

## **Annual report 2008**

***Note:** The following report is based on information made available to the new SL, and reflects mainly working period September – December 2008)*

### **Sector: Pro Poor sustainable tourism**

#### **Tourism industry affected**

International visitors to Vietnam reached 4,25 Mio arrivals in 2008, just 0.6% higher than 2007. This is a significant collapse compared to the 15 % average growth of previous years. The huge potential of the domestic tourism market – currently estimated at 22 Mio arrivals – becomes ever more significant. The worldwide credit crisis and economical worries will result in delay of many large tourism development projects; mainly hotel / resort projects will further impede the growth rate.

#### **1. Developments in the SNV Vietnam Tourism Sector**

The tourism program experienced a transition year. Changes are particularly reflected in sector staffing, with a reduction to three full time advisor staff as per December 31, including a longer period lacking sector leadership. We apply new corporate mechanisms, shifted the expertise area e.g. from community based tourism to product development support and oriented the sector approach towards private sector cooperation. PPST seeks to tie tourism practice to emerging regional dynamics, such as the East West Economic Corridor between Myanmar and Vietnam.

We strive to be at the forefront in making tourism a pro poor investment opportunity.

#### Working areas:

- Northern Region: 4 provinces namely Son La, Lao Cai, Lai Chau and Dien Bien
- North Central Region: Quang Binh, Quang Tri, TT-Hue
- Mekong Delta: Tien Giang and An Giang provinces <sup>1</sup>

#### Strategy development

The strategy established for PPST for 2008-2009 analysed opportunities, constraints and potential products and proposed the approach for SNV. Value chain approach is now adopted to seek for intervention at key points in the tourism value chain that

---

<sup>1</sup> SMV provided technical assistance for provincial tourism departments to implement the Pro Poor Tourism development component under the GMS-Sustainable Tourism Development Program supported by ADB.

can significantly expand income and opportunities for the poor, while working effectively within the service sector.

Strategic Choices:

- Destination development focuses on two selected value chain; Excursion (ecotourism) value chain to expand excursion opportunities into rural and mountainous villages; and
- Facilitating vocational training opportunities for the poor in tourism and hospitality as a cross cutting intervention (employment value chain)

To facilitate the Value Chain implementation, substantial investments in 2008 have been made to produce baseline studies and supporting tourism research.

#### Towards private sector cooperation

PPST increases support to the private sector involvement in pro-poor and sustainable tourism. We address private sector needs into public sector policy action and convince private sector on the benefits of applying a PPST approach. Corporate Social Responsibility of tourism businesses is becoming an important entry point.

PPST prepared for increased cooperation with the private tourism industry, striving for increased impact. Examples:

- Participation in the private sector mapping for the Inclusive Business model<sup>2</sup> which provided for a promising outcome with five large tourism businesses ready to engage in 2009
- involvement in the national Tourism Working Group, which is representing large national / international tourism enterprises
- A number of tour operators approached SNV to work together on responsible tourism development, e.g. in establishing their organisation.

## **2. Results**

#### Main output (period September – December)

- Generic Tourism- and specific excursion value chain development
- PPST strategy 2009
- Pro-Poor Tourism Value Chain Program Design in Sapa
- Market survey on the tourism demand in North Central
- Inclusive Business private sector mapping (tourism part)
- Supporting and promoting a destination management approach to planning / policies, in particular in Lao Cai

No quantitative results for 2008 (Income, Employment) can be made at this stage.

---

<sup>2</sup> Inclusive business in tourism: work with large companies to make change within business management and operations to create business opportunities that benefit the poor and local communities.

## Outcome

The MA for PPST 2008 defined solely qualitative objectives, lacking the basis of a coherent sector strategy. Main achievements in narrative form:

### **PPST North Central Region**

In NC there was one full time national advisor and one part time GfE advisor. However, team objectives for 2008 have been achieved.

1. Support to the development of PPST sector strategy and action plan
2. Support to the development of viable tourism value chains that benefit the poor:

Assignment to support community based tourism development in mountainous districts of TT-Hue province: The community tourism models in two mountainous districts in Nam Dong and A Luoi were handed over to clients. There are 300 households directly benefit from CBT activities through providing services to tourists and provide products through the supply chains like food and handicrafts.

Rural excursion value chain development: the value chain analysis and program design conducted; also clients in the private sector have been identified. New excursion sites along the World Heritage Road and East West Economic Corridor are developed with investment from private sector and advice from SNV, potentially benefitting 10,000 poor people.

3. Strengthening strategic partnership among stakeholders:
  - o Strengthening cross border linkages with SNV-Laos: successful organisation of stakeholder workshop PPST development along the EWEC.
  - o Strengthening cooperation with private sector: private sector mapping and IB
  - o Strengthening cooperation with development partners, such as GTZ, JICA, ADB, especially with MTCO. More cooperation activities will focus on PPST knowledge brokering, and specific tourism value chains with MTCO.

### **PPST North West**

- o Assignment to support Lao Cai DoCST and Sapa DPC to conduct the tourism value chain study and design pro-poor tourism value chain interventions. Market based solutions were identified.
- o MoU on PPST has been developed and signed by SNV and Lao Cai DoCST
- o The identification mission has been conducted by Sapa tour operators, local authority and SNV. The route will at less benefit 100 households (600 people)
- o Strengthening strategic partnership among stakeholders: Strengthening regional cooperation to develop Greater Northwest as unified and attraction tourism destination. The Regional workshop has been organized with advisory from SNV. 8 provinces have been signed the MoU, include Lao Cai, Lai Chau, Dien Bien, Son La, Hoa Binh, Phu Tho, Yen Bai, and Ha Giang. Additional, Lao Cai and Ha Giang have signed cooperation to develop tourism among these 2 provinces.

## **3. Main Sector shortcomings**

- Assignments and interventions remain fragmented and mostly small scale
- The handing over of CBT-related support activities through networking remains pending; a VN CBT network organisation is still missing
- The cooperation with, and SNV-influence of public tourism authorities at national level (i.e. VNAT) is limited
- The impact potential of the massive domestic tourism for pro poor tourism outreach remains largely unexploited
- Baseline data need to be improved to verify outreach
- Advisory team requires stronger leadership and adherence to strategic directions; vacant SL for much of the year
- Proper completion of Assignment cycles (in particular review phase with lessons learnt)
- Limited internal awareness and baseline data to measure and document PPST impact / outreach per intervention

#### **4. Partnership and resource mobilization**

We prepared an activity proposal for the continued partnership with IPADE, Spanish NGO. IPADE is funded by AICE (Spanish Government), which provides substantial finances to the PPST program interventions in the Northwest.

Collaboration with the public authorities (National, provincial and local government) remains important, in order to enable entry of private sector investment e.g. in new locations.

Engagement with local capacity builders has increased around various assignments, as well as the internal familiarity with this approach. Larger assignments will further increase the implication of third parties already in the design phase of interventions.