

Private Sector Perspective on developing a Tourism Strategy for Hin Nam No NPA

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1. Organizational set up. How should tourism in/around a National Protected Area should be managed and organized?

Tourism shall thrive upon the aptitude of the NPA and its attractions to bring tourists thus, generating an income, yet making sure, the arrivals do not alter the environment, so that the 'new' destination is sustainable.

The role of the businesses is to serve the emerging markets, and to a certain extent, promote the region. Businesses will then evolve and grow with the market should it be generating enough capital to feed the growth. Private sector must also generate profit to keep its motivation to operate, but profit making can sometime lead to the use of 'poor' practices fostering quick returns over the sustainability of the destination.

For that purpose the public administration involved in the tourism development is often called by businesses to regulate the industry, to facilitate the integration of companies and also to monitor activities so that strategies and managerial corrective actions can be studied and designed based on proper market data.

It is noted throughout the industry, that there is currently absolutely no trust from the private sector (established companies) towards the administration which is seen as a constraint for proper business development. All actors interviewed for this survey (Lao and Internationals) mentioned that they would rather avoid engaging with administration and find 'ways' often reprehensible by law to facilitate their development. Other businesses actually 'working' closely with administration confess doing so because they 'know' someone with a facilitating position.

A lot of comments concerned the concession awarding mechanisms, viewed today as very opaque and leading to unsustainable development, especially in regards to the environment.

Requirements/Objectives:

Regulation

Businesses prefer to avoid bad surprises when engaging into any venture. A certain form of regulation process is expected to protect investment from capital and time waste. For that purpose, the public sector is expected to design with the help of the industry specialists, a set of rules and making sure they are being enforced. Regulation should be a factor evaluated for each action towards development of the destination and integrated within the general legal framework at least at district level, then raise to provincial and state level if judged relevant for other destinations (NPAs).

Below are non-exhaustive list of examples expressed by the private sector:

- **Licensing for businesses** (regulation of competition)
Each business requires a license to operate in a defined scope of activities (tourism, accommodation, transport, etc..). Businesses will suffocate if too many players engage in the same activity.

The current situation in Luang Namtha shows that too many operators acquired a license and now share a non-growing market. This resulted in low profit-making companies which now have to lower the quality of service to decrease overhead and

compensate somehow the lack of income.

With that scenario, zone previously protected by tourism activity are under threat from individuals shifting from function in tourism to the more lucrative illegal practices of logging and poaching.

- **Concession attribution**

Should sites or zone be identified for a project development, the business should be able to engage its operation quickly and as soon as a strong and concession agreement is signed.

The regulation frame around the attribution and monitoring of the concession contract must be transparent and well prepared. Legal framework around the awarding and management of concession exist at national level, but should be complemented with sectorial and regional specifications relevant to the destination.

- **Contracts for services** between local service providers and operators. The industry requires the use of resources at district and village level. Contract must be put in place in a timely manner for transport arrangements, village guides, homestay accommodation, Baci ceremonies, entrance fees, and so forth. Products requiring villages' services are sometimes advertised and sold months in advance, prices and quality of services cannot change in a short period of time, creating a gap between the expectation of tourists and reality. Contract rules must be established and duly respected. An exhausting listing of required services for the next few years must be produced and published with the regulation of trade for each service.

Facilitation

Further to the 'protecting' framework provided by the regulation of the tourism industry, administrations should help and facilitate the business integration and supports its activities.

- **Centralized services / administration**

Diverse administrative obligations should happen flawlessly without being a constraint to the businesses engaged in tourism. For example, authorizations for list of people on an excursion or for a specific tour ("telex") should be authorized even on weekends, and within a reasonable period of time. (It can take up to 3 or more months today!)

Fee collection, another example, can also be facilitate by the institution of a mechanism that does not lead to operation error and delays (see the description of the example below)

The different services involved (PTD, Police) here should strictly abide by the regulating processes defined, and not be altered by sudden "negotiations" between public services and operators. GDL failed last year to obtain the paperwork for a group of 15 covers with no apparent reason leading to a loss of 22.000 dollars of which 17.000 dollars were to be spent of local service providers (supplies market, accommodation, guides etc...).

- **Tourist information and general communication**
Although very active in that domain, businesses cannot support entirely the promotion of **HNN-NPA** where ever necessary. Obviously, information centers and other signage play a role, but often with a too local visibility. Public offices should facilitate the lobby for the province and NPA toward relevant public entities. (E.g. prepare promotion material and give to MICT team when going to ITB in Berlin or Singapore or any relevant trade fair)
- **Training referential, facilities, programs...** Some structure should allow capacity building quickly after the identification of service required to serve the tourism industry in the region of HNN-NPA. Obviously, the priority goes to hotels, Food & Beverage (F&B), guiding, language skills... But Also in corporate management, public administration, and natural resources management. Referential for training could be elaborated capitalizing on the experience of private operators.
- **Infrastructure:** Road construction, town planning, public health, electrification are part of the public administration duty and should serve and fit the tourism strategy among other objectives. Highways and bus parking-lots are not required for ecotourism development, but necessary where mass tourism is preferred. Each scenario must be discussed with all stakeholders.

And also...

- **Crisis management capacity**
- **Law awareness and enforcement**

Monitoring

No development program can be sustainable without monitoring mechanism or activities. A strategy is never solid enough to last without being amended by corrective actions, also Regulation policies are defined upon an indication of their results. Example listed below can help setup some kind of dashboards¹ to analyze the collected relevant data and give on the fly indications to the steering body that manages the HNN NPA

- **Field surveys and data collection** for proper marketing and strategy definition for businesses and for the destination management body. General surveys can easily be put in place using the infrastructure like ticketing booth, and the compulsory "identification forms" in hotels, guest houses, and from tour operators. Yet, data should be centralized analyzed and easily accessible to operators and potential investors.

¹ Dashboard are often in the simple shape of an excel file! They present "green-orange-red" indicators, calling for action.

Proper assessment of tourism impacts should also be monitored to help the regulation processes. Impacts should especially be considered at environmental, social/societal and economical level.
(see section on CSR in ¶4, the private sector can be a strong actor)

- **Safety and Risks assessments**

General health infrastructure and potential dangers or risks must be clearly identified and published widely for public awareness and for operators to apply a proper mitigation.

Many international operators, or rather their insurance companies, now require from national operators whom they outsource to provide 'Risk Assessments Reports' to let their customer go to a specific zone. Dispensaries, emergency number, sanitary transport should be identified and operational.

Information about the potential presence of UXO in The NPA is essential.

Implementation:

Stakeholders and structure

Should a management body be in place, the destination requires the input of all stakeholders' that are part of the development (especially at the beginning) and running mechanism of the tourism industry.

- **Public administration**, with tourism administration (State, Province and district level) NPA authorities (National and HNN), law enforcement authorities, local communities
- **Civil society**, with NGOs, International Cooperation agencies, donors and associations (E.g. LATA², transport associations, WCS³...)
- **Private sector**: travel agents and operators, hotels and guest houses, transport providers, handicraft makers, other service suppliers and providers. (existing and entrepreneurs)

Development of a tourism destination is often based around the successful implementation of a "**Tourism Committee**", integrating the different stakeholders' perspectives using one or more of their representatives to implement action plans set towards defined objectives.

Assuming funds are available to feed its resources, a backbone of 'Management' (in other words the "scope of duties") has to be structured within the committee. A committee allows building up of trust among stakeholders while keeping the general objectives of regulation, facilitation and monitoring within a unified and efficient

² Lao Association of Travel Agents

³ Wildlife Conservation Society

structure. The efficiency of a committee is judged by its results through auto-evaluation and the scrutiny of provincial and state bodies (MICT, National travel agents...).

Should it be impossible to create such a permanent committee for **HNN NPA**, the different existing administrations and organizations (public and private) should at least meet on a regular basis to discuss the HNN management topics and agree on the roles and duties for each. The management items listed below become then topics of discussion.

Note: Some national administrations in other countries have chosen to purely 'privatize' the managing structure for the development of an entire destination. In that case a consulting firm is outsourced for the tourism development, frame in a negotiated set of objectives and regulation. This greatly simplifies the implementation owing the brought in expertise, but sometimes leads to conflicts between the outsourced company and the respective counter parts in the administration. The scheme is often programmed as a BOT⁴ project.

Management backbone

Many successful management structures exist for destinations throughout the world. They are all most of the time based on the same set of objectives to achieve yet are structured in many different ways.

Three main domains can be identified for the case of the **HNN-NPA** (destination) where any action required (Regulation, Facilitation, and Monitoring) finds its capacity and authority:

Planning and management

- Strategy definition, its monitoring and evolution
- Management of the NPA resources for tourism (protection schemes, species reintegration programs...)
- Management of the planning of public and private infrastructures in, around and towards the destination and its attractions.
- Policy and law enforcement
- Funding and budgeting
- Experience feedback to state bodies, lobbying. (E.g. to integrate good practices, and laws at state level)
- Collaboration with other HNN departments

Destination development and operation

- Community economic development (contracts with village service providers, transport)
- Quality management, inspections, and training of stakeholders (of businesses and local resources, private and public)
- Licenses and concession negotiation, approvals, and rules enforcement.

⁴ BOT: Built, Operate, Transfer.

- Products development (experiences and/or Infrastructures)
- Risk assessments and mitigation, crisis management
- Collection of levies, entrance fees and other taxes
- Sourcing for efficient but sustainable development⁵ (identification and accreditation of suppliers for infrastructure development and their maintenance, from cement and wood to cleaning products)

Destination Marketing and Promotion

- Visitor information centers set up and supplies
- Web marketing and applied technologies
- Segmental marketing (specific markets by origin or behavior)
- Public relations and Event management
- Promotion to investors (promote entrepreneurship)
- Market and industry intelligence and awareness

Example of fees collection and redistribution

Typically, fees collection and redistribution for a national park must be setup with a mechanism decided after all stakeholders had their say.

Even a simple implementation such as fees collection calls for all the topics developed above in terms of objectives and management:

In a nutshell:

Fees are **planned**, their collection and distribution must be **operated** and they can serve the **promotion** of the park. The 3 domains of management are therefore concerned.

Further than being a financing element, they also are a good tool for **monitoring** the presence of visitors of the park allowing for further **regulation** (e.g. nb of boats and their price), they must not be a constraint to operators by biais of **facilitation** measure (discounts, easy collection mechanism). The role of fees therefore feeds all the objectives of tourism development management.

The collection and distribution of fees from the tourists on site or tour operators can then be largely optimized.

Actions:

- Identification of collecting points
 - NPA entries (today: Ban bouan and Nong Ping cave entrance, Ban Pakpanang)

⁵ This might sound a bit far reached, but further to the facilitation mechanism it produces, it actually integrate very well when setting up the good practices toward sustainable management of a destination. The sooner in the development phase these factors are scrutinized, the easier to manage the destination the cleanest way possible. HNN will have an issue when it comes to the wood used for infrastructure, might as well look at this right away.

- Payment by tour operators in NPA office for groups or guided tours.
- Payment in hotels (e.g. tourism tax)
- Types of fees
 - NPA
 - Village funds (per village? Community of villages?)
 - General tourism tax
 - Service required (parking and boat)
 - Others?
- Fees definition
 - Nationals vs Internationals visitors
 - Discount for tour operators
 - Accepted market values
 - Promotion of the relevancy of the tax
 - Tickets and receipts design
- Redistribution mechanism
 - What for who
 - When
 - How

Below is a form of ticket (invoice like) that could be used to replace the complicated current approach with multi tickets leading to errors, omissions, and fraud. Numerated blocs of form can be easily printed for distribution in identified entry points:

	<u>unit value</u>	<u>PAX</u>	<u>Total</u>
<u>Fees</u>			
National Park national	15000		
National Park international	40000	3	120000
Village fund	20000	3	60000
<u>Boats</u>			
XBF entrance	70000	1	70000
Ban Pakannang to Nong Ping	340000		
<u>Parking</u>			
Motorbike	5000		
Car	10000	1	10000
<u>Camping</u>			
Tent spot	25000		
Tent rental	50000		
To be paid			260000

A system of voucher is then implemented for service bought for later use.

2. Market: What is known and what remains to be done to make an assessment of the market or tourism value chain, what roles need to be in place? What customer profiles should be targeted and what are the expectations for numbers of visitors over time.

Segmentation of types of tourists relevant to HNN-NPA

They are different ways to define tourist types coming to Laos today and extrapolate on the evolution of arrival volumes within the next few years. While most of the surveys provided by the MICT (previously LNTA) limit the segmentation to the geographical origin, the private sector naturally came up with a more acute segmentation within the main groups, as the behavior can be completely different from one sub group to another.

Each of the defined group has its own behavior (buying process and touring) and expectations in terms of service and products. Segmentation as listed below and established upon interviews outcomes, aims to be the most relevant to the **HNN-NPA** destination today and for the years to come.

Of course this segmentation is based on the bulk of representatives for each group, but they can overlap with each other. For example, while today most of the 'backpackers' are falling into the long-haul group of 'westerners', more and more 'regional origin group' tourists are also backpackers, and could fall into this category.

Only a serious market study could offer a more refined categorization and allow for a better understanding of the expectations, but at this stage of the development of the **HNN-NPA** as a destination, this is not deemed necessary.

Long haul Tourists (westerners)

Provenance: mainly USA/Canada, Europe, Australia/New Zealand.

By far the greatest income generating segments, "Westerners" as they are also called in SEA, are more and more attracted by South East Asia. They moved away from mainstream worldwide tourism to more original places in the 90's. It started mainly in Africa with the development of more popular wildlife tourism, the interest in minorities with local 'way of life' and pioneer eco-tourism projects.

2000's showed the market shifting to South America and Asia due to political instability, conflicts and criminality widely reported especially throughout the African continent, while locked countries like Laos were opening.

Myanmar is currently catching a huge part of this market acting as a vacuum for the 'adventure' thirsty travellers because it is on the map since only recently (new destination), and it offers a wider range of landscapes and attractions from high mountains to the sea.

Also, the recurrent riots and instability in Thailand impact severely arrivals in Laos. The growth rate for westerners' arrivals in Laos slowed significantly, and even engaged a decrease by a few percent in 2014. The falling value of the Euro against the Dollar in 2015 will not help.

Westerners can be segmented in:

- Groups
 - Groups set by TO/TA
 - Special groups
- Individuals
 - Backpackers
 - Fully Independent Travelers (FIT)
 - Expatriates

Other segment could be presented here, but are not considered relevant to the present study (e.g. MICE⁶ tourism and in general, business tourism).

Groups:

Travel Agents groups:

From 2 to 15 people per group, the entire journey from departure day is organized by a **T.O.** and/or **T.A.** who will use the services of local '*ground handlers*' or a *DMC (Destination Management Company)*.



Travel Agent group in Canada

The trips are booked minimum several months in advance on prepared fixed programs found in International Travel Agent's brochures or internet website. Most of the said 'customized' tours are actually a combination of 'of the shelves' references.

From Medium to high end service is required depending of budget of the tour.

Tours are guided from day1 to the end by a national guide with relevant language skills, sometimes accompanied by a tour leader representing the travel agent whose origin is the same as the group.

Most of the time, the tour covers two or more countries in SEA like Vietnam + Laos, or Cambodia + Laos + Thailand, etc... Length in each country is short as total traveling time reaches 4 week at best, but is often limited to 2 weeks.

TAs and outsourced DMCs have no issues in finding plenty or 'attractions' on the mainstream to satisfy the current clientele. Yet new attractions can potentially be of interest for returning customers or for differentiation purpose.

⁶ MICE: Meetings, incentives, conferencing, exhibitions

Recent surveys show that these groups are aging, often now with an average age of more than 60 and more rarely go for soft adventure excursions.



++ High spending between \$80 to \$350 per day per person (plus intl. flight) and can go higher, but a lot of the price of the tour stays with the international agent at the top of the value chain and the national operator. An estimated 50% stays locally with service providers.

++ Several actors of the top of the value chain have great promotion capacity (websites, advertising, trade fairs, etc...). The destination therefore quickly gains good visibility (e.g. Tham Kong Lo, Luang Prabang)

+ Regularity: Figures of volume from this group are pretty stable and allow for strategic business operation.



- Difficult to get the groups out of mainstream
- Only very soft 'adventure' with limited physical activities
- Requires proper hotel, F&B capacity in the vicinity of the destination

Special groups:

Either scientists, or passionate in a field, these groups organize their journey around a specific theme or a sport activity. Themes can be karst sites for cavers, history (like for veterans, but not only), entomology, or white water sports, cycling or motorbike touring.

The travel motivation is almost completely the education value or the passion for their sport. They tend to maximize their spending on the specific theme (Remote places to go, equipment, support crew), and save on transversal services (transport, accommodation). They do not go to destination because of the infrastructures, but use them if they exist; therefore, the spending depends also on the offer on site.

To special groups can be included TV crews and journalists, scientists on research programs, and study groups from international schools and universities. Health and risks are determining factors for the later.

Groups of the kind travel either with the help of the services of a Lao operator (like Green Discovery or Exo Travel) who will help them obtain the touring authorizations from the administration and logistic, or less often travel on their own (Small groups only because Laos regulation doesn't allow groups on their own, they must be accompanied by a Lao licensed travel operator).



Group of Cavers in Khammouane



++ High spending

+ bring knowledge and skills to locals (Caving, History, Naturalism, and any regionally specific activity)

+ Markets are 'Niche, therefore communication medium can be easily identified and targeted (e.g. Theme magazines like caving or motorbike, Facebook pages, Associations, etc...)



+ - Regularity. One cannot easily predict a market volume or value. A company can difficultly rely on this market unless highly specialized (e.g. motorbike tours).

-- Low volume (a few groups in each identified field every year)

- Difficult to get this groups out of their themes (e.g. A motorbike tour group would have to be convinced to take a break off their machine and trek the HNN-NPA...)

- Usually the groups require a tailored itinerary of unusual activities, so if approval is necessary from regulating agencies a lead time is needed.

Individuals

Mainly, single travelers, couples or families, they travel rarely more than 3 or 4, but it can happen like when individuals group together to share transport, accommodation or activity costs.

Backpackers:

Very low spending, 15 to 30 dollars a day, but ready to go off the beaten track and therefore have an economic impact on places where other groups don't go.

They can spend long period of time in Laos as they usually take time to visit all or part of SEA. Backpackers are present throughout the year (less in Low season of course, but the phenomenon is far less contrasted than for

other categories), which is a valuable and regular source of revenue for local operators at the bottom of the tourism supply chain.

Completely independent, they hardly ever require the services of a tour operator.

Known to use hitchhiking in other region for commuting, the cost of public transport in SEA is acceptable for this group.

Backpackers prefer engagement with local population rather than tourism activities; they don't often buy specific services like excursions, apart from entrance fees, and rarely the rental of the service of a guide. Backpackers often consult signage boards in tourism center and road signs in English when available.

They are also more and more "**Flashpackers**", neologism to define a good target for 'Must do' attractions (typically in Laos: *Gibbon experience, Tree Top Explorer, 1 night nice hotel in Louang Prabang...*) In that case they can punctually pay a few hundred dollars for 2-3 day 'must do' trip.



Backpackers gathering in Vang Vieng

Backpackers also have the tendency to conglomerate in 'Backpacker Spots' (like Vang Vieng, or Don Det in Si Pan Don) creating an interesting income generating zone, but also generating a few disturbances and risks related to their way of life.

Notes:

More and more backpackers are coming from the 'regional origin' and have the exact same behavior as the backpackers from long haul origin. We can also now find mention of "Backpacker +", a bit older with more money, they engage into paying excursions and activities, still trying to share cost as much as they can (e.g. joining groups for GDL excursions). They are the link between backpackers and FITs



+ Stable groups as they are not really affected by worldwide crisis

++ Time available

++ No real need for proper infrastructure, they content themselves with little

+ Sensitive to the local promotion of attractions.



-- Low spending, but volume helps generate good economic impact in some limited areas.

- Requires sometimes monitoring (Drug, small criminality - e.g. Vang Vieng, Don Det)

FIT's (Fully Independent Travelers):



Travellers in a restaurant in Thakhek

FITs travel generally in couples, a few friends or families. They like to spend a reasonable amount of time in a specific destination Like Laos, up to several weeks. Their average spending goes from 90 to 250 dollars a day for most of them, but can go far higher for high end tourists on luxury products and also lower for 'travelers on a budget'.

They often book activities and accommodation on internet before coming, compiling their programs by themselves, or buy as they go into operators outlets. (Typically 'walk in' business for Green Discovery outlets in provinces)

Guiding is required only for specific attractions or activities over period of one to a few days at a time. English level is good, and therefore there is no need for Origin specific language guide. They don't normally require a high level of service, but insist on getting what they are paying for and like to know where their money goes. They are very keen for medium to high educational value and are typical clients for 'boutique' products and 'soft-adventure' activities.

Very keen on eco-tourism projects they like to integrate homestays, trekking, cycling activities in the overall trip. The engagement with local communities is very good and often essential.

Highly influenced by travel communities and guidebooks, like TripAdvisor, Lonely Planet, Stephan Loose, etc.. They also participate a lot on influential medias such as TripAdvisor and therefore have the ability to build up or ruin the reputation of destinations and businesses especially excursion operators, restaurants and hotels.



++ spend a substantial amount of money locally as they do not feed the commission of travel Agents or operation higher on the supply chain.

++ Time available (7 days to 4 weeks), they can spend a few days to a week in a single destination

+ Medium to high service level required

+ Well behaved tourists, and sensitive to sustainable practices



-- Highly affected and sensitive by worldwide crisis (financial, health risks). Not a stable market.

- Huge shift to Myanmar.

- Require a lot of communication. Guide books, websites, local outlets...

Expatriates:

Not to be forgotten, the expatriate community in Laos and also in neighboring country (Vietnam, Thailand and Cambodia) is a great tourism potential. They behave the same way as FITs but seem to concentrate their time around vacation periods and local holidays (Pi Mai lao, Tet) providing long weekends.

Their first-hand knowledge about the region makes them great ambassadors for new destinations or attractions, starting with themselves, their colleagues, visiting families and family friends etc...



++ spend a substantial amount of money locally as they do not feed the commission of travel Agents or operation higher on the supply chain and they do not bear the cost of long-Haul travel

+ Medium to high need for service

+ Well behaved tourists

+ Great influence capacity, product ambassadors



-- Only available during holiday seasons. (Westerns and local) E.g. Tet in H.K., Hanoi and Ho Chi Ming city. But their families can be available outside holiday season.

Regional tourism

Provenance: Korea, Malaysia, Singapore, Eastern China (incl. Beijing, Chinghai, HK, Taiwan). Hoping for India in the near future.

New market in Laos opening these last few years, mainly following the opening of air routes, which is the reason why their influence is in the vicinity of international airports (Korean in Vientiane, Chinese in LPB..).

Growth for Korean tourist is expected to be double digit in 2014!

We find in this segment the same kind of tourists as for the long hauls tourists in the TA groups as they travel in large groups. Some can behave like FITs yet with much lower spending in general, although a high-end market is also growing, with high spending in accommodation (high end resorts) and 'shopping' of rare products.



++ huge growth

++ Medium to high spending

+ opening slowly to outdoor and conservation issues



-transportation from airport is required with good service and low price

- Behavior can be an issue. (Noise, littering, conflict resolution issues)

- Still low interest in environmental and social issues by lack of awareness (but changing).

- Requires services coming from the same regions (Chinese for Chinese, Koreans to Koreans, etc...)

Neighboring tourism

Provenance: Vietnam, Thailand, Southern China

Around **80% of arrival** in Laos, represent **20% of tourism incomes**.

Basically spending very little money but with very high volume of visitors. They come from emerging middle class having a bit of time for vacation and on holiday weekends.

Very 'mainstream' they keep on paved roads and share costs as much as possible by travelling in medium to big size groups, often visiting religious landmarks, and like view points,... and road signs.



Their impact is important on the economy yet very locally, but also generates heavy foot prints. Infrastructure must be designed for mass tourism (Buddha cave, Nang Aen cave, large hotel in LPB, etc...) often affecting the natural balance of the visited environment.

Service providers are often chosen within their respective communities. Thai restaurants will cater for Thai tourists around Thakhek. Although some local services

are used a little (mainly for F&B⁷), the bulk of the added value generally goes back to origin countries as fast as it came to Laos, minus taxes (maybe).

The flow generated by neighbor tourists allow for quick and easy implementation of destination excursions. It normally just takes a promotion toward transport service providers (minivan, buses) who are most of the time influencers on destination and activities for this segment. TV crews from Thailand and Vietnam are also often looking for tourism spots to feed their "travel" programs. These TV programs are highly influential and generate an immediate flow.



- ++ can have a great economic impact locally
- ++easy to attract towards a destination
- + Volume of tourist available
- +/- low to medium level of service required

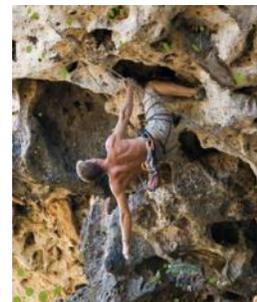


- Impact on environment is very negative (consumption and trade of wildlife products, Infrastructure development for their service like beer gardens etc.. can be a nuisance)
- Social impact (many cases of increased number of case of prostitution in some places)
- Cultural issues. Neighbors are often regarded by Lao people as arrogant and condescending.
- +/- short period of time, 2 days most of the time, rarely above (except southern Chinese during Tet, but they only bring volume to northern Laos)

Niche Markets for special interest

Provenance: anywhere

Not really classifiable in any other categories, as this market doesn't have a specific origin, but a specific interest. Typically, climbers or divers around the world meet and gather around sites or destination where they can practice their hobby and live together to share their experience. It is therefore not be an 'en route' activity like kayaking, or motorcycling. Khammouane provides an example with the **Green Climbers home** (on Route 12) where a camp and climbing routes were built owing to an ideal Karst environment. The GCH venture quickly reached full capacity, providing 150 meals a day and 60 bedding facilities (bungalows, dormitories, tents)



Note that once out of the specific destination, tourist from the 'niche' market jump back to any other categories above except TO/TA groups and neighbors.



- ++ Tremendous economic impact locally
- ++ Easy to attract towards a destination (specialized medium)
- + Volume of tourist available
- +/- low to medium level of service required



- If too successful and several businesses are working on the same trend, the destination becomes known for the activity, and other tourists loose interest. (E.g. diving spots in Thailand). A mono-activity destination is more fragile. Requires proper regulation.
- For the same reason as above, environmental and social impacts can be consequents.

⁷ F&B Food and Beverage

Identified service providers

Travel/Tour Agents/Operators

Operators integrate the entire value chain of tourism

International: Exclusively rely on the services of national operators (DMCs) which they outsource, as they do not have operation facilities in Laos.

Example: Excursia, Remote land, Visit Beyond,...

National: about 30 companies registered and operating as national Tour Operators in Laos. They use their own operation team and the services of service provider on the field to compile "packages" or "excursions". Sometime use service of public local operators by buying an excursion and reselling in their package with a markup or commission (service requirement should not be too high).

Note: Many of National Operators exclusively sell B2B⁸ to international TA.

Example: Exo Travel, Nakharath, Asian Trails, Trails of Indochina, Asia Safari, Dietelm travel, Green Discovery, Off Road Laos...

Local: They operate as the nationals but have operation team in Thakhek area. Some of the local providers are not always registered as such. Typically a guest house can offer excursions, but the deal stays pretty much in an unofficial/unregistered economy. It is also noted that the Thakhek PTD acts like one of the local operator.

Examples in Khammouane: Inter Caravan, Green Discovery, Travel lodge, Provincial Tourism Office.

Note: Local operators are also known as 'Ground Operators'. They have far more employees for less revenue as they action is also to build products and capacity in the destinations, and negotiate services with villages and local administrations. It systematically falls on them to train village operators for activities, and to adjust the level of service. In 'non-mainstream' destinations, excursion and activities are outsourced to them by non-local operators relying on their firsthand knowledge of the local environment.

Local Service providers

Transport providers

- Motorbike rentals: One (serious) identified provider in Thakhek
- Car rentals: None with proper international standard service. (Need to hire from Vientiane) AVIS
- Public buses
- Minivan companies
- Taxis

⁸ B2B :Business to Business trade

Guiding

- National and regional freelance guides
- Local guides in villages

Accommodation

- Hotels
Only Thakhek can pretend to have acceptable Hotel offer, in terms of service given to the customers, especially Long-haul (excluding backpackers) and regional tourists.
- Guest houses
Many throughout the Khammouane, a bit less off the mainstream.
- Homestay
A few exist around the running programs in the vicinity of the HNN NPA

Restaurants

- Only in main concentration area (big villages) with Local food only

Handicraft makers

Jim?

Ambassadors (Influencers)

Expatriates in Khammouane province

Khammouane Guest houses

Below is a table showing different market **HNN-NPA** could cater for, with some element on what could be undertaken to increase the volume of visitor for each category.

Segment	Source of information and buying process	Beneficiating Actors	HNN provides potentially:	What is holding the segment back	What "could" call the segment (therefore required)
Long Haul TA Groups (a few groups lead by Green Discovery in 2014 – less than in 2010)	International TA. Internet to National operators	Intl TA/TO, National TO NPA Local service providers (acc. + F&B)	New destination, Northern HNN activities XBF cave entrance	Proper infrastructure. Proper supplies in villages and district town (food and hygiene)*	Nice lodge or boutique hotel like the <i>Muang La</i> resort, or <i>Sala Hinboun /kongLor</i> depending of service level required Local quality guiding services
Special Groups few dozens, especially biking tours, cacing and history (veterans) growing	Internet, Specialized operator in Laos (E.g. Off Road Laos, Don Duvall) Specialized medium	National TO NPA Local service providers (acc. + F&B) Vehicle Rentals	Many interests like wildlife, Karst sites, history etc... (spiders, Monkeys, HCM trail,..)	Food and some basic supplies. Some infrastructure	A nice restaurant in BLP. A few shops with basic supplies. A resonable resort. Information on site
Backpackers Few dozens	Thakhek, Boualapha, Langkhang.. Very local	Local service providers (all services) NPA Scooter rentals	Off the beaten track. Great attraction Southern KHM loop	Severe competition with northern loop**.	More entry level guest houses. Promotion and information on site and in Thakhek (scooter rentals, guest houses)
FITs and expatriates Few units	Internet to National operators and provincial operators. Thakhek outlets (GDL)	National TO NPA Local service providers (acc. + F&B) Vehicle Rentals	New destination, XBF cave	Charming place to stay Proper supplies (food and hygiene)	Eco Lodge. Charming "boutique" hotel Information on site.
Regional tourists Very few	International operators. Rarely from national operators on internet but growing	National TO NPA Local services providers (acc. + F&B)	New destination, XBF cave	Far from airport. More accommodation required in BLP	Shuttles from Main cities (Vientiane mainly)
Neighboring tourists Few hundreds but stay on Road 12	Country of origin TO, or locally in Thakhek	Thai and Viet TO. Local services providers (acc. + F&B)	Northern HNN ½ or one day activities Southern KHM loop		Proper communication to raise interest in the soft excursions in northern HNN and XBF cave entrance
Niche Roughly 60 person a day for 8 month in GCH, none around HNN	Internet. Specialized medium, Mouth to mouth	All	NPA, XBF cave (caving), Karsts (climbing), River (white water sports)	Proper supplies (food and hygiene)	Development of other specialized infrastructure like climbing Routes Other Specialized camp

Proper supplies (food and hygiene)*:

Necessary supplies to run a nice hotel correctly. This must include all the basic for the kitchen including some elements to "westernize" the prepared food. Easily found in Thakhek today, but too far from Boualapha or Langkhang to run a business.

Constraints on the market and supply chain; recommendations

Khammouane and Thakhek as a missed destination

Be it Thakhek, Hin Boun NPA, HNN-NPA or even Kong Lor, all these destinations currently suffer from a logistic issue.

The main transport means from other main regions of Laos are assured by plane or buses. While it is not expected to have even a regional airport in Thakhek soon, the situation of bus route must be considered. It is estimated by Green Discovery that the night bus from Vientiane to Pakse drains a minimum of 80% of potential tourists from the long-haul FITs and backpackers, away from the Khammouane province, and almost 100% of regional tourists due to the fact that buses that offer an acceptable service (night VIPs) stop at 1-2AM in Thakhek. Day buses are today not a good option, although the 20% left used them.

National operators have to hire private minivans to transport clients from Vientiane or Pakse to Thakhek thus increasing significantly the price of the excursions, often higher to what that segment is expecting.

Visit Beyond (TO in Thailand serving the ideal segments for Khammouane - FITs and Backpacker+) just cancelled operations in Khammouane for that very reason. They now use the night bus directly to Pakse.

Note: This Less an issue for 'TA groups' as they use their own minivan and private buses services for the entire trip in Laos.

Tourists that could be targeted in LPB are just going to Pakse using flights or buses via Vientiane.

Recommendation:

HNN with other destinations in Khammouane should Work closely with PTD and MICT to lobby for better transport services to Khammouane province. Implement better day bus service or late night buses to arrive around **6AM** to Thakhek.

Convince an entrepreneur to invest in 2 or 3 x 24 seater buses to organize shuttles between Vientiane and Thakhek then Thakhek to Pakse and return.
(Stray Asia Travel?)

HNN “on the map”

There is hardly any mention of the HNN NPA in any relevant literature that participates to the promotion of destination in Laos. A single Google search on “Kong Lor” returns one million entries, while a search on Xe bang fai and Hinnamno national protected area return 27800 and 1900 entries respectively.

Recommendation

Promotion towards travel influencing medium should be engaged as soon as possible, but not before the infrastructure has been developed to meet the minimum requirements.

3. Products: What are the tourism products, how could they be developed and promoted, how to ensure good quality services that feed customer requirements.

Looking at the current market and its potential, it is possible to have a view on how current products fit and what should be developed in and around **HNN-NPA**. Looking at successful destination, we can elaborate on the required development of tourism infrastructure in and around our destination.

What makes a destination?

Planning new attractions and activities in and around the HNN-NPA should be done with having the generally accepted “**list of vectors of attraction**” in mind. Without one of these elements, there are very little chances that tourists will move towards the destination and even less chances that entrepreneur would invest into new services or infrastructure.

Although at least one of these elements is a necessity, it is often not sufficient to guarantee the success of a destination.

For each vector, one or more Lao example is given and for HNN if available.

Attracting Vectors

The WOW effect

is without a doubt the main tourism attracting vector

Original vistas and landscapes are of great values but also human infrastructures such as the Pyramids in Egypt, the Eiffel tower, or even nice urban areas.

(Recently it appears that stunning Hotels have become a vector of attraction just by themselves although they are often built in areas where other vectors are present.)

In Laos: Kong Lor cave, Si Pan don (falls), Luang Prabang City, Plain of Jarres, Gibbon experience, Tree Top explorer.

HNN: ThamNamLot, some part of the stone Forest



view of the Grand Canyon, USA

Wildlife

is the grail today when it comes to develop a successful destination especially around



national parks. Wildlife also often comes as an attraction linked to a pristine environment. The big 5 in Africa, the wild tigers in India generated immense incomes. The seeing of wildlife must however be guaranteed, like in a national park in Kenya or Zimbabwe to secure a large amount of tourists. If elusive, the visitors will come for the rareness of the animals, but they represent only a tiny portion of the 'wildlife' market.

Note: Wildlife tourism also requires care and monitoring to mitigate negative impacts. Although this could be a nice incentive to implement conservation and wildlife monitoring programs, the action taken MUST last in time! Today, the *Phou Khao Khway* NPA suffers from illegal harvest of rare Orchids, triggered by Chinese who came as tourists and were therefore given the spots. Rhino poaching in Southern Africa is another example of failure despite all efforts to use tourism to prevent the current tragedy.

In Laos: Irrawaddy dolphins in the Mekong, the Elephant conservation center, The Night Safari, Orchid treks in Phou Khao Khway NPA, (*Ban Na elephant tower project* in Phou Khao Khway NPA is now dead due to the absence of elephant)

HNN: A bit of wildlife yet elusive. Presence of the rare Heteropoda Maxima and endangered primates.

Educative, Historical or Culturally related theme

are becoming more and more an attraction. Let's mention site of main battles in



The Beach shooting location attracts huge amount of tourists every year

Europe and northern America essentially, but also sites where themes of popular novel took place or even film shootings location.

Margerite Duras tours in Cambodia, Phiphi Island for James bond and Leonardo di Caprio in Thailande, Waterloo plain in Belgium...

In Laos: The HCM trail, Luang Prabang, the stories of Henry Mouhot and August Pavie in Luang Prabang, Muang Sing and Khammouane (c.f. Story of La *Grandiere*, in front of the Xe bang Fai cave).

HNN: HCM trail. Minorities (?), Karst Sites

Fun or thrill

will always have what it takes to bring tourists; any attraction park is designed around its ability to provide a good time to visitors and the thrill of a bungee jumping has proven its efficiency by attracting a serious amount of visitors nowadays..

In Laos: The Gibbon experience, the tree Top Explorer, the [Vang Vieng Challenge](#), Vang Vieng Tubing activities.

HNN: Potential for White water sport. Potential for sport caving in XBF and other Caves



Single Market specific

destinations enjoy a great mouth to mouth communication among aficionados generating immediate interest to potential visitors. Can be a sport, a theme, or an ambiance for a specific community.



Diving sites in Thailand or Australia, Climbing areas like Mont Everest,...

In Laos: [Green Climbers Home](#) in Thakhek, Backpacker zones (Don Det)

HNN: None

Uniquely Challenging

destinations exist either by their natural environment, by manmade infrastructures, or because challenging competitive events are organized.

Examples: The Alps, K2 and Everest of course, but also expedition in Antarctic, or Grand Treks in the Sahara.

In Laos: none to date.

Note: A few races were organized in Vientiane province, but nothing challenging enough to generate international interest. Note also that the limited medical and health infrastructure and capacities in Laos are a huge constrain for this vector.

Being “On the way”

often create ‘destinations’. With limited natural attractions to start with, these locations quickly develop product and infrastructures to take advantage of the flow of tourists going from one point to another and sometime end up being an attraction on their own! Tourism in cities like Siem Reap or even Vientiane has developed because of passersby.

In Laos: Vientiane City, Oudomxay City, the [Muang La Resort](#), The Butterfly farm in Luang Prabang (on the way to Tad Kwan Si).

HNN: Vietnamese border

Routes, detours and loops

Route 66 in the US might be the most known, but wine and delicatessen “routes” all over the world gain strong reputations. A route can either be developed on a theme, or just because it links destinations to one another (often generating “on the way” new destinations. A detour however, is based on an already successful destination taking the flow out of the normal direct way.

In Laos: Road Nb 13, River trip from Huay say to LPB, ‘Northern Khammouane loop’, ‘Phongsavan loop (for the ‘Plaine des Jarres’ and the night Safari)’ and Boloven Plateau loop. Sayaboury detour (to see the Elephant Conservation Center)



Catalyzing effects:

All the above listed vectors are catalyzed with:

- UNESCO heritage listing
- IUCN, WWF, WCS programs
- Destination or product Awards

In Laos: Luang Prabang, Namet Night Safari, the Elephant Conservation Center.

HNN: None



Drawbacks and their mitigation

Even with a series of attracting factors, some destination can suffer from drawbacks. Each of them can be worked on to limit their holding effect. HNN-NPA has a late development compared to some other sites of Laos for some of these reason

Great distances

Even on good roads, long journeys can make a difference for a potential visitor, especially since the total amount of time of vacation is precious, because limited. Journeys could be broken in smaller legs of travel by offering attraction along the way, time of travel increases but the ratio on travel value increases also.

Another solution is to find a place serving as a hub towards different attractions. *Boualapha* can serve that purpose, offering trips from the city to northern HNN, to ThamNamLot, and maybe one or two more in the vicinity.

Offering more attractions would in any case invite for a longer stay, once again, diluting the travel time to destination in a longer and better experience.

Interest is just satisfying

Should a destination not fill up the conditions for a world standard attraction, a 'differentiation' effort can help. Basically, making sure visitors find in HNN what they can't find anywhere else. Now, if a natural wonder cannot be found, an investor would develop such a different product in a place where a flow of tourist already exists (E.g. Gibbon Experience in 2008). This therefore cannot be set as a priority.

Competition

HNN suffers strong competition from other Lao NPA, and sites. Green Discovery already offers 18 tours and excursions in Khammouane (with 2 only to HNN).

Once again differentiation is the answer, and of course the exploitation of the ThamNamLot.

A "communication battle" can also be envisaged. HNN requires to "**be on the map**".

Current "products" and their limits

3 themes developed

- Wildlife
- Culture and History
- Landscapes

These three themes are attracting vectors but are currently not helped by catalyzing nor complementing vectors. They also are in competition with similar destination across Laos (mainly in other NPAs).

Sites

- Tham Nomlot

The "Wow effect" of the Cave is not plainly exploited today and requires development of infrastructure to support it. Current crossing of the cave offers a very limited experience. Lack of proper equipment like portable lighting and easy water access is missing, to the least.

Routes and loops

- Southern Khammouane loop
- Ho Chi Min Trail
- Route Nb12

Apart from the HCM trails, well known by motorcycling operators, one must almost reach Khammouane to be aware of the existence and the possibilities offered for overland tourism. The road Nb12 reaches the center of Vietnam, far from the 2 main ports of entry that are Hanoi and Ho Chi Min City. Vietnamese operators avoid the Rd12 to migrate groups westbound as they are not aware for what is on the other side.

Actual excursions

- Mainly Northern HNN

Potential development

- **Xe bang Fai Cave (Tham Namlot)**
without any doubt, ThamNamLot must be the Pinnacle of the HNN as a destination. The XBF cave however, today suffers from competition of the **Kong Lor caves**, which is largely developed as a tourism destination and with a tourism infrastructure copping with most of the requirements (although still developing) . Most of the identified segment would not be interested to visit 2 similar products within a day of commuting.
Therefore, The ThamNamLot should develop as a singular product where activities are completely different from the Kong Lor, thus targeting other higher segments. Ideally, High value added activities for lower tourist volume. (See "Development for the Tham Nomlot")

*Target: FIT's , Special groups, Niche, Backpackers ("Flashpackers"), also high-end neighbors if not too challenging (especially sport lovers in Thailand)
Budget: from 200 to 1000 and more if possible.*

Quickly: If 35 tourists per week enjoy the new attraction and pay a 250 dollar bill for 5 month in the year (dry season), the generated income could approach 200.000 dollars, including more than 10.000 dollars in taxes and a potential of 10.000 dollars in entrance and village fund fees. These figures are kept conservative on purpose.

On the other hand, the entrance of the cave should keep catering for other markets with more volume and less spending capacities, especially the Lao

citizen and neighbor tourists, and also backpacker (with the hope of a “flashpacking” behavior).

Target: Lao and neighbors, backpackers

Budget: not more than 15 dollars

1000 person would generate \$4000 dollars in entrance fees and \$6000 income for the boat operators and another \$5000 dollars for other services like parking, and snacks.

- **Treks in HNN-NPA**

Although a few hikes and treks are already operated, other possibilities should be surveys checking if nice vistas, wildlife concentration spot can be used. It would also be possible to build up a few structures to enhance the possibilities (canopy walks, observation platforms, monkey bridges, camera trapping installations...)

Note: As we will see below in the paragraph referring to the involvement of the private sector, these more elaborated project should be run by companies with a recognized capacity in service and safety.

Target: Groups from TO, FIT's , Backpackers, and neighbors if not too expensive

Budget: from 30 to 70 dollars per day (including entrance fees and levies)

- **River trips**

The Xe bang Fai River provides great potential for river activities like Kayaking and boat cruises. Few adjustments should however be undertaken to go through certain spots without having to get down the river bank. (use of explosive to remove rocks accumulation)

Target: Groups from TO, FIT's , special groups

Budget: from 40 to 80 dollars per day for kayaking.

- **Overland loop**

The southern Khammouane routes has today enough activities to design an overland tour with a series of activities en route. Investment in equipment and communication is however required. Private sector should engage as the level of service (including safety) must be irreproachable

Target: FIT's , Regional tourists,

Budget: from 100 to 250 dollars per loop including activities and accommodation.

- **Thakhek to Savannakhet 'Hook route'**

There is probably a way to design a trip with activities that would also serve to reach the southern destination of Savannakhet. A car hire company could help. (AVIS)

*Target: FIT's , Regional tourists,
Budget: from 100 to 250 dollars per way including activities and accommodation.*

- **Rock Climbing, Paragliding, Caving exploration...**

Anything is good to create a niche market spot. When activity is created, investor can build up one or several camps to accommodate the aficionados.

*Target: FIT's , Niche, special groups, (+Thai and Vietnamese sport lovers)
Budget: N/A.*

Quality of products and service

Role of NPA management

Inspecting infrastructure is often the best way to see it raise and maintain a suitable level. Referential exist and can be used to do so using checklist for example. "Inspectors" don't have to limit their regular surveys for quality checking, but they can also make sure that establishment are operated with good practices (E.g. no wildlife product for diner)

The role of the HNN management can be of an advisor, but also could be constraining to the operator falling out of the rules established for that purpose. Food safety, hygiene, comfort are obviously the priority

Natural mechanisms

On the other hand, the development of the destination shall naturally increase the competition and operators will have to differentiate by means of products, but also by their ability to provide good service and quality. Then a natural selection will take place and only good operators will stay in the higher value chain.

Other systems are often seen like the attribution of a "mark" like for the international stiring notation for hotel. Smaller and simpler models exist for smaller establishments.

Capacity building

It is difficult to raise the quality level if local operators do not have an incentive to do so. Often tour operators play a key role when assisting their suppliers with training of their staff, but it is also required to provide training by the public administration by means of courses, or by providing training material and leaflets.

One book could concern tourism in general with the expectation of markets, and the knowledge of the region, then a series of other smaller books should target each activity, in accommodation, F&B, Guiding, etc...

International organization can finance such programs.

4. Private sector: What should be done to facilitate private sector engagement, investments, awarding of concessions and networking? How to ensure their engagement benefits village's tourism operators? What are the support needs of both private sector and village tourism operators, how could this support best be organized?

Obviously HNN-NPA needs Infrastructure development to serve the Product/Market equation described above. Whatever infrastructure is developed towards the requirements of one or several segments, it will automatically benefit the entire supply chain and mainly the **tourism service provider at village level**. Management and guides should and will surely be chosen among qualified staff for bigger cities like Thakhek or Vientiane at least in the first period, but local resources would empower very quickly.

In the meantime, **Private sector engagement, by investment and/or management, is the only identified mechanism to achieve the below listed requirements**, but with the necessity of public administration facilitation, regulation, and monitoring as identified above (sect.1).

Infrastructure requirements

The following listing of requirements emerges from travel operators interview at International, national and local level and isn't exhaustive as other requirement can be identified by other means. These requirements are seen as facilitating the development as they are linked to each other's. For example the success of an eco-lodge can only be obtained if roads and attractions are developed.

Some propositions, judged irrelevant or even 'wacky' are not listed below.
(E.g. creation of a Disney Land attraction park...)

Lists are per 'priority'

Accommodation

Eco Lodges

Viewed by basically all the TO/TA interviewed as a priority an Eco-lodge with the same type and atmosphere as the Sala Hinboun or Sala Kong Lor, not too far from Road Nb 12 (not on the road 12!) should be constructed.

In the Langkhang or ban PakPanang vicinity, this lodge would serve promoting the *southern loop*, the *Rd12* route from or to Vietnam, and the boat trip to ThamNamLot.

Servicing the medium to higher segments the lodge gives the possibility to accommodate people visiting many attractions around HNN.

The existing Lodge in Langkang being "the best identified accommodation infrastructure, isn't seen as a good alternative, as the design and its location are not answering the market demand.(too close from the road, not 'charming', no view, no service...)

Note: The current hotels and guest houses identified in this region can serve the bottom spending of the segments (backpackers, Neighboring) and probably the special groups. They were obviously designed to cater for the neighboring visitors and the business crowd travelling on Road Nb12. Trying to use them for upper market would not serve the national park nor Laos reputation as destinations!

Ideally, another Eco lodge or at least a nice guest house could be envisaged in Boualapha serving the purpose of the loop, but also the radiating possibilities from Boualapha to different excursion or activities.

Accommodation around the Cave:

The existing infrastructure is minimum, and not sufficient for most of the segments considered for the cave. Private sector should be called for investing in more operational capacity and better service.

The concession for the lodge should be delivered with care as we are in a catch 22 situation. More tourists will come if the accommodation is nice, and accommodation will be able to make profit (thus make it nicer) only if more tourists come.

A 'soft' concession agreement should be put in place. (See below on concession agreements), or ideally a management contract, but no operators could be identified yet as the returns shall result from too many other factor for the development of the cave.

Activities

Priority: **Exploitation of the ThamNamLot** by a private operator proven to be able to design, implement and manage an excellent product. The entrance area can stay public at village level under monitoring of the regional administration as it needs little service and less expertise.

Then or simultaneously: **Tours in the northern HNN-NPA** and further new excursions could be operated by local service providers as long as the service doesn't involve too much educational value or safety issues, or any other expertise.

Contract rates table must be given to private operators so they can resale the tours with a minimum of 12% mark-up to at least cover their overheads and promotion costs.

Note: The public operations in Vieng Phukha, northern Laos, are today failing because villagers didn't agree on discounted (bulk) rates for resellers. The operators logically pull the reference out of their catalog, living Vieng Phuka excursions to the only Walk-in Market, which doesn't provide the necessary volume for the sustainability of the project.

More elaborated Treks in HNN-NPA (e.g. observation platforms, camera trapping,...) must be awarded as concession or at least operation exclusivity, to private operators who will bear the investment and ensure service and safety standards.

Note that some of the potential development (E.g. historical caves or Monkey Mountain) are located close to the NPA but not in the NPA. **Rezoning** a little by creating “islands” belonging to the NPA is a solution.

Transport

Thakhek to Boualapha

Thakhek to Thakhek (loop)

Town planning

Health, Accommodation, Supplies (food and Construction)

Other services

...

Investment Models

Public domains and zones often offer potential that public sector isn't in a position to develop. While the possibility to plainly sale zone to private sector exist in many countries, this isn't the case in Laos, however mechanism to mitigate this issue exist in several forms:

Concession attribution:

Also known as 'Long Lease' they are very popular in Laos they are a legacy of the French “*baux emphytéotiques*”.

A zone is given to a company under a development contract. The operator accepts the regulations and objectives negotiated, and beneficiate of the added value after a given period of time. At the end of the period, all infrastructures developed fall back in the public domain. At that time, the concession can be renewed with the current operator or attributed to another one.

Condition for success:

- Rules do not change to the detriment of the operator during concession period, unless major negative impact wasn't identified during negotiation
- Period of concession is enough for the contractor to get a return on his investment then generates dividends (!% years minimum, longer is better)
- Bidding process for the attribution of the concession is transparent and isn't biased by relationship motivated under-the-table agreements.

- Negotiated 'concession rules' MUST be enforced, albeit flexible to leave the possibility of corrective actions, especially during the first years.

Advantage:

- By far the most attracting mechanism for investment,
- The concession agreement creates a legal framework further than state laws that keeps the developer with good practices within the product context (especially Environmental)
- Generate taxes

Inconvenient:

- Towards the end of the lease, the operators neglect maintenance of infrastructure and will try to extract as much dividends possible if there is no guaranty of reattribution. This can badly affect the reputation of a destination (e.g. Ban Sabay resort in Vang Vieng)

Private Public Partnerships (PPP)

An operational structure is developed by public sector and organizations, and then put under the management by a private operator who will share the benefits with the development community (province, district, state or village, but also can be an association or a consortium of public representation).

Condition of success:

- The infrastructure must be developed with the implication of successful operator as advisors as public sector often lacks expertise.
- The benefit sharing must be fair so that manager can generate dividends.
- Bidding process must be transparent as for the concession awarding.

Advantages:

- The managing operator doesn't have to bear the investment.
- Public sector gains experience when developing the project
- Management contract can be of shorter periods than for a concession as quicker returns by operating profits are expected since no capital was invested.
- The administration gets normally more incomes from public property than taxes only.

Built Operate Transfer (BOT) Projects

A qualified stakeholder (often international organization or but sometimes remunerated private companies) builds an infrastructure and operates it for a while, then transfers to another operator by

means of sale, concession or PPP.
(E.g. in Laos, the Nam Et Night Safari).

Condition of success:

- The original developer must be used to the BOT mechanism as many factors must be audited and monitored during the process (training for example).
- Time of operation and transfer must also be well programmed, if not, the transfer process could be hurried and fail.

Advantages:

- Transfer of skills
- Investment costs help by international development programs
- Good scrutiny of Social and environmental impacts as well as societal behavior for at least the first years.

Inconvenient:

- Difficult to manage
- Depends on International development programs allowing little flexibility. Private companies are not too tempted by the mechanism as they do not build up on capital.
- Currently in Laos funds must transfer through public administration and reallocated to projects

Private land development

It is clear that private owner of land can either rent it to operators or develop an activity. The regulating action of the HNN management should make sure that although it is out of a concession or PPP agreement, the private development follows the rules established to the tourism industry in the area, stick to its obligations and falls into the scope of inspection and business license attribution.

Obligation of the private sector towards the communities

Owing to the **monitoring** objectives of the administration as presented in ?1, it is possible to hope that new actors in the HNN area will fulfill company obligations.

Tax collection

It is of course very important that the public beneficiaries from taxes generated from the business of the private sector. It is however too common to see the private business quickly asked for excessive amount of money before they can actually recover the investment and have the possibility of dividend sharing.

A new project from Green Discovery, for example, was shut down after the first year of exploitation, because taxes, fees, gifts and other '*sponsoring*' demanded by the local and provincial administration were just unbearable and not following any rules.

The price tag that tourists had to pay for the attraction had to include these unforeseen costs and became way out of the market accepted value.

Corporate responsibilities

Developing a destination should be the occasion to implement "good Practices" across the spectrum of activities. The wide definition of **Eco-tourism** integrates already the principle of the obligation to use "good practices", yet without a definition. Ideally, the regulation by means of a standard is the best way to go. Corporate Social/societal Responsibilities are easy to implement and can be defined following the **ISO26000**, an international (non-constraining) norm, which has the advantage to integrate most of the risks for environmental and social impacts.

UNDP and IUCN have produced good referential on the management of tourism in protected areas. This widely available literature can serve the purpose of the regulation definitions for HNN and the training of the relevant management of the private operators.

CSR⁹ beneficiates the local communities, (local empowerment of human resources, local sourcing of supplies, etc...) allowing fair redistribution in the vicinity of the destination without recreating long time framed, complicated mechanism.

The destination would also greatly gain in popularity towards international visitors, more and more aware of societal issues.

Data collection

Transparency of the operation given by good practices is of great value for strategic data collection. Unfortunately, the current use of data from companies by administration leads to falsification. (All interviewees including international companies, confessed lying when presenting results to administration in terms of volume of visitors, turn-over and profit, of course)

Other facilitation mechanisms

Other tools exist to help and facilitate the development of services by local operators within a destination, especially in rural areas because they are often more under the scrutiny of the international development organizations:

- Low interest loans
- Micro financing projects
- Grants for education
- Public budget allocation towards village infrastructure, education and health programs

⁹ CSR: Corporate Social responsibilities, also known as "Societal Responsibilities"

5. Benefit sharing: How to ensure an equitable balance in benefit sharing between private sector, village tourism service operators, the HNN-NPA authorities and other stakeholders.

Market/supply chain benefit regulating process

The major positive economic impact towards the village tourism service operators is obtained by their ability to be part of the supply chain; most operators can't operate in a destination without outsourcing the services of local service providers.

Local providers have to accept some markets rules relevant to the industry, including competition and service quality. The better the service, the reasonable the pricing structure, the more the local businesses will generate profitable revenues from other operators higher in the chain and from direct 'walk in' clients in the destination.

Looking at the current level of service, a company like GDL will currently try to avoid the services of local businesses. For obvious reasons, the regional branch manager will source the food in Thakhek, consider camping before home stay and send an efficient guide instead of having a villager to take the tourists around. GDL recognizes however, that as soon as these elements are reasonably available locally, the company would source these necessities in the vicinity of **HNN-NPA**. Yet, the only way to achieve this scenario would be to create a product that requires a GDL operation team on site at least for a while so that the local capacity rises.

(E.g. Tree Top Explorer, Green Climber's home, Luang Namtha ecotourism projects)

National operators and of course international, shall wait that a 'ground handler' like GDL is ready to operate in the destination to outsource their packages from them.

Operating companies have proven to be very efficient to build up a supply chain within destinations, as the incentive for the local businesses to enhance their capacity is immediate with revenues, whereas training individuals with the hope they will be ready when tourists come has proven to be a serious failure (E.g. *Tetraktys* training program), especially when trainees leave the village to find revenue somewhere else.

Other local revenues

Villages can benefit from the flow of tourist by taking fees, when public sector cannot provide a substantial redistribution of taxes toward community budgets which is almost systematically the case for all countries.

6. Tourism/conservation linkages: How can we link tourism better with conservation and how can conservation agreements between the HNN-NPA authority and village service groups or other service providers assist in this regard. What should be the content of such an agreement and how can they develop over time

Tourism activities have proven they be beneficial to conservation in many project throughout the planet, but with certain conditions.

On the other hand, the new arrivals can also bring to a destination unwanted market for the illegal trades. Some operators taking Long-haul groups along Khammouane roads are amazed to see the huge increase of presence of wildlife on street side markets since the opening of the bridge in Thakhek generating the new flow of Thai tourists on these roads. This aspects also concerns sex-tourism.

Revenue compensation

One of the most efficient actions is to get the tourism service industry to employ resources among poaching or logging villagers making substantial revenues with the hunt of wildlife, the cut of hard precious wood, or the harvest of rare “medicinal” plants. The difficulty is of course, to be able to compensate these revenues with a salary or any other income from tourism.

The **Tree Top Explorer** is a success in that matter owing to the fact the tourism product developed has a big enough added value so that the customers pay a price in which a good part can go to remuneration for people who would hunt otherwise. Villagers involved in this kind of project also quickly realized the importance of keeping one the key elements of their new revenues in the forest rather than in markets.

Although the benefits of ecotourism outweigh most of the time any income that can be generated by hunting and harvesting, other projects in Laos are known to have failed to compensate hunting revenues, and quickly, Villagers are going back to hunting activities.

Levy of conservation fees

When it comes to the easiest way of integrating conservation with tourism, the collection of a fee towards conservation projects is certainly the way to go, at least on the tourism side because the money collected should obviously then be used by project that have a direct positive impact on the destination to protect.

Thailand has been very successful the last few years in developing ‘ranger platoons’ in several national parks funded by the collection of a conservation fee from the Parks visitors and concession operators.

Tourists as Actors of conservation process

Wildlife tourism products:

- **Wildlife spotting**
Very easy to implement when wildlife has a high concentration, the wildlife seeing is rather difficult to put in place when so elusive like in Laos. Yet, a model like the *Nam et Phou Loei* NPA **Night Safari** is a typical well monitored Wildlife tourism product in SEA. It was set up by conservation professionals and all profits from the revenues are used for wildlife protection.
The cash incentive given to the locals when animals are spotted works as long as it is highly monitored. Projects in Africa dropped the concept when villagers were actually capturing wildlife and realizing the (drugged) animals just before the tourists' arrival.
- **Entomology**
Other observation of smaller wildlife can also generate interest. Night observation of **insects** and Lepidoptera can be fascinating when well presented. Typically an activity to install during home stays in villages or night out camping.
- **Observation tower**
The Ban Na Tower in PKK-NPA is another project set up by an international development organization (DED). Revenues were used to compensate farmers for the loss of property when elephants were on the site. This action prevented farmers from shooting the pachyderms to protect their properties and crops. Unfortunately the project died as no elephants were spotted in the last 30 months in that area.
- **Camera traps**
These enjoyable experiences are more and more popular, as tourist feel being part of a conservation process.

Other tourists or operators Personal involvements.

- Applications on smartphone for data collection
- Pictures collection
- Ludic branding or games...

Awareness programs

Help of from elderly villagers to reinstate animist believes that benefits the ecology

7. Operationalization and financing: How to share the strategy among stakeholders, develop and monitor common targets and quality standards? How could the strategy be operationalized and financed on a year to year basis?

The general question on how all this could be organized is somehow answered in previous paragraphs. Of course looking at the situation in Laos, we can foresee that the mechanism of development will take place on their own, from tiny operators to the biggest if growth surges. Ideally however, a proper management of the development could accelerate the process within a few years. This requires the following:

Operation of a “steering committee”

As soon as potential members among stakeholders for a steering committee are identified and the role of the committee clearly determined, management roles can be attributed and an action plan established.

The current team organizing the work around the making of the strategy for the next 5 year could serve as a first management team, then mentoring the new arrivals.

A 3 year period seems reasonable to build up such a committee in Laos

Public bidding process for investment mechanisms

When the logic and business studies for infrastructure development are done, a large public bidding calls can be engaged at local and national level, generating interest towards the destination by the investors and entrepreneurs.

Potential investors can be identified in Laos, but should also be looked for at international level.

In a more general way, a publicity campaign for the destination should take place to put the HNN-NPA on the map and generate more interest by the tourist and also Travel agents and operators

Definition of a solid plan of action

The steering committee must be able to answer questions and prepare for development. Flexible, but solid an action plan normally integrates all elements required by the private sector to consider business engagement.

Financing

Obviously the key for the success of the strategy...The following already existing founding possibilities shall be replaced bit by bit by the capacity of the HNN destination to auto finance its operations. This result can't be expected before a period of 10 years (minimum)

Creation of a foundation

Call for donation from the private sector in lust for green washing projects. American and European companies could be targeted to feed a fund, which cash would serve the steering committee implementation and undertakings.

Lobbying towards International development organizations

For example: refocusing "Region Rhone-Alpes" towards actions within the strategy, such as the implementation of a steering committee if deemed necessary, or the support of a Quality management program. They would certainly benefit from the integration of their actions towards tourism in Khammouane.

Lobbying toward the state of Laos

Public money for the management of natural resources must also feed public conservation programs and NPA management.

National Marketing tourism board

One can still hope for the creation of a national board to promote Laos as a destination, then its provinces. A fee being taken from tourists when entering the country, this resource should be partly reallocated in the province for the promotion of local destination and product.

Today, each tour operator is asked to pay a **2 dollar fee** per person for an excursion or a full tour. Sometimes this fee is paid several times for a tourist as they can multiply the number of excursions. No clear indication is given

"Green trusts"

Some destinations benefit from the input of trusts. These kinds of structure don't seem to exist in Laos yet. Basically a trust would act as an investment body, where individuals, companies or even financial organizations would put some capital. The defined role of the trust would be to use the capital to create infrastructures and operate them. The profits are then redistributed by dividends. More and more "Green Trusts" specialize in the development of sustainable projects. For example, banks offer their clients to buy "green shares".

Most of these trusts can be found in developed countries and with a very large spectrum of activities. The model could however be reproduced very locally and with a smaller scope. E.g. Trust for the development of the HNN NPA, or all Lao NPAs as a matter of fact...

Annexes:

Development for the Tham Nomlot