# RAPID MARKET
# ASSESSMENT
## OF RESPONSIBLE
## TOURISM
## IN VIETNAM
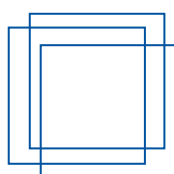## 2017

# the LAB

**MARKET SYSTEMS DEVELOPMENT FOR DECENT WORK**

# RAPID MARKET ASSESSMENT OF RESPONSIBLE TOURISM IN VIETNAM 2017

# CONTENTS

# ACRONYMS

| | | | | |
|---|---|---|---|---|
| **ADB** | Asian Development Bank | | **MRA** | Mutual Recognition Agreement |
| **AEC** | ASEAN Economic Community | | **MSME** | Micro, Small and Medium Enterprises |
| **AHK** | Aussenhandels-Kammer | | **M&E** | Monitoring and Evaluation |
| **ASEAN** | Association of Southeast Asian Nations | | **NGO** | Non-Government Organization |
| **BDS** | Business Development Services | | **PPD** | Public Private Dialogue |
| **BoD** | Board of Directors | | **PPP** | Public Private Partnership |
| **BMO** | Business Membership Organisations | | **PSC** | Project Steering Committee |
| **BSS** | Business Support Services | | **PSD** | Private Sector Development |
| **CBO** | Community-based Organisation | | **PMU** | Project Management Unit |
| **CBT** | Community-based Tourism | | **RMA** | Rapid Market Assessment |
| **CC** | Climate Change | | **RT** | Responsible Tourism |
| **CDF** | Community Development Fund | | **RTC** | Responsible Tourism Club |
| **CLMV** | Cambodia, Laos, Myanmar, Vietnam | | **SDC** | Swiss Development Cooperation |
| **CPV** | Committee Communist Party of Vietnam | | **SDG** | Sustainable Development Goal |
| **CRED** | Centre for Rural Economy Development | | **SECO** | Swiss Secretariat for Economic Affairs |
| **CREST** | Center for Responsible Travel | | **SIYB** | Start and Improve Your Business |
| **DCST** | Department of Culture, Sports and Tourism | | **SME** | Small and Medium Enterprises |
| **DMO** | Destination Management Organisation | | **SOE** | State-owned Enterprise |
| **DMC** | Destination Management Company | | **TAB** | Tourism Advisory Board |
| **EC** | European Commission | | **TIC** | Tourist Information Centre |
| **ESRT** | Environmentally and Socially Responsible Tourism Capacity Development Pro-gramme | | **TNA** | Training Needs Assessment |
| | | | **ToR** | Terms of Reference |
| **EU** | European Union | | **ToT** | Training of Trainers |
| **GIZ** | Deutsche Gesellschaft für Internationale Zusammenarbeit | | **UNESCO** | United Nations Educational, Scientific and Cultural Organization |
| **GDP** | Gross Domestic Product | | **USD** | United States Dollar |
| **GSTC** | Global Sustainable Tourism Council | | **VBF** | Vietnam Business Forum |
| **HCMC** | Ho Chinh Minh City | | **VC** | Value Chain |
| **HR** | Human Resources | | **VCA** | Value Chain Analysis |
| **IAI** | Initiative for ASEAN Integration | | **VCD** | Value Chain Development |
| **ILO** | International Labour Organization | | **VGGS** | Vietnam Green Growth Strategy |
| **ITB** | Internationale Tourismus Boerse | | **VISTA** | Vietnam Society of Travel Agents |
| **ITDR** | Institute for Tourism Development and Research | | **VITA** | Vietnam Tourism Association |
| | | | **VITEA** | Viet Nam Tourism Education Association |
| **LED** | Local Economic Development | | **VNAT** | Vietnam National Administration of Tourism |
| **LRED** | Local and Regional Economic Development | | **VTOS** | Vietnam Tourism Occupational Standards |
| **MCST** | Ministry of Culture, Sports and Tourism | | **WTTC** | World Travel & Tourism Council |
| **MOLISA** | Ministry of Labour, Invalids and Social Affairs | | **WWF** | World Wild Fund |

# ACKNOWLEDGEMENTS

# EXECUTIVE SUMMARY

In order to assess the feasibility of a possible future project 'Responsible Tourism and Competitiveness in Vietnam' envisaged by the Swiss Secretariat for Economic Affairs (SECO) for funding, the ILO has commissioned the preparation of a rapid market assessment (RMA) of Vietnam's tourism sector. The RMA is expected to provide a basis for the development of a detailed project document.

During the last decade, tourism has developed into an important economic sector in Vietnam. Growth rates of international and domestic tourists are staggering. In 2016, 10 million[1] foreign visitors and 62 million[2] domestic tourists travelled in the country. On the other hand, the tourism sector faces serious challenges. Supply of skilled and professional tourism workforce and transport infrastructure cannot follow the growth rates of travellers.

The Vietnamese Government has recognized both the relevance of the tourism sector for its future economic development and the issues the sector is facing. Recently, the Politburo of the Central Communist Party declared tourism to be one of two spearhead economic sectors of the country. A revised tourism law will be launched in mid-2017, incorporating responsible tourism principles.

The concepts of responsible and sustainable tourism have been introduced by a European Union program in recent years and are widely disseminated in Vietnam. In this study, responsible tourism is considered any form of tourism that maximizes the benefits to local communities, minimizes negative social or environmental impacts, and helps local people conserve fragile cultures and habitats or species.[3] Sustainable tourism, on the other hand, is a type of tourism that respects local people and the traveler, cultural heritage and the environment. It seeks to provide tourists with an exciting and educational holiday while also benefiting the people and the environment of the host country (SECO 2017). Both types of tourism are based on the pillars environment, economy and socio-culture and both look at the impact of tourism and less at market segments. Responsible and sustainable tour-

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1. see http://vietnamtourism.gov.vn/english/index.php/items/11311
2. see http://vietnamtourism.gov.vn/index.php/items/13460
3. http://responsibletourismpartnership.org/cape-town-declaration-on-responsible-tourism/

ism can be any form of tourism that can be consumed in a more responsible or sustainable way. This includes specific market segments like adventure tourism, but also mass tourism.

A variety of development projects by EU, ILO, UNESCO, GIZ and HELVETAS have been focusing on sustainable and responsible tourism in Vietnam in recent years. This study looks at some of their important results, lessons learnt and models developed. An important learning is that capacity building on responsible tourism is a long-term process, particularly when it entails learning completely new skills and changing the mindset of actors in the tourism value chain.

As Vietnam moves beyond being an 'exotic' tourism destination and into the tourism mainstream, it stands at a cross road to either to go into a more responsible and sustainable direction or to choose mass tourism accompanied by an unsustainable over exploitation of fragile assets. On the one hand, specific responsible tourism products are increasingly demanded by specific tourism market segments, such as travellers from Western European countries like France, Germany, Switzerland, Scandinavian countries as well as domestic Vietnamese young urban professionals. Tour operators have started to mainstream responsible tourism principles into many tour offers responding to this demand. On the other hand, the major tourism trend and respective hospitality investments in Vietnam still rather focus on luxury beach resorts, gambling resorts, safaris and city tours. A new responsible tourism project could facilitate this decision, by helping the tourism sector in Vietnam to focus on the development of a sustainable cultural and natural heritage destination, underpinned by sophisticated preservation and a high level of responsibility by all actors involved. And it could help developing the notion that mass tourism facilities and products also need to follow the principles of responsible tourism.

As the RMA shows, the constraints, but also the opportunities, for responsible tourism are numerous in the domestic and in-

ternational tourism value chains, their support functions and regulatory framework in Vietnam.

Community Based Tourism (CBT) – a typical responsible market segment in the tourism value chain - is a niche market so far, but with increasing visibility and interest of both domestic and international tourists. Various CBT models have been developed in all parts of the country that all show that changing mindsets of local communities and local government, business formalisations of CBT management and early cooperation with tour operators are crucial. CBT also provides great potential for creating linkages to food and non-food product value chains and thus expanding income opportunities. Other market segments like meetings, incentives, conventions and exhibitions (MICE), adventure, nature, culture, agro or wellness tourism have great potential to be developed and consumed in a responsible way, as Vietnam offers the necessary endowments for all of them.

In order to sell the image of a (responsible) cultural and natural heritage destination and to target preferred market segments, professional destination marketing is a key precondition. However, the lack of public funds for tourism development and promotion activities is currently striking, particularly in an international context, e.g. when comparing Vietnam's annual budget of US$2 million against US$80 million in Malaysia or Thailand in 2015. In order to compensate for this situation, the private sector in the form of the Tourism Advisory Board (TAB) decided to set up a mostly privately funded tourism development fund to finance a highly professional tourism e-marketing campaign for Vietnam.

In the support structures of Vietnam's tourism value chains, a couple of coordination mechanisms are in place with relevance for responsible tourism, such as tourism associations at national and sub-national level, the TAB, the Responsible Tourism Club (RTC) under VITA, public-private destination management organisations (DMOs) at a regional level and a CBT network, which is currently in the design phase. All these ac-

tors can play important roles when it comes to disseminating and implementing the concept of responsible tourism.

Other support structures at the meso level of the tourism value chains are related to capacity building. The formal hospitality training system in Vietnam suffers from a variety of shortcomings, such as overly theoretical education, poor quality of trainers and outdated curricula, and thus has poor capacity to cope with the enormous demand increases for labour. The improved Vietnam Tourism Occupational Standards (VTOS), defining training content and approach of 13 hospitality skills, have not been officially recognized by the ministry in charge. In addition, there is a need for high-quality professional train-the-trainer programmes at the middle and high management level of hospitality enterprises.

At the macro level, the tourism market system in Vietnam is influenced by various formal and informal rules, regulations and standards. These are voluntary standards, such as a green hotel standard (Green Lotus Label) or VTOS, tourism sectoral policy (tourism law), regulatory (visa or land tax regulations) and legal frameworks (Resolution No. 8, Vietnam Green Growth Strategy, Sustainable Development Goals) or informal rules such as responsible tourism codes of conduct or a UNESCO heritage conduct. However, rules and regulations are often not properly enforced, and voluntary standards do not yet offer the necessary incentives for tourism SMEs.

The stakeholder assessment in this study analyzes the capacities and gaps of various relevant organizations. As a result, six to nine organizations that have played an active role in promoting responsible tourism in Vietnam in recent years are considered to possess the necessary capacities and motivations to potentially partner or cooperate in another way with a new responsible tourism project. This primarily includes three international organizations (UNESCO, HELVETAS and ILO) and three local organizations (VITA, TAB and CRED). In addition, RTC, VITEA and VNAT could be considered important to work with in potential initiatives promoting sustainable tourism in Vietnam.

Larger private domestic and international travel agencies should also play a role. Tour operators as well as tour guides are key players in the tourism value chain, as both strongly influence tourists' decisions, where they go and how they behave. Convincing both types of players about the necessity and long-term advantages of practicing tourism in a more responsible way is key to success for any responsible tourism initiative. However, looking at priorities of the larger number of tour operators and guides in Vietnam, profit maximisation seems more important than sustainability at this point.

A preliminary, criteria-based selection of pilot destinations for a responsible tourism initiative results in clusters of provinces in the North (Ninh Binh, Phu Tho, Ha Giang), the Centre (Quang Nam, Thua Thien Hue, Quang Binh) and the South (An Giang, Can Tho, Kien Giang). The RMA proposes to employ eight criteria for the selection of project locations. They are related to available tourism assets, good governance, heritage site status, and poverty incidence or climate change vulnerability. A thorough reassessment should be conducted closer to a project start, as a visit to the provinces would be necessary to apply three out of eight selection criteria, e.g. willingness to cooperate.

Based on the RMA results, the consultants recommend continuing efforts of strengthening responsible tourism in Vietnam. A new initiative aimed at *improving the competitiveness of the tourism sector through implementation of responsible and climate-smart tourism practices*, (and ultimately aimed at income generation and job creation/retention) should be primarily private sector driven and target SMEs and cooperatives. Innovative models piloted in Vietnam should be replicated and existing tools and manuals used. Any initiative should target systemic change, i.e. it is more important to widely convince the tourism sector through market incentives—for example, on the business case for responsible tourism—than imposing interventions that are discontinued after a possible project end, since actors do not believe in them and they have little hope for sustainability or scalability.

# 2

# INTRODUCTION

In order to assess the feasibility of a possible future project 'Responsible Tourism and Competitiveness in Vietnam' envisaged by the Swiss Secretariat for Economic Affairs (SECO) for funding, the ILO Lab project[4] has commissioned the preparation of a rapid market assessment (RMA) of Vietnam's tourism sector. The RMA will provide a basis for the development of a detailed project document, which will be produced by ILO and its consultants immediately after the RMA. If deemed feasible, the responsible tourism project is planned to start in early 2018 and last for three to four years. Through this project, SECO aims at improving the competitiveness of the tourism sector through the implementation of responsible tourism practices (SECO 2016).

Over the last decade tourism has developed into an important economic sector in Vietnam. In 2015, the direct contribution of tourism to the country's gross domestic product (GDP) was 6.6%[5], whereas the total contribution to GDP was 13.9%.[6] The sector supported almost 2.8 million direct jobs (or 5.2% of the total employment) in 2015 and 6.035 million or 11.2% (including jobs indirectly supported) of the total labour force. Travel and tourism investment in 2015 was 10.4% of total investment.

The number of foreign visitors to Vietnam reached almost 8 million in 2015 and about 10 million in 2016, which is a year-to-year increase of a striking 26%.[7] Travelling within their own country is also becoming increasingly popular among Vietnamese. The number of domestic travellers reached 57 million in 2015 and thus increased by stunning 48% compared to one year earlier according to official figures. In 2016 official figures indicate a total number of 62 million domestic tourists.[8]

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4. The Lab is an innovative project of the SME unit in the Enterprise Department of the ILO, funded by SECO.

5. For all figures in this paragraph see World Travel & Tourism Council (WTTC) 2016

6. The direct contribution of travel and tourism to GDP reflects the 'internal' spending on travel and tourism (total spendin within a particular country on travel and tourism by residents and non-residents for business and leisure purposes) as well as government 'individual' spending. The total contribution of travel and tourism includes its 'wid-er impacts', i.e. the indirect and induced impacts on the economy.

7. See VNAT Website http://vietnamtourism.gov.vn/english/index.php/items/11311

8. See VNAT Website http://vietnamtourism.gov.vn/index.php/items/13460

Despite these impressive growth figures, the tourism sector faces serious challenges, which partly pertain to its fast growth. Neither the supply of skilled and professional tourism work-force nor the transport infrastructure can follow the enormous growth rates of travellers. On the supply side, only hospitality facilities seem to keep pace. For instance, in Da Nang the number of hotel rooms grew from 3,500 hotel rooms in 2006 to 21,000 hotel rooms today. The demand side is very diverse with international travel agents and domestic tour operators strongly shaping foreign and domestic tourism value chains and not all market segments can be considered responsible or sustainable. These and other constraints for the development of the (responsible) tourism sector are described and analysed in this report and solutions to address them discussed and prioritized.

The Vietnamese Government has recognized both the relevance of the tourism sector for its future economic development, but also the issues the sector is facing. In January 2017 the Politburo of the Central Communist Party passed Resolution No. 8 / 2017, which declares the tourism sector to be one of the spearhead sectors of the economy, at the same level like agriculture and agro-processing, and more relevant than industrial manufacturing. At the same time, the tourism law receives a revision and update to adapt to newest developments and requirements, and it will incorporate responsible tourism principles. The National Assembly is expected to pass the revised law in June 2017. Finally, it needs to be highlighted that the United Nations have designated the year 2017 as the International Year of Sustainable Tourism for Development. SECO is accompanying the discussions in this process. This is another reason to discuss the situation of responsible and sustainable tourism in Vietnam and to consider starting a new project supporting this subject.

# 3

# METHODOLOGY AND BASIC DEFINITIONS

## 3.1  Overview of Methodology

The principle objective of the consultants' assignment was to undertake a rapid market assessment (RMA) of the tourism sector in Vietnam to identify key underlying constraints to the development of the sector and its interrelated market system. The RMA serves as a project feasibility document to understand if a future project on responsible tourism should be developed by SECO. Following on from this, the second main objective of the assignment is the development of a project document containing a detailed project strategy. The project

*Figure 1: Rapid Market Assessment Work Process Flow Chart*



| 6-10 Feb | 13-23 Feb | 3 Mar | 21 Mar |
| DESK REVIEW & PREP. MEETINGS | FIELDWORK IN NORTH / CENTER / SOUTH | SUBMISSION OF DRAFT RMA REPORT / DRAFT PROJECT DOCUMENT | SUBMISSION OF FINAL REPORT / PROJECT DOCUMENT |

**2017** ──────────────── **2017**

| SUBMISSION KEY RESEARCH QUESTIONS / WORKPLAN | STAKEHOLDERS VALIDATION WORKSHOP | FEEDBACK ON DRAFT RMA REPORT / PROJECT DOCUMENT BY ILO / SECO |
| 10 Feb | 24 Feb | 15 Mar |
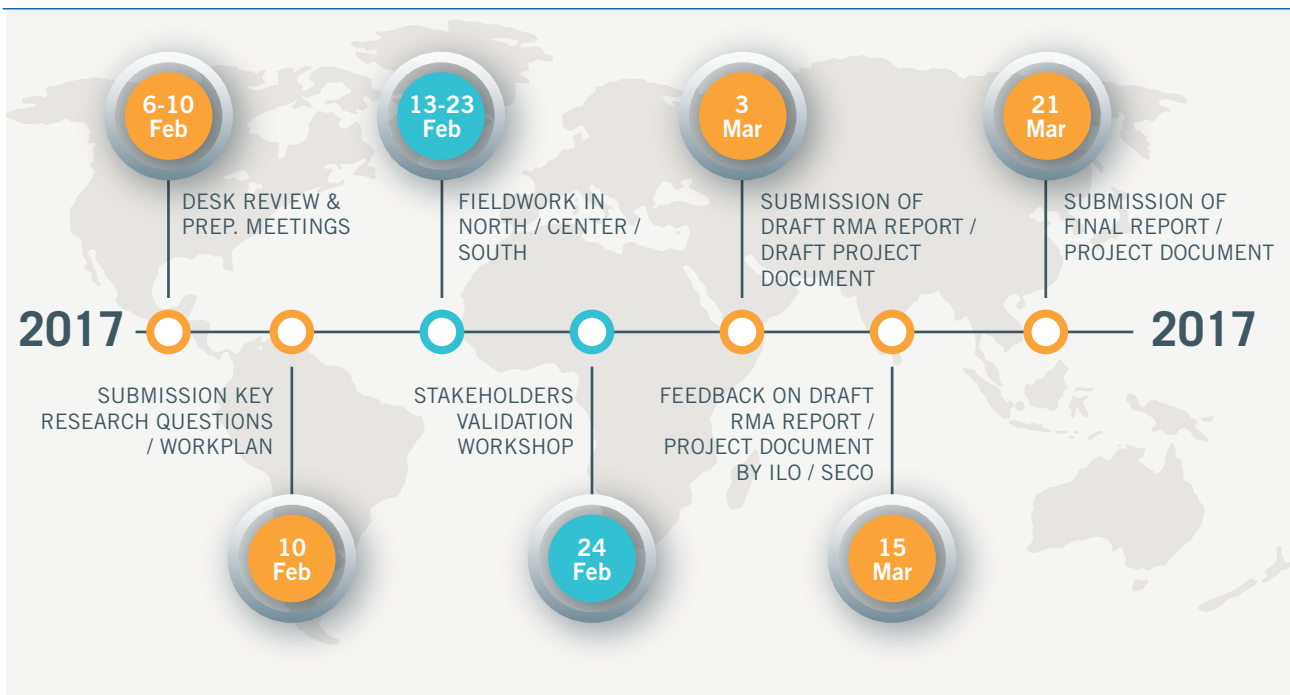
document will be strongly based on the results of the RMA.

As the time frame for the assignment was tight, the consultants applied a simple and straightforward methodology. After initial desk research to obtain an overview of the tourism value chain, its main actors, supporters and processes based on available literature, the consultants developed a work-plan and drafted key research questions (see Annexes 2 and 3). This was immediately followed by field research to undertake indepth interviews

with key stakeholders in the North, Centre and South of Vietnam. In total, the team conducted 32 interviews with public institutions at national and sub-national level, with tourism enterprises and development organisations. Fieldwork was concluded on 23 February by an internal analysis of findings, including the identification of market actors that seem to have potential to drive change. On the following day, the team facilitated a stakeholder workshop in order to present main results, receive feedback from key stakeholders attending and validate the findings.

## 3.2 Market System Framework

The rapid market assessment has taken a strong market systems view from the beginning. The research questions were grouped according to the market system framework (see Figure 2), which was also explicitly used in the analysis discussion when structuring the results.

The discussion of supporting structures and the regulatory and administrative environ-

ment are integrated elements of the RMA. Hence, specific attention has been paid to regulatory and support service issues to assess the extent to which the current environment is helping or hindering responsible tourism businesses. During fieldwork perceptions and assessments towards the regulatory environment and the support structures by tourism actors were collected in a structured and systematic way.

*Figure 2: Value Chains and the Market System Framework*
*Source:*
*Herr, M. et al. (2009)*
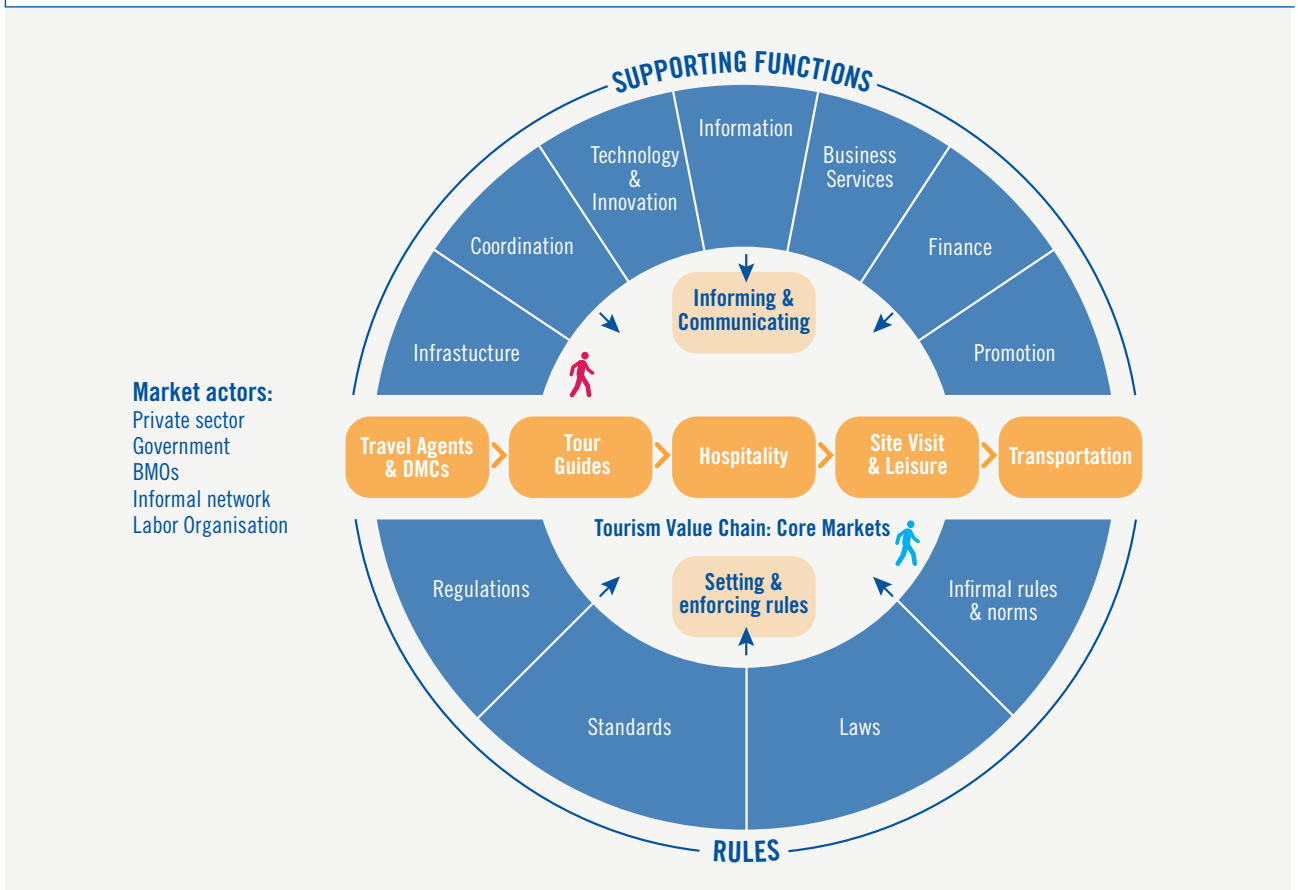
Figure 2 shows the Market System Framework in a tourism value chain context. While in a product value chain the product moves from one productive process to the next (while being transformed and value being added), in the tourism sector the market (tourists) move to the product (the destination). Hence, the tourist moves between the different elements of the tourism chain, which obviously is the opposite pattern to what can be observed in conventional product value chains. This pattern is captured visually by human figures moving across a range of tourism services like in Figure 2 above. A tourism value chain is a complex set of complementary services, such as information provision, transportation, accommodation, food and beverages supply, entertainment and visit experiences. Services cannot be stored or moved; production and consumption of services are usually happening simultaneously and take place at a specific geographical location, the tourist destination, which the tourist visits for different reasons, such as business, leisure or visiting friends and family. In chapter 5 of this report, the issues and constraints within all elements of the market system framework are discussed. Chapter 6 brainstorms possible activities to address these issues.

## 3.3 Skill-Will Framework

In order to assess the willingness and capacity of the stakeholders to drive change towards a more responsible variety of tourism in Vietnam, the consultants applied a quick assessment of tourism actors and supporters met during interviews and the validation workshop by applying the Skill-Will Matrix (see Figure 3).

The 'Skill-Will' framework is useful in helping to identify possible partners in an upcoming or ongoing project – based on their motivation and capacities – and, if necessary, to determine what type of capacity development or other type of support they would need to to change behaviour or skills. In chapter 5.6 the consultants have applied this framework and assess the main actors' characteristics. Recommendations on capacity development measure are given.
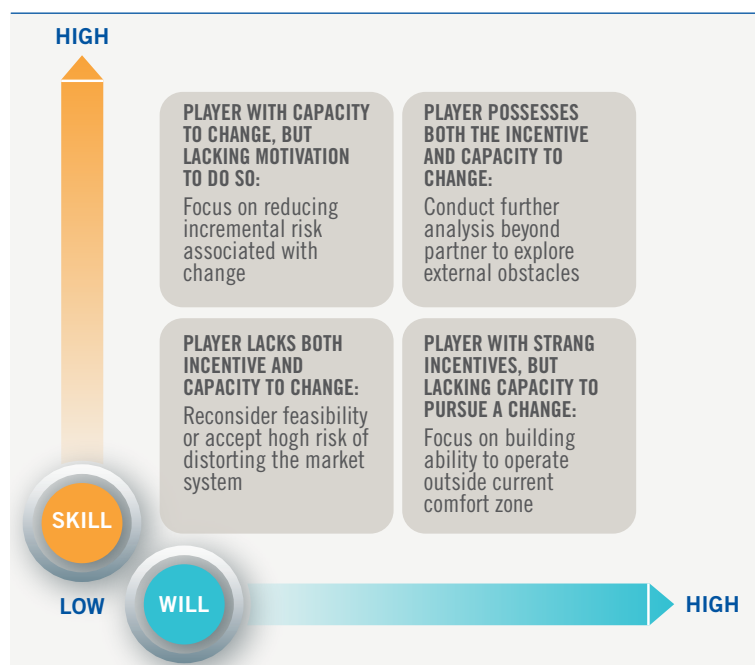
*Figure 3:*
*Skill-Will Framework*
*Source: The Operational Guide for the Making Markets Work for the Poor (M4P) Approach. The Springfield Centre 2015*



## 3.4 Key Definitions

The most comprehensive and most frequently cited definition of responsible tourism is the Cape Town Declaration from 2002.[9] According to this definition, responsible tourism is any form of tourism that can be consumed in a more responsible way. Therefore, responsible tourism is more about the 'how' than the 'what' of travel. It is based on the different pillars environment, economy and socio-culture.[10] The following features characterize responsible tourism:

- minimizing negative social, economic and environmental impacts
- generating greater economic benefits for local people and enhances the well-being of host communities
- improving working conditions and access to the industry
- involving local people in decisions that affect their lives and life chances
- making positive contributions to the conservation of natural and cultural heritage embracing diversity

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9. International Conference on Responsible Tourism in Destinations (2002) The Cape Town Declaration, Cape Town.
   http://responsibletourismpartnership.org/cape-town-declaration-on-responsible-tourism/
10. Some Responsible Tourism concepts distinguish between 4 pillars: environment, economy, society and culture.

- providing more enjoyable experiences for tourists through more meaningful connections with local people, and a greater understanding of local cultural, social and environmental issues
- providing access for physically challenged people
- being culturally sensitive, encourages respect between tourists and hosts, and builds local pride and confidence.

Responsible Tourism requires all actors in the tourism market system (tourism managers, tourism workers, tourism governing authorities, tourists) to be active participants in the creation of positive change by making decisions and implementing actions on a daily basis that maximise economic, social and environmental benefits and minimise associated negative impacts. Key to the success of Responsible Tourism therefore, is an acceptance of responsibility by all stakeholders (ESRT-2013-1). For this, all stakeholders should act according to the principles of responsible tourism (see Annex 4). Responsible tourism is one of several closely related terms that are ethically based. All these terms emphasize the positive impacts of any type of tourism as shown in the box below.

| TERM | DESCRIPTION |
|---|---|
| Responsible tourism | Tourism that maximizes the benefits to local communities, minimizes negative social or environmental impacts, and helps local people conserve fragile cultures and habitats or species (Cape Town Declaration 2012). |
| Sustainable Tourism | Tourism that respects local people and the traveler, cultural heritage and the environment. It seeks to provide tourists with an exciting and educational holiday while also benefiting the people and the environment of the host country (SECO 2017). |
| Ecotourism | Responsible travel to natural areas that conserves the environment and improves the welfare of local people (www.ecotourism.org) |
| Geotourism | Tourism that sustains or enhances the geographical character of a place – its environment, heritage, aesthetics, culture and well- being of its residents (http://travel.nationalgeographic.com/travel/sustainable/about_geotourism.html) |
| Pro-poor tourism | Tourism that results in increased net benefit for the poor people in a destination (http://www.propoortourism.org.uk) |

The above categories differ from conventional tourism terms such as nature tourism, adventure tourism, and cultural tourism, which describe market segments. Some of these market segments that are particularly relevant for responsible and sustainable tourism are listed and defined in the box below.

| TERM | DESCRIPTION |
|---|---|
| Nature tourism | Tourism based on the natural attractions of an area. Examples include bird watching, photography, stargazing, camping, hiking, hunting, fishing, and visiting parks (http://tpwd.texas.gov/landwater/land/programs/tourism/what_is/) |
| Adventure tourism | Adventure tourism is a trip that includes at least two of the following three elements: physical activity, natural environment, and cultural immersion (CREST 2016) |
| Cultural tourism | Adventure tourism is a trip that includes at least two of the following three elements: physical activity, natural environment, and cultural immersion (CREST 2016) |
| Agro-tourism | Agro-tourism is a form of rural tourism in which tourists see and participate in traditional agricultural practices without destroying the ecosystems (CREST 2016) |
| Wellness Tourism | Agro-tourism is a form of rural tourism in which tourists see and participate in traditional agricultural practices without destroying the ecosystems (CREST 2016) |

# 4

# REVIEW OF
# RT-RELEVANT ACTIVITIES
# AND CONTEXT

## 4.1  Selected Previous and Current RT Initiatives in Vietnam

A variety of development projects have been focusing on sustainable and responsible tourism in Vietnam in recent years. It is worthwhile to look at some of them, their lessons learnt (section 4.2) and the innovative models (section 4.3) they have developed.

1. 'Strengthening of Inland tourism in Quang Nam province' funded by the Government of Luxembourg and implemented by the International Labour Organisation (March 2011- December 2013). This project is considered the first phase of 'Responsible Tourism Development in Central Vietnam'.

The project developed a replicable and sustainable approach that contributed to gender-sensitive pro-poor and pro-jobs tourism development in Vietnam. The emphasis was on young men and women, without the exclusion of others. A holistic tourism value chain approach was successfully developed and tested in Quang Nam province and focused on two private-public partnership in: (1) creating local benefits through Community Based Tourism by bringing tourists to rural, emerging tourism regions; (2) creating local benefits by linking local products and skills of the poor to the more developed tourism sector economy.

2. 'Responsible Tourism Development in Central Viet Nam' funded by the Government of Luxembourg and implemented by the International Labour Organization and UNESCO (January 2014 – June 2016).

The project aimed at contributing to the creation of decent work opportunities and livelihood improvement through awareness raising, capacity building and enhancement of tourism environment for local government and the hospitality and other tourism related service providers in Quang Nam and Thua Thien Hue provinces. The project has piloted many typical models that can be analyzed, disseminated and replicated in other localities and projects. Nine of these models are presented in the project's final evaluation report (ILO 2016).

3. Environmentally and Socially Responsible Tourism Capacity Development Programme (ESRT) funded by the European Union (March 2013 – November 2016).

The ESRT programme has worked in three key areas: (1) policy support and institutional strengthening, (2) product competitiveness and public-private dialogue, and (3) vocational training and education. The project partnered with VNAT and helped setting up the public-private Tourism Advisory Board (TAB). ESRT was particularly active in capacity development on responsible tourism across the country and in 4 pilot regions as well as on producing and disseminating the Vietnam Tourism Occupational Standard (VTOS) with integrated responsible tourism principles. ESRT has published a huge amount of policy documents, guidelines and manuals on responsible tourism on its website (http://esrt.vn).

According to the EU delegation in Hanoi, the following areas would need further attention: Public Private Dialogue (PPD) at the national level, pending recognition of VTOS framework standards by the Government, inter-provincial destination management at the regional level and the Vietnamese standard Green Lotus Label[11] to certify sustainable hotels.

4. Support to the Initiative for ASEAN Integration (IAI) in the framework of the ASEAN single market funded by BMZ and implemented by GIZ in 4 CLMV countries (1st phase 2015-2018).

Implemented by GIZ, and under the auspices of the ASEAN Economic Community (AEC), 'Support to the Initiative for ASEAN Integration' is a regional project that offers policy advice to Cambodia, Laos, Myanmar, and Vietnam (CLMV). The project strengthens these countries in their capacity to develop trade and services as well as mutual recognition agreements (MRAs), specifically in the tourism and health care service sectors.

As part of its tourism activities in Vietnam, the IAI project in cooperation with VNAT has started to offer a series of capacity-building workshops for selected responsible tour operators. The aim of the workshops is to raise awareness about the business potential of regional (cross-border) tourism products and to train tour operators to become nationally certified trainers to teach other DMCs. The IAI project implements such activities in all CLMV countries, ultimately aiming at regional exchange among tour operators and—when applicable—joint regional product development. The first training with about 20 DMCs took place in September 2016 in Hanoi; the next training will be during the ITB in Berlin in May 2017 with 9 DMCs from Vietnam.

5. Community Based Tourism funded by HELVETAS Swiss Intercooperation and implemented by the Centre for Rural Economy Development (CRED) (2015-2019).

The project of Community Based Tourism is funded by HELVETAS Swiss Intercooperation and implemented by the Centre for Rural Economy Development (CRED) implemented in Ha Giang and Cao Bang provinces. The overall goal of this project is to contribute to the livelihood development and increase the quality of life through the income and employment generation, environmental condition improvement and traditional culture preservation (http://cred.org.vn/projects/on-going-projects/community-based-tourism-project). Through developing market-based solutions and applying a pro-poor value chain approach 600 local people are directly capacitated to provide sustainable tourism services and 10,000 local people indirectly empowered. The project currently supports four CBT villages in Ha Giang and 2 villages in Cao Bang provinces.

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11. See http://esrt.vn/default.aspx?portalid=5&tabid=387&itemid=507

# 4.2 Lessons Learnt of RT Initiatives

Final evaluation reports and interviews with (former) project staff reveal a variety of lessons learnt when implementing responsible tourism projects in Vietnam. Those lessons considered most relevant for a new tourism initiative are presented here.

1. Importance should be placed on the inception phase of a project to be able to review the current situation at program start (which might have changed compared to the time of project design), identifying changes since project formulation and their effect on the project, verifying the logframe, theory of change and planned activities and renewing the stakeholder assessment etc. Therefore, in program design, fewer activities should be planned for the first period. This was a particular experience of the ESRT program that started with delay for administrative reasons. However, in the light of the current global discussions on complexity in development a revisiting of an impact chain at project start and an initial probing and testing of a portfolio of activities (to see what works and what doesn't) is always a sensible approach, particularly in a complex project environment.

2. In building capacity, a practical on-the-job training or apprenticeship approach is very helpful, particularly in the tourism sector in Vietnam where theoretical training was always more important than practice in the past.

3. Likewise, the learning by doing approach was recognized by the ESRT program to be very helpful, as it was obvious in the case of e.g. DMOs, VNAT, DCSTs, or ITDR, when they were involved in creating their own business plans, enabling them to take ownership of their plan for later implementation.

4. Furthermore, to build capacity it was a critical success factor of the ESRT program to plan project activities carefully in a way that they could be embedded into the daily work schedule of the participants showing them a more professional way to perform and meeting their own work objectives, as was the case with organizations such as VNAT and provincial DCSTs.

5. Capacity building is a long term process, especially in the mountainous areas, and often exceeds the lifetime of a typical 4 year project. This is particularly true when it comes to learning completely new skills and encouraging changes in mindset. In a sustainable tourism context, at least a second phase of another 3 to 4 years is usually necessary to develop capacity in a sustainable way.

6. The partners play a decisive role in the project success, where the capacity and suitability of the (local) partners are key. A thorough assessment of capacity and motivation of potential partners during project design and a quick reassessment at project start are crucial.

7. When it comes to CBT, local government needs to fully comprehend, accept and support the idea of sustainable and responsible tourism to provide the necessary support to host communities. This should be done soon to avoid emerging rural CBT locations shifting towards mass tourism, which could happen if the government opens the door to a few large investors. For instance, in the case of Ha Giang province, there is a real danger as investors are queuing to turn Hoang Su Phi district into a mass tourist destination. Only dedicated and fully convinced local government leaders can avoid such a shift.

8. Finding inter-linkages with product value chains (food and non-food products for tourists), such as agricultural supply, tea, medicinal plants, handicraft, weaving can multiply the economic impacts of tourism in other related economic sectors in and around the communities supported. There is good practice available on how to facilitate linkage creation. For instance, HELVETAS/CRED organized handicraft competition combined with a mountain bike tour, thus connecting the tourism service and the craft product value chains. A jury consisting of members from the development organization, tour operators and tourists then selected the best handicraft products that could potentially be interesting for tourists in the future.

# 4.3 Innovative Models of Responsible Tourism

Screening key documents of above projects, their final evaluations and various interviews helped to identify some responsible tourism practices that could be considered innovative models at the meso and micro level in the Vietnamese context. The models introduced below worked in a given locational and programme specific context, which does not ensure that they would easily work elsewhere in Vietnam. Therefore, these models are an indication of what might be worthwhile testing in a different context, but necessary adjustments need to be carefully considered.

## Heritage tour guide training by UNESCO (meso level)

An interesting model of the ILO/UNESCO project (12/2014 – 06/2016) in Central Vietnam is a 1 week UNESCO Heritage Tour Guide training program, which was first piloted in Quang Nam for more than 100 tour guides of My Son World Heritage Site and shows how a needs based training course can be organized and received. This is the first training of this kind aiming at equipping tour guides with all necessary knowledge and skills when touring visits around a heritage site. The training curriculum was developed by UNESCO in collaboration with Institute for Tourism Development and Research (ITDR) under the Ministry of Culture, Sports and Tourism (MCST) with support from the ADB Mekong Tourism Development Project and delivered by UNESCO certified trainers. The program contains three modules: (1) Core Module (basic knowledge on World Heritage), (2) Thematic Module (overarching themes that deepen the guides' knowledge about specific sites), and (3) Site Specific Module (the significance of sites and the conservation issues that surround them)[12]. The training program goes beyond the introduction of the site characteristics and provided tour guides with guidance on how to take tourists around the heritage site with a preservation mindset.

The success of the training program was ultimately confirmed when one of the biggest tour operators in Vietnam requested UNESCO to organize an in-house training for its own tour guide pool. With 25% financial support from UNESCO, the tour operator and tour guides jointly paid for the remaining 75% of the course expenses. Some interviewed tour guides who attended the training affirmed that they benefited enormously from this practical training program and would recommend their peers to participate, if the training is offered again.

## Triem Tay CBT Village Cooperative (micro level)

As part of the project Responsible *Tourism Development in Central Viet Nam*, ILO and UNESCO had helped developing cultural tourism products with the participation of local people in three villages of Thanh Toan, Dong Giang, and Triem Tay of Quang Nam and Thua Thien Hue provinces. The Quang Nam based Triem Tay Community Tourism Cooperative is considered a successful model by both local government and local community who are members of the cooperative. After 2 years, Triem Tay village is now a destination for tourists who are looking for extraordinary yet daily life experience of local villagers. Triem Tay villagers received support to develop interesting cultural tourism products by offering tourists to experience farming, fishing, cooking and handicraft making activities, which are attractive for not only international but also local travellers. Triem Tay villagers, who are directly engaged in service offerings, were trained in receiving tourists and in English communication skills.

The cooperative of 25 households is operated on a profit basis. Every villager engaged in service offering is paid at the day-end, though the cooperative management has not been compensated for time and devotion. The cooperative management will continue to work unpaid for this year (2017), but considers retaining a small provision from the revenue for reinvestment purposes. The cooperative helps creating better income generation opportunities for local villagers, who confirm that they are happy about new job opportunities in tourism. Now some villagers are returning to work in the village, instead of

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12.   http://www.unescobkk.org/culture/wh/cultural-heritage-specialist-guides/training-content

working elsewhere[13]. Given the lack of management skills and experience, the cooperative is in need of more support to strengthen management capacity and expand membership and CBT activities.

## Talai Ecolodge[14] (Cat Tien National Park, Dong Nai) (micro level)

The Ta Lai Longhouse was initiated through a national program for ecotourism development in and around protected areas of Vietnam. The pilot program was introduced in Cat Tien National Park with sponsorship from DANIDA through World Wild Fund (WWF) Denmark and WWF Vietnam. The aim is to directly contribute to nature conservation and the development of the local community via ecotourism activities. The Longhouse officially opened its doors to tourists in March 2012 under the management of a private company, which liaises with the local community and manages the operation of tourist activities and to develop a longterm public relation and marketing strategy.

The operation company will spend part of the Longhouse revenue to set-up a Community Development Fund (CDF), which will be used for reinvestment activities, for providing interest free loans for local families to raise livestock, poultry etc. and for public facilities. The Longhouse has been creating local job opportunities with the permanent employment of ten staff from Ta Lai commune in jobs such as cooking, security, tour guiding, maintenance, etc. Similar to the Triem Tay Cooperative Model, Talai Ecolodge is a successful community based tourism model, which could be further explored for replication.

## Destination Management Organisation in Central Region (Da Nang, Quang Nam, TT Hue) (meso level)

The ESRT program of the European Union supported four regional destinations in Vietnam, of which the central coast region Da Nang, Quang Nam and Thua Thien Hue was one. Within the ESRT program context, but also within the overall Vietnamese tourism context, this Central Region Destination Management Organisation (DMO) developed into a model that could be worthwhile replicating elsewhere. The three provinces signed a framework contract to join forces for tourism promotion, human resource training and supporting each other. Coordination and cooperation between the provinces does not only happen at the public level, but also at the level of private tourism businesses through their BMOs. The provinces started visiting tourism fairs in Vietnam or road shows abroad jointly in order to save costs (each province is only paying a third of previous spending). The public-private DMO developed a regional brand identity "The Essence of Vietnam" and is promoting it on marketing material and on a joint website (www.theessenceofvietnam.com). Also, the three provinces coordinate their event schedules to avoid overlaps. Other joint activities are the development of green tourism products (island, coastal and mountain tourism, like the central heritage trail), training work force using VTOS, organising familiarization trips for tour operators, job fairs with students or receptionist competition. A cluster of provinces proved to be better for implementation, for joint product development (supplementation instead of duplication of products) and joint policy guidelines. However a regional public-private DMO is a challenge in organisational terms. A model of rotating chairmanship is piloted to manage the regional DMO (each province assumes the role for one year), which means equal partnership and democracy. An alternative, but not tested model is setting up a Council of Regions (as practised in Northeast Thailand). Funding remains an issue, as the financial capability of each province varies. A joint tourism development fund could be a solution here to support provinces with lower financial capacity.

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13.  http://dulich.me/du-lich-triem-tay-vung-dat-lo-thanh-diem-du-lich/
14.  http://talai-adventure.vn/?page_id=389&lang=en

## Sustainable certification schemes for businesses (Green Lotus, Travelife) (meso level)

The ESRT intended to prepare and disseminate an internationally recognized environmental and social standard for hotels and some other sub-sectors called Green Lotus. The ambition was that 30% of hotels in Vietnam have received the Green Lotus Label by project end. Although this objective has not been achieved, the Green Lotus Label is still an innovative model in the Vietnamese context. The European Union has good experience with supporting a not-for-profit voluntary certification body in Europe to roll out a green label scheme in the hospital sector (Travelife[15]). Travelife label employs 425 different indicators for responsible tourism certification of hotels and accommodation, and for travel agents and tour operators.

So far, Green Lotus in Vietnam was less successful for different reasons (WATSON, J. et al. 2016). Firstly, Implementing the Green Lotus system appeared to be manageable only for the larger international chain hotels in terms of conceptual understanding, interest and capacity. Green Lotus criteria are sophisticated, advanced and at a quite high standard, possibly too high for many Vietnamese SMEs at that point. Secondly, the evaluation process was not sufficiently transparent and independent. The criteria were designed by VNAT (together with a French company). VNAT's hotel department that lacks environmental expertise managed the whole scheme. Rather, Green Lotus should be outsourced to an independent and competent organisation or company. Thirdly, hotel SMEs need to better understand that early investment costs will lead to even higher cost savings in the future and, if skilfully marketed, also to higher room prices and more customers. For that, good practice examples need to be established across the country, which only works after the scheme is widely accepted and used.

## Andrej Majcen's Culinary Vocational Training Centre (HCMC) (meso level)

Andrej Majcen is a Catholic Church Boarding Vocational Training school in HCMC for disadvantaged youths from poor provinces. It was established in September 2014 and is financed by the aid organization MIS-EREOR, the German Dentist Association and occasional inkind donation. The school applies the German dual system for vocational training, i.e. half of the learning time (15 months) happens in classroom, the other half (15 months) in real enterprises. Currently, the school has 100 students, of which 26 will graduate in summer 2017. Since one year the upcoming graduates are working in 5 star hotels doing their internship. Half of them already received confirmation that their current internship restaurants will be continuing employing them. However, in principle they could all return to their home provinces and start working in hotels there, but they could equally stay and work in HCMC. Demand is high everywhere.

The school so far focused on kitchen and restaurant skills, but will soon expand to house-keeping due to high demand in this field. Initially the students learn English, as all education is delivered in English exclusively. The school receives 200 annual applications from students, of which currently only half can be accepted. After graduation, the German foreign chamber AHK is providing the certification. The school is currently discussing with the Vietnamese Government in how far this certification can be accepted as admission qualification for Vietnamese universities.

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15.   http://www.travelife.org

# 5

# FINDINGS OF RAPID MARKET ASSESSMENT

## 5.1 Overview of Findings

In Figure 4, the consultants' findings in terms of constraints and opportunities are allocated to the different elements of the Market System Framework (see Figure 2 for the plain framework). These findings are selected due to their particular relevance for responsible tourism.

In the following chapters we will discuss all issues one by one, starting with the tourism value chain, followed by supporting functions and lastly rules and regulations. Some issues are illustrated with cases from the field. Possible activities on how to address these constraints or utilize opportunities are discussed in chapter 6 under recommendations.

## 5.2 Constraints and Opportunities of the (Responsible) Tourism Value Chains in Vietnam

Like in every value chain, also in tourism value chains it is the final customer, i.e. the tourist, who ultimately decides which services and products are demanded and thus offered over a longer period of time. As discussed above, Vietnam deals with a variety of tourism value chains depending on the type of tourist. It is important to distinguish between **domestic** travellers (little blue man in Figure 4) and **international tourists** (little red man), since both types of tourists have different expectations and demand different kind of services, even though visiting the same locations. Consequently, it would even be necessary to separate the international tourists into different types or market segments, such as Western European, Chinese, Russian etc., as each type again shows different preferences. Even the domestic tourists are not one homogenous group of travellers, but can be split up again, e.g. by age structure and place of residence. Segmenting the market into different types of travellers helps tailoring product design, targeting promotion efforts and interest in specific types of tourism. For instance, in-

**SUPPORTING FUNCTIONS**

Digitalisation
Resource Efficiency

TIC

Marketing
Training

CBT Network
DMOs
Tourism Assoc.
TAB

Fund Raising
Tourism Dev. Fund
Certification

Public Utilities
Transport Infrastructure

Fairs
E-Marketing

Technology & Innovation

Information

Business Services

Coordination

Finance

Infrastructure

Promotion

Informing & Communicating

INTERNATIONAL TOURISTS

Focus & Products
MICE Potential

Biz Formalliz. & Manag.
CBT
HR Capacity

Mode of Transport & Prices
RT Awareness

| Travel Agents & DMCs | Tour Guides | Hospitality | Site Visit & Leisure | Transportation |

**Tourism Value Chain: Core Markets**

Role of Tour Guide
VC Linkages

Site Management
Tourism Asset Exp.

DOMESTIC TOURISTS

Regulations

Setting & enforcing rules

Infirmal rules & norms

Visa Regulations
Reg. on Heritage Management
Tax Regulations
MRA Labor Mobility

Standards

Laws

SDGs
Tourism Code of Conduct
UNESCO Heritage Conduct

VTOS
Green Lotus Standard
Enforcement
VGGS
CC Adapt. Strategy

Revised Tourism Law
Resolution #8
Tourism Strategy

**RULES**

*Figure 4: Market System Framework and RT Constraints/ Opportunities in Vietnam. Source: Prepared by the consultants*

terviews with tour operators and DMCs have shown that specifically travellers from a few Western European countries (France, Germany, Switzerland, Scandinavian countries) as well as increasingly domestic Vietnamese young urban professionals are interested in responsible and sustainable tourism in Vietnam. These customers usually do not ask explicitly for a responsible or sustainable tour, but for specific responsible tourism products such as cooking experience with local villagers, local walking tours around rural villages, spending a night in a home stay etc., and they wish to donate to local communities. Tour operators then try to mainstream responsible tourism into their tours. With its natural and cultural heritage Vietnam is a natural fit for these market segments, and natural and heritage tourism are also some of the most lucrative sectors in global tourism. Tour operators worldwide have recorded significant sales increases for sustainable travel offers, such as CBT or certified 'green' accommodations (EuroCham 2017). On the contrary, domestic tourists from older age groups and some other Asian travellers are said to rather lack deeper environmental awareness and preferences for sustainable tour offers.

Moreover, in Central Vietnam the consultants learned that there is a changing trend in the composition of foreign tourist arrivals. The number of tourists arriving from direct flight connections (Korea, Japan, China) is continuously increasing, which could lead

to a certain degree of dependence on a certain market segment and thus risk. Hence, regional tourism promotion now focuses on diversifying the origin of tourists by trying attracting direct flights from Australia, India and Russia to Da Nang.

In addition, the work with international **travel agents** and destination management companies (DMCs) is crucial for accessing new markets. These **tour operators** have experience in designing tours and work with a network of suppliers (hotels, restaurants, transport companies) as well as with international travel agents. Therefore, tour operators are key players in the tourism value chain as they bring in a large part of the tourists, coordinate their stay in the destination and shape their own service offers, but also the ones of other tourism actors. Hence, in order to mainstream responsible tourism, large and small tour operators need to become convinced about the concept and its commercial viability, and need to focus their product design in that direction and select their suppliers accordingly. Involving tour operators actively in the partner and implementation structure of a responsible tourism project thus offers many opportunities.

So far there is a lack of **product diversity** in Vietnam. The tourism products that could be called thoroughly responsible are rather scarce. Most tour operators, particularly larger enterprises (with a few exceptions) are often rather interested in short-term profit maximisation than in responsibility and sustainability. Therefore, most profit is generated by large enterprises compared to smaller tourism operators and local communities. Field research indicated that 90% of DMCs across the country are not even aware of responsible tourism. Fierce competition among them forces them to look at prices and profits almost exclusively.

**Tour guides** play another key role for responsible tourism as they guide groups of tourists constantly, and are able to influence and educate them and other service providers with whom they cooperate. The education, experience and attitude of tour guides are therefore crucial for doing tourism in a responsible way. The formal tour guide training, however, seems to be of rather low quality, as trainers miss practical experience (as with other tourism disciplines as well). This results in a low quality of the tour guide labour force and a limited number of subjects taught. Graduates seem to be particularly weak in destination knowledge, history, culture and work ethics. Therefore, tour operators contracting tour guides on a freelance basis need to retrain their guide pool intensively at the beginning of a work relationship and then again once to twice per year on the job. The training plan typically includes a basic introduction on sustainability and responsibility in tourism (such as refusing commissions from shops, protecting wild life or avoiding children selling goods to tourists etc.). In absence of an official accreditation system for tour guides, some larger DMCs operate their own rating system, which they use to allocate guides to certain tasks and tours. The competition between DMCs for competent tour guides is severe, thus retaining guides is a challenge. However, none of the DMCs can compete against the high payments of international cruise ships occasionally calling at the ports of HCMC or Da Nang.

One model for responsible tourism is **Community Based Tourism (CBT)** that combines interacting of local communities with tourists, income generation for local communities and cultural and natural preservation. CBT is usually small scale (compared to mass tourism) and has therefore rather limited impact. The typical variety of tourist activities in a CBT village includes trekking, biking, faring, fishing, tea picking, cooking, herbal bathing and spending the nights in home stays. Local villagers are trained as tour guides in guiding trekking tours, explaining nature and culture and improving their English skills. Other villagers might set-up homestays (often with outside financial investments from development organisations, tour operators or other investors) or food production for tourists. A key to the success of CBT is marketing and promotion of the CBT villages. Therefore, involving tour operators from the early beginning of a CBT project through e.g. a familiarisation trip (pre-marketing) is sensible. DMCs can connect the CBT villages to the customers, who might be domestic tourists mainly interested in scenery and landscape or international tourists mainly attracted by the exchange with locals and outdoor activities in beautiful landscape.

Typical challenges of CBTs are the issues of business formalization, business manage-

ment skills and the full support of the whole community and the authorities to make it work. For these reasons, local communities hardly receive adequate return from their investment into CBT. The lack of an official business status of many CBTs creates difficulties for tour operators. Local communities cannot sign a contract and come in to business with tour operators unless a cooperative is founded or at least a collaborative group. Both group solutions are some sort of business entity that can enter into contractual relationships with DMCs. Capacity building of a local community can be very time consuming, as it often requires a shift of mindset and not only learning certain technical skills. There are many direct and indirect beneficiaries in each CBT community, but there are always a few villagers that do not benefit from tourism. Therefore, a benefit sharing mechanism needs to be established, like a local fund that redistributes some of the financial benefits from tourism. An other CBT challenge is the consistency of service quality. One or two years after setting up a CBT service package, the quality of services tends to be degrading gradually due to the lack of standards and quality control mechanisms. A future CBT Network (see section 5.3 below) is aiming at providing a sustainable quality control system for CBT and at making CBT actors stronger by connecting them with each other.

Tourism (service) value chains are closely interlinked with **product value chains**. Intentionally creating such linkages to product value chains (not only food for tourists) can multiply the impact of tourism on income and jobs in local economies significantly. Tourists tend to buy typical local products as souvenirs such as tea or coffee, medicinal plants, handicraft, weaving and small food products. There are various ways of supporting linkage creation, such as organising a handicraft competition combined with a mountain bike tour in Ha Giang (CRED), or development of 14 types of traditional craft products with brand identity in Quang Nam province (Korean support) or connecting with bamboo and vegetable value chains in Quang Nam province (ILO).

Although the ESRT programme has persistently worked on raising **awareness on responsible and sustainable tourism**, project lifetime and geographical outreach of that program were still too limited to achieve a general shift of mindset in the country. Many DMCs try to promote responsible or sustainable tourism without having a clear understanding of the concept. For many the concept seems to be too abstract. Local authority officials often have a lack of understanding of tourism in general and responsible tourism in particular. They might approve investments in a way that could destroy tourism assets. Suppliers (restaurants, hotels, cars…) selling services to DMCs often do not know responsible tourism principles and do not act in an environmentally friendly way. People in local communities, for the most part, are even less aware of responsibility measures in tourism.

Another crosscutting constraint in the tourism value chain and its support structure is the low **human resource capacity** in quantitative and qualitative terms. For instance, according to VNAT, the sector needs an additional 40,000 workers on a yearly basis, but produces only 15,000 graduates, who mostly receive low quality training and therefore lack skills and practical experience (see description of formal training system in section 5.3). This leads to the entrenchment of staff from other enterprises and low quality services overall.

Concerns prevail about how the underlying tourism assets of Vietnam are being monetised and exploited for tourism in an irresponsible way. For instance, the development of the coastline is considered by many to be suboptimal and even ugly. The current rapid and unbalanced tourism development process would devalue many natural assets that it tries to unlock. Likewise, the **responsible exploitation** of social and culture heritage of Vietnam is suboptimal, e.g. educational museums and exhibitions at historical and heritage sites are missing or, if available, they lack "world-class story telling" (EuroCham 2017). Whether new luxury tourist areas such as 'South of Hoi An' follow social and environmental responsibility principles (see Annex 4) is at least questionable. "South of Hoi An" will be developed in different phases between now and 2025. The whole project will cost 4 billion USD, will provide 2,000 hotel rooms and a casino and will require 20,000 tourism workers who need to be employed under decent working conditions. The investors (VinaCapital and two Chinese investors) will set up their own training school. Students are expected to be recruited from across the

country. The satellite projects, though, will also need new tourist workers, which need to be trained by local tourism schools. Similar projects being developed in Phu Quoc and Nha Trang. Such projects risk over-allocating precious coastal land to high intensity development with poor sustainability qualities and the risk to classify Vietnam as a typical mass tourism destination. Also around heritage sites mass tourism is rapidly developing. The benefits for local communities still remain very limited, though. Tourism activities would offer the opportunity to positively impact local communities. But there is currently a lack of adequate vocational training and employment opportunities for local communities and entrepreneurs in tourism in Vietnam (EuroCham 2017).

Mass tourism and the development of large tourism facilities on limited space create **environmental stress** and **pollution** of air, water and land. Environmental pollution should be avoided in any case, but at tourist destinations even more so, as tourism and pollution are fully incompatible. This requires innovative solutions, such as for the solid waste management system on Phu Quoc island or the need to set standards (boats' garbage, operations, preservation) in Ha Long Bay, for example.

The mode of tourist **passenger transport** and prices has influence on safety, traffic congestion and air quality. Touring costs in Vietnam are the most expensive in Southeast Asia, as transportation cost are the highest in the region. Vietnamese transport companies prefer 7 seat cars or larger, even for small numbers of tourists. Moreover, Vietnam lacks green transport (biofuel, electric). More environmentally sound vehicles had mostly been banned from city traffic, started to disappear and are now returning only very slowly (xich lo, xe loi, cycling). The market becomes very competitive with big tour companies operating their own transportation fleet.

Often **heritage site managers** in Vietnam support CBT in nearby villages. For instance, the My Son management in Quang Nam province works with the local community, as it considers this one of their tasks. Responsible tourism is ensured through a code of conduct on the site and in the villages that regulates the behaviour of tourists and locals to avoid negative impact on ancient structures, nature and people. The coordination between the private sectors, most notably tour operators and site manager as well as local communities in destination and site development is sometimes weak. The organisational structures of heritage site management across Vietnam are different. For instance, in My Son the management board is under the district government, in Hoi An it is under the city government and in Ha Long and Hue it is under the provincial government. Hence, management boards in all these areas report to different levels of government.

## 5.3 Constraints and Opportunities of Supporting Functions for (Responsible) Tourism in Vietnam

In order to make transactions within tourism value chains work, supporting functions are an essential element of the market system. When assessing value chains, it is important to understand what supporting functions are offered, by whom and at what quality. It is equally important to understand what supporting functions are missing from the perspective of enterprises and tourists in the chain.

**Public utilities and transport infrastructure** can hardly keep up with the pace of tourism development (and economic development in general, for that matter). Roads to mountainous areas, for instance to CBT villages or world heritage sites like My Son in Quang Nam province, are in poor conditions. Many larger airports, such as in Hanoi and Da Nang have been upgraded and extended or newly opened, while the expansion or relocation of other airports like in HCMC is delayed due to land disputes. Moreover, it is estimated that almost two-thirds of Vietnam's industrial wastewater flows into lakes
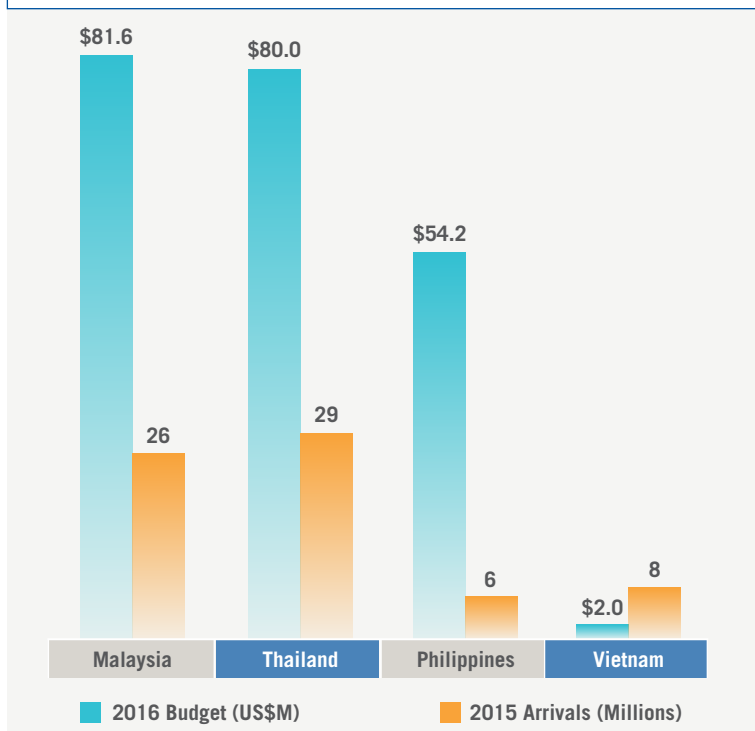
and rivers,[16] which negatively affects nature and thus tourism assets. Electricity tariffs for tourism enterprises are currently higher than for the manufacturing sector, a concern that some provincial governments like in Da Nang city or Quang Nam province try to address.

The lack of **public funds for tourism development** and promotion activities is striking, particularly in international comparison. The annual budget for tourism promotion provided to MCST was about US$2 million in 2015 (Pine C. 2016) and - according to VNAT - US$2.5 million in 2016. By comparison, the Ministry of Tourism in Thailand and the Ministry of Tourism and Culture in Malaysia each provided about US$80 million in 2015 for marketing purposes (see Figure 5). The Department of Tourism in the Philippines still received around US$54 million in 2015. Although public tourism promotion budget in Vietnam is expected to rise to US$5.3 million in 2017[17], the private sector feels that it needs to compensate for this situation of under spending in promoting traditional and responsible tourism in Vietnam. The Tourism Advisory Board (TAB) decided to set up a tourism development fund and is currently lobbying for increased financial support from

the public and private sectors to enhance tourism promotion and development. The private sector support is expected to ensure transparency and proper allocation of funds.

The TAB driven tourism development fund might only be a temporary solution. In 2014, the Vietnamese government announced Resolution 92/NQ-CP, which proposed the initiation of a **Tourism Development Fund**, which however has not been set-up yet. Resolution No. 8 / 2017 of the Politburo declaring tourism a spearhead sector in Vietnam (see section 5.4 below) reemphasizes the creation of this official Tourism Development Fund, which will call for contributions from all beneficiaries of the tourism industry, such as enterprises, tax offices, visa fee collectors etc. This is expected to be the financial source for marketing and address the problems of weak **tourism promotion and marketing** at national level and sub-national level. The state budget is expected to contribute a maximum of 30% to the fund while main beneficiaries of tourism activities and non-government sources will contribute the rest[18]. However, the aim of the private sector is, however, to achieve a 1:1 matching of public and private contributions (EuroCham 2017).

In 2016, the TAB started an **e-marketing campaign** in cooperation with a professional marketing company and the marketing department of VNAT. For the time being, the campaign is focusing on digital marketing only (social media, website) and is limited to 3 years. The official website "Charm your senses"[19] was launched at the World Travel Market in November 2016 in London. In the first quarter of 2017, after having raised additional funds among its members, the TAB intends to invest more into this campaign, particularly focusing on the preferred key markets of Europe and Australia (and less on Japan and Korea).

The combination of a significantly increased tourism promotion budget and the public-private capacities currently created through the ongoing e-marketing campaign offer interesting opportunities to promote responsible tourism in the future targeting domestic and

*Figure 5: Comparison of National Tourism Budgets*
*Source: Pine C. 2016*

| | Malaysia | Thailand | Philippines | Vietnam |
|---|---|---|---|---|
| 2016 Budget (US$M) | $81.6 | $80.0 | $54.2 | $2.0 |
| 2015 Arrivals (Millions) | 26 | 29 | 6 | 8 |

16. See http://www.economist.com/news/asia/21717065-communist-partys-inability-control-pollution-corroding-its-authority-red-v-green

17. See http://english.vietnamnet.vn/fms/travel/160708/vietnam-may-treble-tourism-promotion-budget-next-year.html / Interviews could not confirm this number yet.

18. See http://english.vietnamnet.vn/fms/travel/160708/vietnam-may-treble-tourism-promotion-budget-next-year.html

19. http://www.vietnamtourism.vn/charm-your-senses

foreign travellers. Future funding could contribute to not only promotional activities but also initiatives supporting the longterm objectives of a responsible tourism sector, such as cultural and environmental preservation and product development (EuroCham 2017).

**Coordination** is a key supporting function for markets as it establishes mechanisms such as associations that ensure the integration of SMEs into value chains and lobbying the public sector. In the support structures of Vietnam's tourism value chains a couple of coordination mechanisms are in place with relevance for responsible tourism, such as tourism associations at national and subnational level, the Tourism Advisory Board (TAB), the Responsible Tourism Club (RTC) under VITA, public-private DMOs at the regional level and a CBT net-work, which is currently in the design phase.

The establishment of the **Tourism Advisory Board (TAB)** through ESRT support (and "rubber stamping") is an effort to improve the institutional environment for tourism development and management. TAB is a public-private partnership in destination management established under the VNAT in 2012 with the participation of the government and tourism industry management. The objective of TAB is to promote competitiveness of Vietnam as a tourism destination. Through TAB, the Vietnamese government can benefit from the expertise of industry representatives, leverage financial and human resources, and ensure that the government's administrative framework is aligned with the strategies and objectives of the industry at large (TAB 2017-2). TAB has about 25 members, which can be roughly grouped into government and non-government organisations, aviation and inbound partners, DMCs and tour operators, and hotel management and investment groups. TAB is the only public-private, national-international PPD forum of its kind in Vietnam and could thus be a role model also for other industries. The TAB operations are limited to, and so far fully run and financed by, the private partners. With three working groups established, TAB focuses its work on (1) marketing, (2) policy and (3) human resource quality. In the future, there might be a fourth working group looking at the environmental footprint of tourism. The biggest successes of TAB up to now are the online marketing campaign (see details

above), for which TAB turned into a social enterprise, and the visa waiver for some selected European countries. However, TAB shows various constraints. Only large companies are engaged and hence it does not represent SMEs. Moreover, TAB gives advice to the chairman of VNAT only, who has limited power in the Government system compared to the Minister of MCST or the Prime Minister, under whom VNAT was located ten years ago. Besides, apart from marketing, TAB does not have a large enough budget for other projects that would be important to drive. When ESRT was still active, TAB relied heavily on ESRT to act as its secretariat. Currently, TAB has six board directors and one executive secretary (a former ESRT component leader). The operational plan of TAB is structured into near-term initiatives (1 year), mid-term initiatives (1-3 years) and long-term goals (3 years and beyond) (TAB 2017-2). During the current year, TAB focuses on the tourism law revision, tourism data collection to improve market intelligence, destination branding and marketing, regional DMOs, product development and human resources development. In the mid-term, TAB will look into tourism infrastructure (accommodation, transportation), product development and visa-on-arrival program. In the longterm (3 years and beyond), TAB will target streamlining tourism investment procedures, environmental sustainability and stewardship, and cultural preservation. Therefore, according to current plans TAB intends to contribute to a more responsible and sustainable tourism sector particularly in the long run, after a couple of current constraints have been addressed successfully.

The **Vietnam Business Forum (VBF)** is a good platform for awareness raising and policy advocacy, as it generally results in two meetings a year at a very high level, including attendance by the Prime Minister, and has participation from all of the major business associations, including tourism related associations like VITA (see below). The VBF reports receive significant press coverage.

The **Vietnam Tourism Association (VITA)** was established by the government like many other large national level associations in Vietnam. Its sub-structures include sub-associations focusing on hotels, tour operators and training activities (VHA, VISTA, VITEA). VITA has 3,200 business members and is thus

the largest association in the tourism sector in Vietnam. Among its members are many tourism SMEs, who however complain that they do not realize substantial benefits as members, since VITA would lack services to members and since policy dialogue would be dominated by large enterprises. VITA's work plan for the period 2017-2022 contains responsibility and sustainability principles and is setting targets to implement these principles (VITA 2017). In 2022, 50% of VITA members are expected to be considered responsible tourism enterprises and that various responsible tourism products are piloted in different regions in the country. VITA intends to provide consultancy on sustainable green hotel development under the Green Lotus Label and to set up further criteria for "Responsible Travel Business", "Responsible Tourism Destinations" and "Responsible Tourism Establishments". VITA plans to disseminate knowledge and awareness about responsible tourism widely in vocational training courses and awareness campaigns.

In 2009, the **Responsible Tourism Club (RTC)** in Hanoi was set up by six tour companies who conduct tours to mountainous areas and who are passionate about responsible tourism. RTC has 35 corporate members and 3 to 5 individual members. The vision of RTC is to make all tourism of Vietnam work in a responsible way. Typical activities of RTC are sharing experience about responsible tourism jointly with universities, inviting experts to train staff about responsible tourism, practicing energy efficiency in offices of members and training tour guides on how to conduct tours according to responsible tourism principles (see Annex 4). In recent years, RTC worked with various development organisations like WWF, GIZ and SNV. As it was an issue for years to find an appropriate legal form for RTC, the members finally decided to become a club under VITA.

All **UNESCO heritage site managers** in Vietnam are part of the Heritage Club that conducts a large number of joint activities, including exchange of knowledge and experience related to site management and CBT in nearby villages.

Since early 2016, six international organizations, including UNSECO, ILO and HELVETAS, and four tour operators and individuals have discussed in a series of meetings to set up a **CBT network**. There are still different ideas around how such a network could look like and what its purpose would be. Some consider it an exchange platform to bring together livelihood development organizations, pioneer tour companies and local communities that engage in CBT and home stays. The aim would be to allow the local population to better benefit from CBT. Others consider it an umbrella around the local communities previously or still supported by development organizations to make them work together, share experience and learn jointly even after a tourism support project has phased out. In the latter case, it would be a local instrument of sustainability from a business perspective and less a nationwide network of development organizations supporting CBT. The process of shaping the CBT net-work is currently still ongoing. But in either case, a CBT network offers the opportunity of cooperation for a future project on responsible tourism, as it would convene various important players in this field.

At the sub-national level, regional DMOs in previous ESRT-supported regions took on coordination functions between the public and private sector with the participation of government departments and tourism associations. The political system in Vietnam makes it however difficult to set up an institutional structure at the regional level, such as a council due to a missing administrative layer at this level. So another type of PPP organization from outside the political system needs to support the regional tourism (see example of Central Vietnam in section 4.3 for more details).

The formal **hospitality training system** in Vietnam has poor capacity to cope with this traveller growth and entailing demand increase. In general, the tourism training system suffers from a variety of shortcomings:

- Many training courses are too long, overly theoretical and use out-dated curricula and material. VTOS developed by ESRT and supported by VNAT is so far not officially recognized by MOLISA who, since 2015, is in charge of all vocational training. Hence, official VTOS certification is not possible yet.

- Teachers usually do not have practical experience; otherwise they would fill more lucrative tourism business positions. This

is a structural salary problem that can also not be solved by volunteering practitioners teaching pro bono on weekends (as some tour operator staff admitted to have done temporarily)

- Fierce competition between schools exists. Even if some students do not meet quality standards, the schools let them still pass. Otherwise, schools fear to loose their competitiveness and to face declining enrollment numbers.

- Enterprises accept uncertified staff (e.g. guides), if there is (seasonal) over demand for tourism workers, which results in students discontinuing their studies to start working immediately, e.g. after an internship.

- Skills are lacking in higher management level. Universities provide only very basic training leading to scarcity of management staff due to high and growing number of hotels.

The need for high-quality professional train-the-trainer programmes at the middle and high management level (hotel, travel and tour operations) focusing on sales, marketing, presentation could be met by short needs based courses. Currently, no school seems to offer such short courses for hospitality managers.

**Business services** for tourism enterprises in the area of marketing, training, certification, resource efficiency and digitalisation are offered by a variety of private providers at different quality. Tour operators and hotels need online presence and digital booking solutions to enable their customers to shop for tours or hotel rooms online, comparing itineraries and other services from different companies and make an informed decision about possible choices, also in the area of responsible tour or hotel varieties. These services seem to be largely in place, but service quality and accessibility could not be assessed in detail during this RMA.

## 5.4 Constraints and Opportunities of Regulatory Framework for (Responsible) Tourism in Vietnam

The tourism value chains in Vietnam are influenced by various formal and informal rules and regulations. These can be voluntary standards such as a green hotel standards or tourism sectoral policy, regulatory and legal frameworks established by the national or provincial governments or informal rules such as responsible tourism codes of conduct or a UNESCO heritage code of conduct.

### LAWS

The current **Tourism Law** which came into effect since 2005 has posed challenges for both public and private sector in managing and doing tourism in Vietnam, particularly in the context of Vietnam's integration into the world trade arena. Besides existing areas that need to be updated such as roles of local authorities in tourism management, tourism products development, and tour guide regulations, there are also other new areas to be included in the Revised Tourism Law including human resources development, the roles

and responsibility of all relevant stakeholders in developing responsible tourism. The Revised Tourism Law seeks to broaden the definition of responsible tourism to cover the four important pillars: social, economic, environmental and communities, and confirms the roles of government in practicing tourism in a responsible manner. The Government will accordingly develop a sus-tainable tourism development policy to protect natural, environmental and cultural resources of the country. Although the Revised Tourism Law will need to be passed by the National Assembly in its next meeting, the key changes have been included and no surprises are foreseen in the final draft law for approval. In line with the promotion of responsible tourism, the Government will set up a **Tourism Development Fund** with an aim to support the quality improvement of tourism activities in Vietnam. Both public and private sector have shown much interest and expectation in having additional resources facilitating the development of one of the key economic sectors of Vietnam. Between MCST and Ministry of

Finance (MOFA), the Government is still considering whom to mandate to set up the Tourism Development Fund. But in either case, the Tourism Development Fund is envisaged to be started with seed funding from Government and then managed through a PPP model body (e.g. TAB). The fund is expected to be supplemented with resources from the private sector and non-profit organizations.

The **Resolution No. 08-NQ / TW** dated 16/01/2017 of the Vietnam Politburo to develop tourism sector as a spearhead economic sector delivers a solid commitment of the country including a concrete action plan of eight major actions. Focus was particularly given to the understanding of the tourism concept and tourism sector's role in the country economy. A market-based approach to tourism development is affirmed by giving priorities to product development, tourist destination development, and tourist promotion. Tourism will be jointly developed and promoted by both private and public sector to better position the sector in the country's context. The action plan to implement Resolution No. 08-NQ / TW is currently under preparation and has not been finalised yet.

The Vietnamese law currently only allows holders of foreign passport to participate in gambling at respective facilities. Casino facilities, such as Ho Tram Resort in Vung Thau province are attracting foreign travellers in the first place. However, there are currently considerations to relax this law, allowing Vietnamese citizens to visit gambling places too. This would boost domestic gambling tourism in Vietnam significantly and pull investment funds into such facilities.

Given the above potential changes in the legal framework, the tourism sector is facing a whole new opportunity to grow in the coming years. However, it is important to note that the implementation of such an ambitious strategy and plan requires an effective law enforcement effort. **Experience in law enforcement** in Vietnam in general has shown that the Government needs to be in a driver seat and proactively issues relevant guiding regulations to translate these objectives into detailed actions for implementation at both national and provincial level. For the tourism sector in particularly, a more engaged role of Government than in the past is necessary to mobilise all concerned ministries' efforts to create a favourable environment for tourism actors to best play their roles. In order to put Resolution No. 8 successfully in practice the enforcement of tourism related rules and regulations needs to improve significantly. As the tourism sector typically has a long lead-time and thus needs planning reliability, ad-hoc changes of rules and regulations, e.g. visa regulations, need to be strictly avoided.

## REGULATIONS

Vietnam has an enormous network of UNESCO designated world heritage sites, biosphere re serves and global geoparks. All UNESCO sites overlap with tourism destinations, and often the UNESCO sites and their historical or natural assets are part of the tourist attractions of the destination. Therefore, the tourism sector needs to comply with the regulations and conducts with respect to heritage sites and their management. This includes the Vietnamese Law on Culture Heritage (2001, 2009) as well as regulations governing management system of world heritage sites, protect the sites and promote sustainable development.

Another set of regulations crucial for inbound tourism is **entry visa regulations**, which from the government viewpoint is also a key instrument to increase the number of foreign tourists. After the entry visa policy was slightly relaxed in recent years, Vietnam now offers visa exemption for citizens of ASEAN countries plus visa exemption for citizens of Japan, Russia, South Korea and 10 European and Nordic Countries. Other ASEAN member countries and competitors on international tourism markets, however, have much more liberal visa policies in place. Also, the visa exemption in Vietnam provides free access for 15 days only, while the hottest selling tours in Vietnam last 18 days. As a consequence, travellers are cutting down their visits and shortening their itineraries to take advantage of the visa waiver policy. One of the segments most impacted has been the 'home-stay' market, which as part of CBT is a typical responsible tourism product that benefits low-income and minority populations particularly (EuroCham 2017). A visa free re-entry can only happen after 30 days, which makes regional touring cumbersome. In addition, visa-upon-arrival is different than in other countries, as tourists need to bring along an approval letter from the Immigration Department.

*Source: UNESCO office Vietnam*
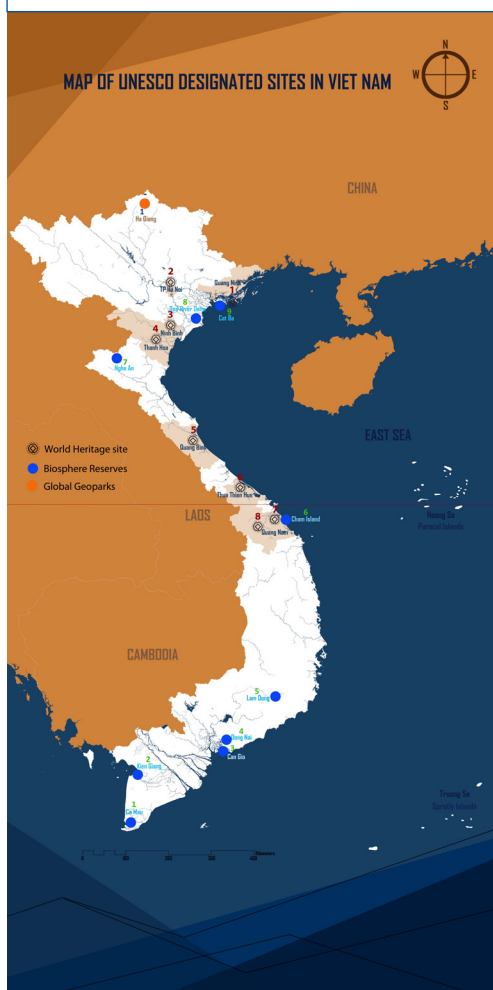


Other key features of the business environment for tourism enterprises are **land policy and related tax-related issues**. Investment decisions made around the level and scope of tourism and hospitality projects are driven significantly by the implications of land policy. These however are more unfavourable than in most other competing countries in Southeast Asia and are also differently interpreted by provincial authorities (EUROCHAM 2016).

## STANDARDS

The low human resource quality has been discussed under the constraints in the value chain and the supporting functions. However, also rules in the form of standards contribute to this situation. The **Vietnam Tourism Occupational Standards (VTOS)** – developed by two different EU projects over the last 10 years - would improve hospitality training material and curricula considerably. Although supported by VNAT and large parts of the tourism business community (except

some large hotel chains running their own standards), VTOS is not formally acknowledged as national tourism training standard. Without recognition by the responsible ministry MOLISA certification cannot be granted, which again would be important for rolling out the approach. The situation is sensitive as MOLISA has its own vocational standard for tourism, developed over years, and does not want to abandon it easily. Currently, VTOS is only used as a reference in some schools and colleges, but not formally integrated into curricula. As VTOS is adjusted to ASEAN training standards, VTOS certification would increase the employability of Vietnamese tourism workers in other ASEAN countries significantly. The new **law on vocational training** (since 2015) has moved all vocational training to MOLISA. This includes the tourism training for which previously MCST was in charge. According to the new law, 80% of training content must be practical, although the practical elements can happen at the schools - in partly poorly equipped facilities – and not necessarily in real tourism enterprises.

During ESRT project life the set of VTOS were adjusted to tourism training standards in other ASEAN countries. After VTOS will have been recognized, certified VTOS graduates would be able to work in other ASEAN countries in the hospitality business as part of the **MRA labour mobility**. However, the lack of competitiveness in the ASEAN tourism labour market at middle to high tourism management level would then still remain, as VTOS only covers vocational training content.

The sustainable certification scheme **Green Lotus label** developed by the ESRT program was one of two activity areas, which did not achieve its goals and was thus less effective than envisaged by the program. The label was not widely taken up by hoteliers across the country and seemed only to be manageable by the 4s tar and 5 star international hotels (WATSON, J. et al. 2016). Only a few international travel agents or hotels apply international certification standards like the European label Travelife. Effective green tourism standards widely adopted could, however, change the behaviour and attitude of large parts of the tourism industry in Vietnam.

## DEVELOPMENT STRATEGIES

Whilst the Tourism Law is being reviewed for amendment, the tourism industry received a confirmed interest and support from the country's highest political level to realise the country's **Tourism Strategy to 2020 vision to 2030**. According to the Strategy, the tourism sector will have become the spearhead economic sector, having good professionalism and a relatively synchronous and modern infrastructure system; tourist products will achieve high quality and diversification, obtain good brand and distinctive national cultural identity as well as good competitiveness in comparison with the world and the region by 2020. The Strategy also affirms that Vietnam will strive to become a tourism developed country by 2030.

In 2015, Vietnam has introduced a **Strategy for Vietnam's tourism products to 2025, orientation to 2030**.[20] The strategy assesses the current state of Vietnam's tourism products in an international context and against the background of Vietnam's competitive advantages in tourism. The strategy outlines directions for tourism product development in different parts of the country: ecotourism and cultural tourism in the Northern mountainous region and Central Highlands, the Mekong Delta region ecological gardens; marine tourism and heritage tourism in the South Central Coast region, North Central region, the Red River Delta region and Northeast Coast region; urban cultural tourism in the Red River Delta region, Northeast coast region and Southeast region.

On a larger scale, the UN's Agenda 2030 and the **Sustainable Development Goals (SDGs)** provide a unique framework for driving sustainable and responsible growth. Travel and tourism is recognised explicitly in three of the SDGs, but has an important part to play in the achievement of each one.

Therefore, in the context of the new Global SDGs and the vision 2030[21], for future tourism development is relevant to consider:

- SDG8, Target 8.9: "By 2030, devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products".

- SDG12, Target 12.9: "Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production".

- SDG12, Target 12.10: "Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products".

With 3,200 kilometres of coastline, Vietnam ranks among the five countries most vulnerable to climate change[22]. Some estimates suggest that one-fifth of Ho Chi Minh City could be underwater by the end of the century. Harsher weather and flooding could severely damage settlements along the coast. One-meter sea level rise could flood 20% of Vietnamese communes partially and could affect 11% of the population and 7% of agricultural land. Many tourism destinations are located at the seaboard. Climate change effects have already started taking away the beach in beach locations like Hoi An[23], and they are affecting tourism supply chains (fishery, agriculture). To address such issues on the adaptation side Vietnam has a very advanced and well-designed **Vietnam Green Growth Strategy (VGGS)** in place, which obliged all provinces to formulate **climate change adaptation strategies**. However, firstly climate change seems to develop faster than expected by those strategies, e.g. in Quang Nam province, and secondly these strategies are not properly implemented at this point.

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20. http://www.itdr.org.vn/en/strategy-for-vietnamrs-tourism-products-to-2025-orientation-to-2030.html

21. http://www.un.org/sustainabledevelopment/

22. Vietnam ranks second among the top five most vulnerable countries. The other countries are Cambodia, Bangla-desh, Senegal and Mozambique according to the Ratings agency Standard & Poor's.

23. http://climatechange.searca.org/index.php/climate-change-latest-news/vietnam/2652-vietnam-may-lose-beaches-to-climate-change-official

# 5.5 Tourism Stakeholder Assessment in Vietnam

Figure 6 below summarises the assessment of capacity and motivation to change of selected active stakeholders in the tourism sector.

The **top right quadrant** includes four organizations, which have played an active role in developing and promoting the tourism sector in Vietnam (HELVETAS, CRED, VITA and TAB). It is interesting to note that all four organizations are non-for-profit with tourism sector being either key or one of their key operational focus areas. These organisations can be considered partners to work with in any of potential project promoting sustainable tourism in Vietnam.

HELVETAS Swiss Intercooperation in Vietnam and CRED, its in country off shoot, have been promoting responsible tourism through their long support to develop CBT in the Northern provinces of Vietnam. Both have missions to strengthen rural economic development across Vietnam focusing on the promotion of existing and emerging agricultural markets and value chains and ensuring greater inclusion of the poor and marginalised groups in agricultural development as well as providing off-farm opportunities for communities and households as well as the strengthening community livelihoods. The CBT support provided to local communities will, on the one hand, help increase local incomes and, on the other hand, introduce a new way of livelihood to local communities by making sustainable use of natural and cultural resources. By placing local community central to the CBT development process, HELVETAS and CRED have high interest in changing the sector. However, as non-profit organisation both have limited own resources and depend on additional resources of donors.

The TAB Social Enterprise, established in 2016 as the result of the EU Delegation support provided to VNAT, has been active in marketing tourism in Vietnam through its main mechanism PPP (see also section 5.3). With the participation of both private and public sector, TAB is fully dedicated to tourism development in the interest of its members and demonstrated a high level of

will to change the sector. TAB has a clear agenda focusing on three areas of policy, human resource and marketing. Without ESRT support, TAB will first rely on VNAT's political support and its founders in the private sector for funding of its core activities. After many dialogues with the public sector, TAB is in the position to be an active player in the country's responsible tourism promotion effort. The TAB members stated that they collectively believe in responsible tourism and that they would make it a cornerstone of their future program. TAB will develop a more formal action plan after the current fundraising process.

Vietnam Tourism Association (VITA), established in 2002, is the largest voluntary non-government association of all stakeholders in the tourism sector of Vietnam (see also section 5.5). VITA is committed to promote responsible tourism in Vietnam for the benefits of its members and local communities of all tourism destinations in Vietnam. VITA has been active in its three main areas of training, public-private dialogue and tourism promotion and demonstrated a high level of skill to continue support and promote tourism in a responsible manner.

In addition, the two international UN organizations UNESCO and ILO would be located in the right upper quadrant as well, if they were market system actors. Depicting them here would confuse the facilitation principle of market systems development. Therefore their capacity and motivations are described briefly below, without including them in the graphic.

UNESCO, having designated heritage sites across the country, seems to have a high level of incentive to change the tourism sector in alignment with cultural preservation. The promotion of responsible tourism is high on UNESCO's agenda, though its effort is mainly vested in its three types[24] of designated sites in different locations of the country. Local governments and communities have well recognized its support to develop tourism in provinces hosting UNESCO heritage sites. Responsible tourism will help supporting UNESCO in its effort to preserve Vietnam's heritage and nature.

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24. World heritage sites, biosphere reserves, global geoparks.

The International Labour Organization (ILO) in Vietnam is working in partnership with its three constituents—governments, workers' organizations and employers' organizations—and donors towards achieving the goal of decent work for all in Vietnam. As part of its three strategic areas (labour market governance, employment and sustainable enterprise development; and social protection and social security), ILO worked with other donors to contribute to the creation of decent work opportunities and livelihood improvement through awareness raising, capacity building and enhancement of tourism environment for local governments and private sector in central provinces of Vietnam. ILO has substantially high interest in changing the sector and with its previous experience in tourism sector, ILO has useful tools, which could be further applied for the sector.

dustry towards responsibility. Nevertheless, RTC is in a good position to advocate for responsible tourism among active tourism businesses in Vietnam.

The three government agencies (VNAT, Provincial DCST and Heritage Site Management Boards) all have assigned mandates to promote tourism within their given authority. Responsible tourism will be high on their agenda after the National Assembly will have passed the new law with a more concrete conceptual definition later this year. However, the capacity to adapt change will be limited given their limited experience of practicing tourism in a responsible way. These organisations, if receiving support to strengthen their conceptual understanding and law enforcement capacity, will be in a better position to deliver their mandates.



*Figure 6: Skill-Will Matrix Applied for Responsible Tourism in Vietnam*
*Source: Consultants' Assessment*
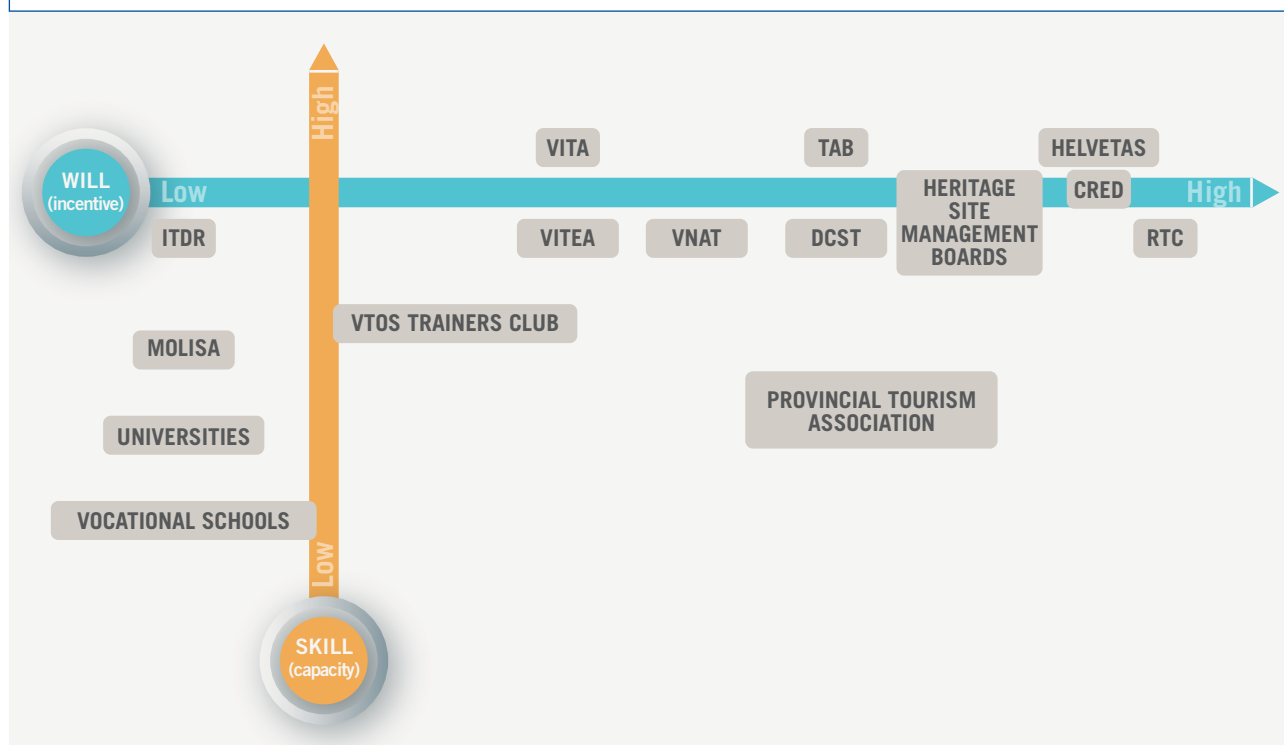
The **bottom right quadrant** includes organisations, which demonstrate a high level of incentive to change but have less developed skills to do so. These mainly are state agencies and local not-for-profit organisations.
The Responsible Tourism Club (RTC / see also section 5.5) is dedicated getting the whole tourism sector of Vietnam work in a responsible way. However, given the limited time resources of RTC leaders, whose key members are managers and owners of tourism businesses, RTC seems to lack capacity to promote the change of the tourism in-

The three associations and club (provincial Tourism Association, Vietnam Tourism Education Association – VITEA, and VTOS Trainer Club) are voluntary association/club of businesses and individuals in the tourism sector. Similar to the three government agencies, they are new to the responsible tourism concept and have limited exposure to responsible tourism practices. Support measures are expected to strengthen the association/club capacity through the planning and implementation of high quality activities based on their members' needs.

The **bottom left quadrant** includes various government organisations at both national and provincial level. MOLISA is now in charge of the vocational training in the tourism sector, which will oversee the vocational training schools in Vietnam. ITDR is the key tourism research institute of MCST. Along with universities and vocational schools, MOLISA and ITDR have lower level of incentive than other stakeholders in promoting responsible tourism. They also have limited skills and expertise on the subject. Considering their lower level of will to change, the most important support for them would be raising their awareness of the concept which will help better engage them in the country's effort to practice tourism in a responsible manner, however, at this stage, forging partnerships with such organisations should not be explored unless further evidence indicates a positive transformation in will and /or skill.

# 6
# RECOMMENDATIONS FOR POSSIBLE INTERVENTION AREAS AND RT-SUPPORT ACTIVITIES

Based on the rapid market and the stakeholder assessments in above chapters, the consultants recommend to continue efforts of strengthening responsible tourism in Vietnam that have been started by other organisations in the past. A new project design should take into account the following important goals and principles:

▪ A new project should aim at i*mproving the competitiveness of the tourism sector through implementation of responsible and climate-smart[25] tourism practices and thereby generating income opportunities, creating new jobs and retaining existing jobs.*

▪ A new project should be primarily private sector driven and oriented: interventions should focus on strengthening the competitiveness of SMEs and cooperatives involved in tourism and related product value chains. For this, the needs and challenges of (responsible) tourism SMEs need to be identified early in the project, e.g. by running a tourism SME survey in the pilot destinations. Interventions are then to be designed or fleshed-out based on the survey results.

▪ Responsibility also refers to the employer-worker relationship and the working conditions in tourism enterprises. This means that implementing responsible tourism practices should include the creation of decent work conditions[26] in enterprises or cooperatives serving tourists. Investigating working conditions in tourism SMEs has not been part of this RMA, but it should become another early activity during the inception phase of the project, e.g. supported by the SME survey described above and worker interviews in selected SMEs.

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25. Climate-smart tourism takes climate change and its impacts in tourism development seriously. Climate-smart tour-ism practices respond to issues and harness opportunities presented by climate change, on both the adaptation side (e.g. protecting tourist destinations from coastal erosion, floods and droughts) and on the mitigation side (energy efficiency, investments in cleaner technologies and renewable energy by tourism SMEs).

26. Decent work involves opportunity for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration, freedom for people to express their concerns, organize and participate in the decisions that affect their lives and equality of opportunity and treatment for all women and men (http://www.ilo.org/global/topics/decent-work/lang--en/index.htm)

- Support the implementation of the Resolution No. 8 and the revised tourism law in a way that tourism becomes economically more significant, but at the same time sustainable and competitive in the long run

- Taking the SDGs 8.9, 12.9, 12.10 related to sustainable tourism, production and consumption into account for project design and implementation. This means concretely to promote local culture and products through sustainable tourism, strengthening Vietnam's capacity to move towards more sustainable patterns of offering and enjoying tourism services and to monitor the impacts of sustainable tourism development.

- Target systemic change: Interventions should target the improvement of economic opportunities for actors in the tourism value chains (incumbents, newcomers), institutionalize this process of economic improvement and make these institutions adaptable to changes of framework conditions.

Using the concept of Systemic Competitiveness (Meyer-Stamer, J. 2007) the following recommended activities to support responsible and sustainable tourism in Vietnam are structured on the different systemic levels. The focus lies on the macro, meso and micro level activities (see Figure 7).

- Use existing tools and manuals of the ILO on employment, entrepreneurship and community-based tourism planning and developing, UNESCO's guide training approach and EU documents on responsible tourism.

- Replicate innovative models that have been piloted in Vietnam successfully and test them in new destinations (see section 4.3 above). Responsible tourism models have been identified at the micro level (CBT Cooperative, Talai Ecolodge) and meso level (DMO, guide training, vocational school). Most likely, a new responsible tourism project will have elements represented by all these models in its portfolio. Hence, these models should inform the design of such project elements.

- Continue working with organisations that developed a profile recently and could be important to sustain responsible tourism after a next project has ended. This includes TAB in its important role as bridge between public and private sector in Viet-

nam, but also RTC and the traditional tourism associations at national level. These organisations should rather be implementation partners than beneficiaries to help them further developing and advancing towards fully sustainable organisations.

- In addition partner with large international and domestic travel agents and DMCs who are committed to responsible / sustainable tourism and are certified by sustainable tourism scheme.

- Strengthen the capacities of public partners like VNAT and MCST during project life and attract more government funding into tourism promotion and marketing.

- For project implementation apply a PPP approach with public and private partner organisations (see above) being represented in the steering and implementation bodies (project steering committee and possibly a project implementation unit) and one sub-contracted main implementer that could be an international organisation, a company or a consortium. The implementer should be selected through an open tender process. Financial management should be the responsibility of SECO in coordination with the implementer that will receive budget transfer in instalments according to the work plan and respective budget demand.

A new tourism support initiative in Vietnam could focus on the following four main intervention areas:

1. Micro level: Responsible tourism value chain development, including CBT and linkages to product value chains. This component should be strongly customer-oriented and private sector driven and piloted in selected destinations in different parts of the country.
2. Meso level: Professional tourism skills development (needs-based, jointly with international hospitality trainers)
3. Macro level: PPP/PPD in national and regional tourism destination management
4. Climate change resilient and pollution-free tourism destinations.

For each of the 4 intervention areas outlined above below are some indicative activities proposed. In square brackets behind each intervention is a reference about which market system constraints and challenges are being addressed.
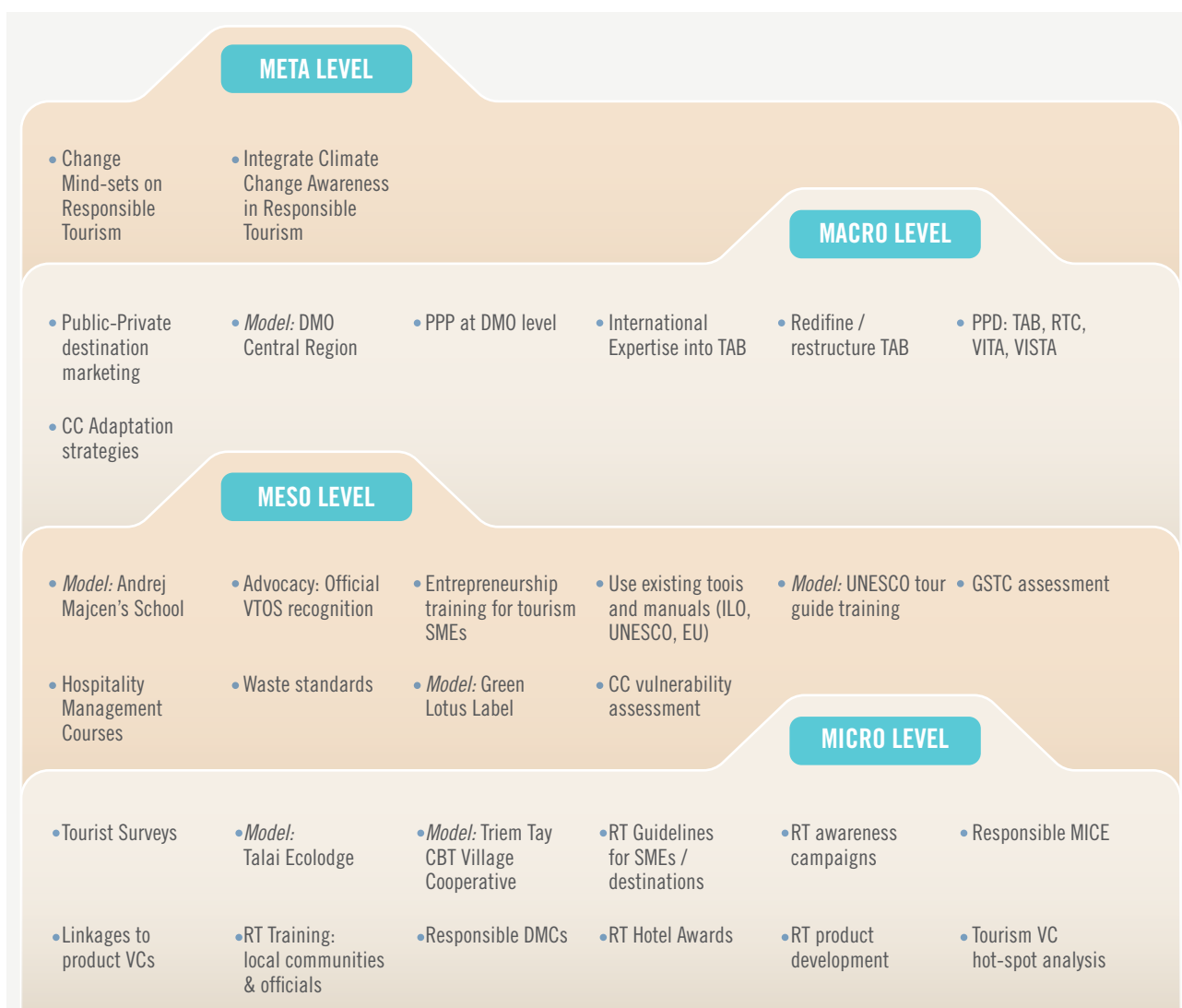
**META LEVEL**

- Change Mind-sets on Responsible Tourism
- Integrate Climate Change Awareness in Responsible Tourism

**MACRO LEVEL**

- Public-Private destination marketing
- *Model:* DMO Central Region
- PPP at DMO level
- International Expertise into TAB
- Redifine / restructure TAB
- PPD: TAB, RTC, VITA, VISTA
- CC Adaptation strategies

**MESO LEVEL**

- *Model:* Andrej Majcen's School
- Advocacy: Official VTOS recognition
- Entrepreneurship training for tourism SMEs
- Use existing toois and manuals (ILO, UNESCO, EU)
- *Model:* UNESCO tour guide training
- GSTC assessment
- Hospitality Management Courses
- Waste standards
- *Model:* Green Lotus Label
- CC vulnerability assessment

**MICRO LEVEL**

- Tourist Surveys
- *Model:* Talai Ecolodge
- *Model:* Triem Tay CBT Village Cooperative
- RT Guidelines for SMEs / destinations
- RT awareness campaigns
- Responsible MICE
- Linkages to product VCs
- RT Training: local communities & officials
- Responsible DMCs
- RT Hotel Awards
- RT product development
- Tourism VC hot-spot analysis

*Figure 7: Recommended Interventions for a responsible tourism project in Vietnam structured by using the Systemic Competitiveness Framework*

## Intervention Area 1 (micro level):
## Responsible tourism value chain development

- Facilitating the introduction of green business certifications (Green Lotus,[27] Travelife etc.) for hotels, boats, tour operators etc. in order to create a commercial incentive for tourism SMEs to improve their level of sustainability and responsibility [*constraint/challenge: effectiveness green certification standard*].

- Facilitating the development of practical guidelines on how different types of tourism enterprises can act responsibly [*low responsible tourism awareness across value chain*].

- Responsible tourism awareness campaigns and training across the value chains after strengthening national and local training providers [*low responsible tourism awareness across value chain*].

- Responsible tourism training for DMCs to win them as ambassadors and implementers [*low responsible tourism awareness across value chain; focus & products of DMCs*].

- Involving responsible tour operators (DMCs) from the early beginning in destination development, incl. CBT, in order to ensure demandorientation and sustainability [*income opportunities from CBT*].

- Cooperating with VITA, VITEA and VNAT to organize training for local officials (province, district, commune) on responsible tourism and the carrying capacity of a location to prepare for making the right decisions [*irresponsible exploitation of tourism assets*].

- Cooperating with responsible tour operators and/or professional tourism training

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27. See www.travelife.org

organizations to conduct responsible tourism training for local communities, starting with all pilot destinations [*income opportunities from CBT, low responsible tourism awareness*].

- Facilitating the introduction of a code of conduct in all pilot destinations by exemplifying the Da Nang case [*low responsible tourism awareness*].

- Cooperating with selected tourism actors, e.g. hotels, local/regional tourism associations, transport companies, CBT cooperatives to create linkages with product value chains (food, souvenirs etc.) and thus additional income opportunities and multiplier effects [*lack of income and job opportunities*].

- Facilitating the development of sustainable/responsible tourism products/activities [*lack of professional tourism products for impact-concerned customers*].

- Promotion of the destination: coordinating with TAB, the DMOs and their marketing service providers on how to target markets with high density of responsible tourists, e.g. French, German, Scandinavian countries, but also young urban professionals from Hanoi and HCMC [*lack of professional tourism marketing/promotion efforts*].

- In cooperation with DMCs and larger travel agents, exploring the potential of "responsible" MICE tourism and identify the respective target markets in order to tap into a potentially huge market segment with high future income opportunities [underutilized MICE potential, lack of professional tourism marketing/promotion efforts]Pilot the organization of a professional visitor survey and encourage national and sub-national DMOs to run regular visitor surveys to monitor the customer view (expectations, satisfaction, unmet demand – annual repetition during project life) [*lack of professional tourism marketing/promotion efforts*].

- Facilitate the redesign of the official hotel awards to include responsible tourism principles by showcasing international examples [*low responsible tourism awareness, effectiveness of sustainability standards*].

## Intervention Area 2 (meso level): Capacity Development

All training courses listed below (and marked with asterisk) should be financed mainly by the participants and their employers / sponsors. This involves working with existing actors to develop commercially viable training, which can be sustained beyond any initial programme support.

- Design and offer high and middle management courses in cooperation with international hospitality schools (outside formal hospitality training system in Vietnam), which also covers responsible tourism principles* [*low human resource capacity*].

- Entrepreneurship training for tourism SMEs and cooperatives, by for instance using the SIYB approach of ILO. This activity could be linked to SECO's entrepreneurship program in Vietnam[28]* [*low human resource capacity, business formalization and management*].

- Roll-out heritage tour guide training (UNESCO)* [*key role of tour guides, low human resource capacity, low responsible tourism awareness*].

- Advocate for an official recognition of VTOS as standard of the hospitality training formal system through MOLISA. VTOS - which is already used by enterprises - should also find entry into training curricula [*low human resource capacity*].

- Showcase successful tourism vocational training models, like Andrej Majcen (see section 3.4) [*low human resource capacity*].

## Intervention Area 3 (macro level): PPP and Institutions

- Link tourism-related public and private stakeholders and strengthen demand-driven cooperation. The project could partner with existing public-private forums like TAB or the DMOs at provincial level to strengthen them and support the generation of proposals meeting enter-

28.   https://www.eda.admin.ch/deza/de/home/aktivitaeten_projekte/projekte-fokus/projektdatenbank/seco-pro-jekte.filterResults.html/content/projects/SECO/en/2015/UR00723/phase10?oldPagePath=/content/deza/de/home/aktivitaeten_projekte/projekte-fokus/projektdatenbank/seco-projekte.html

prises demand, particularly in the area of responsible tourism [*weak coordination in supporting functions*]

- PPP at DMO level (inter-provincial cooperation model) [*weak coordination in supporting functions*]

- Facilitate joint destination marketing efforts of the public and private sector [*weak coordination in supporting functions, lack of professional tourism marketing/promotion efforts*]

- Replicate good practices from Central Coast Region elsewhere [*weak coordination in supporting functions, lack of professional tourism marketing/promotion efforts, responsible tourism product development*]

- Partner with TAB, RTC, Tourism Associations, CBT Network and larger DMCs to have broad cooperation base with the private sector and far-reaching impact [*outreach and leverage of a future project*]

- Make responsible tourism and climate change key topics of the TAB agenda and bring international experts into TAB meetings to advice and educate on these topics [*low responsible tourism awareness*]

- Advocate for TAB to periodically meet not only the VNAT chairman, but also the MCST Minister and the Prime Minister (which is possible during the annual VBF and realistic due to the fact the PM is very interested in tourism development as former director of the DCST in Quang Nam province). Try to redefine the role of TAB and to whom it provides advices:

  - Restructure TAB advisory work, e.g.: 1) regulatory advisory to Government, 2) advisory to tourism businesses (VITA to receive the advices), and 3) advisory to local governments and / or.

  - TAB to operate independently and report to the Boards (VNAT, VITA) [weak coordination in supporting functions].

## Intervention Area 4 (all levels): Resilient Destinations

- Integrate climate change awareness (mitigation, adaptation) into the concept of responsible tourism in Vietnam [*VGGS implementation in tourism*] (meta level).

- Rapid climate change vulnerability assessment in selected pilot destinations (participatory tools are available) [*climate change adaptation strategies and their implementation*] (meso level).

- Tourism VC hot-spot analysis in selected pilot destinations (participatory tools are available) [*VGGS implementation in tourism*] (meso level).

- Global Sustainable Tourism Council (GSTC) assessment and certification of sustainable tourism destinations [*VGGS implementation in tourism*] (meso level).

- Encourage adaptation and mitigation measures of public and private sector [*VGGS implementation in tourism*] (micro / meso level).

- Review and update climate change adaptation strategies of pilot destinations [*climate change adaptation strategies and their implementation*] (macro level).

- Create economic incentives (standards, certificates) to implement wastewater management and solid waste management in pilot destinations [*effectiveness of sustainability standards*] (meso level).

# SELECTION OF GEOGRAPHICAL LOCATIONS

## 7.1  Discussion of selection criteria

Based on a review of selection criteria employed by other previous tourism projects in Vietnam and own considerations, the consultants proposed a set of eight different criteria to choose pilot destinations for a possible future responsible tourism project in Vietnam.

1. Emerging tourist destination (with sufficient tourist attractions) and hence potential scope for job creation.
2. Preferably locations with designated heritage sites or other intangible culture resources.
3. Poverty incidence and poverty reduction potential, preferably among ethnic minorities.
4. Willingness for cooperation and open-mindedness of local communities.
5. Good governance at local level.
6. Political will of local government and commitment for change.
7. Vulnerability to climate change.
8. Preferably cluster of provinces (with past inter-cooperation experience and coherence of joint tourism products).

## 7.2  Possible Pilot Destinations

The consultants propose groups of three provinces each in the North (Ninh Binh, Phu Tho, Ha Giang), the Centre (Quang Nam, Thua Thien Hue, Quang Binh) and the South (An Giang, Can Tho, Kien Giang). Clusters of three to four provinces seem to work best as the ESRT experience has shown, particularly in Central Vietnam. Optionally, the province cluster in the Center could be extended by Da Nang due to its role as gateway to Central Vietnam and in the North by the province Thanh Hoa due to its high scoring.

The proposed selection of these possible destinations is based on the list of criteria in section 7.1. The pool of destinations includes all tourism locations recommended by interviewees and those having received support from projects funded by donors or international organisations.

These pre-selected destinations are regarded having potential for tourism development. Based on the availability of data, preliminary assessment has been done for these preselected destinations using five out of eight criteria, including criteria 1 to 3, 7 and 8. It is proposed to apply the three non-assessed criteria (the openness and commitment of local communities and government) during the inception phase of the project when potential provinces are visited for an assessment. The scoring mechanism is explained hereafter.

1. Emerging tourist destination (with sufficient tourist attractions): as all destinations included in the assessment are considered emerging tourist destinations, the assessment results presented in the table below use the number of tourists received by each province in 2015 (Vietdata[29]).
2. Preferably locations with designated heritage sites or other intangible culture resources[30]: destinations with recognized heritage sites/cultural heritage are given score (1 point for every site).
3. Poverty incidence and poverty reduction potential, preferably among ethnic minorities: each selected destination is scored basing on the provincial poverty rates (GSO, 2015[31]).

4. *Willingness for cooperation and open-mindedness of local communities (to be assessed later).*
5. *Good governance at local level (to be assessed later).*
6. *Political will of local government and commitment for change (to be assessed later).*
7. Vulnerability to climate change: is preliminarily assessed using the available provincial's climate change adaptation strategy. (2 points for provinces that have climate change adaptation plan/ impact assessment plus located in Red River/ Mekong Delta/ Central Coast region which are considered the most vulnerable regions in the country. 1 point for provinces that have plan and are not included in the high climate change impact regions. 0 point for provinces that do not meet any of the above criteria).
8. Preferably cluster of provinces (with past inter-co-operation experience and coherence of joint tourism products): 1 point will be given to provinces in the pilot regions for Responsible tourism (EU-ESRT report) for their DMO experience, provinces without DMO experience is scored 0).

The table below summarises the preliminary assessment results and proposes provinces for consideration.

| REGION | CITY/ PROVINCE | CRITERIA | | | | | TOTAL SCORE (MAX 10 POINTS) |
|---|---|---|---|---|---|---|---|
| | | EMERGING TOURIST DESTINATION / SCOPE FOR JOB CREATION | PREFERABLY LOCATIONS WITH HERITAGE SITES OR INTANGIBLE CULTURE RESOURCES | POVERTY INCIDENCE AND POVERTY REDUCTION POTENTIAL | VULNERABILITY TO CLIMATE CHANGE | PREFERABLY CLUSTER OF PROVINCES | |
| North | Dien Bien | 0.20 | 0 | 1.90 | 1.00 | 2.00 | 5.10 |
| | Lai Chau | 0.20 | 0 | 2.00 | 1.00 | 2.00 | 5.20 |
| | Lao Cai | 0.40 | 0 | 1.52 | 1.00 | 2.00 | 4.92 |
| | Ha Giang | 0.20 | 0.67 | 1.71 | 1.00 | 2.00 | 5.58 |
| | Cao Bang | 0.20 | 0 | 1.81 | 1.00 | 0 | 3.01 |
| | Yen Bai | 0.20 | 0 | 1.43 | 1.00 | 2.00 | 4.63 |
| | Phu Tho | 0.20 | 2.00 | 0.95 | 1.00 | 2.00 | 6.15 |
| | Hoa Binh | 1.00 | 0 | 1.33 | 1.00 | 2.00 | 5.33 |
| | Son La | 0.20 | 0 | 1.62 | 1.00 | 2.00 | 4.82 |
| | Quang Ninh | 1.80 | 0.67 | 0.48 | 1.00 | 0 | 3.94 |
| | Ninh Binh | 2.00 | 1.33 | 0.86 | 2.00 | 0 | 6.19 |
| | Thanh Hoa | 0.20 | 1.33 | 1.14 | 1.00 | 2.00 | 5.68 |
| Central | Quang Binh | 0.20 | 1.33 | 1.24 | 2.00 | 2.00 | 6.77 |
| | Thua Thien Hue | 0.20 | 2.00 | 0.57 | 1.00 | 2.00 | 5.77 |
| | Da Nang | 1.40 | 0 | 0.10 | 1.00 | 2.00 | 4.50 |
| | Quang Nam | 0.60 | 1.33 | 1.05 | 2.00 | 2.00 | 6.98 |
| | Khanh Hoa | 1.20 | 0 | 0.76 | 2.00 | 0 | 3.96 |
| South | An Giang | 0.20 | 0.67 | 0.38 | 2.00 | 2.00 | 5.25 |
| | Can Tho | 0.20 | 0.67 | 0.19 | 2.00 | 2.00 | 5.06 |
| | Kien Giang | 1.60 | 0.67 | 0.29 | 2.00 | 2.00 | 6.55 |
| | Ca Mau | 0.20 | 0.67 | 0.57 | 2.00 | 0 | 3.44 |

*Table 1: Preliminary scoring results of pre-selected tourist destinations*

29. http://vietdata.vn/tong-ket-nganh-du-lich-viet-nam-nam-2015-1888570143

30. http://whc.unesco.org/en/statesparties/vn and http://vietnamnet.vn/vn/thong-tin-unesco/gioi-thieu/

31. https://gso.gov.vn/default.aspx?tabid=723

The results suggest the consideration of three provinces in each of the three regions – marked red in above table and depicted in the map below.



*Figure 8: Map of Vietnam and tentatively proposed pilot destinations*
*Source: www.mapsofworld.com*

# 8

# CONCLUDING REMARKS

The tourism sector in Vietnam currently experiences different trends and hosts different tourism value chains, depending on the market segment one looks at. Although responsible tourism is not the dominating trend yet and has not been mainstreamed in all various market segments, it has gained momentum in recent years, partly from the supply side (promoted by development projects and some businesses), partly from the demand side (driven by preferences of certain domestic and international tourists).

For the first time, in early 2017 the Vietnamese government gave a clear political commitment to promote responsible and sustainable tourism. However, given the current capacity of the public and the private sector, it will be a huge challenge to put this commitment into reality. The way tourism is practiced currently can neither be considered responsible, nor climate smart.

The private sector plays a key role in tourism and needs to be included in all tourism policy orientation and development processes in order to drive the tourism in a market-based, but still sustainable way. The RMA recognized that parts of the private sector is highly interested in assuming this role and making resources available to compensate for a lack of public financial and technical capacities.

The RMA can be concluded by recommendations to start a responsible tourism project in Vietnam in the current situation for the following reasons. A new initiative could

- greatly contribute to continuing unfinished activities of earlier projects and capitalize on their successes, innovative models and strengthened institutions

- extend responsible tourism initiatives to address another key challenge for tourism in Vietnam, such as climate change

- amplify and strengthen the currently expanding trend of sustainable and responsible tourism against the still dominating trend of commercial mass tourism

- utilize the situation of working in a sector with increased private sector involvement and influence in policy making and with a significant potential to leverage private sector

funds through co-financing of activities. Evidence for co-financing potential is the TAB marketing campaign for which the private sector provides the larger part of the funds

- contribute to inclusive income generation of poorer communities and the creation of decent working conditions in the fast growing and labor-intensive tourism sector in the country

- at the same time, support the Vietnamese Government to implement its latest economic-policy focus shift towards tourism and away from industrial manufacturing.
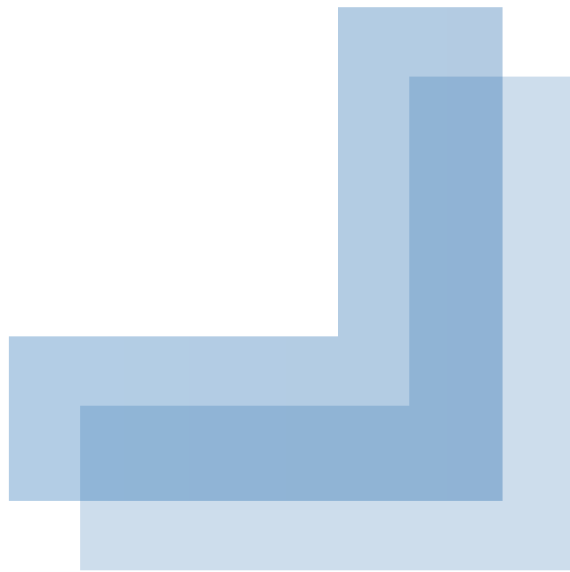
# ANNEX:
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# ANNEX: WORK PLAN

| | Mo 6.2 | Tue 7.2 | Wed 8.2 | Thu 9.2 | Fr 10.2 | Sat 11.2 | Sun 12.2 |
|---|---|---|---|---|---|---|---|
| AM | | - Drafting Work (CS/PNL) | - Desk Review | - Desk Review<br>- Giz (11am) | - DTR (9am)<br>- SECO (10.30am) | | |
| PM | - Desk Review (CS) | - Drafting Work Plan<br>- Ilo Hanoi (Huyen/4pm) | - Desk Review<br>- Unesco (4pm) | - Desk Review<br>- Helvetas/CRED (4pm) | - VNAT (1pm)<br>- VITA (2.30pm) | | |

| | Mo 13.2 | Tue 14.2 | Wed 15.2 | Thu 16.2 | Fr 17.2 | Sat 18.2 | Sun 19.2 |
|---|---|---|---|---|---|---|---|
| AM | - RT Club (9am) | - Flight Danang (CS/PNL)<br>- Tour. Dept DN (10.30am) | - Vietravel DN (8.30am)<br>- Fieldwork DN/QN | - Tourism VET QN (9am)<br>- Tour. Assoc. (TO) QN (11am) | - Preparation of Minutes of Meetings | | |
| PM | - European Union (2.15pm)<br>- Desk Review | - Phuong Dong College DN (1.30pm)<br>- Tour. Assoc. DN (3pm)<br>- DN Economics Uni. (5pm) | - Tour. Dept. QN (2pm)<br>- Tour. Assoc (Hotels) QN (4pm)<br>- CBT Coop (5.30pm) | - Flight to Hanoi (CS/PNL)<br>- PYS Travel Hanoi (4pm) | - Desk Review | | |

|  | Mo 20.2 | Tue 21.2 | Wed 22.2 | Thu 23.2 | Fr 24.2 | Sat 25.2 | Sun 26.2 |
|---|---|---|---|---|---|---|---|
| AM | - Flight to HCMC (CS/PNL)<br>- EXO Travel (11am) | - VBF (9am)<br>- Incountry-tours (11am) | - VITEA (9.30am)<br>- TAB Executive Secretary (1.30pm) | - Internal Analysis of Findings | - Prep. PPT for Validation WS<br>- Prep. RMA Outline |  |  |
| PM | - Asian Trails (4pm) | - TAB Executive Director (3pm)<br>- EuroCham (4.30pm)<br>- Flight to Hanoi (8pm) | - HG Travel (4pm) | - Internal Analysis of Findings | - Validation WS (2pm) |  |  |

|  | Mo 27.2 | Tue 28.2 | Wed 1.3 | Thu 2.3 | Fr 3.3 | Sat 4.3 | Sun 5.3 |
|---|---|---|---|---|---|---|---|
| AM | - Present to SECO VN (9am) | - Prep. RMA (CS, PNL)<br>- Prep. ProDoc (CH) | - Prep. RMA (CS, PNL)<br>- Prep. ProDoc (CH) | - Prep. RMA (CS, PNL)<br>- Prep. ProDoc (CH) | - Prep. RMA (CS)<br>- Prep. ProDoc (CH) | - Review ProDoc (CS)<br>- Review RMA (CH) |  |
| PM | - Prep. RMA (CS)<br>- Skype ILO Geneva | - Prep. RMA (CS, PNL)<br>- Prep. ProDoc (CH) | - Prep. RMA (CS, PNL)<br>- Prep. ProDoc (CH) | - Prep. RMA (CS, PNL)<br>- Prep. ProDoc (CH) | - Prep. RMA (CS)<br>- Prep. ProDoc (CH) | - Review ProDoc (CS)<br>- Review RMA (CH) |  |

CS       Christian Schoen (Mesopartner)

PNL     Pham Ngoc Linh (MCG)

CH       Callie Ham (ILO)

# ANNEX:
# KEY RESEARCH
# QUESTIONS

## Questions for Interviews and Group Meetings

General Questions

- What are SECO priorities and strategy in Vietnam (tourism, general)?

- What are the former donor project results related to public private partnership, responsible tourism, skill development, and destination management? What did they achieve? What are their lessons learnt?

- What is understood by responsible tourism in Vietnam? What is the overall relevance and acceptance of responsible tourism in Vietnam?

Market System Framework - Tourism VC (incl. supply and demand side)

- What are the key underlying constraints to the development of the tourism value chain, especially for SMEs?

- In how far is the tourism sector, especially SMEs, interested to grow more inclusively and sustainably?

- What are the biggest potentials for domestic/international tourism in the country?

- When and where did tourist surveys take place in VN? What are the results in terms of expectations and satisfaction of customers (different types of tourists)?

- What tourist services are being offered in reach region by local SMEs (accommodation, tours, booking, etc.) and how do these currently respond to the existing and future demand?

- How did domestic and international tourism demand develop in recent years, what are future expectations? Which opportunities could be seized from this demand to develop the three tourist destinations, as well as the tourist services and products offered by SMEs in the three target regions?

- What product value chains feed into tourism and how can they be strengthened through responsible tourism? What development projects support these product VCs?

Market System Framework - Support Functions

- What support services to the tourism sector, especially for SMEs, are offered? What is their quality in the eyes of tourism actors, especially SMEs?

- What are the underlying constraints that support function actors face to support the tourism industry, especially SMEs, and how do these relate to existing or non-existing support functions?

- What different training and other tools and innovative models have been developed by EU, ILO and other projects in the area of responsible tourism? What is their quality?

- What are the various tourist destinations developed by different development projects? How have they been selected?

- How to select the (pilot) tourist destinations for a new RT project? What criteria to use?

- How reliable are key tourism figures in Vietnam? What methodology is used in Vietnam to monitor (domestic & international) tourists?

Market System Framework - Rules and Regulations

- What are the key rules and regulations relevant for tourism in VN? How are they assessed by different market players in terms of conduciveness and coherence?

- What are the key underlying constraints within the regulatory framework to the development of the tourism sector?

- What is the Vietnamese government strategy regarding tourism in general and for responsible tourism in particular?

- What are the framework conditions to facilitate private-public partnership in tourism development / destination management? How does enforcement work? How does the TAB as PPD mechanism perform? What are the constraints faced by the TAB to effectively advocate the interests of the private sector, especially of SMEs?

- How does the ASEAN regional integration perform in the area of tourism in Vietnam?

Market System Framework - Market Players

- Who are the relevant tourism actors from private, public and civil society sectors?

- What is the role of Government in tourism in Vietnam?

- What is the role of SMEs in the tourism value chain? What problems do tourism SMEs face specifically?

- What is the role of local communities in responsible tourism? What problems do local communities face specifically?

- Are there any (real) civil society organisations that can facilitate change towards responsible tourism?

- Is there readiness for change among tourism actors? Who are the tourism actors that have potential to drive change?

- What are the incentives for change and the capacity for change of the different players? (Skill-Will Matrix)

- What are the incentives and capacities of supporters/regulators to improve their role or to try innovative models?

## Questions for Analysis / Reporting

Summarizing Questions (possible analysis tools in brackets)

- What are the structure and key characteristics of the tourism sector (market system framework, incl. supply & demand conditions)?

- Who are the relevant actors in tourism both at the core value chain and market systems level and how do they interact? What are their incentives and capacities? (market system framework, skill-will matrix)

- What are the competitive advantages and disadvantages of the tourism sector in Vietnam (Systemic Competitiveness, 3 types of advantages)?

- What is the development trajectory of tourism in Vietnam and how might it extend into the future (lifeline, scenarios)?

- What are the strategic options (in VN or specific locations)? What could and should ideally be done to address key constraints in a systemic way? (3 types of interventions).

# ANNEX: GUIDING PRINCIPLES FOR RESPONSIBLE TOURISM

The Cape Town Declaration (2012) upholds the guiding principles for Responsible Tourism.[32]

## Guiding Principles for Economic Responsibility

- Assess economic impacts before developing tourism and exercise preference for those forms of development that benefit local communities and minimise negative impacts on local livelihoods (for example through loss of access to resources), recognising that tourism may not always be the most appropriate form of local economic development.

- Maximise local economic benefits by increasing linkages and reducing leakages, by ensuring that communities are involved in, and benefit from, tourism. Wherever possible use tourism to assist in poverty reduction by adopting pro-poor strategies.

- Develop quality products that reflect, complement, and enhance the destination.

- Market tourism in ways which reflect the natural, cultural and social integrity of the destination, and which encourage appropriate forms of tourism.

- Adopt equitable business practises, pay and charge fair prices, and build partnerships in ways in which risk is minimised and shared, and recruit and employ staff recognising international labour standards.

- Provide appropriate and sufficient support to small, medium and micro enterprises to ensure tourism-related enterprises thrive and are sustainable.

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32.   see http://responsibletourismpartnership.org/cape-town-declaration-on-responsible-tourism/

## Guiding Principles for Social Responsibility

- Actively involve the local community in planning and decision-making and provide capacity building to make this a reality.

- Assess social impacts throughout the life cycle of the operation – including the planning and design phases of projects – in order to minimise negative impacts and maximise positive ones.

- Endeavour to make tourism an inclusive social experience and to ensure that there is access for all, in particular vulnerable and disadvantaged communities and individuals.

- Combat the sexual exploitation of human beings, particularly the exploitation of children.

- Be sensitive to the host culture, maintaining and encouraging social and cultural diversity.

- Endeavour to ensure that tourism contributes to improvements in health and education.

## Guiding Principles for Environmental Responsibility

- Assess environmental impacts throughout the life cycle of tourist establishments and operations – including the planning and design phase – and ensure that negative impacts are reduced to the minimum and maximising positive ones.

- Use resources sustainably, and reduce waste and overconsumption.

- Manage natural diversity sustainably, and where appropriate restore it; and consider the volume and type of tourism that the environment can support, and respect the integrity of vulnerable ecosystems and protected areas

- Promote education and awareness for sustainable development – for all stakeholders.

- Raise the capacity of all stakeholders and ensure that best practice is followed, for this purpose consult with environmental and conservation experts.