

# **Pro-Poor Tourism Development in Viengxay, Laos: Current State and Future Prospects**

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*Since the Lao People's Democratic Republic (Lao PDR) first opened its doors to foreign tourists in the early 1990s, the number of tourists to the country has increased significantly. However, the Lao PDR remains one of the poorest countries in the world and tourism is seen by the Laotian government and by NGOs active in the country as a tool to alleviate poverty. Nonetheless, the Laotian government has until now lacked the financial means and know-how to enact a concerted and effective plan to use tourism to promote poverty alleviation in the country.*

*The paper investigates the current state of pro-poor tourism development in Viengxay and aims at gaining an impression of the actual and potential roles and motivations of various stakeholders within the endeavour of tourism for poverty alleviation. The paper concludes with an analysis of the opportunities and barriers to pro-poor tourism in Viengxay, in which the improvement of linkages between the private sector and local development is an important aspect.*

**Key Words:** Pro-poor tourism, Tourism development, Lao Tourism

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## **Defining poverty**

At the Millennium Summit in 2000, the United Nations declared the eradication of extreme poverty by 2015 as one of its Millennium Development Goals. A commonly used quantitative criterion for poverty is the guideline of per capita assets of US\$1 per day, set by the World Bank (2001). This monetary threshold, however, is only one aspect of the World Bank's holistic view on poverty as defined by factors such as consumption levels, social factors, exposure to risks and socio-political stability, in addition to material wealth. In this inclusive vein, the Asian Development Bank (ADB, 1999) defines poverty as "deprivation of essential assets and opportunities to which every human is entitled", and measures poverty in terms of lack of access to basic levels of nutrition, clean water, sanitation, education and health care, as well as employment and monetary income. Lack of access to these essential elements is indicative of intangible deprivations such as powerlessness and marginalization. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) also proposes a multi-dimensional definition of poverty, taking into account three aspects: "poverty of money, poverty of access and poverty of power" (ESCAP, 2005).

## **Pro-poor tourism background**

Pro-poor tourism refers to tourism that is developed in a way that furthers the cause of poverty alleviation. It has been defined simply as "tourism that results in increased benefits for poor people" (Pro-Poor Tourism Partnership, 2004). This same source classifies strategies for pro-poor tourism in terms of the type of local benefits achieved: "1) economic, 2) other livelihood benefits (such as physical, social or cultural), and 3) less tangible benefits". Referring to the three-faceted understanding

of poverty of money, poverty of access and poverty of power, ESCAP declares that planners and policy makers in tourism must define the task of poverty alleviation through tourism as broader than the raising of income levels above the poverty line for the greatest number of people (ESCAP, 2003).

The body of literature on pro-poor tourism is relatively new. In the late 1990s, a Department for Economic Development document (DFID, 1999) remarked on the dearth of attention to this topic in tourism discourse at the time of its publication. Scheyvens (2007) chronicles the evolution of thinking on the relationship between tourism and poverty, from the 1950s paradigm of tourism as a modernising factor that intrinsically benefited the poor of developing countries, through discourses of the disenfranchisement of the poor from tourism prevalent in the 1970s and 1980s, to a renewed belief, in the 1990s, in the potential of tourism for poverty alleviation, albeit with a focus on bottom-up local initiatives rather than top-down ‘modernisation’ schemes.

Frameworks for pro-poor tourism have been emerging over the past decade. Roe (2001) gives a summary of the conceptual and historical bases of pro-poor tourism, and discusses in detail the roles of different stakeholders – including the poor themselves as well as businesses, government, NGOs –as well as a critical assessment of what can be done by these different stakeholders to support the success of pro-poor tourism. The Pro-Poor Tourism Partnership (PPT) is a cooperative research initiative of the International Centre for Responsible Tourism (ICRT), the International Institute for Environment and Development (IIED), and the Overseas Development Institute (ODI), responsible for much of the groundbreaking work in establishing research in pro-poor tourism (Ashley et al., 2001). The Pro-poor Tourism Partnership has also

published an Annual Register tracking developments in pro-poor tourism over the previous year.

### **Pro-poor tourism in practice**

Pro-poor tourism is not a tourism niche but an approach to tourism development. It is distinct from, but related to, other emerging approaches to tourism such as community-based tourism and ecotourism. There is a growing body of literature on methods of pro-poor tourism development. The Worldwide Fund for Nature (WWF) has issued guidelines intended to aid in the decision-making process of developing pro-poor tourism, including judging the appropriateness, viability, involvement of stakeholders and the production of viable and attractive tourism products (Denman, 2001). Jamieson, et al. (2004) address the issue of how impacts of tourism on poor host communities can be assessed and propose a methodology grounded in past experience. The United Nations Economic and Social Commission for Asia and the Pacific (ESCAP, 2003) has published a lengthy and detailed source of practical guidelines for the principles of planning, developing and managing tourism in a pro-poor manner. A later publication by the same body (ESCAP, 2005) presents papers from a 2003 seminar, held in Kathmandu, on experiences from ESCAP pro-poor tourism projects in different Asian countries.

Pro-poor tourism, as actually practiced, differs depending on the specific conditions of the different cultural contexts within which it is applied. There is no common “blueprint” or widely-practiced standard model of this type of tourism (Sofield, et al., 2004: 6-7). Pro-poor tourism case studies from different projects in different locations elucidate the variety of forms taken, and challenges and opportunities faced, in different situations, as well as the commonalities among

various examples. Bowden (2005) writes about pro-poor tourism applications in rural China. In Kim Bong village in Vietnam (EPRP, 2006), cultural differences between host and tourist are seen as barriers to capacity building for pro-poor tourism development. Walpole and Goodwin (2000) remark on difficulties in achieving distribution of benefits from pro-poor tourism to the poor in a case study from Indonesia. Goodwin (2002) reports on the results of a study on the potential of linking pro-poor tourism and conservation by analysing the experiences of four national parks in developing countries. Spenceley and Goodwin (2008) concentrate on one such endeavour at the Kruger National Park in South Africa. Ashley, Roe and Goodwin (2001) assemble case studies of pro-poor tourism projects around the world and reflect upon the collective experience of these projects to propose some conclusions regarding the factors influencing the impact of tourism on poverty.

### **Pro-poor tourism in context**

As described by Mowforth and Munt (2003), pro-poor tourism is an outgrowth of the broadening scope of the idea of sustainable tourism to encompass socio-cultural and economic, as well as environmental, sustainability. Yunis (2004) articulates the importance of tourism for poverty alleviation within the broader endeavour of sustainable tourism and discusses the links between environmental, socio-cultural and economic aspects of sustainability in tourism. However, different aspects of sustainability in tourism can sometimes be at odds, such as in cases in which tourism development intended to alleviate poverty leads to negative environmental side effects. Gössling (2001) for instance, writes of the unsustainable water use practices brought by the development of tourism on Zanzibar.

The tourism sector is in actuality composed of many industries that span many economic sectors, such that its contributions to an economy are broad-based and diverse. This indicates that the potential ways in which the poor could benefit from tourism are diverse and distributed (Sofield, et al., 2004: 10). The Overseas Development Institute (ODI, 2006) proposes a so-called “linkages approach” to optimising positive impact of tourism on the local economy by creating strategic linkages between tourism companies and local economies. The linkages concept is adopted by other authors as well. Van der Duim and Caalders (2008) analyse “tourism chains” that link pro-poor tourism initiatives and tourism operators in Costa Rica and the Netherlands. Meyer (2007) deals with the issue of linkages specifically in the accommodation sector, and proposes a conceptual framework for understanding opportunities for preventing leakages of benefits away from the local poor community.

### **Critiques and limitations of pro-poor tourism**

Despite its benevolent intentions, pro-poor tourism has its share of critics. Some researchers (Goodwin, 2007, Blake, et al., 2008) point out that there is as yet little research to provide concrete substantiation of claims that many so-called “pro-poor” tourism initiatives are actually bringing the desired improvements to the living conditions of the poor. Others nonetheless claim to identify such a link. For instance, Yunis (2004) claims that tourism was instrumental in lifting Botswana out of least developed country (LDC) status in 1994. There is however no clear set of indicators by which impacts can be measured (Sofield, et al., 2004: 5). Cleverdon and Kalish (2000) also write on the difficulties of channelling the financial benefits from tourism, including loans and foreign investment, to grassroots poor communities. Unequal

distribution of the benefits of pro-poor tourism among the local poor is another problem, as reported by Goodwin (2002) in a study on the Komodo National Park in Indonesia that indicated that communities near the entrances of the Park received 99% of tourism revenues. Blake, et al. (2007) echo this finding in a study in Brazil, which found that gains from pro-poor tourism were proportional to pre-existing household income, with higher and middle income families benefiting more than those with low incomes.

Ashley, Roe and Goodwin (2008) provide a recent critical appraisal of the successes and failures of current pro-poor tourism practice, remarking on the niche or marginal nature of the contexts in which this type of tourism has been developed to date, and its lack of success in gaining application in mainstream or large-scale tourism. This seriously limits the potential effects of pro-poor tourism. Brohman (1996) argues that mechanisms are needed to spur more government and community involvement and cooperation in pro-poor tourism, to overcome its current shortcomings.

Sofield et al. (2004) remark that the very term 'pro-poor tourism' can tend to alienate stakeholders in the tourism industry such as managers, investors and tourists themselves, who may interpret the term to indicate that their own interests will be subjugated to, or compromised by, the interests of poverty alleviation in such contexts. Meyer (2003, cited in Sofield et al., 2004: 4) argues for replacing mentions of pro-poor tourism or tourism for poverty alleviation with the WTO's acronym ST-EP (Sustainable Tourism as a tool for Eliminating Poverty).

Zhao and Ritchie (2007) claim that, despite increasing governmental and NGO initiatives in pro-poor tourism, the academic community has been lagging behind in addressing this issue in a concerted way. They present an integrative framework to

help overcome the lack of coordination and communication between scholars working on the topic. Chok, Macbeth and Warren (2007) refer to strong ideological divisions in approaches to pro-poor tourism and call for a rethinking of the potential of pro-poor tourism that acknowledges the fundamental barriers posed by inequalities in the contexts within which it operates.

### **Poverty and poverty alleviation in Laos**

The population of Laos is around six million, 87 percent of whom are rural residents. Laos has the lowest population density of any Asian country. In 2003, 51 percent of the Laotian GDP was derived from agriculture, with service and industry accounting for 26 percent and 23 percent, respectively (Country Report, 2006: 6). Sixty-eight ethnic groups are native to Laos, with ethnic minorities making up 40 percent of the population. As of 2004, an estimated 280,000 families, representing 45 percent of villages in Laos, still rely on slash-and-burn agriculture for their subsistence (Evrard and Goudineau, 2004: 937). Current Laotian government programs aim at the elimination of opium farming and slash-and-burn agriculture, and the increasing integration of remote areas of Laos into the national market economy (Suntikul, 2007).

Laos has been classified as a Least Developed Country (LDC), with 71 percent of its people earning under US\$2 a day in 2004, and 23 percent under US\$1 a day. However, the incidence of poverty, defined by the Laotian poverty line of US\$1.5 a day, from 46 percent in 1992-93 to 33.5 percent in 2002-03 (World Bank, 2006). A number of definitions of poverty have already been discussed earlier in this paper. The June, 2001 Instruction 010, issued by the Laotian Prime Minister, defined poverty as “the lack of ability to fulfill basic human needs such as not having enough food,



lacking adequate clothing, not having permanent housing and lacking access to health, education and transportation services” (NPEP, 2003). The Instruction lays out quantitative criteria for the definition of poor households, poor villages and poor districts.

Among the specific targets of Instruction No. 10 were the achieving of an annual economic growth of 7 percent, the reduction of poverty levels by half by 2005 and the elimination of “mass poverty” by the year 2010. The Laotian government issued an Interim Poverty Reduction Strategy in 2002. The 2003 National Poverty Eradication Programme (NPEP) set goals for the reduction of poverty, establishing milestones to be reached by various points between 2005 and 2020, prioritizing projects of industrialization and modernization as means towards these goals. The NPEP was upgraded to the National Growth and Poverty Eradication Strategy (NGPES) in 2004, which was succeeded in 2006 by a new NGPES for the years until 2010 (NPEP, 2003).

Regardless of the official definition of what constitutes “poor”, the perception of poverty is always dependent on context. Within Laos, Harrison and Schipani (2007) remark on the case of Don Tet Tok village on Don Det Island in Champassak, in which about 20 percent of the households were judged as poor by the village’s Head Man by his own criteria, but as many as 90 percent lacked a toilet or were housed in temporary buildings, meeting the Laotian authorities’ definition of poor. Over two-thirds of the villagers assessed themselves as poor, but the criteria for this assessment were in non-monetary terms, the most common of which has to do with one’s rice self-sufficiency.

The majority of the poor in Laos are ethnic minority rural farmers practicing slash-and-burn (swidden) agriculture. However, while such communities were classified as impoverished by external numerical criteria, the villagers did not necessarily perceive themselves as poor, as long as their village was able to satisfy the sustenance needs of all of its members. Perception of poverty or well-being, accordingly, is closely related to undisrupted agricultural yields and not to a money economy (NPEP, 2003). This also exemplifies the importance of the well-being of the village to the well-being of each individual therein. Food security, especially rice sufficiency, is a central concern within the NPEP, meaning that the agriculturally-based Laotian economy must be sufficient to provide its own population with rice. The major causes of poverty in Laos tend to be factors that interrupt agricultural cycles. The causes, as listed by the World Bank (2006: 29) are: “(i) problems associated with land; (ii) livestock loss due to lack of veterinary services; (iii) lack of cash investment to make livelihood improvements; (iv) natural disasters; (v) environmental problems; and (vi) lack of water for agriculture”.

### **Pro-poor tourism development in Laos**

The Asian Development Bank and the Greater Mekong Subregion (ADB/GMS) have declared eleven “flagship programs” for furthering the subregion’s Millennium Development Goals. Tourism development is one of these programs. There were fifty-six international NGOs working in poverty-reduction related projects in rural Laos in 2000, compared to thirteen in 1985 (Chitthalath, 2006: 5). The encouragement and facilitation of community-based pro-poor tourism is one of the top priorities of the tourism development strategy of Laos. Other elements of the strategy that support the

pro-poor tourism agenda include the development of micro-scale tourism infrastructure, capacity building for communities, programs to encourage the participation of ethnic minorities and women as well as other training programs (World Bank, 2006: 106).

### **Ideological background**

Pro-poor tourism is often presented as a component of the broader program of sustainable tourism. Sustainable tourism was defined by the World Tourism Organisation (WTO) in 1988 as “leading to the management of all resources in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems”. Ecotourism is currently a much-discussed topic in sustainable tourism, and is currently a high priority of the Laotian government, and this type of tourism is explicitly linked to poverty alleviation (UNDP & LNTA, 2006). The Nam Ha Ecotourism Project (NHEP) in Luang Namtha is a test case and forerunner for subsequent ecotourism development projects in other locations in Laos, and exemplifies the linking of ecotourism development and poverty alleviation (Suntikul, 2007). The improvement of the standard of living of the least well-off members of the host community was a conscious goal of the project. However, Ashley, et al., (2001: 1) declare that, while ecotourism development tends to aim at protection of the cultural and environmental aspects on which tourism is based, it is much less successful in addressing the livelihood of the poor people themselves.

Much pro-poor tourism development is connected to community-based models of tourism development. Harrison and Schipani (2007) point out that community-based tourism and the private tourism sector are co-dependent in Laos. They go on to

admonish against assuming that a success model like the NHEP could be taken as a template that could be applied throughout the country, and indicate the need for further research to explore what different modes of tourism development may be in the best interest of pro-poor tourism for different locations in Laos. Neudorfer (2006: 7) writes that the Western ideals of equality, sustainability and ecology that underlie CBT are often imposed upon non-Western societies, requiring that locals adhere to the principles of these ideals in order to gain the benefits of PPT.

### **Distribution of benefits**

The number of jobs directly related to tourism in Laos was estimated at 18,000 in 2005, with a total of 321,155 jobs directly or indirectly attributable to tourism (Lao PDR: Country Report, 2005: 33). Tourism businesses in Laos tend to be small and locally-run, founded by individuals taking advantage of perceived market opportunities, without much planning and without the support of either government or NGOs (Harrison and Schipani, 2007). While it is advantageous for the goal of poverty alleviation that a greater proportion of the earnings from tourism is thus going directly to the local providers, without government oversight or control the channeling of benefits and the assessment of impacts is far from optimal.

In an example of this phenomenon, following an analysis of the accommodation, food and beverage, handicrafts and excursions sub-sectors in the popular tourist destination of Luang Prabang, Ashley (2006: vi) estimated that \$6 million dollars annually, or about 27 percent of the city's total receipts from tourism, were going directly to the local producers, suppliers and tourism workers. Most of those benefiting directly financially from tourism, however, were concentrated within the town of Luang Prabang, as opposed to its rural surroundings. Even within

communities hosting community-based tourism (CBT), the distribution of the benefits from tourism is uneven. A survey from four CBT contexts in Laos also revealed that 20 percent of families received no income at all from tourism in the first six months of 2005 while 18 percent earned over US\$50, with the remainder distributed between these extremes (UNDP & LNTA, 2006). Oula (2006) remarked that the more financially well-off families gained more benefit from the NHEP, because of their influence within the communities.

Leakages are another major concern in the tourism sector of Laos, which relies on imports to address the needs and expectations of tourists. It is estimated that 31% of the cost of providing tourism services is represented by leakages (UNDP & LNTA, 2006), indicating the importance of measures to get tourism revenues directly to local people. The balance for 2005 for the entire Laotian economy was \$207 million in imports against only \$141 million in exports. This effect is mitigated in the tourism industry in Laos by the very low proportion of foreign workers in tourism in Laos (just 1 percent), but is exacerbated in cases such as the construction of accommodation, in which 76% of all construction materials were imported, according to 2005 data (ibid).

The private business sector in Laos is attracting many foreign donors. The most prominent donor for the tourism sector in Laos is the Asian Development Bank (ADB). Most of these donations go towards infrastructure projects, with a lack of attention given to capacity building – such as training in service skills and English language proficiency and improvement of tourism products (World Bank, 2006) – that would have a more direct effect on the tourism earning potential of individuals.

## **Viengxay Background**

Viengxay is a district within Houaphanh Province, a largely unspoiled and undeveloped remote forested region of Laos that is also the country's poorest area. As of 2005, Viengxay had a total population of 31,457 (Conservation Approaches to the Viengxay Cave Sites and Surrounding Area, 2005: 18) and is listed as one of the 47 poor districts identified as priority sites for development (<http://www.invest.laopdr.org/RTM.htm>). The most distinguishing landscape feature of Viengxay is a complex of limestone karst caves.

During the US/Vietnam war from 1963-1973, Laos was drawn into a "secret war". The country was divided into two camps: the US-supported royalist army and the Lao Communist party troops. Because of its inaccessibility, the Lao Communist Party (Pathet Lao) used Viengxay as their headquarters, which soon became a key US bombing target. To escape the bombardment, over 23,000 people hid in up to 480 caves in Viengxay for about nine years (Laos Opens Wartime 'Cave City' to Tourism, 2007). During this time, the underground network functioned as a "hidden city" with a hospital with Cuban doctors, a school, supermarket, temples, theatre, government offices and other amenities. After the war, the caves were abandoned and it wasn't until the late 1990s that a few caves were re-opened for visitors. Because of this significant historical feature, the President of Laos designated Viengxay as a National Heritage Site in 2005.

Current tourist traffic to Viengxay is low, due in part to the difficulty of access to the area for both Laotian and foreign travellers, as well as a low level of development of interpretation at the site. Most tourists visit Viengxay on a day trip from Sam Neua. The total number of visitors to the caves between 2000 and 2003 was

1,679. During the first six months of 2005, 2,639 tourists visited the caves. Of these, there were 459 foreign tourists and 2,180 Laotian tourists (Pontin, 2005: 8).

However, a recently opened highway and border crossing to Vietnam and plans for a local airport to encourage economic and tourism development are signs that the area is becoming more accessible. Since 2006 the United Nations World Tourism Organisation (UNWTO) has been supporting pro-poor tourism projects in the area to try to optimise the benefits of the expected development of tourism to Viengxay's poor inhabitants. Members of the Pacific Asia Travel Association (PATA), the Dutch Development Organisation SNV and the Lao National Tourism Administration (LNTA) plan to develop the Viengxay caves as a tourist destination and a World Peace site. In 2007, the PATA Foundation also awarded a grant to the Kayson Phomvihane Memorial Tour Cave Office to support the research and development of an audio tour (Mekong Tourism Office, 2007). The vision for Houaphanh is to become one of the top three most visited provinces in Laos (ADB, 2005). In 2005, there were only 3,175 tourist arrivals in Houaphanh (LNTA, 2006). Viengxay has recently received some international media attention regarding the tourism development potential of the caves, an indication that the place has been 'discovered'.

### **Research Project**

This study stems from a programme of research carried out by the School of Hotel and Tourism Management of the Hong Kong Polytechnic University in collaboration with SNV. The goals of this research project included the collection of baseline data,

the investigation of the potential for pro-poor tourism development in Viengxay and examination of the local population's perception of tourism.

The field study was carried out in June and July of 2006. Semi-structured focus group interviews were conducted in thirteen villages in Viengxay, which are expected to be directly or indirectly affected by future tourism development. The villages studied have populations ranging from 202 to 880 people. The focus groups were composed of around 12 adult villagers. According to Evmorfopoulou (1996) four to twelve participants is the ideal range of sizes for focus groups. Morgan (1988) suggests an over-recruitment of 20% to compensate for non-attendees, but non-attendance was far greater in some of the Viengxay focus groups. June and July is rice-planting season in Viengxay and this posed an obstacle to the gathering of villagers for interviews. During this season, many villagers stay in their fields overnight rather than returning to the village, because the rice fields and their houses are often far apart from each other. Despite having made prior arrangements, on several occasions the research team arrived in a village and no villagers were present, except the village leader. In this case, the village leader was asked to gather a group of participants for a rescheduled meeting at a later date.

The focus group interviews were conducted in Laotian by the first author and with a Laotian co-moderator who ensured that all the questions were covered. Each interview took between 75 and 90 minutes. The focus group discussions took the form of meetings with representatives of different social categories. The researcher aimed to get a balance of genders and age groups in each of the villages, as well as to ensure that members of the village committee were part of each focus group.



In addition to the focus group interviews, the research team and SNV engaged four assistants to collect data for baseline monitoring of the thirteen villages. As it would have been beyond the resources of this research to collect data from all households in the villages, the research team conducted surveys with 10 per cent of the total households of each village. This represents 213 households (about 1,227 people). The data was analysed using SPSS software.

In order to gain a multivalent and holistic understanding of the current situation in Viengxay, this paper incorporates data derived from the baseline monitoring and the focus group interviews in the thirteen villages, as well as from interviews with the Viengxay Caves' Vice Director, the Director of the Provincial Tourism Office, and private tourism business operators.

### **Local Profile**

According to the collected baseline data, farming is the most common occupation in the 13 villages. Over 60 percent of people had completed junior high school and about 28 percent had completed high school. The households reported monetary income from growing and selling produce and livestock. Some families received income from seasonal labour during the dry season. Three of 213 families had an estimated annual income of zero. The rest of the families' annual money ranged from 200,000 kip (about US\$20) to 240,000,000 kip (US\$24,000). However, it should be noted that the highest income was earned by only one family.

When queried about the food supply situation of the family, 160 of 213 replied that the food supply was adequate during the whole year. The other 53 said that there are times of year, ranging from one month to ten months, when they don't have

enough food. To not have sufficient food most likely means to not have sufficient rice. Wild game and vegetables can always be gotten from the surroundings, but rice must be cultivated or bought. Those who grow their own rice thus have a reliable source of food and are less likely to perceive food supply problems. Farming is the most popular occupation for men in these villages. One hundred per cent of men in three of the villages are engaged in farming, in two more the percentage is 90 percent and in one village 85 percent. In four other villages the proportion of farmers among the male population varies between 5 and 36 percent.

Six villages had a village development fund such as saving, rice bank, farming, livestock, handicrafts and weaving activities. Within 2005 and 2006, there were development projects in seven of the villages. In six of the villages, water supply and / or irrigation projects were sponsored by the Laotian government's Poverty Reduction Fund. The Asian Development Bank sponsored the development of a primary school in two of the villages. AusAid had water supply projects in two of the villages and there was one project by Lao/Australian economic and health / well-being development.

### **Tourism Involvement**

Tourism is still in the very early stages of development in Viengxay, with very low traffic and low involvement of local people. At the time of this research in 2007, for example, there were only four guesthouses, each with a restaurant, in Viengxay town, with a total of about 30 rooms, and none in any of the villages. A total of only fourteen families of the 213 surveyed claimed any income from tourism. The total income from tourists is 33,573,500 kip (US\$3,903). However, the revenue from tourists is expected to be higher as the survey only represents 10% of the 13 villages.

Each of the eleven families that gave information to the exact nature of the source of their tourism income received it from a different economic activity. These activities included fixing cars for tourists, renting rooms in guesthouses, retail, weaving, and selling items such as pineapple seeds, cloth, alcohol, noodles and clothing. All those giving information to the specific product they produced and sold mentioned “weaving”, “Lao skirts”, or “weaving Lao skirts” indicating a narrow spectrum of products. None of the families surveyed has the ability to produce clothing, jewellery, baskets / bags, pottery or woodcarving.

### **Local people**

According to the results of the focus group interviews, the people of these villages do not consider themselves as poor, even though the majority of them are well within all quantitative definitions of poverty. This confirms the finding of the Eighth Roundtable Meeting (2003:29) that the Laotian people do not consider themselves locked in a cycle of poverty. This is because they still consider food (rice) sufficiency, not monetary income, as the basis of well-being, and their perception of well-being is more dependent on the health of the agricultural cycle than financial input. Accordingly, when asked if they would leave their current job for a tourism job, most villagers stated that they would not, as the agrarian lifestyle is a crucial part of their culture and identity. Farmers expressed that if they were to abandon their rice farms, they would not have rice to eat and would have to buy rice. However, they would like to work in the tourism industry as a secondary job.

Despite not considering themselves poor, the terminology of “poverty alleviation” arises often in the ways that local people talk about their aspirations from tourism. This could reflect their exposure to governmental programs on the topic. The

government holds meetings with the villagers, at which they are both given information and asked for their own questions or opinions on various topics, including poverty alleviation but not specifically about pro-poor tourism. However, the disjuncture between villagers' use of such terms and their lack of perception of being poor themselves indicates that there may be little understanding among the villagers as to the meaning of "pro-poor tourism" or indeed of poverty.

Tourism is also a relatively unknown concept for the villagers. Participants from all thirteen villages expressed that they don't understand tourism and the motivation of tourists, such as who organises them and what is their motivation for coming to these remote villages. They would like to have a better understanding about tourism and tourists. Local people from the focus groups recognise that they have potential tourism products (such as homestay, restaurants and shops) but point to a lack of government organization to facilitate the systems necessary to support such practices. Current practices show that villagers still often do not consider hospitality as a monetary gain activity. Many villagers have offered tourists some food and drink, sometimes showing them around the caves without asking money. One villager said "when we offer food to tourists, we don't need to ask for money. We should be proud of ourselves, asking for money makes us lose face".

The villagers recognize their lack of skills for tourism. When asked about what kind of training they would like to obtain, the answer from all 13 villages is unanimous. They would like to have English training so that they could communicate with foreign tourists. Other fields of training mentioned by them are cooking, learning new weaving patterns, and instruction in how to run tourist businesses and services. They also mentioned that they would like to know what tourists need and want so that they can prepare themselves to better serve tourists.

All focus groups want to reap benefit from tourism, but lack capital to start-up a tourism business, and are too poor to qualify for loans or make investments, similar to the situation mentioned by Cleverdon and Kalish (2000: 178). Local people acknowledge tourism as potential source of income, but don't know how they can participate, and don't see monetary value of the services they provide. They believe they have no products to sell or knowledge of what tourists want to buy or eat. At the current stage, benefits from tourism are seen as non-economic and intangible. Villagers acknowledge that tourism development will bring extra income to the villages and aid in the endeavour of poverty alleviation. Tourism development is also seen as a symbol of modernity, improvement and progress. One villager expressed that "if we don't develop tourism, the village will remain the same". Villagers feel that cultural exchange with outsiders is also one of the main reasons to develop tourism in their areas. Reasons for wanting to develop tourism include improving livelihood, gaining income, alleviating poverty, self-improvement, cultural exchange and helping to preserve their local cultural heritage.

### **Private sector**

As elsewhere in Laos, most tourism related businesses in Viengxay are small-scale operations run by locals. Thus those receiving the most direct income from tourists tend to be local people, and leakages are correspondingly low. However, the local financial benefit from tourism seems to be focused on a few entrepreneurs and their employees involved in conventional tourism businesses, without attention to spreading the benefit more broadly among the population. Some owners of these businesses often came from poor farming backgrounds themselves, the staff members of such businesses are usually family, with possibly a few other local employees, and

the expansion of successful businesses will certainly bring the employment of more local people. This provides a few illustrative individual success stories, but the tourism sector is certainly too small-scale for this type of entrepreneurship to be seen as a viable path out of poverty for a substantial number of the population, especially in view of their attachment to an agrarian lifestyle mentioned in the previous section.

As tourism in Viengxay is still in its early stages of development, the number of private operators is small, they are also relatively poor and lack experience and know-how in tourism. Like the local residents who participated in the focus groups, private commercial tourism operators acknowledge that they lack a holistic understanding of tourism, as well as lacking specific skills to cater to the food and accommodation needs of tourists, as well as to improve their English language skills. Unlike local residents, though, commercial operators are receiving governmental training (but no financial support) in these areas. Private sector operators seem to receive no motivation or guidance from the government to practice tourism for poverty alleviation, nor indeed information about pro-poor tourism. Interviews with tourism businesspeople in Luang Prabang indicated that they are first and foremost concerned with sustenance of their own business, without the luxury of being able to take a broader view of the effects or significance of what they do.

Most tourism businesses, including accommodation and restaurants, are concentrated in the provincial capital of Sam Neua. This presents an obvious barrier to the distribution of the benefits of tourism for poverty alleviation. Most people visit Viengxay on a day trip from Sam Neua but do not spend much if anything while there. There are very few tourism businesses based in Viengxay, and no souvenir shops. Most of the existing businesses in the area are aimed at the local Laotian market. According to informal interviews with shop owners in Viengxay, the largest

town in the area of the Viengxay Caves, a large number of shop owners in the town market area are Chinese emigrants, selling goods that they import from China. These foreigners have more capital and more business know-how than locals, and if the commercial tourism sector expands in the area without government regulation, the Chinese will have a great advantage over local villagers and will quickly dominate the market, increasing leakages.

### **Tourists**

Encouraging more direct tourist expenditures in the Viengxay area is an important measure in maximizing the gains from tourism to the poor local communities. The historical site of the caves is the main attraction for tourists in the area, but tourists expressed a desire to spend more time in the area and visit other sites and villages, but have no information about the area. However, the average length of stay in the area is just two days. A number of factors discourage longer stays, such as the very limited choice of restaurants and accommodation, as well as a lack of available information on the amenities of the area before they make the trip, and a lack of Internet access when they arrive. Beneficially, a previous limitation of tourist visas to 15 days was extended to another 15 days in 2007, increasing the chances of tourists having time to visit more remote locations such as Viengxay and spend more time and money while they are in those locations.

### **Government**

The private sector gets very little support from governmental or NGO sources. A general mood of mutual mistrust exists between governmental / NGO bodies and

private tourism operators in Laos (Harrison and Schipani, 2007b: 98). Consequently, there is little communication between private and public bodies, meaning little regulation and little accountability. According to the interview, one government official's perception of his role included: informing local people about tourism, collaborating with all tourism stakeholders, and finding investment abroad (interview). However, there is little indication that these tasks are actually being fulfilled. From on-site observations and discussions, it seems that the Houaphanh PTO (Provincial Tourism Office) is content to leave such organization and communication to SNV, the NGO involved in pro-poor tourism development in the area.

The management of the Viengxay Caves is administered by the Provincial Government, but tourists have complained that the management lacks efficiency and there are often no staff at the caves when they arrive. In general, government managed facilities have less motivation for service or improvement.

The Director of the PTO mentioned his desire to see other caves in the area developed for tourism by a private operator. The manager of a hotel in the area revealed that he is renting the hotel from the government. When it was run by the government, the hotel was not improved at all, and staff had no motivation to perform. Since he took it over, he has added showers, Internet access, a restaurant and other amenities and instituted new staff policies, turning the hotel into a profitable business.

## **Conclusions**

A number of favourable conditions for pro-poor tourism development are already in place in Viengxay. The local people are open to tourism, motivated to participate and somewhat aware of the risks and benefits of tourism for poverty alleviation. Strong



attachment to the sustenance-based value system of rice sufficiency indicates a strong existing agricultural base that would be supplemented, not supplanted, by tourism. Within the province, if not in the remote villages surveyed, the commercial base consists primarily of small, locally-owned businesses employing local people, with low reliance on imports (except in the accommodation sector), leading to low rates of leakage.

However, there is a lack of development in the linkages that could optimize the fulfillment of the pro-poor agenda. Practical skills training in basic skills of service and food preparation is available for tourism businesses, in order to support the money-earning potential of operators in the industry, but there is no apparent effective exercise of government control or planning, nor a clear program for educating commercial operators about the theory or practice of pro-poor tourism or monitoring their practice. There is also no training for, or facilitation of local people's participation in pro-poor tourism development at the grassroots level. These missing linkages need to be bridged to make pro-poor tourism in Viengxay a success.

One recommendation is to establish an inventory of pro-poor tourism assets at the provincial and local levels and to form strategic linkages between these assets in terms of strategies for establishing flows of information, control, communication, influence, money and tourists. In the context of Houaphanh Province, where none of the stakeholders have access to substantial funding, and where tourism volume is low; it is important to maximize the direct flow of tourist expenditures to local people. The effective linking of the private commercial sector into the pro-poor tourism economy, and especially the encouragement of investment in the locality by private businesses, is an important aspect of pro-poor tourism development (ODI, 2006; Ashley and Roe, 2003). There is the danger of discouraging business initiatives by imposing too many

constraints or responsibilities, especially on the type of small, privately owned operations that characterize the local tourism trade, but effective linkages should enable rather than constraining. Private investment in the development of tourism in Viengxay could be encouraged by promise of return on investment by granting investing companies more favourable conditions in organizing tours to the villages or other privileges.

Initial government expenditures on tourism infrastructure and facilities in the villages can facilitate tourism development, but the sustaining of this development depends partly on the transferal of skills, knowledge and control to the local people but also on the establishing of conditions within which such tourism can succeed, including dissemination of information about the pro-poor tourism amenities of the area to tourists, regulating tourism businesses bringing tourists to the area to better organize flow of tourists and to tie activities that bring direct income to the villages into the itineraries of tour providers from Sam Neua, and other such measures that are more a matter of planning and regulation than of expenditures.

Despite quantitative indications to the contrary, the local people of Viengxay do not perceive themselves as poor, but they recognize the potential of tourism to bring improvements to their livelihood. Villagers in the focus groups welcomed tourism, but not primarily for monetary gain. The benefits of tourism anticipated by the villagers were associated with bolstering local pride of place, catalyzing the preservation of their cultural heritage such as the history of the Viengxay caves and traditional handicrafts, and gaining cultural exchange through contact with tourists. An important consideration of pro-poor development in the area will be avoiding the imposition of outside ideas of well-being onto this society, while encouraging the establishment of linkages that will bring real benefits to the well-being of these

people, rather than forcibly replacing their existing value system with a value system within which they are categorized as an underclass in need of emancipation. Only time will tell whether tourism will be a substantial contributor to the alleviation of poverty in this remote part of Laos.

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