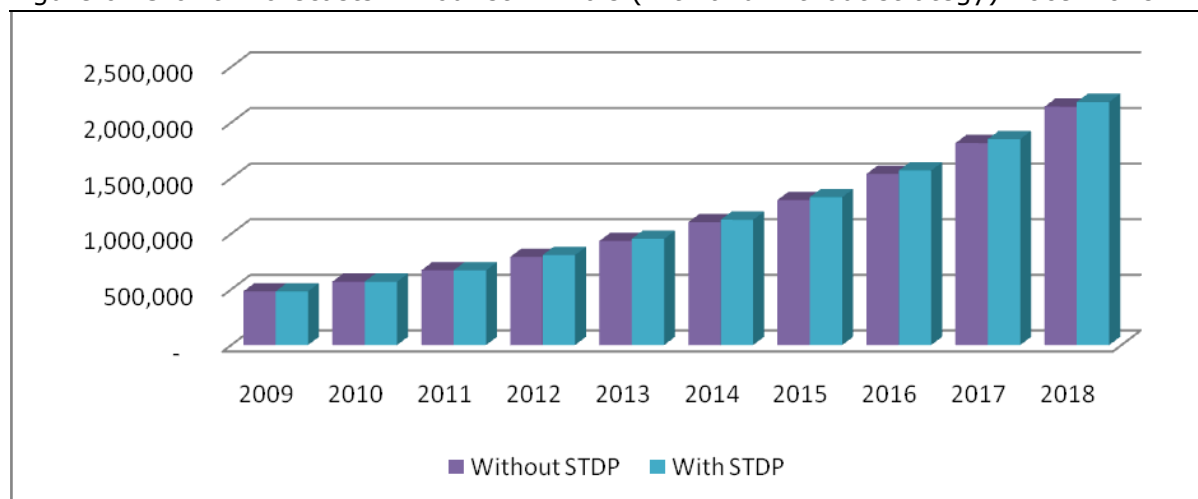
### 8.4 Tourism Forecasts with Implementation of the Strategy

Assumptions in the “with” implementation of this strategy scenario are that in terms of timing, year-one of the STDP will be for planning, year two of the project for construction, training and some marketing activities, and year three of the project for intense marketing, therefore the strategy is not expected to produce measureable impacts until year 4, or 2013. Forecasts in this section reflect an incremental increase in arrivals, spending and length of stay from 2013 – 2018.

### 8.5 Tourism Arrivals with Implementation of the Strategy

It is conservatively estimated that the branding and marketing actions coupled with product improvements will increase tourist arrivals by an additional 2% per year as compared to a “without strategy” scenario. Comparisons of the “with” and “without” arrival numbers is shown in figure 6.

Figure 6: Growth Forecasts in Tourist Arrivals (with and without strategy) 2009-2018



By 2018, this equates to nearly 45,000 additional tourist arrivals as a result of this Strategy (2,142,612 without the Strategy compared to 2,185,464 with the Strategy).

<sup>24</sup> Expenditure from domestic tourism has not been included here as there is no data available on domestic tourism in Savannakhet Province.

## 8.6 Length of Stay with and Without Implementation of the Strategy

This strategy is targeting an increase of 0.3 days in length of stay across all markets. Incremental gains in length of stay are shown in Table 7.

Table 7: Average Length of Stay (with and without strategy)

Nationality	Thai + Vietnamese	Western	Domestic	Other Asian
Average Length of Stay (without) in days	1	3	3	3
Average Length of Stay (with) in days	1.3	3.3	3.3	3.3

## 8.7 Average Expenditure with and without Implementation of the Strategy

The targeted increase in average expenditure across all market segments is 10% - this equates to extra per day spending of USD1.78 for western tourists and USD2.72 for Thai and Vietnamese – equal to approximately the cost of one extra meal, or the purchase of one low priced souvenir.

Table 8: Average Daily Expenditure (with and without strategy)

Nationality	Thai + Vietnamese	Western	Domestic	Other Asian
Average Daily Expenditure (without)	\$ 27.23	17.85	31.23	20.35
Average Daily Expenditure (with)	\$ 29.95	19.64	34.35	22.39

## 9. Total Tourism Expenditure Forecasts with Implementation of the Strategy

By multiplying average length of stay, average spending across all segments (Tables 9-11) and arrivals, it is estimated that by 2018 annual incremental provincial tourism revenue will exceed USD26.75 million per year, with an estimated USD10.71 million of this being pro-poor. This figure is a result of increasing tourist arrivals by 2%, extending length of stay by 0.3 days and increasing tourism expenditure by 10% per person above historic growth rates.

Table 9: Expenditure for Thai and Vietnamese Tourists (with implementation of the strategy)

Year	Number of Thai and Vietnamese Tourists	Average Length of Stay (days)	Average Expenditure Per Day (USD)	Total Expenditure (USD millions)	Pro-poor Expenditure (USD millions)
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2009	464,670	1	27.23	12.65	5.06
2010	548,618	1	27.23	14.94	5.98
2011	647,732	1	27.23	17.64	7.06
2012	780,047	1	27.23	21.24	8.50
2013	920,970	1.3	29.95	35.86	14.34
2014	1,087,354	1.3	29.95	42.34	16.94
2015	1,283,796	1.3	29.95	49.98	19.99
2016	1,515,729	1.3	29.95	59.01	23.61
2017	1,789,562	1.3	29.95	69.68	27.87
2018	2,112,866	1.3	29.95	82.26	32.91

Table 10: Expenditure Forecasts for Other Asian Tourists (with implementation of the strategy)

Year	Number of 'Other Asian' Tourists	Average Length of Stay (days)	Average Expenditure Per Day (USD)	Total Expenditure (USD millions)	Pro-poor Expenditure (USD millions)
2009	678	3	20.35	0.04	0.02
2010	800	3	20.35	0.05	0.02
2011	945	3	20.35	0.06	0.02
2012	1,138	3.3	20.35	0.07	0.03
2013	1,343	3.3	22.39	0.10	0.04
2014	1,586	3.3	22.39	0.12	0.05
2015	1,873	3.3	22.39	0.14	0.06
2016	2,211	3.3	22.39	0.16	0.07
2017	2,611	3.3	22.39	0.19	0.08
2018	3,082	3.3	22.39	0.23	0.09

Table 11: Tourist Expenditure Forecasts for Western Tourists (with implementation of the strategy)

Year	Number of Western Tourists	Average Length of Stay (days)	Average Expenditure Per Day (USD)	Total Expenditure (USD millions)	Pro-poor Expenditure (USD millions)
2009	17,100	3	17.85	0.92	0.37
2010	19,950	3	17.85	1.07	0.43
2011	23,261	3	17.85	1.25	0.50
2012	27,664	3	17.85	1.48	0.59
2013	32,256	3.3	19.64	2.09	0.84
2014	37,610	3.3	19.64	2.44	0.98
2015	43,853	3.3	19.64	2.84	1.14
2016	51,132	3.3	19.64	3.31	1.33
2017	59,619	3.3	19.64	3.86	1.55

2018	69,488	3.3	19.64	4.50	1.80
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## 10. Pro-poor Impacts and Beneficiaries

The STDP's monitoring and evaluation protocol<sup>25</sup> will measure the outcomes of this Strategy in 2014 at project close. A separate evaluation will need to be performed in 2018 to determine if forecasts in this section are met. Tables 12 and 13 show the number of potential beneficiaries from the Strategy and geographic areas where they live.

Table 12: Potential Beneficiaries in Four Target Communities

	District	No. Families/ Population	Ethnic Group	No. Poor Families
Tad Hay	Phine	106 / 923	Katang/Suay	37
Non Yang	Phine	198 / 1,061	Phou Tai	6
Nong Kadeng	Vilabouly	85 / 470	Phou Tai	50
Kaeng Lin	Nong	76 / 362	Makong	60

Table 13: Additional Potential Beneficiaries

Location	Type	Direct Beneficiaries	Indirect Beneficiaries	Total Beneficiaries
Savannakhet Food Market	50 additional vendors	50	450 <sup>26</sup>	500
Savannakhet Handicraft Market	30 vendors	30	270 <sup>27</sup>	300

<sup>25</sup> The STDP will conduct a baseline, midterm and final evaluation based on standardized monitoring criteria for 9 project provinces.

<sup>26</sup> SNV use a measure of 9 indirect beneficiaries for every one direct beneficiary in the tourism supply chain

<sup>27</sup> SNV use a measure of 9 indirect beneficiaries for every one direct beneficiary in the tourism supply chain

Phine Roadside Station	30 employees/vendors	30	150 <sup>28</sup>	180
Savannakhet Province	Additional employment throughout tourism sector	1000	5000 <sup>29</sup>	6000

## 11. Implementation

Implementation of the strategy will be aligned with the STDP's rolling 6-month action plans beginning in October 2009 through September 2014. The PTD will take the lead in implementing the strategy with the support of the STDP project coordination unit, SNV Lao Program, the private sector and other international organizations active in Savannakhet such as JICA.

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<sup>28</sup> Calculated based on average household size of 6 people

<sup>29</sup> Calculated based on average household size of 6 people