

Tourism and Poverty Reduction: Good Practice and Lessons from the Greater Mekong Subregion

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Abbreviations

ADB	Asian Development Bank
AECID	Spanish Agency for International Development
ASEAN	Association of Southeast Asian Nations
CBT	Community-Based Tourism
CBT-I	Community-Based Tourism Institute
CATA	Cambodian Association of Travel Agents
CNTA	China National Tourism Administration
CSR	Corporate Social Responsibility
DCED	Donor Committee for Enterprise Development
DMO	Destination Management Organisations
EC	European Commission
ESRT	Environmentally and Socially Responsible Tourism Programme
GMS	Greater Mekong Subregion
HRD	Human Resource Development
JICA	Japan International Cooperation Agency
IFC	International Finance Corporation
LATA	Lao Association of Travel Agents
LNTA	Lao National Tourism Administration
M&E	Monitoring and Evaluation
MICE	Meetings, Incentives, Conventions and Exhibitions
MoCST	Ministry of Culture, Sports and Tourism (Viet Nam)
MoT	Ministry of Tourism (Cambodia)
MPDF	Mekong Private Sector Development Facility (IFC)
MTCO	Mekong Tourism Coordinating Office
MSME	Micro, Small and Medium Enterprises
MTDP	Mekong Tourism Development Project
NTO	National Tourism Organisation
ODI	Overseas Development Institute
PATA	Pacific Asia Travel Association
PPI	Pro-Poor Income
PPP	Private-Public Partnership
PPT	Pro-Poor Tourism
PRC	People's Republic of China
PRSP	Poverty Reduction Strategy Papers
PTD	Provincial Tourism Department (Lao PDR)
PUP	Public Use Planning
RTC	Responsible Travel Club (Viet Nam)
SNV	Netherlands Development Organisation
STDP	Sustainable Tourism Development Project
TAT	Tourism Authority of Thailand
TSS	Tourism Sector Strategy
TWG	Tourism Working Group
TVET	Technical and Vocational Education and Training
UNESCAP	United National Economic and Social Commission for Asia and the Pacific
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNWTO	United Nations World Tourism Organisation
VCA	Value Chain Analysis
VET	Vocational Education and Training
VNAT	Viet Nam National Administration of Tourism
VTOS	Viet Nam Tourism Occupational Skills Standards

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Executive Summary

Tourism is a massive worldwide industry, a driver of economic growth and prosperity that generated \$1.7 trillion in output and created 96 million jobs in 2010 alone¹. Tourism is particularly significant in developing countries, which receive an estimated 30% of global tourism expenditure, a primary source of their foreign exchange earnings. The Greater Mekong Subregion² (GMS) enjoys a robust and rapidly growing tourism industry, with 26 million international tourists last year (up from 15.3 million in 2000), contributing an average of 5.5% to country GDPs. Harnessing this sector in the fight against poverty has become an imperative for development agencies and GMS governments.

Tourism has a number of characteristics making it suitable for poverty reduction. Its labour intensive nature supports a diversification of employment; it can be a feasible economic activity in remote and geographically marginal areas; and tourism utilises natural and cultural resources that may be owned or easily accessible to the poor. The consumers come to the product, creating linkages and knock-on effects throughout the economy, and the tourism activity encompasses industries as varied as transportation and accommodation to local crafts and agriculture.

In 2005, the GMS governments adopted the Tourism Sector Strategy with the support of the Asian Development Bank, seeking to strengthen the performance of the GMS as a cohesive tourism destination, distributing benefits more widely and contributing to poverty reduction. Technical assistance provided by development partners, including SNV Netherlands Development Organisation, the European Commission, and Luxembourg Agency for Development Cooperation, have supported capacity-building of tourism authorities, human resources development, pro-poor policy formulation, private sector support and responsible tourism product development.

A great deal of progress has been made – the GMS tourism sector is more mature, diversified and accessible to the poor than a decade ago. Communities are recognised stakeholders in tourism and wealth-creating private enterprise is flourishing. However, a number of institutional and capacity constraints continue to persist, hampering tourism's full potential as a driver of inclusive growth and poverty reduction. This study drew upon project reports, tourism research, tour company records and interviews with key resource persons to synthesize lessons and good practices for tourism and poverty reduction in the GMS. The following are the key conclusions.

Pro-Poor Destination Planning and Institutional Arrangements

The GMS countries have established authorities directly responsible for tourism. Through projects such as the Mekong Tourism Development Project, EC Human Resources Development Project, and SNV's capacity-building work, National Tourism Organisations have a better understanding of tourism and its role in poverty reduction. However, their capacity is still limited and is often constrained by governance systems as much as a lack of technical knowledge. On the sub-national level this is particularly acute. Building leadership skills among tourism decision-makers is a catalyst for organisational change.

Coordination between tourism authorities and other departments responsible for commerce, public works, natural resources management, and land-use planning is insufficient for a sector as diverse as tourism. It is important that future tourism projects make a concerted effort to partner with non-tourism departments to ensure broad support for tourism as a development strategy throughout the government, and create the mechanisms for coordination among the various industries that supply the tourism value chain. Multi-stakeholder Destination Management Organisations should be pursued, with models already developed in Viet Nam.

The private sector has become recognised and accepted as a tourism development partner by governments and development agencies, however, more can be done to formalise their role in destination development and create true collaboration. Business associations can be empowered to better advocate for and represent the private sector.

¹ World Travel and Tourism Council Economic Data

² Cambodia, People's Republic of China (Guangxi Zhuang Autonomous Region and Yunnan Province), Lao People's Democratic Republic (Lao PDR), Myanmar, Thailand, and Viet Nam

Policy and Enabling Environment

A relatively solid foundation of tourism law, policy and strategy referring to the importance of poverty reduction has been established in the six GMS countries. However, this policy has not been successfully translated into effective and consistent pro-poor tourism practice due to the low capacity of government authorities to devise and implement action plans. Any policy development must take a process-driven and participatory approach to ensure authorities have full ownership and the ability to implement plans.

Tourism infrastructure is an important facet of creating an enabling environment for tourism to grow, and can create important and sizeable collateral pro-poor benefits. However, facilities must be coupled with long-term funding mechanisms and clear management systems to ensure sustainability.

Private Sector Engagement and Investment

The GMS has a vibrant private sector with an increasing number of successful responsible businesses and social enterprises. Tourism projects can work directly with industry leaders with a commitment to poverty reduction to replicate and expand their business models. Facilitating loans and investments to these enterprises, and to MSMEs owned by poor people themselves can directly expand jobs and income to the poor.

With the growth in domestic and foreign tourism investment, regulations to protect the rights of local people, environmental and social impact assessments, and transparency in concessions must be enforced to ensure sustainability and the mitigation of negative impacts. Policy should also be developed that encourages pro-poor and responsible business practices, such as tax breaks for investments in remote areas and incentives for hiring and training poor people.

Public-Private Partnership

As the role of the private sector in tourism has become more accepted and valued in the GMS, Public-Private Partnership (PPP) arrangements have emerged as an effective way of combining the market access of tour companies with government resources, community participation, and NGO facilitation. Most PPPs in the GMS thus far have been in CBT development, though the establishment of collaborative marketing boards is emerging. These will need more commitment of public resources to demonstrate government's willingness to truly partner with the private sector.

Human Resources Development and Vocational Education and Training

Human resources development is crucial in ensuring long-term growth prospects for a destination as well as providing poor people with access to employment and income-generation opportunities from tourism. The EC and Lux Development have been important supporters of HRD in the GMS, supporting hospitality vocational education and training. It is now recognised that the provision of basic or entry-level training is important, but trained management is needed to support and utilise staff well and create continued opportunities for career development.

Many tourism businesses provide effective training for their staff. HRD programmes should partner with the private sector to ensure the applicability of tourism training and provide on-the-job training. A number of social enterprises that seek to train and employ disadvantaged people are successful business models that can be replicated.

Gender and Social Inclusion

Tourism activities can be particularly accessible to women, ethnic minorities and disadvantaged groups. In the GMS, women represent over half of the tourism industry workforce, but still tend to be employed in lower-skilled and lower-waged jobs. Policies or targets aimed at increasing the role of women and disadvantaged groups alone are insufficient. Interventions must target marginalised groups specifically, seeking to educate, equip, and empower them. Simultaneously, decision-makers must be educated to eradicate stereotypes and discrimination and facilitate more inclusive forms of tourism.

A basic good practice is to focus tourism interventions in destinations with a demonstrable market demand that also have a high proportion of poor people, ethnic minorities or other disadvantaged

groups. In addition, the handicraft value chain is a substantial opportunity to increase inclusive benefits, and would benefit from training, linkages to export markets, and promotion.

Rural Excursion Development

Tourism and poverty reduction in the GMS has been largely equated with community-based tourism, developing attractions derived from the region's wealth of rural natural and cultural resources. However, many of these community treks and homestay products have been inadequately linked to market demand and the private sector. This has limited the success and impact on poverty of tourism in the GMS. It is now recognized that poor people do not need to interact directly with tourists to benefit from tourism, and in fact, other tourism sub-chains (such as food or handicrafts) may have a higher potential to contribute to poverty reduction than simply rural excursions.

However, rural excursions and community-based tourism can provide pro-poor tourism benefits if linked to a broader destination development strategy. Community-based tourism can also create important benefits for the poorest through sustainable natural resource management.

Achieving and Measuring Impact

Tourism's success in the GMS has been demonstrated by growth in tourism arrivals and increased spending. However, tourism continues to be questioned by development agencies as an effective intervention in poverty reduction, and undermined by governments in favour of other sectors better understood as drivers of economic growth. Tourism is difficult to define and assess, consisting of a diverse array of products and services spread over wide geographic area. This has limited the recognition and understanding of tourism's contribution to economic activity and poverty reduction, and threatens continued investment in tourism development.

Due to this complexity, tourism projects have tended to continue to use macro-economic indicators to gauge success (lacking attribution or poverty distribution), focused on village-level household income surveys for CBT products, or simply measured outputs. More work is needed to develop informative but resource-efficient impact measurement tools for tourism and poverty reduction in the GMS.

Work performed by ODI, SNV, and IFC has demonstrated the potential in using a Value Chain Analysis methodology to provide a better understanding of the breadth of the tourism economy and the opportunities for targeting the poor within it. It can expand the scale of tourism interventions, and be used to create a monitoring and evaluation methodology. Tourism multipliers can also be employed to extract additional conclusions from macro-economic data; however, these must be rigorously applied by experts to ensure accuracy. Result chains can provide a line of logic between interventions and impacts. Partnerships must be built between researchers, donors, practitioners and destination managers to innovate and improve impact measurement tools and practice.

Future Priorities

To expand the benefits for poor people from tourism in the GMS, the following priorities are proposed for future tourism initiatives:

1. Facilitate good governance and capacity-building for tourism and related authorities
2. Expand private sector integration and development
3. Target the poor explicitly
4. Broaden interventions to the tourism economy
5. Dedicate resources to demonstrating pro-poor impact

It is also proposed that further research be performed on the tourism philanthropy, the informal tourism sector, and impact measurement in the GMS.

1.0 Introduction

Over the past decade international tourism has emerged as one of the world's most dynamic sectors, a force for economic growth and global trade, particularly in developing countries. In 2008, 40% of international tourists from middle and upper income countries visited a developing country, generating \$295 billion in receipts – almost three times the level of official development assistance that year (Mitchell and Ashley 2010). Tourism has been described as the world's largest voluntary transfer of resources from rich people to poor people, and harnessed effectively, can support environmental protection, cultural preservation, and poverty reduction (*ibid.*).

The Greater Mekong Subregion (GMS) comprises six countries – Cambodia, People's Republic of China (Guangxi Zhuang Autonomous Region and Yunnan Province), Lao People's Democratic Republic (Lao PDR), Myanmar, Thailand, and Viet Nam – with a rich diversity of cultural and natural resources from which it derives its strong tourism position. Among the world's fastest growing tourist destinations, the region saw an increase in international tourist arrivals from 15.3 million in 2000 to 26.1 million in 2009³, generating \$19.8 billion in receipts (ADB 2010a). Host to iconic World Heritage Sites, significant biodiversity hotspots, and world famous beaches, it is also home to more than 45 million people earning less than \$1.25 per day⁴.

Recognising the important contribution of tourism to employment and economic activity in the region and the opportunities for poverty reduction it presents if well planned and managed, the Asian Development Bank, SNV Netherlands Development Organisation, and other development partners have been providing financial and technical assistance to GMS governments, civil society and the private sector since the mid-1990s.

A great deal of progress has been made towards improving the capacity of GMS stakeholders to understand, facilitate and develop pro-poor tourism, and the tourism sector in the Mekong is now more mature, more widely distributed, and more accessible than it was ten years ago. However challenges persist, particularly the inequitable distribution of tourism benefits among GMS countries and between urban and rural areas, weak human resource capacity for tourism planning and impact management, and limited private sector participation (ADB 2008).

This study reviews the advances made in tourism and poverty reduction in the GMS, highlighting cases of good practice where tourism has been strongly linked to benefits to the poor, as well as identifying lessons learned⁵. A reflection on the previous decade of work and the current state of affairs is important for lending agencies, development organisations and other stakeholders to plan the next ten years of more effective and pro-poor tourism development in the GMS.

1.1 Tourism as a Tool for Poverty Reduction

Tourism has been increasingly recognised for its potential to contribute to the reduction of poverty, particularly in regions of high growth such as the GMS. It is a major export sector of many developing countries, and is the primary source of foreign exchange earnings in 46 of the 50 Least Developed Countries. Developing economies receive an estimated 30% of global tourism expenditure and tourism is the only economic sector where the South has maintained a large trade surplus with the North (UNWTO 2002, Mitchell and Ashley 2010). In the GMS, the travel and tourism industry contributes an average of 5.5% to the region's country GDPs, and provides almost 4.5 million direct jobs (Asian Development Bank 2010a).

Further, growth prospects in tourism are extremely encouraging. From 1995 – 2007, GMS visitor arrivals grew an average of almost 9% per annum – more than twice the global rate of 4% (ADB

³ UNWTO 2020 Forecasts

⁴ Adapted from ADB Country Fact Sheets, excludes Myanmar, Guangxi and Yunnan.

⁵ Though the report includes the entire GMS, due to limited availability of information from the Guangxi Zhuang Autonomous Region, Yunnan Province and Myanmar, and the major ADB projects in Cambodia, Lao PDR and Viet Nam yielding a wealth of reports and data, the bulk of the cases will come from these countries.

2009b). This strong growth rate has been attributed to improvements in transportation and the emergence of the regional markets, and the establishment of niche markets in cultural and ecotourism (*ibid.*). With the high seasonality of long-haul visitors, a dynamic regional and domestic tourism market is proving to be valuable in these unstable economic times. Tourism in the GMS has proved to be resilient to external shocks, demonstrated by its recovery in 2006 after the cumulative effects of SARS in 2003 and the tsunami in 2004. The same is expected for the global economic crisis, where after a slight drop in growth in 2009 (-1.1%), a 17.4% increase in international arrivals was seen in the first 6 months of 2010 over the same period in 2009 (ADB 2010a).

Finally, the nature of tourism makes it particularly advantageous to developing countries and poverty reduction. The consumers come to the product (the destination), creating opportunities for linkages to other sectors, spreading the tourist dollar throughout the economy. It utilises “free” natural and cultural assets, many of which are owned by or easily accessible to the poor, and tourism is often viable in geographically and resource marginal areas where other forms of economic activity are not. Tourism is a labour intensive industry, with a wide scope for participation by the poor in the informal sector and through backward linkages, and employs a higher proportion of women and disadvantaged populations (Ashley, Boyd and Goodwin 2000).

However, tourism also has the propensity to negatively impact poor people if poorly planned and managed. Tourism is a highly volatile industry, prone to fluctuations in demand based on real or perceived socio-political, economic or natural threats or events. In the Mekong Subregion, SARS, the tsunami, the unrest in Thailand, and the world financial crisis have all demonstrated how the flow of tourists can be disrupted, and how interlinked the region is for long-haul visitors. These swings in demand, even if brief, can be devastating to resource-poor people in the region if they depend on tourism as their primary livelihood.

Tourism’s reliance on natural assets such as forests, biodiversity-rich areas, water and beaches can be a strong advantage for poor people; however, if access and user rights are not secured and sustainable utilisation ensured, local communities are at risk of disenfranchisement, and resources crucial for fishing, agriculture, non-timber forest product collection and other livelihoods of the poor will be degraded. Finally, though tourism can be highly accessible to the poor, some forms of tourism can concentrate benefits among a small segment of stakeholders or investors, or be structured in such a way that the majority of income leaves the country or poor areas.

This is an important justification for intervention by development agencies in what is otherwise a private sector activity with high growth potential in Asia. Unplanned or poorly managed tourism in developing countries can be harmful to poor people’s livelihoods; however, tourism that has been well structured, or adjusted in small but important ways, can bring a wealth of benefits for those who need it most and provide an engine for inclusive economic growth. Development partners, NGOs and governments can help create the conditions to maximise tourism benefits to the poor while mitigating and minimising negative impacts.

1.2 Some Key Concepts in Pro-Poor Tourism

1.2.1 Pathways to the poor through tourism

Three key pathways have been identified for tourism to reach the poor: direct effects, secondary effects, and dynamic effects (Mitchell and Ashley 2010). These three pathways to tourism benefits allude to the complex nature of tourism’s effects and the diversity in what can be considered tourism sector activity. This has made it particularly challenging for development agencies and governments to accurately assess the size of the tourism industry and the importance of tourism to a country or destination’s economy.

Direct Effects

Direct tourism earnings come from participation in the tourism sector, regardless of whether the poor person engages with a tourist directly. These can be divided into labour income and non-labour income. Labour income encompasses two types of earnings: wages from formal employment, or earnings from the informal sector. A receptionist in a hotel would fall into this category, as would a food stall owner in a night market frequented by tourists and a wood carver

who lives in a remote province but sells his souvenirs to tourist boutiques. Non-labour income comes from communally earned benefits (for example from community land leases or royalties), or from tourism-related philanthropy. Direct effects also include non-financial livelihood benefits, through access to infrastructure, improved skills, and livelihood diversification.

Secondary Effects

Secondary tourism earnings include indirect effects and induced effects. Indirect effects are earnings in the non-tourism economy due to tourist activity. This has become most commonly recognised as supply chain linkages, such as earnings by construction workers building hotels. It also encompasses non-financial livelihood impacts, for example, if protection of a local forest for tourist trekking results in improved accessibility to non-timber forest products. Induced effects result from the spending of tourist workers in the local economy. These secondary effects have been particularly hard to measure for projects looking at the broad impact of tourism activity.

Dynamic Effects

Dynamic effects are the least tangible impacts from tourism and the most difficult to define. They arise from tourist activity's impact on the wider economy in the long term and the new patterns of growth that may result. Dynamic effects encompass everything from exchange rate changes due to the influx of foreign currency from international tourists, to increased public spending on education by the government using tourist tax revenue, to improved export of goods from the availability of increased air links and transport options.

Over the past five years, a major change in policy and approach by development agencies working in tourism has been due to the recognition of secondary effects and to some extent, dynamic effects. Rather than trying to integrate poor people directly into tourism products through engaging with tourists themselves, it is possible to support opportunities for poor people to produce merchandise, link to tourism-related markets, and derive skills and access to infrastructure from the tourism economy. This comes from recognition of the potential inherent in the wider tourism *economy*, rather than just the tourism *industry*. (In this paper, the former refers to industries that are tourism 'connected' (industries where tourists consume significant quantities of the output), whereas the latter refers to industries that are tourism 'characteristic' (industries that cannot survive without tourist consumption)⁶. This also greatly expands the volume of potential benefits and beneficiaries from tourism.

1.2.2 Approaches to maximising tourism's contribution to poverty reduction

Although it is beyond the scope of this report to review all the approaches and interventions in pro-poor tourism, a few key concepts are presented here. In the case studies these concepts will be revisited and illustrated in practice.

The tourism "cake"

Having moved away from focusing on interventions in niche tourism markets such as Community-Based Tourism (CBT), efforts are being made to effect changes in how mainstream tourism functions and impacts the poor. Broadly speaking, two types of approaches are used to target poor people:

1. **Increase the size of the whole cake.** By growing the size and performance of the tourism sector as a whole (though increased visitor numbers, length of stay, or spend per stay), poor people may gain additional income.
2. **Increase the size of the slice of the cake.** By increasing poor people's participation in tourism through access to tourism skills and markets, they will gain a larger portion of the tourist spending in a destination.

⁶ See (Mitchell and Ashley 2010) for more detail.

Figure 1. Expanding Benefits to the Poor⁷



GMS governments tend to focus on the first approach, setting broad targets for visitor numbers and length of stay, and investing in marketing and infrastructure projects that will result in overall growth of the sector. While many development agencies and projects prefer to focus on the second approach, targeting poor beneficiaries more specifically, a combination of both approaches is generally most effective for achieving poverty reduction and national tourism development goals. Creating an enabling environment to grow the entire tourism sector, as well as enhancing the role of the poor within the sector, is an important part of creating a pro-poor destination. How to do so is discussed further in Sections 4.1 and 4.2.

Destination Management Approach

It is recognised that establishing a thriving, inclusive and well-managed destination can be the best opportunity for sustainable pro-poor tourism growth. A tourism destination is defined as an area with physical and administrative boundaries in which a tourist stays overnight at least once. It includes tourism products and attractions, and incorporates various stakeholders, including a host community (UNWTO 2007). In pro-poor tourism, the ideal destination has high impact potential for poor groups. Geography, the level of maturity of the destination, and the number of poor participants in the local tourism supply chain are important.

Destination Management encompasses all the elements needed to create a well-managed destination, including policy, planning, infrastructure development, enterprise development, marketing, product development, and impact management. Taking an integrated approach a destination can be developed, enhanced and managed to create maximum pro-poor benefits. This includes everything from developing tourism regulations that are fair to informal traders, to creating hospitality training certification for poor youth, to organising a local tour operators association. Seven steps for a pro-poor destination management approach have been identified (UNWTO and SNV 2010):

1. Ensuring supportive government policies.
2. Working effectively with different stakeholders.
3. Identifying who should benefit and their needs.
4. Understanding how tourism is working currently and who is benefiting.
5. Judging the tourism destination's future potential for tourism that benefits the poor.
6. Agreeing on a strategy and action plan to alleviate poverty through tourism.
7. Strengthening stakeholder response and capacity.

⁷ Adapted from (UNWTO and SNV 2010b)

These steps emphasize the need for clear analysis of a destination's poverty reduction opportunities and establishment of effective management structures to create an environment in which pro-poor tourism can flourish⁸.

UNWTO Seven Mechanisms⁹

Once a healthy destination management approach has been established, specific actions need to be taken to ensure that poor people will benefit from tourism's development in a destination. The UNWTO has identified seven mechanisms for tourism to contribute to poverty reduction that are the basis for the ST-EP Programme (Sustainable Tourism – Eliminating Poverty). These seven mechanisms aim to expand the pro-poor segment of the tourism cake, and can be categorised into the three pathways (direct, secondary, and dynamic). They are:

1. Employment of the poor in tourism enterprises (Pathway 1)
2. Supply of goods and services to tourism enterprises (Pathway 1, 2)
3. Informal selling of goods and services to tourists by the poor (Pathway 1)
4. Developing small/micro or community-based tourism enterprises or joint ventures (Pathway 1, 2)
5. Tax or charge on tourists or enterprises (Pathway 2, 3)
6. Voluntary giving by tourists or tourism enterprises (Pathway 1, 3)
7. Collateral benefit from tourism investment and activity (Pathway 3)

Many of these mechanisms are featured in the good practice case studies found in this report. However, it is important to recognise that the poor are not homogenous, and tourism will positively and negatively impact poor people in an uneven manner, reflecting "different patterns of assets, activities, opportunities and choices" (Ashley, Boyd and Goodwin 2000: 5). The choice of interventions employed in a destination will depend on a clear assessment of the needs and opportunities of the poor in a destination.

1.3 Scope of this Report

The recent mid-term review of the GMS Tourism Sector Strategy noted that more needs to be done to address persistent imbalances in the distribution of tourism's benefits between and within countries, and to more effectively harness tourism's potential as a tool for poverty reduction. Substantial investments in the tourism sector by GMS governments together with ADB, SNV, key development partners, the private sector and NGOs have produced a body of experience and lessons on how to utilize tourism as a tool to promote inclusive economic growth and reduce poverty.

The ADB and SNV commissioned this study to review lessons learned and good practice approaches to tourism and poverty reduction in the Greater Mekong Subregion. It draws upon pro-poor tourism research, project documents, policy papers, tour company websites, and interviews with key resource persons to synthesize the knowledge developed in the region. Though the study covers the entire GMS, the majority of examples and data are from Cambodia, Lao PDR and Viet Nam, due to the extent of work that has been carried out there.

In Section 2, the state of affairs of GMS tourism is reviewed, including market trends, key institutional arrangements on the country and regional level, and policy.

Section 3 identifies good practice in tourism and poverty reduction. Case studies highlight programme design, implementation and evaluation tools from the GMS, particularly private sector activities and those with a measurable impact on poverty. This list is not exhaustive, but emphasizes the features of pro-poor tourism interventions that can be replicated and scaled up for maximum impact.

Section 4 reviews lessons learned, and in Section 5 these lessons are summarised and recommendations given for future priorities, key interventions, and further research.

⁸ For elaboration on these seven steps and destination management for poverty reduction, see (UNWTO and SNV 2010)

⁹ For more detail on the seven mechanisms, see (UNWTO 2004)

2.0 GMS Tourism Sector Assessment

2.1 State of affairs

The Greater Mekong Subregion is characterized by an abundance of natural and cultural tourism assets with the iconic Mekong River at its heart. Featuring pristine beaches and islands, tropical monsoon forests, mountain ranges, and highland plateaus, the region is host to a diversity of ethnic peoples, a rich history of Buddhist and Hindu civilisations, and heritage sites of global significance. The sheer variety of attractions in the region, as well as its competitive cost, has enabled it to attract almost every typology of tourist possible, including backpackers, long-haul luxury Free Independent Travellers (FITs), mainstream beach vacationers, regional package groups, domestic travellers and MICE tourists.

In 2010, these international visitors numbered over 30 million (up from 15.3 million in 2000), fuelling a sector that directly contributed over \$23 billion to GDPs of these countries and sustained 4.5 million direct jobs¹⁰. By 2020 the WTTC is forecasting direct employment will increase to 6.13 million and corresponding economic output to \$52 billion¹¹. With its highly developed infrastructure and tourism facilities, international marketing campaigns, and accessibility, Thailand still dominates the region in international arrivals, length of stay and earnings. However, its share declined from 72% to 51% in the last 10 years¹², indicating a shift towards a more balanced distribution of visitors within the subregion. Tourism business development is thriving, as indicated by a 63% rise in the number of tour operators in Lao PDR and Cambodia and construction of an additional 92,084 accommodation rooms in Viet Nam, Lao PDR and Cambodia between 2006 and 2009 (ADB 2010a).

Table 1: GMS International Tourist Arrivals 2002 – 2010

	2002	2004	2006	2008	2009	2010 ^a	CAGR 00-09
Cambodia	786,524	987,359	1,591,350	2,001,434	2,045,735	2,508,289	17.85%
Lao PDR	735,662	894,806	1,215,106	1,736,787	2,008,363	2,513,028	11.78%
Myanmar	217,212	241,938	263,514	193,319	227,400	791,505	1.77%
Thailand	10,872,976	11,737,413	13,838,488	14,584,220	14,087,767	15,841,683	4.38%
Viet Nam	2,627,988	2,927,876	3,583,486	4,207,895	3,742,731	5,049,855	6.35%
Yunnan	1,303,550	1,101,000	1,111,744	2,044,483	2,305,052	2,528,642	9.71%
Guangxi	1,363,400	1,175,800	1,707,729	1,620,466	1,645,264	1,697,912	3.29%
Total	17,907,312	19,066,192	23,311,417	26,388,604	26,078,190	30,930,914	6.05%

Source: GMS National Tourism Organizations; Mekong Tourism Coordinating Office; Pacific Asia Travel Association; CAGR = cumulative annual growth rate; ^a 2010 figures for Yunnan and Guangxi are indicative and assume historic trend.

About 61% of GMS international arrivals originate in Asia, led by Thailand, Malaysia, Republic of Korea, Japan, and the People's Republic of China. Long-haul source markets from Europe account for 23% of international visitors, followed by the Americas and Oceania at 7% and 5% respectively (ADB 2010a). The bulk of GMS arrival growth is presently being driven by the rise in intraregional travel by citizens of the GMS and ASEAN + 3 countries that account for up to 80% of arrivals in the lower Mekong countries. Intraregional tourists tend to vacation for shorter periods and spend slightly less per day than long-haul visitors (Thomas 2009).

GMS tourism still contains great potential for growth. There is a wealth of natural and cultural heritage sites that have yet to be fully developed, and it is expected that in the coming decade, the rapid increase in wealth within the Asia region will continue to drive this market's growth rate (Lin and de Guzman 2007). China alone will be an important force for tourism in the GMS.

¹⁰ WTTC, not including Yunnan and Guangxi (see http://www.wttc.org/eng/Tourism_Research/Economic_Data_Search_Tool/).

¹¹ Equal to 5.7% and 6.2% of subregional economic output in 2009 and 2020, respectively

¹² WTTC, 2000 – 2010 Visitor Arrivals at:

http://www.wttc.org/eng/Tourism_Research/Economic_Data_Search_Tool/

However, while GMS tourism has experienced an impressive expansion since 2000, several factors continue to constrain the sector from reaching its full potential as a driver of inclusive economic growth and heritage protection (ADB 2010a). These constraints include: limited capacity and human resources to plan, develop and manage socially responsible tourism and safeguard heritage assets; limited capacity to prevent and mitigate the negative social impacts of tourism; low standards of service among the smaller hospitality and tourism service providers; and limited private sector adoption of responsible tourism practices and partnerships with local communities (*ibid.*).

2.1.1 Key initiatives

Recognising the potential in tourism development, the Greater Mekong Subregion has been the focus of a number of projects and technical assistance packages from lending bodies, multilateral and bilateral development agencies and NGOs over the past decade. The Asian Development Bank has been a key champion of tourism development initiatives in the GMS, and since 2003, has provided about \$58.7 million of loan and grant assistance for the GMS tourism sector.

In particular, the GMS Tourism Sector Strategy (TSS) was developed in 2004/2005 by the GMS countries with technical assistance from the Asian Development Bank (ADB 2009a). The overall goal of the TSS is to strengthen the performance of the GMS as a cohesive tourism destination to contribute to the achievement of the Millennium Development Goals, and proposed 29 projects in seven strategic programmes to do this.

In 2010, a mid-term review of the TSS was carried out, acknowledging that though steady progress had been made in some of the programmes, 29 projects was over-ambitious and capacity, coordination and implementation remained weak. Recommendations of the Road Map 2011 – 2015 include better integration of “soft” components (HRD, heritage conservation, pro-poor tourism) into the spatial and infrastructure projects and adjustment to the country institutional arrangements¹³.

The Mekong Tourism Development Project (MTDP), a five-year loan by the ADB to Cambodia, Lao PDR and Viet Nam combined infrastructure development, community-based, pro-poor tourism, sub-regional cooperation, and institutional strengthening. Among other things, the MTDP helped create the initiative to develop pro-poor tourism, and developed a foundation of awareness and experience within the NTOs and sub-national tourism authorities to facilitate sustainable tourism development in the three countries. Based on the success and lessons of the MTDP, in 2008 the Sustainable Tourism Development Project was approved for Lao PDR and Viet Nam. Further confirming ADB’s commitment to tourism as a development strategy, technical assistance to develop a potential third loan is in the pipeline (ADB 2009a).

A number of other development partners have been important proponents of pro-poor tourism development in the GMS, particularly SNV Netherlands Development Organisation, Luxembourg Agency for Development Cooperation (Lux-Development), World Tourism Organisation (UNWTO), UNESCO, International Finance Corporation, EU, AECID and JICA. SNV in particular provided important technical assistance to NTOs, sub-national tourism authorities and private sector stakeholders in Cambodia, Lao PDR and Viet Nam, which complemented the MTDP. In the past few years SNV was a key advocate of better engagement of the private sector in tourism interventions, and identifying the opportunities in the wider tourism value chain.

Lux-Development has supported large-scale human resources development projects in Viet Nam and now in Lao PDR, particularly in hospitality technical and vocational curriculum development and certification. The High Impact Tourism Training for Jobs and Income (HITT) programme implemented by SNV will support TVET for the informal tourism sector in Cambodia and Viet Nam. The “Environmentally and Socially Responsible Tourism (ESRT) Capacity Development Programme” is beginning in Viet Nam, building upon the success of the EC-funded HRD Project, among other things.

¹³ For more information, see Asian Development Bank 2010a.

The UNWTO ST-EP Programme assisted Viet Nam, Cambodia and Lao PDR to formulate and promulgate Tourism Laws, implement community based tourism programs, develop tourism master plans for flagship tourism destinations and implement marketing programs, most notably the Mekong Discovery Trail in Cambodia. JICA has supported marketing and product development in Lao PDR, and master tourism planning and capacity-building in Viet Nam. Through its Mekong Private Sector Development Facility, the IFC supported small business development and tourism marketing also in Cambodia, Lao PDR and Viet Nam. Many more initiatives that have contributed to the overall development of tourism will be highlighted throughout this report.

2.2 Institutional Arrangements for Tourism in the GMS

Each GMS country has a designated National Tourism Organisation¹⁴. In Cambodia and Myanmar, these are stand alone tourism ministries; in Lao PDR and the People's Republic of China, Tourism Administrations at the sub-ministerial or special office level; and in Viet Nam and Thailand, combined with other sectors (namely sports and culture). Though their awareness of tourism as a tool for poverty reduction has been raised overall, the skills to pro-actively plan, implement, and manage pro-poor tourism remains limited, particularly on the provincial and district level. In some cases, their roles and responsibilities tend to overlap with that of the private sector, as is the case in Lao PDR, Viet Nam, Yunnan and Guangxi, where tourism authorities also function as transportation and accommodation providers and tour operators (ADB 2010a).

In the GMS, national tourism authorities are responsible for tourism policy development, strategy, regulation, and marketing, with sub-divisions to direct and support local implementation. Provincial and district-level departments and offices are in essence sub-national versions of the NTOs, tasked with enforcing national policy, applying guidelines and strategy to the provinces, and developing the local tourism industry. However, provincial treasuries usually allocate budgets and activities are informed by local development priorities. The reality varies between decision-making that may be highly centralised with the line ministry or dominated by regional interests, creating conflicting direction and inconsistent tourism development.

Further, even when GMS National Tourism Offices (NTOs) have a clear mandate supported by tourism policy and decrees, tourism priorities and tourism authorities are regularly superseded by more powerful interests. Mining, logging, commercial agriculture and hydropower are key sectors that tend to conflict with tourism activities, and win preference. This is due to a number of factors. First, these sectors tend to utilise concession arrangements, which result in large investments with immediate returns to the government. Land utilisation tends to be controlled by provincial authorities, which usually approve concessions without checking or being aware of national tourism strategies or activities. Further, these sectors tend to be prioritised in national development strategies above tourism, for their ability to directly inject large amounts of cash into the economy and government coffers, unlike tourism, for which the financial benefits are more scattered and difficult to measure. Unfortunately, but common in poor countries with weak governance structures, large scale projects such as these are also favoured for their ability to personally enrich those officials and business interests directly involved.

Coordination among sectors is also a factor in negotiating these competing development interests. Not limited just to the tourism authorities, communication and harmonization of independent but related government departments continues to be a challenge, causing conflicting or overlapping activities. In a sector as multi-faceted and interlinked as tourism, strong multi-stakeholder collaboration is crucial for effective pro-poor tourism interventions, as well as mitigation of negative impacts. Though tourism offices have become used to consulting or communicating with communities and businesses on policies and activities, examples of true input and collaboration are few.

2.2.1 Regional Mechanisms for Collaboration

¹⁴ Cambodia: Ministry of Tourism; People's Republic of China: China National Tourism Administration; Lao PDR: Lao National Tourism Administration; Myanmar: Ministry of Hotels and Tourism; Thailand: Ministry of Tourism and Sports; Viet Nam: Ministry of Culture, Sport and Tourism.

There are a number of regional frameworks for tourism collaboration in the GMS. Since 1993, the Tourism Working Group (TWG), staffed with senior-level representatives of the NTOs, has been the main facility for tourism cooperation among the governments. The Mekong Tourism Coordination Office (MTCO) is its Secretariat.

Previous support provided by the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) to establish the TWG and conduct annual meetings is now shouldered by the GMS countries themselves. Development partners in the region are invited to the biannual meetings, creating an important forum for coordination of activities and goals. The TWG has built up a portfolio of sub-regional cooperation initiatives, particularly through implementation of the TSS, including marketing a cohesive brand, developing multi-country tourism routes, facilitating cross-border travel, and improving human resources. However, implementation of these projects has been slow due to the inability to generate financial support, lack of project working groups, and lack of proper terms of reference (ADB 2010a).

In addition to coordinating the TWG meetings and activities, the Mekong Tourism Coordinating Office is responsible for sub-regional marketing and promotion activities and project coordination activities. Funded by the GMS country governments and hosted by the TAT in Bangkok, the MTCO has had limited capacity and difficulty in securing the additional funding needed to effectively market the sub-region as a single destination and to implement the numerous sub-regional initiatives proposed as part of the GMS TSS and by the TWG.

The Mekong Tourism Forum, also started in 1996, was revived by the MTCO with financial and logistical support from the Pacific Asia Travel Association (PATA), US Agency for International Development (USAID) and many other stakeholders after a five-year hiatus. The Forum is an important venue for bringing together government, development and most importantly, private sector stakeholders to discuss GMS tourism issues and market destinations within the sub-region.

These regional mechanisms are important for growth of the sector as a whole through facilitating the movement of tourists across borders, creating tourism corridors, and marketing the region as a cohesive whole. By “expanding the cake” for the entire region, these activities can contribute to poverty reduction.

2.2.2 Rise of the Private Sector

Over the past five years, the private sector has become a more active and accepted partner in tourism development. Recognition of the important role that tour operators play in bringing the customer to the product grew, particularly when some community-based tourism products faltered due to lack of market. Though most development agencies were also guilty of the anti-business attitude that prevailed a decade before, they have now strongly encouraged tourism authorities to include and work with businesses when developing policies, plans and strategies.

Tourism associations are the primary forums for government solicitation of private sector participation. Their organisational capacity varies, with some being government-led bodies (Vietnam Tourism Association), others as loose arrangements with relatively inactive membership (Lao Association of Travel Agents), to fully formed organisations that provide training and leadership (Association of Thai Travel Agents). Strengthening business associations is an important strategy to empower the private sector to more effectively dialogue with the public sector, however, this process sometimes moves slowly, especially in the context of economies with fledgling private enterprise. Regional travel associations, such as PATA, have become conduits for information about pro-poor tourism, sustainable practices and responsible tourism to and from the private sector.

A number of tourism businesses have become recognised for their innovative approaches to community development, environmental conservation and philanthropy. The very real contribution to poor income, employment, and skill development that tourism businesses can provide has meant that most tourism projects now include a component for inviting tour company partnership and market assessments, and some development agencies now work directly with tourism enterprises themselves. Examples of these are found in Section 3.

2.3 GMS Tourism Policy

The basis of a robust government pro-poor tourism approach is “an effective and comprehensive legislative framework that encompasses environmental and cultural protection and enhancement; regulation of land use in tourism development; the development of appropriate infrastructure for tourism; management of an investment in tourism; and institutional and other legal mechanisms to provide for the full, active and equitable participation by poor communities in decision-making and enjoyment of the benefits of tourism development (Downes 2006: 5).”

Governments need to ensure that policies aimed at poverty reduction recognise the role of tourism and prioritise it in government strategies, and tourism policies identify poverty alleviation as a central goal and outline appropriate actions (UNWTO 2010b). There are several types of legislation and policy that are relevant for pro-poor tourism interventions¹⁵.

Poverty Reduction Strategy Papers (PRSP) are a developing country’s key statement on its current status, goals, and strategies to alleviate poverty, as well as its external financing needs. It is important that tourism is not only identified an important contributor to poverty reduction, but outlines specific policy commitments and pro-poor interventions.

Tourism Laws legally define tourism activities, from accommodation establishments, to site facilities and standards for guides. Tourism laws should clearly identify poverty reduction as a main goal of tourism development, and ensure that they do not discriminate against micro and small enterprises, informal tourism activity, and communities utilising national tourism assets.

National Tourism Strategies outline broad goals, sub-sector targets, and geographic areas for interventions and funding. Poverty alleviation should be integrated throughout the strategies, with concrete and specific actions for achieving pro-poor tourism goals. Effective strategies can not only guide governments, but provide an overall vision for the entire sector and its stakeholders.

Labour Laws are important for setting minimum wages and conditions for employment, as well as prohibiting discrimination based on gender, ethnicity, religion and other factors linked to the poor.

Policies on land-use planning, transport, and natural resources manage sectors that are important to the tourism industry, and indirectly affect poor people.

Legislation on land tenure and community rights is crucial for poor communities which may have informal rights over natural resources that are used for local livelihood strategies or tourism activities. These can secure their use over important water or land resources used by the poor for subsistence fishing and agriculture, and can also enable them to lease out land for development.

In the GMS, PRSPs, tourism laws and tourism strategies have been strongly advocated by development agencies and pursued by NTOs. Labour and land-use rights, land-use planning, and natural resources rights are less well elaborated. In addition, the objectives and intentions set out in policy and what is accomplished in practice are frequently divergent.

2.3.1 Key Policy Instruments¹⁶

Generally speaking, tourism is recognised by all the GMS country governments as contributing to national development and as an important strategy for income and employment generation, foreign exchange earnings, and more recently, poverty reduction and enhancing natural and cultural resources (ADB 2009a). In Lao PDR and Viet Nam, recent Socio-Economic and Development Plans identified tourism as a priority sector.

In some countries, policy clearly links tourism and poverty reduction. The Lao National Growth and Poverty Eradication Strategy highlights pro-poor tourism, community-based tourism development,

¹⁵ Adapted from UNWTO 2010b

¹⁶ A great deal of additional legislation and strategy exists in each country that affects tourism even if not referring to tourism. However, the scope of a desk study makes it difficult to identify and obtain these.

enhancement of specific tourism-related infrastructure, and increasing sub-regional tourism cooperation as strategies for achieving the country's poverty goals. Cambodia's National Policy on Tourism adopted in 2008 stipulates that the Ministry of Tourism must study the relationship between tourism and poverty reduction, support management plans integrating poverty reduction, and encourage investment in poor communities.

However, in many cases tourism policy does not explicitly refer to poverty reduction as a goal, but a more general contribution to national income, employment and growth for the national's population. This means that GMS governments can use macroeconomic growth of tourism as an indication of success, without demonstrating that its poorer citizens are experiencing tourism's benefits.

Ideally, poverty should be addressed in all legislation. Cambodia, Lao PDR and Viet Nam all have a tourism law. Thailand has a Tourism Business and Tour Guide Act, most recently updated in 2008, and the People's Republic of China announced plans to enact a Tourism Law with the support of the World Tourism Organisation in late 2010¹⁷. These legislative instruments serve to define the concept of a tourism activity, set forth regulations for recognition of tourism businesses, guides and tourism assets, and as such, do not explicitly refer to poverty. Identifying poverty as a primary goal of tourism development in all policy documents would lay the foundation for decision-making that uses pro-poor potential as a key criterion.

Regulations to improve tourism's inclusiveness also need to foster a more domestic and small-business friendly environment, rather than only seeking large injections of foreign direct investment. For example, in 2008, a national decree in Lao PDR allowed establishment of small-scale inbound tour operators in the four target provinces of the Mekong Tourism Development Project. Prior to this, tourism regulations required minimum investments of US\$500,000 and were geared towards foreign investors. MSME-friendly legislation such as this is instrumental for fostering a vigorous private sector with more opportunities for pro-poor business ownership and employment. Further, the growing wealth within the GMS and Asia has encouraged more domestic and regional visitation, and strategies and investment to target new markets interested in golf and gambling. It will be important that policies reflect these market trends, but still seek to identify pro-poor benefits from new tourism typologies.

However, the biggest constraint to enabling pro-poor tourism policy is not the regulations themselves but their effective implementation. Policy created on the national level tends to remain centralised and due to a lack of capacity on the sub-national level, is not successfully implemented. Further, policy remains segmented between sectors important for effective tourism coordination. Finally, widespread political backing for tourism as a national development strategy and enforcement of tourism policy and strategies is insufficient. Policy is only as strong as the governance structures and organisational culture behind it.

¹⁷ <http://www.ced.travel/en/destinations-news/104-unwto-to-assist-china-in-designing-national-tourism-law.html> accessed 5 February 2011.

3.0 Good Practice

In this section, good practice in pro-poor tourism programme design, implementation and evaluation tools and private sector strategies from the Greater Mekong Subregion are highlighted. Short case studies are used as examples of concrete steps taken to promote more inclusive tourism that contributes to poverty reduction.

3.1 Creating an Enabling Environment

For tourism to flourish in a country or specific destination, an enabling environment is needed that facilitates the movement and access of tourists to a destination, provides basic services and utilities, supports private sector investment in the tourism industry, develops the human resources and skills needed to staff tourism businesses, secures access to sustainable use of tourism assets and resources, and ensures the safety of visitors, among other things. Almost all aspects of a functioning destination will be affected by whether appropriate attention has been dedicated to building an environment in which tourism can grow and benefit the poor.

Creating an enabling environment on the national level is largely the purview of governments, through the provision of infrastructure and facilities, and enactment and implementation of tourism policies, strategies and management plans. Public authorities are responsible for access and management of public goods and assets, creating a supportive regulatory environment, and coordinating tourism on a macro level to ensure tourism's contribution to national development. However, improvements made to the enabling environment are more likely to be effective if the private sector is involved in identifying problems and solutions (Mitchell 2010). Policy should be the result of active consultation with all tourism stakeholders, including businesses, communities, and the poor.

3.1.1 Pluralistic policy development

Recognising the need for a formal and legal basis for tourism development, almost all the GMS country governments have developed a policy framework for tourism, some more robust than others. Due to prevailing governance systems in each country, the method of developing tourism policy and strategy has varied. However, in many cases, country governments have actively sought assistance in developing tourism laws and strategies, introducing new approaches to policy development in the GMS and a more pluralistic governance model.

Viet Nam Tourism Law¹⁸

In 2003 the Government of Viet Nam identified the need for a new tourism law, based on the country's rapid growth in visitor numbers and concern for sustainable management of its tourism resources. It was also recognized that a tourism law would support coordination of the sector, by raising the profile of tourism amongst relevant government ministries and other stakeholders.

The law was drafted by VNAT, with technical expertise provided by the UNWTO, and process facilitation and support from AECID and SNV. A Tourism Law Drafting Committee was set up to include both representatives of VNAT but also other ministries, providing multi-sector buy-in. The members of the committee attended regional study tours and workshops to build their awareness and capacity, and consulted with a wide variety of stakeholders, including the private sector, local government, local communities involved in CBT, and tourism training institutions. This ensured that the new law reflected the current reality of tourism in Viet Nam, incorporated viewpoints and ideas from throughout the sector, and improved the chances of the law's effective implementation and enforcement.

This type of participatory process resulted in a high level of motivation to provide inputs from the stakeholders, and a more effective resulting law that clearly identifies:

- *The role of tourism in generating employment and reducing poverty.*

¹⁸ Adapted from UNEP and UNWTO 2005: 80

- *The importance of local communities and beneficiaries and stakeholders.*
- *Specific obligations for tourism businesses regarding stewardship of tourism resources.*
- *The role of the state in providing investment incentives for tourism development in disadvantaged regions.*

3.1.2 Leadership and capacity

A key constraint to effective pro-poor tourism development in the GMS is limited capacity of government authorities, and insufficient ownership, understanding, and implementation of policy. Even in the case of the Tourism Law of Viet Nam, the strong foundation for pro-poor and sustainable tourism in legislation has not led to consistent implementation. SNV has identified organisational leadership as a major bottleneck and opportunity for change. Where capacity building and technical support is provided, the ability of staff to employ new skills and tools is limited by poor leadership. Creating a new generation of more creative and capable leaders from the national to district levels can unlock the potential within organisations.

Leadership Development for Tourism Officials¹⁹

SNV has been supporting capacity building of government departments, civil society organisations, and the private sector for 20 years. One of the key drivers for change and improvement is leadership. Without inspiring leadership, institutions lack structure and direction, staff are unmotivated and unable to work efficiently, and the potential to strengthen the performance of the organisation is greatly limited.

SNV's leadership programme has been successfully implemented with tourism officials and tourism businesses in Lao PDR, Cambodia, Bhutan and Viet Nam. It targets the challenges that today's leaders face. The program includes four modules of 3-5 days, carried out over seven months. Each module contains a cluster of competencies with the following themes, 1) Leading Your Self, 2) Leading Your Team, 3) Leading Your Organization, and 4) Leading Your Society. Though the modules do not necessarily directly address tourism issues, they target the underlying governance and organisational issues that negatively affect government officials' ability to effectively manage tourism.

The Vice President of the Luang Prabang Tour Agents Association participated in the SNV leadership learning program and shared; "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 Program. 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."

3.2 Pro-Poor Tourism Destination Development

The destination has been described as the "fundamental unit" of tourism (Richardson and Fluker 2008). A destination can be as small as a tourism site or as large as a country, but has administrative and geographical boundaries to help define its management. Destinations incorporate a multitude of stakeholders, and can be linked and clustered to form larger destinations.

In the GMS, there is a move away from developing isolated tourism sites and products to integrating flagship attractions, services and linkages within the context of a wider destination development

¹⁹ Adapted from Nass and Nguyen 2010 and UNDP 2010

strategy. To ensure a pro-poor tourism destination, understanding how the poor are or could be benefitting from tourism, ensuring supportive government policies, and setting a strategy and action plan for implementation through stakeholder consensus is important.

3.2.1 Multi-Stakeholder Destination Management Organisations

Successful management of a destination requires the coordination and collaboration of many stakeholders, lead by an effective Destination Management Organisation (DMO). There are various models for DMO configurations, from a sole public authority, to a partnership of public authorities, to a public-private partnership. To date, Destination Management Organisations in the GMS have been single public authorities, namely NTOs or provincial tourism departments, which manage the destination with related government departments and some consultation of the private sector. Little progress has been made in creating the multi-stakeholder structures and processes needed to manage the complex business of tourism in GMS destinations, though collaboration with the private sector is increasing and ad hoc forums have been created. However, recently in northern Viet Nam, a notable example of coordination to create a regional destination board has emerged.

A Collaborative Destination Management Organisation in North West Viet Nam²⁰

The North West region of Viet Nam, comprising eight provinces, has become a draw for those looking to explore trekking or ethnic minority cultures, with Sapa alone attracting over 300,000 tourists per year. To date Lao Cai province and to a lesser extent Dien Bien have been the main areas visited. To distribute benefits more widely, reduce pressure on these highly popular sites, and create a unified destination, The Northern Highlands Trail was created.

In June 2010, a five-year agreement was signed between the Provincial People's Committees on behalf of the provincial governments. A Province and Tour Operator Chair have been elected for the Trail, and the public and private sector are both signatories to the agreement and its action plan. A leadership training programme with public and private representatives tapped into the leadership potential of participants as well as fostered a regional approach to tackling tourism.

Lao Cai Province has taken a great deal of ownership and leadership in the initiative, even contributing 80% of the costs to convene the joint planning meetings. The agreement has facilitated a greater commitment of government resources to pro-poor tourism development, and investments have been made into small-scale infrastructure such as access roads, clean water and improved sanitation at trekking sites. Brand development of the Northern Highlands route, and sub-brands for the provinces has been facilitated, with development of marketing materials, a tourism map, brochures and a website.

The willingness of the government authorities to work with the private sector and jointly brand the Northern provinces suggests that tourism authorities increasingly recognise the importance of public-private collaboration.

3.2.2 Value Chain Analysis

The Value Chain Analysis (VCA) has become a key tool for understanding how tourism functions in a destination and where the opportunities lie for increased benefits for the poor. The tourism value chain is a complex set of services and transactions from when the tourist leaves his or her home, up to and including all the excursions, dining, accommodation, shopping, and travel he or she engages in during the trip. Tourism value chains differ from value chains of manufactured goods, as they deal in services which are often produced and consumed at the same time, and where the customer comes to the product (Ashley and Mitchell 2008).

Performing a VCA can be extremely complicated, and without a structured and focused methodology, can overwhelm the investigator with data and detail. Choosing the right level of information needed for decision-making for destination development is crucial²¹. Value chain

²⁰ Adapted from (Rogers, P. and P. Harman, Forthcoming)

²¹ For more resources on how to perform a Value Chain Analysis, see Annex 2

analyses can have a dual benefit, performing the diagnosis of a destination's pro-poor tourism opportunities as well as creating the baseline from which to later carry out monitoring and evaluation²². Value chain analyses in three countries in the GMS have estimated income from tourism expenditure captured by the poor to range from 7% to 27% (Mitchell and Ashley 2010).

In the GMS, value chain analyses are becoming increasingly common for diagnosing potential needs and interventions. The methodology can be adjusted according to resources, skills of the team, or the need for a participatory approach. Instead of focusing only at the level of the tourist experience, the value chain approach looks at potential within the entire tourism economy. One of the first tourism value chain analyses in the GMS was carried out in Luang Prabang, Lao PDR in 2006.

Luang Prabang Tourism Value Chain Analysis²³

Luang Prabang, a UNESCO World Heritage Site, has seen international arrivals grow from 65,221 in 2000 to 245,083 in 2009. SNV Netherlands Development Organisation has been working with the Provincial Tourism Department of Luang Prabang since 2002, providing capacity-building support and technical assistance on sustainable tourism development. In an effort to look more widely at the opportunities to support poverty reduction through tourism, in 2006 they contracted Caroline Ashley of the Overseas Development Institute (ODI) to perform a rapid VCA in Luang Prabang.

The VCA was carried out quickly, in just over one week, and consisted of interviews with providers of goods and services to tourists (owners/operators of tuk-tuks and boats, sellers and producers of handicrafts, and owners and employees of restaurants and guesthouses), a short exit survey focusing on expenditure, and reviews of existing reports, statistics and data both from the government and from SNV staff. To create an estimated but broad understanding of the tourism value chain in Luang Prabang, the goal was to combine information from three sources: the consumer, the enterprise or retail level, and the producer level.

The result was a summary of four value chains: accommodation, food and beverage, curios and craft, and transport and excursions. It found that though accommodation had the highest turnover; it also had the lowest share of Pro-Poor Income (PPI), due to low wages, and high operational costs. The food and beverage sub-chain was the largest source of earnings for the poor, particularly in terms of percentage of tourist expenditure, with crafts coming in second.

Among her recommendations, Ashley suggested upgrading the design of handicrafts and linking producers to export markets, encouraging tourists to spend additional time outside of town with more activities, available food, and accommodation, and strengthening links between farmers and restaurants. She also pointed out that no single organisation could implement all of the recommendations, due to the diversity of sectors, activities and locations that would be involved. This confirms the importance of a DMO supported by strong multi-stakeholder involvement in the tourism sector.

As a follow-up to the VCA, in 2010, the PTD and SNV conducted a quick appraisal of the Night Market to identify the number of poor beneficiaries and overall pro-poor development impact. It studied ownership of stalls at the market, explored where vendors source their products, and mapped where poor are benefiting from the handicraft product supply chains. The appraisal showed that the market generates significant income for at least 1500 households of vendors and their close relatives²⁴. Almost all vendors are women, and a significant proportion of them are Hmong (25%). In a rough estimate the Night Market generated a turnover of almost US\$11 million in 2009. Next to vendors and their relatives, around 1,800 poorer households (almost 10,000 beneficiaries) economically benefit from the silk and cotton products supply chains, on average US\$277 per household per year.

3.2.3 Developing a strategy

²² This will be further elaborated upon in Section 4.8

²³ Adapted from Ashley 2006b

²⁴ Hummel et al. 2010

Once a DMO and the stakeholders of a destination have gained a better understanding of poverty, an understanding of tourism, how it functions and the potential for pro-poor benefits, and assessed market opportunities, a strategy and action plan should be prepared. This strategy and action plan, also sometimes called a destination management plan, sets the vision and goals for the destination, and identifies and prioritises interventions.

However, it is recognised that in the GMS, master plans and strategies are often created, but remain unimplemented and unreferenced. In Viet Nam, the UNESCO Public Use Planning methodology has been a successful alternative creating a less polished output, but a more practical working document.

UNESCO Public Use Planning Approach²⁵

SNV has supported the use of the UNESCO Public Use Planning (PUP) methodology in heritage areas, which ensures that plans developed are implementable, and that management officials have the capacity to update plans and strategies based on changing circumstances. Traditional planning is based on the assumption that our world is predictable, linear, and understandable. PUP assumes this is not the case and consequently PUP does not aim exclusively on producing a finely polished document. Instead it focuses on the site's long-term learning about how to create and implement a strategy by building the capacity of site managers to plan for and implement visitor use strategies that protect the site.

SNV has supported UNESCO in pilot testing the PUP approach in three protected areas in Vietnam: Hoi An; My Son; and Cham Island. The basis of the programme is four training segments, each separated by a two or three month lapse during which time the site managers progressively develop the strategy themselves with mentoring support. This course covers topics including interpretation, zoning, product development, regulations, monitoring and financial management.

SNV's experience with the three sites in Vietnam has demonstrated that the PUP approach has enhanced the commitment among authorities to implement a plan; rather than producing a written "output". The sites have reported immediate benefits with this approach including stronger support from stakeholders due to the participatory approach.

3.2.4 Infrastructure development

Investments in tourism infrastructure can have important collateral pro-poor benefits: improved roads for tourist access also allow locals to reach markets and services and clean water or waste management investments improve sanitation for local communities as well as visitors. Infrastructure may also include investments that have little direct pro-poor benefit but are important for improving destination management, such as foreign language interpretation and signage at sites, information centres, and parking. As mechanisms for "growing the cake", these can still potentially have pro-poor benefits through better earning opportunities from increased visitor numbers and spending. In the GMS, the ADB has been an important supporter of tourism infrastructure through the MTDP and STDP.

To maximise the benefits from infrastructure, projects must integrate new facilities with product development, private sector investment and marketing. Infrastructure projects need to be explicitly linked to support for "soft" project components for a more holistic destination development approach (ADB 2010a). Clear baseline studies and explicit social and environmental assessments are needed to identify their potential impact on the poor and evaluate the cost-benefit trade-offs with other potential investments. For instance, will a new road to a historical site outside of town result in higher benefits to the poor, or will improvement of a handicrafts market inside town?

Further, infrastructure projects are subject to the sustainability issues posed by the lack of human capacity and resources. Infrastructure requires maintenance, management and upgrading which may pose a drain on public resources if continued financing mechanisms are not put in place. This has been a challenge for tourism investments in the GMS.

²⁵ From Phil Harman, SNV Viet Nam, Personal Communication

Kuangsi Waterfall Access Road²⁶

Kuangsi Waterfall is a provincial protected area in Luang Prabang province, Lao PDR, located about 30km from the UNESCO World Heritage Site-listed town. A nature recreation site with natural pools, short trails, and a wildlife rescue centre, it is popular among locals and international tourists for swimming and picnicking.

Kuangsi Waterfall is directly managed by the government through the Provincial Tourism Department. The road from Luang Prabang town to Kuangsi was upgraded from a graded dirt road to tarmac with an ADB loan as part of the Mekong Tourism Development Project, which has improved access and reduced travel times. Through the same project, the site also benefitted from a new entrance gate, signage, and a garbage dump. 100% of the entrance fees to the waterfalls are retained by the Provincial Tourism Department; the local village is allowed to keep 50% of the parking fees and operate businesses outside the gate.

Following the upgrade of the access road in March 2007, a dramatic increase in visitor arrivals to the site was seen. Between 2005 – 2007, the average growth in visitation was 9.6%; from 2007 – 2008 visitors increased 62.5%. The 5,036 inhabitants of 11 villages along the improved road have also benefitted from improved access to Luang Prabang town, and have seen the value of their land more than triple in the two years since completion.

An additional loan was approved by the ADB to improve the four kilometres of road within the town's boundaries to link to the access road to Kuangsi waterfalls after a request from the government. This road has heavy local traffic as it leads to the town's largest market, and was in poor shape. However, since improvement of that road in 2008, it has deteriorated once again. Though the improvements to the overall road have resulted in increased revenues for the Tourism Department, this funding has been inadequately linked to continued maintenance of the infrastructure, potentially as roads are under the responsibility of the Department of Public Works.

3.3 Private Sector Engagement and Investment

Though governments play an important role in planning and managing tourism activities, tourism is essentially a private sector activity, and businesses are ultimately responsible for creating the wealth that will flow to poor people. Tourism businesses provide the link between the destination and tourist, manage the tourist experience, and provide the goods and services that the tourist will consume.

There are a great number of businesses and social enterprises in the GMS with a genuine interest in environmentally and socio-culturally sustainable activities and contributing to poverty reduction²⁷. The poor themselves are important private enterprise actors in the sizeable but difficult to measure informal sector. Projects have a much more market-driven approach to tourism development, understanding the need to assess the potential of products and destinations before full-scale investment and intervention. However, some tourism projects still separate private sector support components from primary interventions, weakening private sector participation in core activities and public policy development (ADB 2007).

Among development agencies there is a growing recognition that providing assistance directly to the private sector creates opportunities for the poor. SNV Netherlands Development Organisation has strengthened national and sub-national tourism business associations, provided responsible and pro-poor tourism training to individual enterprises through those associations, and facilitated business-to-business linkages. The ADB, through the MTDP and the STDP, has supported MSME development, Public-Private Partnerships (PPPs) for community tourism, and marketing. The Stay Another Day Initiative by the IFC's Mekong Private Sector Development Facility created a successful

²⁶ From (LNTA and ADB 2008) and (Gujadhur 2008)

²⁷ See The Guide to Responsible Tourism in Cambodia, Laos and Vietnam 2008

marketing initiative for responsible tourism businesses, though they were not able to secure a private sector partner to take it over once the programme ended.

There are various ways that the private sector can make a tangible and significant impact on the poor, which can be facilitated and rewarded by governments and tourism programmes:

- Investing in poor and remote areas (particularly for accommodation establishments);
- Providing employment to the poor, fair wages, and training;
- Sourcing supplies from pro-poor and local supply chains;
- Educating clients on responsible tourism, adhering to responsible and sustainable practices, and encouraging tourist markets that value these practices; and
- Participating in corporate philanthropic and Corporate Social Responsibility programmes.

3.3.1 Tourism investments in remote locations

One of tourism's key pro-poor advantages is that it is a viable business activity in remote areas. Hotels, resorts, trekking or soft-adventure activities in rural areas in developing countries can provide significant benefits where there are few alternatives. Tourism provides employment to locals, a market for local agricultural goods and products, and in the case of large hotel investments in rural areas, even basic infrastructure (roads, clean water, electricity) (Weil and Lanter 2010). The benefits for the businesses vary – in some cases, governments provide incentives or low land concession prices to encourage investment in marginal areas, allowing a business to take on risk (*ibid.*). In addition, labour and raw materials will likely be cheaper, and the natural and cultural resources intact and thus attractive to clients.

However, a sound regulatory environment is necessary to minimise the environmental and social impacts of these types of projects. Large-scale hotel investments can irretrievably alter the natural landscape, both through construction, road access (which also opens up the area to other resource extraction activities and land uses), and from waste generated and energy needed to run the site. There are examples of large-scale concessions awarded by GMS governments for tourism or leisure activities (casinos, hotels, golf courses) that have disenfranchised local communities from farming or fishing areas, without adequate compensation. Much of this activity is due to a lack of land-use regulations, poor recognition of land rights, and corruption. Environmental and Social Impact Assessments are often only properly applied if financial backers provide oversight.

Smaller projects, such as ecolodges, boutique resorts, or rural adventure activities, can create more pro-poor benefits and accessibility for local employment, and minimise negative impacts. In spite of this, sourcing investors or governmental support for these types of projects is often more difficult. The IFC provides financing to accommodation projects in locations with a lack of quality accommodation and that will impact positively on the local community and area (Cain and Gekis 2010). Due to the capital-intensive nature and high operating costs, the typical return on a loan to a hotel in an undeveloped area is 10 – 12 years (*ibid.*). For investors, this extended timeframe as well as the risk that is associated with working in developing countries with insecure land rights, murky governance, and unstable political situations can be too risky of a package.

Nevertheless, there are a number of examples of visionary entrepreneurs that have invested in remote locations with little outside support, such as the Boat Landing Guesthouse and the Gibbon Experience in Lao PDR, and Lisu Lodge in Thailand. Facilitating government and financing support for similar business models in remote areas in the GMS can support sustainable, private sector-based pro-poor tourism benefits.

Lisu Lodge²⁸

²⁸ Adapted from PATA Best Practice Case Study <http://www.pata.org/best-practices> and 2008 Power Point Presentation

Lisu Lodge is located about 50 kilometres north of Chiang Mai in the ethnic Lisu village of Dong Lung Sri Yeh. One of the flagship projects of Asian Oasis, a lodge and cruise operating company, it was founded in 1992 as a community-based ecolodge providing a cultural experience for tourists. It features four houses with six rooms each, hosting roughly 10,000 clients per year who participate in local village visits, trekking, and cultural performances.

The Lodge rents the land from the community, paying an agreed price, and all employees come from the local community. Currently Lisu Lodge employs 21 permanent staff who earn a minimum wage of 7,500THB (about US\$250) per month, plus benefits – an above-average wage for the area. The community has about 800 inhabitants from two clans – job opportunities are posted in the village, and the village chief and clan leaders are consulted to maintain an equal distribution between the clans. Asian Oasis has a manager based in Chiang Mai that oversees several properties, and checks in on the Lodge once or twice a week to monitor administration.

In addition, for each guest at the lodge, Asian Oasis pays 40THB (US\$1.50) to a village fund, and for each visitor the community, 10THB (US\$0.30) to the local shaman. Cultural performances are 400THB (US\$13), and a community handicraft market was set up to support local sales. Food and supplies for the lodge are sourced locally as much as possible, and the lodge purchases baskets, staff uniforms, bed covers, bamboo mats and herbs for the steam bath from the community. Investments in clean water, sanitation, and reforestation activities also benefit the community.

Asian Oasis has had to overcome a number of challenges – in particular, the unwillingness of financial institutions and investors to support the project due to its perceived marginal location. Asian Oasis assumed quite a risk in its investment, due to the lack of land title of the lodge. The relationship with the community also took time to grow into one of mutual trust and understanding, after being met with resistance and fear. Lessons learned include the need for transparent management of the village fund.

Nevertheless, the commitment of Asian Oasis and the community has maintained Lisu Lodge as an award-winning, sustainable and financially successful tourism enterprise. In 2008, Lisu Lodge paid its local staff a total of US\$100,000, with an additional US\$80,000 accruing to the village for land rental, guides, and other activities.

3.3.2 Private sector association development

The private sector has a significant impact on the way that tourists travel and influence demand for products and services. Demonstrating to tourism companies, tourism suppliers, and related enterprises that inclusive business practices are advantageous in the short and long run can have an immediate impact on employment policies, use of pro-poor supply chains, community involvement, and environmental practices. Business associations can be an important gateway to educating and influencing the private sector, as well as a tool for advocating for private sector interests in tourism policy and planning.

In the GMS, with the exception of Thailand, associations tend to be new entities that are overrepresented by government interests. Civil society based on private sector interests, or businesses lobbying government, is unfamiliar. In some cases, such as the Luang Prabang Tour Operators Association, tourism business associations are simply weak due to a lack of funding and leadership. In others, such as the Viet Nam Tourism Association, they are led by government tourism authorities and lack independence.

To address these constraints, SNV Netherlands Development Organisation has stepped up efforts to strengthen business associations and utilise them as a conduit for information and best practices to their members. SNV supported the Lao Association of Travel Agents (LATA) through the EU-Asia Invest Programme to develop and introduce sustainable tourism products, increase the role and membership of the association, and improve marketing. LATA membership grew more than 60% over the life of the project, over 255 private sector representatives were trained on responsible tourism practices, and overall association income increased (SNV Asia 2009a). In 2010 it also began working with the Cambodian Association of Tour Agents (CATA) on the “Responsible Travel” initiative based on Nepal’s successful Marketing Assistance for Sustainable Tourism Products (MAST)

project²⁹. Tour operators apply to participate in a programme where they receive training and coaching on responsible pro-poor tourism practices, at the end of which they receive marketing assistance as well as linkages to outbound operators in Europe. However, demonstrating the direct impact on the poor has been challenging for these programmes. Businesses may provide increased wages, more inclusive hiring practices, or utilise pro-poor vendors. A great deal of the work needed is on the organisational level – raising awareness among businesses and strengthening their skills to be more productive enterprises or associations.

Responsible Travel Club, Viet Nam³⁰

The Responsible Travel Club (RTC) was launched in May 2010 – an initiative of eight Hanoi-based tour companies that shared an interest in learning more about and promoting sustainable tourism. The non-profit membership organisation emerged from the recognition that individual companies could do little to promote responsible tourism alone, but as a group, could pool resources and knowledge to advocate for their interests and open new areas to tourism activities.

The Club now consists of seven members: Footprint Vietnam, Indochina Travel Land, Sisters Tours Vietnam, Active Travel Asia, GSO, Hanspan Travel and Freewheelin' Tours. All medium-sized inbound operators, they each receive an average of 200 groups a year on classic and tailored packages through Viet Nam, Lao PDR and Cambodia. The adventure market, based primarily on mountain trekking, comprises about 35% of the total revenue of these companies with an average daily spend of US\$100 per client.

The members have strong product development and promotion skills but were interested to learn more and receive guidance on implementing and promoting responsible tourism programmes. They banded together and approached SNV for advisory support in integrating responsible and sustainable practices into their products, developing pro-poor tourism initiatives and events, raising public awareness of responsible tourism, and creating a platform for engagement with tourism site managers and tourism authorities.

SNV provided awareness raising and training on responsible travel issues, support to develop a governance and administration framework for the Club (which now includes a \$500 membership fee), and development of a two year action plan of pro-poor and environmental initiatives. As part of these initiatives, the RTC members collaborated to develop Chieng Yen in Son La province as a new trekking and homestay destination through training, small infrastructure and marketing. Visitor arrivals to the community have already grown, and it is expected the community will receive about 1,600 tourists in 2011 netting VND288,000,000 (about US\$13,800) for 45 households, climbing to 4,500 visitors in 2012 generating VND900,000,000 (US\$43,000) for 90 households, or 540 people. Improved road access, clean water, sanitation and electricity have already indirectly benefitted 4,200 people in the area. Together these seven tour operators have been able to achieve much more than what would have been possible as individual businesses, and have developed a cost-effective arrangement for development intervention.

3.3.3 Tourism philanthropy

Voluntary giving by tourists or tourism enterprises is one of the seven UNWTO mechanisms for reaching the poor. A great number of tour operators and accommodation businesses run informal or semi-formal Corporate Social Responsibility (CSR) programmes, many of which are based on philanthropic giving by themselves or by their clients.

Giving by tourists may involve small donations when visiting a community; sponsorship which may continue several years after a visit; a contribution of non-financial gifts or skills; or participation in an organised volunteer tourism ("voluntourism") trip. Giving by tourism enterprises may involve provision of corporate donations or sponsorships, either as a one-off or in a long-term commitment; or a direct and involved relationship with one or more communities or projects, which may be local to the enterprise or visited by its clients³¹.

²⁹ See <http://www.rt-responsibletravel.com/>

³⁰ Adapted from Rogers et. al. forthcoming

³¹ Adapted from UNWTO 2010b

In the GMS, many tourism sites are located in poor areas. Thus, the visitor often witnesses or comes into close contact with poverty on their travels, providing the strong motivation for their involvement or financial contribution. Many tour companies or hotels have owners who felt a similar impetus, or recognised the desire of their clients to help the destination in some way, and identified opportunities for giving. Visits to orphanages, rural schools or villages, or refugee camps are common, which are combined with gifts of cash, books and materials, water pumps, or other basic supplies. In the case of corporate philanthropy, the motivation of the business may be a mix of its own commercial and marketing goals as well as altruistic. Whatever the intention, if carried out responsibly and consistently, this type of giving can provide considerable benefits to a community or local organisation.

Much of the giving and the programmes are ad hoc, based on demand from the visitor or the funds of the enterprise. However, some tour companies and hotels are establishing not-for-profit arms, seeking to formalise their giving. In the past year, Khiri Travel and Exotissimo, two successful tour companies in the GMS have created such non-profit divisions. Khiri Reach grew out of one of the owners' visits and donations to refugee camps and orphanages, and the Exo Foundation was established to formalise the company's involvement with local charities. The more established Intrepid Foundation matches clients' contributions and covers all running costs of the Australia-registered charity, in line with the company's well known responsible travel commitment.

There are criticisms that tourism philanthropy creates dependency and little community ownership, that projects may be unsustainable or inefficient; or that funds and materials may not reach the intended beneficiaries due to poor oversight (UNWTO 2010b). However, with the growth in visitor numbers to the GMS, the amount of voluntary giving is also likely to increase significantly, and mechanisms to maximise its benefits can be supported. Tourism enterprises can be encouraged to support local communities, but also report on their activities. Destination-level coordination of voluntary giving by a local NGO or DMO committee can help to avoid overlap and waste, and could even provide transparent distribution of funds and auditing. Tourists can also be educated on how to give more responsibly, and options for making a donation provided. Volunteer tourism, a rapidly growing market, can be made more effective and beneficial for destinations through facilitation of links between travel companies and communities or NGOs who are actively seeking such inputs (*ibid.*).

3.4 Public-Private Partnership

As the role of the private sector in tourism has become more accepted and valued in the GMS, Public-Private Partnership (PPP) arrangements have emerged as an effective way of combining the market access and operations of tour companies with government resources, community participation, and NGO facilitation. In a region with limited resources, partnerships can build upon the skills and assets of a variety of stakeholders, leading to an improved tourism product and promoting increased competitiveness. Particularly important in times of economic decline, good dialogue and partnership can ensure supportive management frameworks and collaboration to keep a destination and its market share robust (Girgis and Ibrahim 2010). Productive partnerships between communities, governments, NGOs and the private sector have resulted in some of the best examples of pro-poor tourism in the region.

Public-Private Partnerships in tourism can involve a variety of actors, government departments and a tourism business (in the case of a concession); a tourism business and a community with mediation by the government and/or an NGO (in the case of a community tourism product); or a NTO with a business association or number of businesses (in the case of a marketing board). Whatever the arrangement, a true and productive partnership will involve sharing risks, responsibilities, resources and rewards (ADB 2009b). Public-private partnerships in the GMS typically focus on the following activities:

- **Product development.** Government departments work with tourism businesses to develop tourism sites, often involving communities with facilitation by NGOs.

- **Site development.** Governments concession or zone tourism areas for investment and development by private enterprises.
- **Human resources development.** Privately-run technical colleges or tourism schools collaborate with ministries of education to provide training and education.
- **Marketing.** NTOs or DMOs work with tourism associations to set up marketing and promotion boards or marketing campaigns and brands.

In the GMS these partnerships still tend to be dominated by government interests and authority. Leadership (even if symbolic) is held by government officials, and the expectation is usually that the private sector will commit the majority of financial and other resources needed. Though it is common for the public and private sectors to collaborate on marketing and promotion in many tourism destinations in the world, this is only beginning to emerge in the GMS. A tourism marketing and promotion board was set up in Cambodia in 2010, and in early 2011, the Lao Tourism Marketing Board launched. Both have strong commitment and involvement of the private sector (though are headed by government) – however, it is unclear how either will be funded in a sustainable manner.

3.4.1 Partnerships for community product development

In the GMS, a number of PPPs have been forged over the past ten years to develop community tourism products. These have often been introduced and brokered by tourism projects and development organisations. PPP can be an important mechanism for securing the rights of communities in tourism destinations and formalising working relationships between tour companies, local authorities and villages. However, successful partnerships require strong commitment on the part of all stakeholders, due to the significant time and resource investment required (Richards 2010).

Ban Pha Mon³²

Pha Mon village is an ethnic Karen community of 580 inhabitants in Doi Inthanon National Park, about 60km from Chiang Mai city. In 2005 the community was assisted by the Thailand Research Fund Regional Office, a government organization, to research aspects of their community, including local culture, livelihoods and indigenous knowledge about sustainable forest management. They used the resulting body of knowledge to develop CBT programmes and to propose a CBT management model appropriate for their culture and location within the National Park.

Thailande Autrement, a French tour operator founded in 2005, learned of Pha Mon's interest in finding a tour operator partner committed to community benefits and reducing negative impacts. The manager was invited by the community to discuss partnership and product development. The company proposed small groups of tourists visiting the community for two to three nights, in a purpose-built lodge. To retain autonomy, the village insisted that it be responsible for building the lodge and own it, with the company financing the fittings and furniture to ensure the standards expected by their clients. Thailande Autrement provided an interest-free loan of 26,000THB (about US\$850) to the community (now repaid) to purchase building materials. The company also provided guide and guesthouse management training for all the staff. Tour Autrement focused marketing the CBT program to French families, seeking a comfortable but deep cultural insight. In early 2006, the community welcomed their first clients to the "Bamboo Pink House".

This partnership has been particularly successful due to the well-matched expectations of the stakeholders, and regular meetings and communication. In addition, the community had a solid foundation of planning and preparation before tourism activities began, and was clear about its goals for tourism and the impacts it wanted to provide. This was a major value added by involvement of the Thailand Research Fund and the 'community-based research' process. Interestingly, though the community and Thailande Autrement signed an agreement for building the lodge, no additional contract was signed formally establishing prices and payment schedules.

In 2010, Pha Mon village received 235 visitors, netting the community about US\$14,600 from food purchases, salaries, transportation and contributions to the village fund. Of this, the majority was

³² Adapted from (Chaussebourg Forthcoming) and statistics from and personal communication with Ben Lefetey, Thailande Autrement and Peter Richards, Community Based Tourism Institute. Visit: <http://www.thailandeautrement.com/> and http://www.cbt-i.org/community_history.php?id=5.

spent on accommodation and food (29% and 25%) respectively, followed by salaries and local guides/bicycles/music performances. It is estimated that of all the income coming in through tourism, 66% accrues directly to the community, particularly through employment, accommodation and the village fee. This does not include donations made by visitors, which amounted to an additional US\$950 in 2010, as well as spending by the tourists in the grocery shops in the village, buying weaving products directly from women, and tips. Over the life of the partnership, Pha Mon village has grossed 2,896,880THB (approximately US\$98,000).

Contributions to the CBT Community Fund (Over US\$1,500 in 2009) have paid for youth environmental activities, garbage clean ups, and scholarships for local students. Funds were managed and distributed by the community themselves. The results of their work were reported to *Thailande Autrement* to add value to future tours. The process of researching, planning and managing CBT in partnership with a committed responsible tourism operator, including solving problems along the way, has educated, empowered and built the capacity of local villagers, allowing them to confidently and profitably share their life and culture with guests.

3.5 Human Resources Development and Vocational Education and Training³³

Human resources development is an important part of ensuring a competitive destination with strong long-term growth prospects, as well as providing poor people with access to employment and income-generation opportunities from tourism. A lack of skilled people can be a key constraint to effective tourism destination development, and the gaining of skills a key opportunity for the poor to benefit from tourism. Along its current trajectory, it is estimated that the GMS tourism workforce will reach 3 million people by 2020. This is a challenge and an opportunity to equip the poor and unskilled with the competences needed to achieve employment and income.

Currently, the main development agencies targeting HRD in the tourism sector are the Luxembourg Agency for Development Cooperation and the EC. National tourism HRD plans, improvements in vocational and management training curricula, training of trainers, and upgrades to facilities at the national and sub-national level have been accomplished. However, “the corresponding improvements have not occurred at the provincial and local level where they are most needed (ADB 2010b: v)”.

To ensure that HRD strategies reach the poor, particular attention is needed in the following areas:

- **Ensuring basic education.** Though generally beyond the scope of tourism authorities, basic education is a prerequisite for sustainable development of any nation, and numeracy and literacy will facilitate the adoption of new skills and entry into economic activities like tourism for the poor.
- **Promoting a basic awareness of tourism.** An awareness of tourism as an industry, how it works, and the income opportunities it presents will help residents of a destination understand how they can become involved (*ibid.*).
- **Providing technical and vocational education and training (TVET) in poor areas.** Providing training in rural areas, where many of the poor in the GMS live, is a challenge. However, many DMOs and NGOs conduct short-term training courses, and mobile training units can provide follow-up.
- **Providing life skills training in tandem with TVET.** A lack of general life skills may be as much as a barrier to employment as a lack of technical skills. Organisations like REACH in Vietnam focus on building confidence and personal grooming in addition to food service skills.
- **Targeting the informal tourism sector for training.** In developing economies, much of the workforce is in the informal sector. Handicraft producers, street vendors of food and crafts and other micro-entrepreneurs, informal guides, unregistered employees at restaurants, and homestay operators all form the vast informal tourism sector in the GMS. Providing appropriate competence based training to this sector is complex, but can directly benefit poor populations.

³³ In this paper, capacity building of tourism authorities and DMOs is distinguished from human resources development (HRD) of the tourism workforce through education, training and other skills transfer mechanisms. The former is discussed in Sections 4.1 and 4.2; this section will focus on the latter.

- **Promoting hospitality training courses in existing TVET institutions.** Many TVET institutions, particularly in areas where tourism is new, might currently focus on more traditional curricula, such as electrical work, tailoring, or auto mechanics. Introducing language and hospitality training courses can provide an emerging destination with a head start.
- **Setting up TVET institutions and/or building their capacity.** In some cases, training institutions may not already exist, or may be so under-resourced or ineffective that they're not able to provide quality training. Setting up sustainable education providers and building their capacity to manage and teach is complex but is often necessary to ensure adequate HRD.
- **Encouraging in-house training or linkages between training institutions and businesses.** Some businesses have found that providing their own training is the only way to ensure high quality human resources. Supporting businesses to invest in their employees, and helping businesses work with training institutions to ensure that courses are relevant to actual job competences needed is crucial to effective HRD.
- **Accreditation and certification.** Certification is key to ensuring that poor people who have gained skills through training can attain employment. Further, accreditation of training institutions and linking of training programmes can facilitate poor people to build upon their trainings to reach higher levels of education and employment.

Viet Nam Tourism Occupational Skills Standards³⁴

The five-year Viet Nam Human Resources Development in Tourism Project was a comprehensive, 12 million Euro initiative to upgrade the standard of human resources in the tourism industry and support the government and other stakeholders to ensure a long-term and high level of training quality. The project's main activities included:

1. *Institutional Strengthening*
2. *Standards and Certification*
3. *Trainer Development Programmes*
4. *Regional Accreditation*
5. *Regional Cooperation*
6. *Tourism Management Training and Awareness Programme*

In particular, the project established the Vietnam Tourism Occupational Skills Standards (VTOS), a benchmark for measuring the performance of workers in the tourism industry, and a tool for ensuring that all participants received the same level of training to fulfil basic job descriptions. The successful programme resulted in curricula and skills manuals for 13 occupations at the entry level (such as tour guiding, front office, and housekeeping), 4,000 trainers, and 1,100 certified trainees.

However, it was recognised that though entry level skills were important for poor people to access tourism jobs, managers often did not recognise the importance of these skills or how to effectively utilise them. Similar to SNV's leadership programme, management-level training and awareness-raising is needed to support overall performance improvement. Further, it was recognised that there is a need to embed the operationalisation of VTOS within VNAT, the Vietnam Tourism Certification Board, and training institutions, and harmonise the training with other coursework. The ESRT Programme will build upon the significant successes of the HRD Project, and resolve these outstanding issues.

3.5.1 Training provision by tourism enterprises

Tourism businesses can be some of the best providers of training and education because of their practical understanding of the competence needs and the potential for direct application on the job. There are four categories of involvement of tourism enterprises in education³⁵:

1. **In-house training.** The primary method for businesses to contribute to HRD is through training its own employees in-house; however, this training is sometimes ad hoc or only

³⁴ From HRDT project brochure and Personal Communication

³⁵ Adapted from (Meyer 2006)

- feasible for larger companies. Further, in the GMS, some small enterprises in popular destinations contend with high turnover, creating a disincentive to train or invest in staff.
2. **Tourism education in secondary, tertiary and higher education institutions** (i.e. by teaching in schools, or advising in the design of tourism curricula). There has been an effort by TVET institutions to reach out to businesses to provide internships and teaching linked to courses, and this is a key feature of the new HITT Programme.
 3. **General education support to schools and tourism awareness raising.** Also popular with tourism businesses, gifts to local schools of books or construction materials is often part of a hotel or tour operator's Corporate Social Responsibility programme.
 4. **Supplier support** (providing training along backwards linkages). In the GMS this happens on an informal basis. In particular, tour companies will improve the services in a CBT site, or handicraft shops may train producers.

There are numerous examples of socially responsible businesses in the GMS, primarily restaurants or cafes that provide marginalised populations and youth training and employment opportunities³⁶. The Shinta Mani Hotel has experimented with an interesting model for linking a hotel and training institution in Cambodia which it is expanding to Lao PDR.

Shinta Mani Development Center³⁷

The 18 room Shinta Mani Hotel opened in 2003 in the old French Quarter of Siem Reap. In June 2004, the Shinta Mani Institute of Hospitality was launched, with 24 students completing a ten-month culinary course. Since then, 161 students and their families have benefitted from the training, utilising over US\$170,000 of outside support.

The intake process takes approximately two months, and includes an application form and two interviews. In one intake, the Shinta Mani receives about 200 applications, which are whittled down to 20 – 25 students. The Institute (now named "Development Center" to encompass a broader mandate) looks for a strong desire to learn among its students and targets those from disadvantaged backgrounds due to poverty, disability, or trauma. That being said, it is recognised that the 'poorest of the poor' are generally not suitable for the programme – students must be able to read and write Khmer to a Grade 4 level to be able to absorb the learning.

Students study at the institute for free, receiving a small monthly stipend, uniforms, two meals a day and a weekly supply of five kilograms rice for their families. This ensures that the students are not a drain on family resources and do not have to work while studying. They attend a combination of classroom and on-the-job training in English, life skills, and various aspects of the hotel business, including front office, housekeeping, finance, and restaurant management. The majority of the students have been enrolled in the culinary programme, but with the opening of the new larger Development Center, culinary students will make up 30% of the student body, with the rest divided among the other departments.

Upon completion of the programme, the students receive a certificate, and the Development Center actively assists them to find employment through its network. Students are also trained in writing resumes and how to apply for jobs, and Shinta Mani provides follow-up training and continued support until a student finds employment. With the high tourism growth in Siem Reap, Shinta Mani graduates are generally able to secure a job within two months of completing their training. Since 2004, the Development Center has been able to place all its graduates in permanent jobs with salaries of \$60 - \$130 per month; two or three times the country's national average. Each year, Shinta Mani Hotel itself takes only 2-4 of its own graduates, though after seven years of the programme, about 40% of the hotel's staff of 60 are former students.

In 2008 and 2009, the Development Center required about US\$36,000 to run its programmes. The funds are raised exclusively from donations by guests, with the owner providing the difference when there is a shortfall (as there was in 2009). As the Center uses the hotel facilities and many of its staff for teaching, this covers the cost of additional teachers, the Community Based Activities Coordinator, and the students' food, rice and allowance.

³⁶ See Marris, Ray and Rosenbloom (2008)

³⁷ From WWF, Horwath HTL and HICAP (2010) "Shinta Mani" in Towards the Business Case for Sustainable Hotels in Asia; PATA, SNV and GTZ (2010) "Shinta Mani Boutique Hotel and Institute of Hospitality" (www.pata.org/best-practices); and Personal Communication, Solomon Deleon and Soukoun Chanpreda. Visit: <http://www.shintamani.com/>.

The Shinta Mani has created a strong brand name due to the Institute and community programmes. Its reputation as a responsible hotel has provided a competitive advantage allowing it to charge a premium and enjoy higher occupancy rates than other comparable establishments. The Shinta Mani also won the "Best for Poverty Reduction" responsible travel award at the 2006 World Travel Mart in London, and Socially Responsible Spa of the Year in 2008 and 2009.

To expand its number of rooms to 39 and improve its financial sustainability, the Shinta Mani closed in April 2010 for renovations and will reopen in late 2011. The new Shinta Mani Hotel and Development Center will be able to provide expanded training programmes for more students. During the closure, the company will evaluate and improve the programmes by tracking former students to assess their employability and income levels and their potential to support current students. The Center is also evaluating the opportunity to provide managerial level training, as a way to improve income potential and continued learning for students.

The company recently opened a Shinta Mani in Luang Prabang, Lao PDR, and hopes to open a tourism school in association with the hotel in 2012.

3.6 Gender and Social Inclusion in Tourism

Tourism activities can be particularly suited to women, ethnic minorities and disadvantaged groups, which are amongst the poorest populations in the GMS. As a service industry, it has more gender accessible roles such as cooking and housekeeping, fuels sales of handicrafts and souvenirs produced by female and ethnic minority artisans, and has temporary, informal, and part-time employment opportunities which complement household and agricultural obligations. Ethnic cultures can be a major draw for tourists to certain destinations, and in the GMS, trekking and CBT products are often centred on remote ethnic villages with few cash-based livelihood opportunities, and support ethnic handicrafts, guiding and cultural performances. Tourism's large informal sector presents opportunities for micro-businesses – food and beverage street stalls, handicraft markets, informal guiding, and other activities relatively accessible to poor or marginalized groups lacking formal education or assets. Tourist philanthropy can also provide an important flow of cash to local charities, schools and social enterprises that target disabled and disadvantaged groups.

However, tourism can also negatively impact the most vulnerable populations of a destination, unless explicit efforts to include and promote these groups are part of a tourism destination development strategy or project. As discussed in Section 1.1, the poor can be further marginalised by badly planned or executed tourism activities, disenfranchising them from land and water resources, or restricting their access to tourism markets. Tourism can also have long-lasting socio-cultural impacts on communities, exacerbating social and economic inequality and tension, changing social norms, and commodifying and exoticising minority traditions (Cohen 2001). Human trafficking and sex tourism has been a particular problem in the GMS, though efforts of AusAid and UNESCO to educate tourists and locals have raised awareness of the issue.

In the GMS, women represent over half of the tourism industry workforce, with this proportion reaching 70% in Thailand (ADB 2009a). Women are heavily represented in the informal sector, and remittances from low and semi-skilled tourism workers are an important source of supplementary income for rural households (*ibid.*). A study in Cambodia found over 75% of both men and women working in Siem Reap and Phnom Penh hotels remit wages that amount to over \$1.2 million per month³⁸.

However, women still tend to be employed in lower-skilled and lower-waged jobs, with men dominating managerial positions both in tourism businesses and in government. Though in some destinations such as Sapa, ethnic minority women have the linguistic, trading and guiding skills to assume visible tourism roles, in most cases, language, education, and family obligations constrain

³⁸ ODI and UNDP. (2009). *Cambodia Country Competitiveness: Driving Economic Growth and Poverty Reduction*. Phnom Penh. The study found that on average, males earn 30% more than females employed in comparable professions.

the opportunities for women and ethnic minorities in tourism. CBT in particular tends to limit women to positions that are an extension of the traditional gender roles, which can be either seen as reinforcing gender stereotypes and inequality (Morais 2005) or recognising and integrating the existing skills of women in tourism products.

Many GMS projects have highlighted the importance of including women and disadvantaged groups specifically in tourism policy and programmes, such as the Mekong Tourism Development Project-supported “National Community-Based Ecotourism Gender Strategy in Lao PDR”. However, due to the difficulty in communicating and implementing strategy on the provincial level, these efforts have not necessarily increased the gender and social inclusion of tourism in the GMS. In fact, the review of the GMS Tourism Sector Strategy states that “much more needs to be done to ensure greater participation of women and ethnic minorities in the benefits of tourism while safeguarding them from its negative impacts (ADB 2010a: viii).”

A number of strategies have been identified and successfully implemented to integrate and benefit disadvantaged groups:

- **Carry out specific gender and disadvantaged group awareness building workshops and activities** that target these populations. Simply setting training or employment quotas for women, ethnic minorities or other groups will not improve the overall opportunities for their development. In particular, awareness building needs to target government officials, business associations, tourism leaders and other decision-makers that are generally part of the ‘dominant’ group – as they will be the change agents.
- **Design tourism activities and trainings that do not interfere with women’s household activities.** Women are often much more tied to the home due to children and house tending obligations. Tourism activities often need to be designed to allow them to do both. For example, jobs or activities with flexible or part-time hours allow them to be home with children and prepare meals, and trainings held locally will be more accessible for women.
- **Support vocational education and training that targets disadvantaged groups.** In some cases this will mean creating materials in appropriate languages, marketing and doing outreach to encourage enrolment among hard-to-reach populations, and creating curricula that results in immediate income generating opportunities.
- **Collect disaggregated data on these target groups** when planning tourism activities. These groups can easily be invisible to destination managers if they are not already involved in tourism. VCA can identify the opportunities for women, ethnic minorities and other marginalised groups, and interventions designed that will enhance their involvement in the tourism chain.

Further strategies are discussed in more detail below.

3.6.1 Maximising benefits to ethnic minorities and women in CBT

Working in destinations with high ethnic minority populations can ensure their inclusion in tourism. Market demand for a product still needs to be assessed (i.e. tourism products cannot be chosen on incidence of poverty or target groups alone), and in some cases, dominant social or ethnic groups will still fill most managerial positions, however, simply choosing to intervene in areas that have a high population of ethnic minority groups or other disadvantaged populations will target those groups more effectively. Tourism activities in Luang Namtha in northern Lao PDR and in Sapa, Viet Nam have resulted in significant income and employment benefits for ethnic minority communities and have become flagship tourism destinations (Gujadhur et. al. 2008; SNV undated).

Nam Ha Ecotourism Project³⁹

The Nam Ha ecotourism project first began in 1999 in Luang Namtha province in northern Lao PDR, and became a model community-based ecotourism project in the GMS. The population of Luang Namtha consists of more than 20 different ethnic groups; ethnic Lao (the “majority” group of the country) comprise less than 3% of the total population. The ethnic makeup of the

³⁹ Adapted from Gujadhur, et. al. 2008

Provincial Tourism Department is one example of how “minorities” are the “majority” – 13 of the 16 government staff identify themselves as being from an ethnic minority group. Further, all of the target villages of the Nam Ha Project were ethnic minority villages, thus, by default, all tourism impacts and benefits affected ethnic minority populations.

The project set a target of 50% female participation in CBE guide trainings, project activities, and village services, with 20% set as a minimum. Though this seems reasonable, for some activities it was over-ambitious, and for others, easily surpassed by the reality. For example, the participation of women in guide trainings and guide activities was well under the target: in one guide training of 39 participants, only 4 were female, and of a total of 53 guides actively working for three EGSUs, only 8 were women. An EGSU Coordinator explained that training and then retaining female guides had been difficult; generally, after six months to a year of work women left due to family responsibilities or other work opportunities. When queried why there weren't more women working as guides, generally the answer had to do with household responsibilities and that most women weren't comfortable going on overnight trips.

On the other hand, almost 100% of all other village services are carried out by women. Women perform the cooking, sell vegetables, clean and set up village lodges, and produce the handicrafts for sale to tourists. In the villages surveyed, the women did not feel imposed upon or unfairly burdened with tasks. A factor in this may be that women largely controlled their earnings from this work, and in fact, were the family financial managers.

However, this may not be the case for all villages, or all ethnic minorities. A tourism researcher working in Akha villages found that some women felt that tourism simply added to their already heavy workload of labouring in the fields, tending to their children, and cooking for the families. Similarly, in Akha villages in Muang Sing where tourism was just beginning, women often voted for homestays rather than village lodges. They argued that they already had to keep their own houses clean – they didn't want to clean or maintain another building. It was also noted by the researcher that Akha women felt more obligation to give a portion of their earnings to their husbands. Thus, it is crucial to go through a process of consultation in order to develop more responsive village tourism activities. Successful measures for gender inclusion in tourism services will not be identical across all communities and ethnicities.

The Nam Ha Project focused on promoting tourism benefits for women and ethnic minority women through earnings and employment. Women were major beneficiaries of the project, with improvement in women's pride, their ability to contribute to family income, and skills from being involved in tourism activities. However, simply mandating the numbers of women to be involved in tourism activities doesn't always support the factors to increase their involvement (though maximising their training opportunities helps). Many ethnic minority women still face barriers to their participation, due to language, limited education, and social customs. Though women are performing most of the work to care for tourists in the villages, very few women are engaged in village tourism management. If serious progress for women's development is to be made, then gender awareness trainings and workshops need to be held periodically and consistently, on all levels of tourism, from the village to the Ministry, and specific attention needs to be paid to the factors affecting women's ability to be active tourism decision-makers.

3.6.2 Expand handicraft production and sale opportunities

Handicrafts and handicraft markets have a high rate of participation of women and ethnic minorities in the GMS and are a good opportunity to increase pro-poor income. A VCA in Luang Prabang in 2006 estimated that the handicraft sub-sector was worth US\$4.4 million, or about 20% of the total tourism receipts, of which 40%, US\$1.8 million was flowing to the poor (Ashley 2006).

The MTDP utilised handicrafts to generate additional village income in many of its community tourism products, and the STDP is now focusing on expanding opportunities for the poor, particularly women, through upgrading handicraft designs, linking producers to markets, and supporting handicraft market infrastructure development. There are numerous social enterprises and handicraft-based projects in the GMS that have created sustainable models for tourist- and export-oriented handicraft production based on the region's rich weaving and folk art traditions. With the growth in visitor numbers and the added potential for export markets, promoting local handicraft production presents a massive opportunity to create and increase income for the poor.

Mekong Blue⁴⁰

Stung Treng Women's Development Center (SWDC) is located in a rural village near the Sekong River, in Stung Treng Province, Cambodia. It was originally conceived in 2001 as a hospice to assist the terminally ill and homeless patients in the Stung Treng provincial area. The hospice cared for former soldiers, policemen and sex workers infected with HIV or terminally ill with AIDS. It soon became clear that the effects of poverty and illiteracy played a significant part in the health issues and lifestyle choices made by many of the patients. This resulted in the focus shifting from caring for HIV/AIDS patients in their last stages of life to preventing HIV infection, particularly in vulnerable women, through education, literacy and health outreach programmes. SWDC closed the hospice but began providing vocational training and employment opportunities to provide alternatives to work in the sex trade. The Center's current programmes include a literacy and health education programme; vocational training in weaving, carpentry and sericulture; and employment at the Mekong Blue weaving centre, cafe and sericulture programme.

SWDC recognised the opportunities in the sericulture and silk weaving sectors. Currently, Cambodian silk supplies only 2% of the demand, leaving weavers vulnerable to price fluctuations in silk from China and Viet Nam. Weaving was a traditional skill in Cambodia that has largely died out – SWDC sought to revive both through vocational training and the development of a weaving centre. In 2003 the SWDC opened its first weaving centre, now the Mekong Blue production centre, and a second weaving centre opened in 2005.

Women first enter the literacy and health education programmes, and once complete, are able to move into the vocational training programme for silk weaving. The weaving training runs for 6 months full-time, and the sewing training 1-year part-time. All training is provided free of charge, and women receive a modest monthly allowance to facilitate their participation. Upon completing their training, women can apply for positions at SWDC's Mekong Blue production centre.

There are now over 200 Mekong Blue products of high quality natural silk produced using non-toxic dyes. In 2004 and 2005 the products won the UNESCO Seal of Excellence, in 2009 Mekong Blue was launched in the United States (with a website: www.bluesilk.org), and a store was opened in Phnom Penh. The production centre, with its associated café and gallery, is listed in the Lonely Planet and is linked to the Mekong Discovery Trail.

From an annual turnover of US\$3,244.40 in 2002, Mekong Blue's income grew to over US\$115,000 in 2010. These earnings provide employment to 84 people at Mekong Blue, 76 of which are women, and cover 70% of SWDC's operating costs. Since it opened, SWDC has benefitted 496 women, 685 children, and 60 men directly through its various programmes, and has indirectly benefitted 566 families in five districts. By expanding into export and developing a full tourism experience (the sericulture and weaving centre, café, and gallery), the NGO has not only created a successful business model and product that employs women, it has created a sustainable source of funding for social services in an impoverished province.

3.7 Rural Excursion Development

Tourism projects in the GMS have traditionally focused on rural community-based tourism (CBT), particularly treks, village homestays and soft-adventure activities. In particular, the Nam Ha Ecotourism Project and the Mekong Tourism Development Project were early and important examples of the community-based tourism model. Though rural tourism and CBT are not synonymous, in most of the GMS, CBT products tend to be in rural areas, where most of the poor live (ADB 2005).

CBT can create locally significant income for the poor, cultural pride and environmental awareness. For example, the Mekong Tourism Development Project generated US\$1.7 million in revenue for communities and tour companies in 2007 in Lao PDR, averaging \$112.50 per beneficiary (LNTA and ADB 2008). However, the focus by development agencies on CBT has been criticised for its low returns on investment and its limited impact on poverty as a whole (Goodwin and Santilli 2009).

⁴⁰ Adapted from Mekong Blue Annual Report 2010, personal communication with Kim Dara Chan, and www.mekongblue.com

Many of the pro-poor tourism initiatives underway in the subregion have been based on preparing single local communities in small villages to host tourists either for day trips or on an overnight basis. This approach is certainly necessary but not sufficient if tourism is to play a significant role in contributing toward the objective of equitably distributed pro-poor tourism. If the effort is to be sustainable, many other factors outside the village must be integrated. A broader approach is needed that can make a much greater contribution to poverty reduction in the subregion. (GMS Tourism Sector Strategy, pg 10)

3.7.1 Community-Based Tourism and natural resource management

It is a challenge for tourism generally to benefit the poorest of the poor, however, CBT can create mechanisms for sustainable management of natural resources, which are important livelihood sources for these populations. The Community-Based Tourism Institute in Thailand has a wealth of experience on how to encourage more participatory and equitable community tourism development, though Thailand's tourism industry and poverty issues are somewhat different than the rest of the GMS. CBT-I notes that Thailand enjoys a well-developed tourism industry with a large domestic market, and CBT is often pursued as a method for communities to take control of tourism, become active decision-makers, and improve its management (rather than create a livelihood). Economic benefits are not the primary motivation and locals may see an increase in only 10-20% in income from CBT. Empowerment and control over community development is an important goal.

Leeled Community Based Tourism Activities⁴¹

Leeled community is nine kilometres northeast of Suratthani, the departure point for the popular beach resorts of Koh Samui and Koh Phang-ngan in southern Thailand. Located at the mouth of the Tapi River, it is a coastal watershed area of 2,760 hectares with mangroves, prawns, and birdlife. It is also host to eight villages and 3,800 local residents, and ten years ago, was struggling with a degraded coastline, diminishing mangrove swamps, and silted waterways.

In 2004, the Leeled CBT for Coastal Conservation Club was founded to support coastal resource management, enhance local pride, develop the community, and create additional income. The EU and Thai Government supported the establishment of the club through the Coastal Habitats and Resource Management (CHARM) project. The Community Based Tourism Institute (CBT-I), a local NGO that supports CBT enterprises throughout the country, first facilitated an 8-month participatory preparation process of community planning, training, and product development. The following two years were spent performing marketing and guide training, creating green products, giving the community further practice at managing tourism services, and setting up conservation areas.

In 2005 CBT-I linked Leeled to Intrepid Travel, a large outbound tour operator from Australia that was looking for a community-based tourism product. The community's standard 3-day programme was shortened to a 2-day programme to better fit the tour company's needs. The activities include swimming and kayaking, learning about local conservation efforts in the Community Mangrove Conservation Centre, visiting producers of local products (such as shrimp paste), and eating local food. Based on the community's preference, Intrepid agreed to bring in three groups per week of no more than 12 clients per group between May and October. Every year the Intrepid Operations Manager visits the community to evaluate the trips with the CBT Club, and set new programmes and pricing for the following year. The tourism activities are managed by the Leeled CBT Club, which has 33 members, 4 responsible for club coordination, 13 families responsible for homestays, 11 boat drivers, 4 drivers, and 8 local guides.

In 2005-2006, the community received 1,152 tourists with an average stay of 2 days/1 night, generating 336,306THB (approximately US\$11,400 at current exchange rates) and 47,275THB (\$1,600 for the Community Fund). The average income per household in Leeled is 12,000 – 15,000THB per month (US\$400 – \$500), with income from tourism contributing an additional \$30 – \$40.

⁴¹ Adapted from: (Richards 2007), (Mingmethaporn 2009), (van Beek 2011), and personal communication with Potjana Suansiri and Peter Richards. Visit: http://www.cbt-i.org/community_history.php?id=9.

The community reports that income has not been the primary motivation or benefit from tourism activities. Five years after beginning tourism activities, 880 hectares of mangrove forest have been recovered, with a further 437 hectares of new growth. Mangroves are an important ecosystem for marine life, particularly shellfish. Local people who lack the money to purchase boats rely on foraging for prawns and other shellfish for their livelihoods. After revitalisation of the mangroves, these fishers reported a three to six-fold increase in their catch: a clear livelihood benefit to the poorest in the community. By identifying the resources on which the poor are most reliant, CBT and conservation activities can contribute to improving their stewardship.

3.7.2 Rural excursions linked to destination development

Rural excursions can have a high pro-poor impact (Ashley 2006b), however, they do not always need to be communally operated, and they must be implemented as part of a greater understanding of the tourism potential in a wider destination area. Major projects such as the STDP and the Mekong Discovery Trail are based on this understanding. However, many government officials and development staff are still adapting their mind-sets towards a more market-driven, rather than a rural development-focused, approach.

Mekong Discovery Trail⁴²

Kratie and Stung Treng provinces in northeastern Cambodia lie on the route between Phnom Penh and the Lao PDR and Viet Nam borders, and had tourist traffic but few overnights. The Mekong Discovery Trail (MDT) was initiated in 2007 as a tripartite partnership between the Cambodian Ministry of Tourism, SNV, and UNWTO, to develop an inclusive, sustainable tourism destination that would channel income from tourists to the local poor. The project has been implemented in phases. Phase I prepared a Kratie Tourism Master Plan. Phase II planned the Mekong Discovery Trail, its tourism products, marketing tools, and, produced promotional materials. Phase III commenced implementation in infrastructure development, capacity building, investment promotion, product development, and marketing. Phase IV will continue implementation with financial support from AECID.

Kratie and Stung Treng consist of 80 communes with a population of 400,000 people. The provinces are relatively poor, with an estimated 30-40% of residents living on less than US\$1 per day. In the project target areas, poverty is even higher, at 80%.

The Mekong Discovery Trail is a series of attractions linked with a theme and marketed as a package. Smaller trails fan out from the provincial centres, encouraging visitors to stay longer in the provincial towns by inviting them to venture out into the surrounding villages. Project activities have focused on master planning and product development, training of the communities in hospitality skills and small business management, capacity-building of provincial tourism departments and NGOs, small-scale infrastructure and signage, marketing, and business linkages.

Combating many of the pitfalls of rural tourism products, the project first surveyed tour operators to assess market potential before choosing a destination for development. The project targets tourists already coming to the area, encouraging them to stay longer by distributing relevant and up-to-date information and developing new activities. Sites with the most potential (due to location, tourist assets) were prioritised for initial development, creating momentum and encouraging local businesses and communities to develop the destination further.

Marketing is also a major focus of activities. The MDT project linked with national tour operators (who had already expressed interest in the initial survey) to reduce reliance on small, isolated marketing campaigns, and to create community/private sector partnerships. A logo, website and guidebook were developed, which, according to local hotel owners, increased length of stay by one night. These marketing materials as well as a "familiarisation tour" gained the interest of the private sector at the outset, with the Trail being clearly featured by 38 tour operators at the end of 2009. Potential investors were attracted to the destination by the itineraries developed and the marketing and promotional activities.

⁴² Adapted from Mekong Discovery Trail project documents and notes: MDT Feasibility Assessment in Phase III – 29th Sep 2009; MDT Phase IV Logframe; Plausible Justification for the MDT. All supplied by SNV Cambodia. Visit: <http://www.mekongdiscoverytrail.com/>.

In 2007, the number of visitors to Kratie and Stung Treng was 108,512. In 2009, visitor numbers had grown to 207,030, growing almost 50% in comparison to Cambodia's overall growth rate of 5% for visitor arrivals over the same period. Baseline data was collected in 2007, and though progress indicators have not yet been collected, the project has estimated that by 2013, the MDT will create 500 new jobs in the provincial capitals, US\$100,000 annual revenue in communities, income to 1,250 additional poor people in the capitals, and 1,200 poor supported in the target communities.

3.8 Achieving and Measuring Impact

Tourism is difficult to define and assess. It comprises formal and informal industries spanning the transportation, agriculture, accommodation and craft sectors, with enterprises and employees that service tourists as well as locals and export markets. With high local linkages throughout an economy, tourism creates many more benefits beyond the initial tourist transaction (UNESCAP 2007). Attempts to accurately measure tourism's size, its impact in an economy, and its impact on the poor in the GMS, and correspondingly, a tourism intervention's ability to effect change in that impact have been challenging. The previous five years have seen a great deal of work on this topic resulting in a much better understanding of the factors involved. However, this research is just beginning to be demonstrated in practice.

Growing the cake versus expanding the slice

Traditional assessments of tourism's success have been based on growth in macro-variables (visitor arrivals, foreign exchange receipts, and average length of stay) with little indication of how these contribute to poverty reduction (Ashley and Mitchell 2007). In reaction, tourism projects and analyses adopted a micro-level approach, focusing on niche interventions that were easily measured, but lacked general lessons that could be applied to mainstream tourism destinations (*ibid.*). In the GMS, both tourism projects and the indicators upon which they're assessed tend to swing between these two extremes.

Interventions that aim to "expand the cake" have focused on general marketing and branding strategies, facilitating border crossing, or upgrading provincial airports. Macro-level measurements of tourism's growth may be somewhat attributable to these interventions, but they say nothing about the impact on poverty. "Expanding the cake" alone will not have the desired effect on poverty unless the destination has been assessed as being pro-poor, and the increased growth follows patterns of previous years. Information on how the destination functions and the role of the poor is needed to understand how broad growth would contribute to poverty reduction.

Conversely, purely bottom-up approaches seeking to "expand the share of the tourism cake" for the poor have primarily gone to the village level to engage the poor directly in tourism products such as treks (see the previous section). These projects have resulted in relatively good monitoring data through household socio-economic and livelihood surveys. However, these projects and their assessments tend to ignore the mechanisms at the destination level that could enable more broad-based tourism growth (i.e. private sector involvement, increased demand for local food and goods). Also, being reported on a village-by-village basis, these analyses give rise to the perception that tourism's potential pro-poor impact in the GMS and return on investment is relatively small.

3.8.1 Impact measurement tools

A number of assessment mechanisms have been adapted for application to the tourism sector. Most of these have not been applied in the GMS, and there is no consensus on "the best" tool to measure all variables. Different methods will measure different aspects of tourism. Some of the main tools are as follows.

Macro-economic methodologies⁴³

Though this report focuses specifically on tourism's impact on the poor, a broad understanding of the size of the tourism sector and its effect on the wider economy are important for demonstrating the importance of tourism and scale. Tourism Satellite Accounts (TSAs) have been promoted by the UNWTO and are used by some national governments to measure the size of the tourism economy. However, they are expensive and complicated to implement, and as yet, none of the GMS countries (with the exception of PRC) have adopted TSAs (Mitchell and Ashley 2010).

Researchers have used Input-Output analyses, Social Accounting Matrix (SAM) models, and Computable General Equilibrium (CGE) models to assess the contribution of tourism to macroeconomic activity and growth. They focus more strongly on inter-sectoral linkages between tourism and the economy, but have the potential to examine distributional issues (how tourism affects different groups of people, particularly the poor) if given the right parameters (*ibid.*). However, all of these models are quite complex and require good data and solid assumptions.

Tourism multipliers of various types have begun to be utilised as an "easy" way of estimating tourism activity's effect on the economy, income, or jobs. However, it is clear that there is a great deal of misunderstanding of what multipliers mean and where they come from. Input/Output analyses and SAMs can create multipliers used for calculating indirect and direct economic impacts from tourism (Lin and Guzman 2007). However, for the estimates utilising multipliers to be reliable, the multipliers themselves must be rigorously calculated. Engaging researchers skilled in econometrics is necessary if these macroeconomic tools are to be applied accurately.

VCA for impact measurement

As explained in Section 4.2, a pro-poor VCA can be a useful diagnostic tool, helping a DMO or a development agency to assess the size of a tourism sector, where the poor currently are involved in the value chain, and where opportunities exist to maximise their benefits. Value Chain Analyses have gained popularity among development agencies by integrating the poor into the functioning of the wider tourism sector, rather than isolating them. VCAs have been utilised by the EU, SNV, ODI, IFC, Prosperity Initiative (PI) and the International Trade Centre (ITC) in Cambodia, Lao PDR, and Viet Nam, to varying degrees of detail, geographic scope, and focus.

In a VCA carried out by the IFC MPDF and PI in Cambodia in 2007 and 2008, hundreds of interviews and questionnaires were carried out by a team of tourism experts and researchers with formal and informal business owners, traders, transport operators, employees, and tourists. Data on expenditure, local economic impact, and pro-poor employment impact are being disaggregated by market segment (Mitchell and Ashley 2010). This has revealed demand-side indicators for how to maximise pro-poor impact through targeting particular visitor typologies.

In Da Nang, Viet Nam, ODI, the Vietnam Private Sector Support Programme and MCG Consulting combined a VCA with a Participatory Appraisal of Competitive Advantage approach using ten workshops, detailed surveys of 19 hotels and rapid surveys of about 80 other tourism businesses and tourists (Mitchell and Phuc 2007). Their team consisted of local and international researchers, officials from the Department of Culture, Sports and Tourism, and the Tourist Association. The assessment utilised the empirical data collection and analysis of the VCA with more qualitative information gathered through interviews and participatory group discussions (*ibid.*). It estimated a much larger tourism sector in Da Nang than previously assumed, and also revealed the importance of domestic tourists, who, while spending \$39 per day versus the international tourists' \$93, are responsible for 60% of tourist expenditure due to their large numbers (*ibid.*).

So far, VCA have not been utilised for impact monitoring in the GMS and the approach is still evolving. However, these analyses have created a wealth of information on the size of the overall sector and pro-poor income, which could be used as baseline data for future monitoring efforts. VCAs do have their limitations – they measure only financial flows, ignoring any social and environmental effects from tourism. Due to the methodological variation in carrying out VCAs, comparing the results across destinations and regions can be difficult (Ashley and Mitchell 2007).

⁴³ For an elaboration on these impact measurement methodologies, see Mitchell and Ashley 2010.

Nevertheless, using VCA as a diagnostic and evaluation tool has become an encouraging and useful new area of work for development practitioners, DMOs and researchers.

M&E systems

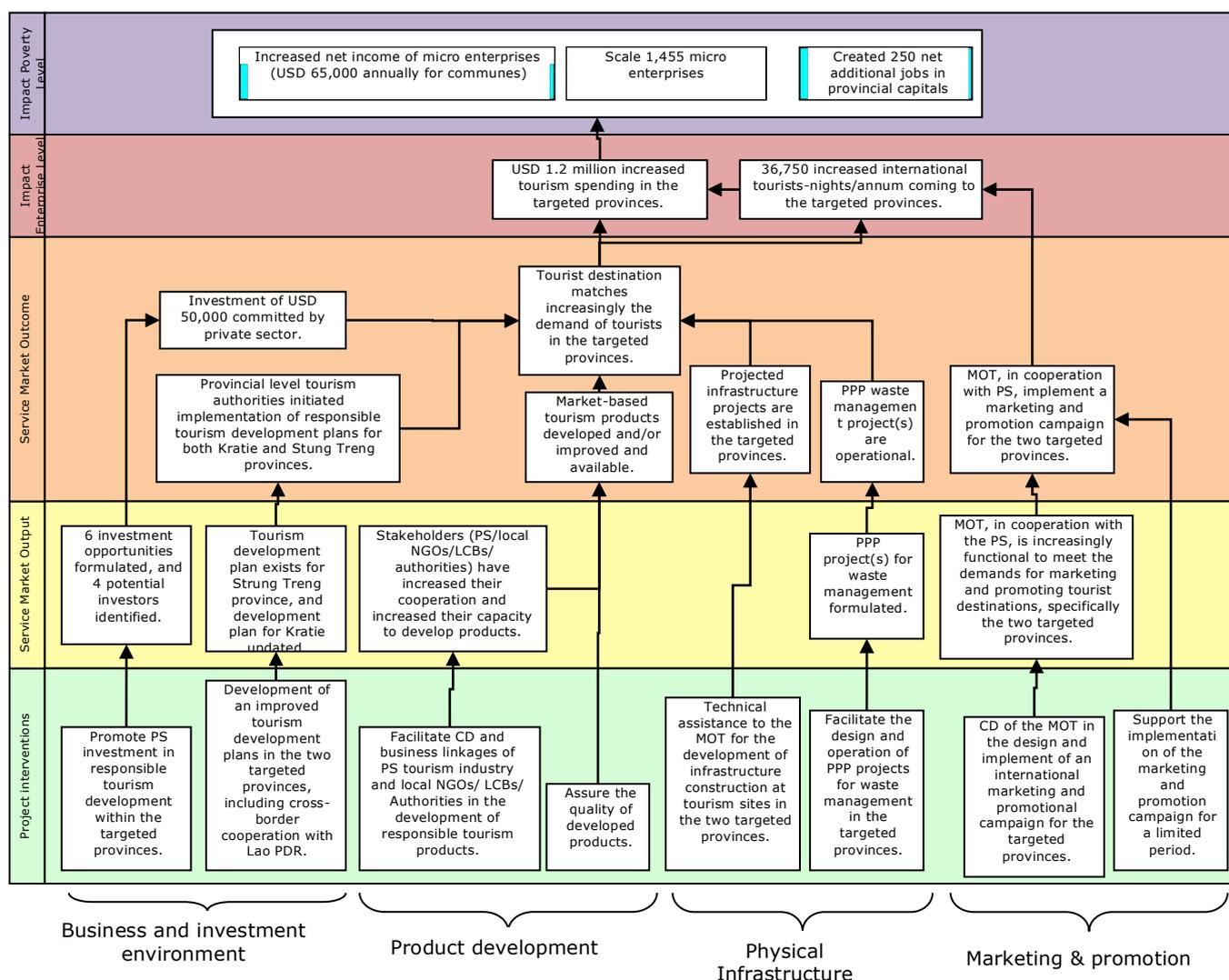
Impact indicators must be integrated into project monitoring and evaluation (M&E) systems to be effectively utilised. Indicators currently used include growth in overall tourism arrivals (with little or no attribution to project intervention or attention to poverty distribution), number of people attending trainings (measuring output only, not impact), and household earnings at the village level (important but not always distinguished in relation to poverty). Much monitoring and impact data is anecdotal and based on case studies (such as those included in this report) – however, cases can only go so far in evaluating the replicability of particular interventions and activities.

Measuring the impact of interventions in tourism policy, capacity-building, and private sector development is particularly difficult. For example, how would a project measure how many poor people have benefited from Viet Nam’s tourism law? Development partners like SNV that work with local partners have been challenged to concretely demonstrate pro-poor impact.

Result chains have become a useful way of mapping anticipated impact from tourism interventions, and creating attribution logic for a project. Phase IV of the Mekong Discovery Trail as well as other SNV projects in the region have created a value chain that focused on growth in micro-enterprises and provincial jobs. The result chain in Figure 3 shows the link between technical assistance to the Ministry of Tourism, healthier tourism destinations, and tourism sector growth.

Figure 3. Mekong Discovery Trail – Phase 4 – Result Chain⁴⁴

⁴⁴ Source: SNV Cambodia



Universal impact indicators

Result chains are the first step in the Donor Committee for Enterprise Development (DCED) standards for impact measurement. DCED is a consortium of 22 organisations, including IFC, ILO, UNDP, DFID, GTZ and others working on private sector development programmes. The Committee promotes small enterprise development, and provides a forum in which members can exchange lessons learned. Standards for impact measurement were developed by the DCED's members to improve the credibility of their results measurements and allow them to be aggregated across programmes (DCED 2009). They are based on three "universal impact indicators":

1. **Scale:** Number of target enterprises who realize a financial benefit as a result of the programme's activities per year and cumulatively.
2. **Net income:** Net additional income (additional sales minus additional costs) accrued to target enterprises as a result of the programme per year and cumulatively. In addition, the program must explain why this income is likely to be sustainable.
3. **Net additional jobs created:** Net additional, full time equivalent jobs created in target enterprises as a result of the programme, per year and cumulatively..

These indicators are focused particularly on private sector development, and on income and employment benefits only. However narrow, they create a common understanding of scale and impact, allowing comparisons between interventions, destinations and organisations. They have been piloted in Cambodia, Thailand and Viet Nam⁴⁵.

⁴⁵ For more information, see: <http://www.enterprise-development.org/page/measuring-and-reporting-results>

Partnerships for impact measurement

Impact measurement in tourism continues to be a challenge and there is as yet, no clear consensus on the way forward. Nevertheless, tourism development projects have a responsibility to governments, beneficiaries and donors to make a clear case for tourism as a poverty reduction tool.

It is recognised that development practitioners often do not take the time to develop and implement impact monitoring systems, much less implementing them. However, some of the best tools for impact measurement devised in the past five years have come from partnerships. SNV worked extensively with ODI to apply VCA to tourism projects in Asia and Africa. ODI has used this fieldwork and its research expertise to continue development of VCA as a diagnostic and monitoring tool. The DCED is a consortium of agencies throughout the world focused on private sector development. Together, they were able to share the difficulties in impact measurement, propose and pilot a method to improve accountability for results. Tourism development projects should seek more partnerships such as these, with universities; other development agencies, researchers and consulting companies to continue to explore, adopt and test impact measurement methodologies.

4.0 Lessons

A number of important lessons have been learned over the past ten years of tourism practice in the GMS.

4.1 Diversify from Community-Based Tourism

Tourism projects in the GMS have traditionally focused on rural community-based tourism (CBT), particularly treks, village homestays and soft-adventure activities. This is due to tourism's initial outgrowth from rural development activities, as a tool employed for supplementary income generation and community empowerment objectives. In particular, the Nam Ha Ecotourism Project and the Mekong Tourism Development Project were early and important examples of the community-based tourism model. Though rural tourism and CBT are not synonymous, in most of the GMS, CBT products tend to be in rural areas, where most of the poor people live (ADB 2005).

However, the focus by development agencies on CBT and the development of rural treks and homestays has been criticised for its low returns on investment and its limited impact on poverty as a whole (Goodwin and Santilli 2009). In many cases, insufficient attention has been paid to assessing demand for rural excursions and linking them to markets. Depending on location and local skills, CBT can require significant time and resource investment in training, small infrastructure, and product development before generating substantial income for the poor. It greatly limits the scope of potential benefits to the poor from tourism, relegating interventions to niche activities instead of effecting system-wide changes.

Further, CBT does not necessarily mean pro-poor. CBT income, like other forms of tourism income, can be concentrated in the hands of the wealthiest without adequate planning and management of activities. In Luang Prabang, village leadership dominated one trekking route to the extent that the three wealthiest families (of 72 in the village) hosted, cooked for, and guided all tourists that visited the community (Gujadhur 2008). In Mae Kampong village in Thailand, the first year of community tourism resulted in 67% of the income from tourism activities flowing to the richest 20% of the residents (Suriya Undated b). Recognising the difficulties in creating truly sustainable community tourism activities that result in sizeable impacts on poverty in proportion to the investment by development agencies and governments, it is now questioned whether CBT should continue to make up such a large share of tourism development interventions.

Moving away from developing isolated rural CBT products, a more destination development approach is being employed to continue to take advantage of the pro-poor opportunities in rural tourism and the strong brand that the GMS has created around rural communities, nature and culture. Rural excursions can have a high pro-poor impact (Ashley 2006b), however, they do not always need to be communally operated, and they must be implemented as part of a greater understanding of the tourism potential in a wider destination area. Lessons learned include⁴⁶:

- Linking rural excursions to major or emerging attractions can draw a greater number of visitors and increase access;
- Market demand should be assessed from the outset, preferably through collaboration with the private sector directly;
- Rural excursions do not have to be community-based,
- Local concession systems can provide sizeable local benefits if communities have a partnership role;
- Overnight excursions provide a greater proportion of benefits from fewer visitors; and
- Improving opportunities for the poor to sell handicrafts, food and other services in rural excursions can expand pro-poor benefits.

⁴⁶ Adapted from (Gujadhur 2008)

4.2 Expand interventions to the entire tourism value chain

Tourism projects in the GMS have by and large worked directly with the poor themselves, on a community level. This has made a very clear link between poor people and tourism and has clearly demonstrated one way that villages can benefit from tourism activities. However, it has greatly limited the overall numbers of poor people benefiting and the amounts to which they can benefit. It is now recognised that it is possible for poor people to benefit from tourism without having them interact directly with tourists. The constraints to maximising pro-poor impacts may not be at the community or level of poor people themselves, and the choice of interventions to unlock opportunities for the poor will depend on a clear evaluation of the needs and opportunities in the tourism economy as a whole.

Value Chain Analyses are a relatively new but encouraging way of assessing the size of the tourism economy and the opportunities for poor people to benefit. They can widen the understanding of what interventions beneficial for the poor to boost the scale of impact. This includes more recognition of the important role of the informal tourism sector, and the great numbers of poor participants operating outside what is officially recognised as the tourism industry by the government. The handicraft value chain typically involves many informal workers and self-employed vendors and cottage industries, and has been shown to have high opportunities for women and disadvantaged groups.

It is also recognised that to maximise impact, projects must take a destination level approach to tourism development, rather than developing isolated products with little economies of scale or backward linkages. This should also mean that tourism projects develop Memorandums of Understanding with authorities other than tourism departments (for example, transport, planning, commerce, or agriculture) to ensure broad-based support for tourism in a destination, and to develop coordination mechanisms among the various supply chains involving the poor.

4.3 Work with the private sector

Ten years ago development partners and governments tended to view the private sector as a competitor to “alternative” tourism, instead of a partner, and income flowing to businesses was more or less seen as money lost to the poor (Harrison and Schipani 2009: 185). There is currently a much better understanding of the important and positive role the private sector has to play in creating pro-poor tourism jobs and income, and ensuring that tourism products are in demand and linked to the market.

The private sector, both foreign investors and local MSMEs, must be supported and promoted. This is where tourism income is created and distributed. Businesses should be both encouraged and compelled to deliver more pro-poor and sustainable benefits, through fair employment practices, utilising local supplies, and selling pro-poor tourism products. Governments can support pro-poor private investment through tax-breaks for developments in marginal areas, coordinating producers and buyers of local products, and providing incentives for responsible enterprises. Concurrently, clear regulation and enforcement of sustainable use of natural resources and minimising of negative impacts on local people and cultures by the private sector is needed. With the growth of the tourism and emergence of new types of tourism investment (such as casinos), shrewd decisions will be needed to maintain a pro-poor orientation.

The GMS has a wealth of pro-poor, environmentally and socially friendly business examples that can be replicated and scaled up throughout the region. Development partners should work directly with industry leaders to create more strong business models with pro-poor impact.

4.4 Employ process-oriented planning and capacity-building

A great deal of progress has been made in developing the technical skills of tourism authorities and devising pro-poor policy and action plans. However, strategies and plans often go unimplemented. Creating less polished documents that reflect a more time-intensive but participatory process, such as the Public Use Planning approach, can build the capacity of destination managers to implement

plans and respond to the diverse challenges in tourism management. Capacity-building, in the form of leadership skill development, training, and participatory action-led planning must be integrated into all tourism projects to ensure that beyond the hardware and financial resources for tourism development, governments also have a solid foundation of human resources.

Governance is a broader and more complicated issue permeating all development interventions including tourism. Beyond capacity, good governance and the process of decision-making within public institutions in the GMS has a significant impact on the types of tourism interventions prioritised, the investment projects approved, and when tourism is displaced by other schemes. Though politics and personal preferences cannot be completely extricated from tourism development, tourism projects must make it a priority to ensure transparency and accountability within their activities and partners. The rights of the poor are often the expense when good governance is not in place.

4.5 Recognise MSMEs and the informal economy

The poor themselves are important private sector actors – MSMEs in the GMS comprise a significant proportion of business activity in the tourism sector. In particular, the informal sector is a primary way for the poor to access the tourism economy, and is one of the few areas where the poorest households can engage in tourism (Mitchell and Ashley 2010). The non-agricultural informal workforce in Asia is estimated to range from 45 – 85% and in all developing countries those who are self-employed outnumber those in wage employment (Becker 2004). Though no official numbers exist of the informal tourism economy in the GMS, many micro and small tourism enterprises are unregistered and considered part of the informal sector and include informal employment (handicraft market traders, food stall owners, family-owned guesthouse employees, freelance guides, etc.).

However, the informal sector is not well recognised by policy makers and receives little attention from interventions (Shah and Gupta 2000). This often results in the large informal sector and its participants being penalised or constrained, for instance, when street sellers are banned or relocated outside of city centres.

Beyond CBT and handicraft development, little has been done in the GMS to target this large and growing part of the tourism economy in the GMS, missing a significant opportunity to enhance pro-poor benefits. In 2011, the five-year High Impact Tourism Training for Jobs and Income (HITT) programme funded by the EC and implemented by SNV in Cambodia, Viet Nam and five other countries is commencing, targeting technical and vocational education and training (TVET) for the informal tourism sector. However, much more can be done to expand and support MSMEs and the informal sector through enabling policy, awareness raising among tourism authorities, facilitating credit and lending to businesses, and training.

4.6 Monitor and assess pro-poor impact

Assessing impact on the poor from tourism is challenging, and thus, few projects have made serious attempts to do so. It must be acknowledged that demonstrating impact (rather than outputs or outcomes) requires a long-term outlook – impact from tourism generally does not occur within one or even three years. Further, due to the vast complexity of industries that can reasonably fall under tourism activity (transportation, accommodation, food and beverage, handicrafts, excursions, agriculture), devising realistic indicators is daunting.

However, a concerted effort to demonstrate the link between tourism interventions and results for the poor is crucial. Tourism has been criticised by funders and underrated by governments and development agencies due to an inability to establish how tourism interventions can result in sustainable poverty reduction. Some new tools have emerged, including Value Chain Analyses, multipliers and results chains. These are still being refined and tested, however, these and other methodologies must be employed, even if imperfect, to create a justification for investment in tourism. Partnerships will be an important way to continue to study methodologies in field contexts, utilising the research expertise of universities and think tanks combined with the practical application parameters set by tourism stakeholders. Efforts must also be made not to focus simply

on income and employment, but to broaden our recognition of socio-cultural impacts and environmental costs.

It is important not to swing to extremes – not all aspects of tourism can be assessed, and not all impacts from interventions can be measured. Creating an enabling environment for private sector to flourish, facilitating a more just and responsive destination management organisation, and enacting transparent regulations for concession tendering may not be easily measured in terms of pro-poor tourism output, but are important for establishing a healthy tourism sector.

5.0 Conclusion

Tourism is recognised as advantageous to developing countries and the poor, containing broad backward economic linkages, opportunities for local employment and income, and feasibility in geographically remote areas. This is particularly the case in the GMS.

Considerable progress has been made; the GMS tourism sector has a vibrant and growing private sector with both local business-owners and foreign investors. The region has become recognized as a cultural and natural heritage hotspot, drawing tourists seeking village homestays, treks and authentic cultural experiences. Local communities have become recognized stakeholders in tourism development, included in planning and formal signatories to partnership agreements. And, the GMS has demonstrated resilience vital for a healthy tourism industry – after natural disasters, health scares and financial crisis, the sector has bounced back vigorously.

However, more can be done to demonstrate tourism's impact on poverty reduction. This study reviewed project documents, evaluation reports, and articles from around the region, and found a great deal of good practice and lessons, but much of it anecdotal. Tourism projects need to do more to monitor and evaluate the impacts of their interventions on the poor.

To conclude, the main good practices and lessons learned in tourism in the GMS are reviewed, emphasizing those aspects of pro-poor tourism interventions that can be replicated and expanded for greater impact. Recommendations for future priorities and further research needed are given.

5.1 Good practice

Good practice includes interventions that have demonstrated an impact on the functioning of the tourism sector as a whole, and the growth of earnings to the poor from tourism specifically.

- **Building leadership** among tourism decision-makers is a valuable catalyst for organisational change in public and private organisations and crucial for developing capable and responsive poverty-aware tourism authorities.
- **Multi-stakeholder Destination Management Organisations** create more effective and representative authorities for developing and managing tourism. Improved coordination can create a more robust tourism sector that includes poor participants.
- **Strengthening business associations** can empower the private sector to communicate more effectively with the public sector and create conduits for information about pro-poor tourism, sustainable practices and responsible tourism to and from the private sector.
- **Working with tourism private sector leaders with a commitment to poverty reduction**, sustainable practices and local benefits provides strong examples for other businesses to follow.
- **Partnerships build upon the skills and assets of the private sector, public authorities, and communities** for a more competitive tourism product and formal recognition of the rights of local people.
- **Partnering with the private sector provides more effective training** directly linked to job opportunities for the poor.
- **Focusing tourism interventions in destinations with a high market potential and a high proportion of poor people**, ethnic minorities or other disadvantaged groups (that also have high tourism potential) creates strong benefits for underrepresented groups.
- The **handicraft value chain is a strong opportunity** for increasing the benefits to women, ethnic minorities and poor to benefit from tourism.

- **Rural excursions** and community-based tourism **can provide significant pro-poor tourism benefits if properly linked** to a destination development strategy.
- **Community-based tourism can create benefits for the poorest members of society** through creating incentives and systems for sustainable natural resource management.
- **Utilising the Value Chain Analysis** methodology can provide a better understanding of the breadth of the tourism economy and the opportunities for targeting the poor within it. It can expand the scale of tourism interventions, and also be used to create a monitoring and evaluation methodology to assess impact.
- **Partnerships can be built to develop impact measurement tools and other methodologies to innovate and improve pro-poor tourism practice.** Partnerships take advantage of the complementary skills and needs of development agencies, research institutions and the private sector.

5.2 Lessons

These lessons are persistent challenges that need to be addressed and interventions with limited success from the GMS tourism sector. Suggestions for improvement are given in the Recommendations section.

- In the GMS, a relatively solid foundation of tourism law, policy and strategy has been developed. However, **policy has not been successfully operationalised into effective and consistent pro-poor tourism practice.** The weak capacity of public officials and lack of clear, achievable, and prioritised action plans are a major challenge to the creation of an enabling environment for pro-poor tourism. Tourism authorities set broad goals for macro-growth of visitor arrivals and daily spend by tourists, without identifying pro-poor actions or commitments. Growth has been achieved without concurrent measures to manage tourism's negative impacts.
- Tourism has been **inadequately prioritised and advocated by governments in practice,** and is regularly superseded by more powerful interest groups from mining, logging and hydropower. Tourism's contribution to employment and economic development has not been clearly recognised by governments, and due to poor coordination between departments, tourism strategies and plans are not taken into account when competing land-uses are proposed.
- The **regulatory environment for business** in some countries of the GMS **remains ambiguous and complex,** particularly on the sub-national level, constraining private-sector growth that could create more jobs and income for the poor. State-owned businesses or government agencies themselves compete with the private sector. Policy and strategy have not adequately incorporated the role of the private sector or their views.
- **Weak governance and political and personal interests continue to threaten the efficacy of tourism** interventions. Large-scale casino or resort concessions catering to the growing regional visitor market are insufficiently vetted for pro-poor costs and benefits, and are not being subjected to rigorous social and environmental impact assessments.
- Tourism interventions in the GMS have been **disproportionately focused on community-based tourism,** many of which have been insufficiently linked to market demand and subjected to financial rigor. This has limited the scope, success and impact on poverty of tourism in the GMS.
- **Policies aimed at increasing the role of women and disadvantaged groups alone are not sufficient** – as is the case with many policies in the GMS, they are not often translated into concrete action. Interventions must target marginalised groups specifically, seeking to educate, equip, and empower them, while also building awareness among decision-makers.
- **Inadequate attention has been dedicated to impact measurement** of tourism and developing resource-efficient impact measurement tools. This has limited the recognition and

understanding of tourism's contribution to economic growth and poverty reduction, and threatens continued investment in tourism development by governments and development partners.

5.3 Recommendations

Based on the lessons learned and good practices in the GMS from the past ten years, the following recommendations for maximising tourism's contribution to poverty reduction are suggested. Further research is proposed.

Facilitate good governance and capacity-building for tourism and related authorities

Capacity-building of destination management authorities is still needed. Ministries beyond tourism should be targeted and integrated into planning and activities to more effectively manage tourism's multi-sector composition. Governments should be compelled to demonstrate their commitment to tourism by ensuring that it is prioritised when faced with competing land or resource-uses. Transparency must also be a larger part of the discussion with public authorities to ensure tourism development occurs through good governance.

Expand private sector integration and development

The GMS is fortunate to have a great number of social enterprises and companies that already focus on pro-poor, environmentally friendly, and local benefits, due to an underlying responsible business goal, Corporate Social Responsibility mandate, or marketing benefits. Working directly with or facilitating expansion of these businesses can provide significant pro-poor benefits that have already been demonstrated on a smaller scale. These business models should be supported and scaled up throughout the region through investment and replication.

Target the poor explicitly

Though "growing the tourism cake" is an important part of expanding tourism benefits, more explicit attention to the role and opportunities of the poor is needed to demonstrate an impact on their livelihoods. This does not mean just working with the poor – this is where CBT limited pro-poor benefits and tourism to a niche sector. A proactive approach to poverty reduction will include facilitating local supply linkages, attracting visitor markets with high pro-poor spending, training the poor, and encouraging pro-poor business practices.

Broaden interventions to the tourism economy

Tourism interventions in the GMS have focused heavily on tourism product development, particularly at the community level. A value chain approach looking at the entire tourism economy can expand benefits for many more poor people. Growth in pro-poor income and jobs can be through handicraft development, agriculture, vocational education, or market access for products. Development partners must properly assess the opportunities for maximising pro-poor income in the entire tourism economy.

Dedicate resources to demonstrating pro-poor impact

Tourism is a long-term approach – not only will impacts not necessarily be demonstrable within five years, significant outcomes may not be clear before then. Tourism is a significant and growing sector in developing countries, but is also complicated and comprises a network of disparate factors affecting its performance. It is crucial that development agencies recognise this and commit resources to monitor and measure their impact over a long period of time. Partnerships should be sought to develop practical methods to measure changes in poor income and employment, but also socio-cultural and environmental impacts.

Further Research

A number of topics were touched in this paper for which little information is available. They are identified here as candidates for further investigation and research:

- **Tourism philanthropy.** Voluntary contributions are recognised by the UNWTO as one of its seven mechanisms for reaching the poor, and are formalised through Corporate Social Responsibility programmes and voluntourism trips. More research is needed to assess the significance and efficacy of this form of benefit to poor communities. What is the scale of the

funds and in-kind contributions? To what types of projects and activities are they going? Are the contributions reaching the poor or the intended beneficiaries? How can philanthropy be more effectively harnessed and directed for sustainable benefits?

- **Informal tourism sector.** As explained above, the informal sector is believed to include a large proportion of poor participants in the tourism economy, through self-owned micro-businesses, informal business activity, and informal employment in formal and informal enterprises. However, this assumption is based on studies in other regions of the world and on the informal sector as a whole. More research is needed to understand the depth of the informal tourism sector and its opportunities. How are the poor involved in the informal tourism economy, and to what extent? How can tourism interventions reach participants in the informal sector? How can those in the informal sector be facilitated to move into the formal sector?
- **Impact measurement.** The challenge of how to achieve and measure impact is likely to persist for many years, as development practitioners refine tourism interventions and identify new ways to reach the poor. To fully justify continued investment in the sector a more concerted effort is needed to create indicators and monitor how tourism contributes to poverty reduction. Tourism projects must create clearer links between their activities and impact on the poor. Tourism in the GMS is growing rapidly; however, it is difficult to assess what role development interventions have had in this growth and whether it is resulting in a net benefit for the poor. Research is needed to assess tourism's impact on the poor in the GMS as a whole, and to create practical, resource efficient ways for projects to measure their impact.

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Annex 2. Further Resources

The following books, websites and articles contain practical and detailed information on some of the main concepts and approaches mentioned in this report.

Tourism institution building:

World Tourism Organisation and SNV (2010) *Manual on Tourism and Poverty Alleviation – Practical Steps for Destinations*. Madrid: UNWTO and The Hague: SNV.

World Tourism Organisation (2010) *Joining Forces – Collaborative Processes for Sustainable and Competitive Tourism*. Madrid: UNWTO.

Tourism policy development:

Ashley, C. (2006a) *How can governments boost the local economic impacts of tourism? Options and Tools*. For SNV East and Southern Africa. London: ODI.

Downes, J. (2006) *Tourism Legislation and the Millennium Development Goals: A guide to analyse tourism legislation in the context of the MDG 2015 targets*. Vientiane: SNV and Queensland: STCRC.

UNEP and UNWTO (2005) *Making Tourism More Sustainable: A guide for policy makers*. Paris: UNEP and Madrid: UNWTO.

Value Chain Analysis:

Ashley, C. and J. Mitchell (2008) *Doing the right thing approximately not the wrong thing precisely: Challenges of monitoring impacts of pro-poor interventions in tourism value chains*. Working Paper 291. London: ODI.

World Tourism Organisation and SNV (2010) *Manual on Tourism and Poverty Alleviation – Practical Steps for Destinations*. Madrid: UNWTO and The Hague: SNV.

M4P (2008) *Making Value Chains Work Better for the Poor: A Toolbook for Practitioners of Value Chain Analysis, Version 3*. Making Markets Work Better for the Poor (M4P) Project, UK Department for International Development (DFID). Phnom Penh: Agricultural Development International.

Gender and Social Inclusion:

Kruk, E., Hummel, J., and K. Banskota, eds. (2007) *Facilitating Sustainable Mountain Tourism, Volume 1: Resource Book*. Kathmandu: ICIMOD.

Kruk, E., Hummel, J., and K. Banskota, eds. (2007) *Facilitating Sustainable Mountain Tourism, Volume 2: Toolkit*. Kathmandu: ICIMOD.

Impact Measurement:

Ashley, C. and J. Mitchell (2008) *Doing the right thing approximately not the wrong thing precisely: Challenges of monitoring impacts of pro-poor interventions in tourism value chains*. Working Paper 291. London: ODI.

Lin, T. and F. De Guzman (2007) *Tourism for pro-poor and sustainable growth: economic analysis of tourism projects*. ERD Technical Note Series No. 20. Manila: ADB.

Mitchell, J. and C. Ashley (2010) *Tourism and Poverty Reduction: Pathways to Prosperity*. London: Earthscan.

World Tourism Organisation and SNV (2010) *Manual on Tourism and Poverty Alleviation – Practical Steps for Destinations*. Madrid: UNWTO and The Hague: SNV.

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<http://www.enterprise-development.org/page/measuring-and-reporting-results>