

**POVERTY REDUCTION THROUGH
COMMUNITY-BASED TOURISM IN VIET NAM: A CASE STUDY**

**A paper contributed by the
ITC Export-led Poverty Reduction Programme Team (EPRP)**

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1. INTRODUCTION

Tourism is one of the most important sources of foreign exchange earnings and has been one of the world's biggest and fastest creators of employment. In fact, it is the only service industry where there is a consistent positive balance of trade flowing from industrial to developing countries. For this reason, Vietnam is promoting Community Based Tourism (CBT) to improve the linkages between poor producers of tourism products and services and international tourists.

Vietnam has to be regarded as a rising star among the tourist destinations in Southeast Asia. Its attractive natural environment, geography, history, and culture have created a great potential for the development of a diverse tourism industry. Not surprisingly, international tourist arrivals have increased strongly from 250,000 in 1990 to 3.4 million visitors in 2005 – and this upward trend is likely to continue in the years to come.

Hoi An in Vietnam is an increasingly successful international tourism destination with significant numbers of international visitors. A potentially attractive tourism product exists in Kim Bong, a village adjacent to Hoi An, which is the poorest commune in the district. Here, tourism presents the best available opportunity for poverty reduction and sustainable development, since Kim Bong possesses a rich cultural and natural heritage.

2. EXPORT-LED POVERTY REDUCTION IN VIETNAM

The EPRP approach to community-based tourism wants to make tourism more sustainable: it is market-oriented, but promotes local ownership and inclusion of tourism activities. One of the key challenges for pro-poor tourism is to find ways in which poor communities can realize an economic return on the value which tourists attach to their culture and daily lives.

Being close to Hoi An, a popular tourism destination, Kim Bong Village attracts already a number of tourists, because of its traditional carpentry workshops and a scenic riverside landscape. Visitors to Hoi An stay currently no longer than one to two nights and undertake a short trip to Kim Bong Village only. Despite of the tourism potential of the village, Kim Bong community receives so far almost nothing from tourism and is hampered by the underdeveloped infrastructure of Cam Kim Island. A high incidence of poverty and a lack of decent employment opportunities are direct consequences of these drawbacks.

In response to these problems, the objective of the EPRP project was to reduce poverty in Kim Bong Village (Cam Kim District, Hoi An, Central Vietnam) through tourism development, which includes three specific targets:

- Increased employment and income from tourism for the inhabitants of Cam Kim Island/Kim Bong Village through the creation of a comprehensive tourism product and through higher direct sales of services and products to tourists.
- Increased employment and income from craft sales for the inhabitants of Cam Kim/Kim Bong through promoting product diversification and marketing efforts.
- Building local capacities for sustaining and expanding sustainable tourism and environmentally friendly carpentry craft production.

3. SCOPE OF STRATEGY

In 2002, the Viet Nam National Administration of Tourism (VNAT) initiated the idea of developing a project on community-based tourism in Viet Nam together with the Export-led Poverty Reduction Programme (EPRP) of the International Trade Centre UNCTAD/WTO (ITC). It was agreed that underlying methodology should follow the CBT approach successfully tested by EPRP in other countries.

Project implementation followed roughly four phases:

In the **first phase**, an opportunity study was carried out including three different sites in Vietnam as suggested by VNAT. This led to decision on the development of a CBT project in Kim Bong because of potential factors, i.e. proximity to the famous Hoi An, existing visitors to the village, local craft sector, etc.

The **second phase** focused on the fundamentals of project planning: A socio-economic diagnosis, a survey of the structure and demands of tourists coming to Kim Bong Village/Hoi An and an analysis of the carpentry product portfolio and producers were conducted. The baseline surveys were undertaken in close cooperation between ITC's EPRP team, VNAT, the Quang Nam Tourism Department, the Hoi An Commerce and Tourism Department and the local People's Committees and culminated in the joint agreement on a project action plan in mid 2004.

The **third phase** was targeting at the development and promotion of an interesting village trail for visitors and of the carpentry craft tradition as the two main pillars of the tourism product in Kim Bong. Main milestones were the formation of a tourism service cooperative, the development of the tourism offer, skills training for the cooperative members and marketing with local tour operators and hotels.

The **final phase** of the project now focuses on building capacity for the promotion of sustainable tourism and laying the foundations for spreading the Kim Bong experience as a model to other sites around Hoi An and Viet Nam.

Technical assistance delivery was coordinated by ITC, using a sound mix of local expertise and international experts as appropriate. Local government contributed with investments into the tourism infrastructure of Kim Bong, most to mention the construction of the Craft Centre.

4. STAKEHOLDERS

The CBT project is meant to improve the livelihoods of the population of Cam Kim island involving 4,242 people of which about 2,399 are women. The CBT project focuses on Kim Bong carpentry village with about 400 people in 84 households, but tries to have an impact on as many other inhabitants of the island as possible at later stages.

In order to ensure community participation and ownership, the ITC assisted in the formation of a local tourism cooperative with about 30 members, which is concerned with the planning and implementation of the CBT activities in Kim Bong (in close cooperation with the local People's Committee).

Local government authorities certainly play a key role in developing sustainable tourism in Kim Bong village. Relevant local counterparts for the planned CBT pilot project in Kim Bong include the Cam Kim Commune People's Committee, the Hoi An People's Committee, Hoi An Commerce and Tourism Department and the Quang Nam Tourism Department. Next to developing supportive policies for sustainable tourism, these organizations foster networking between different community actors and provide for necessary investment in tourism infrastructure. At the national level, the Vietnam National Administration of Tourism plays an important role in promoting the concept of CBT and stimulates the replication of successful pilot projects in other parts of the country.

In order to avoid donor competition and to create synergy effects, cooperation with other international donors and NGOs working in Hoi An is actively pursued. Working contacts with UNESCO's Cultural Heritage Preservation Project and WWF Indochina's MOSAIC Initiative have already been established.

Figure 1: Roles of different stakeholders

Stakeholder	Roles
Local community	
Kim Bong Tourist Service Cooperative	Operator and manager of the CBT project in Kim Bong Village
Government authorities	
Viet Nam National Administration of Tourism (VNAT)	General project oversight and coordination; promotion and replication of CBT approach
Quang Nam Promotion Center/Tourism Department	Promoter for Kim Bong tourism project through festivals, etc. Some financial support for infrastructure
Hoi An Commerce and Tourism Division	Local coordinator and advisor for project development and implementation of activities.
Kim Bong and Hoi An People's Committee	Support through financial investment in infrastructure and setting of policy environment
Private sector	
Mainly based in Hoi An: Hotels, tour operators and booking offices	Market link; marketing and product development
Support institution	
COOPSME Quang Nam	Capacity building and advise of the Kim Bong Coop.
UNESCO volunteers, Hoi An	Support in field research/ joint activities
WWF	Technical assistance for sustainable wood sourcing practices and environmental sustainability
International Trade Centre UNCTAD/WTO	General project coordination; technical assistance for project implementation

5. PRINCIPAL CHALLENGES

Tourism offers are usually labor-intensive services. While it is easy to start working in the tourism sector, long term success depends on the satisfaction of the tourist as client. The problem is especially acute when working with poor communities, who show a lot of hospitality, but do not really know how to serve international visitors. Language and cultural differences complicate the picture. The only way out is to build the capacity of receiving communities in terms of language skills, hospitality services, interpretation and guiding as well as food security and safety issues. This should be complemented by awareness creation efforts with the visiting tourists for the local traditions and customs to avoid cultural pitfalls.

Another important challenge concerns the understanding of the meaning of concepts of sustainable tourism in developing countries. Private sector service providers and government authorities need to learn about the basic elements of community-based tourism and in which ways it is different from traditional forms of tourism. For instance, tourism development is in many developing countries equated with infrastructure construction. This often leads to unsuitable investments in stereotype hotels, restaurants, artificial attractions, etc. which can actually destroy the unique character of a tourism destination. A lot of learning about the service part of tourism offers is thus necessary and should be built in all tourism development plans.

As for the Kim Bong experience, the high number of stakeholders created at times problems in coordination and also led to frictions in the discussion and mainstreaming of expected inputs and distribution of benefits. However, the variety of committed partners has to be mentioned as a project strength, since it added to local ownership and thus sustainability.

6. IMPACT

The tourism product has been upgraded by new attractions such as a village walk and bicycle trail. The visitor centre now serves as a focal point for incoming tours. Supported by ITC's on-the-job training, more than 30 villagers have joined the local tourism cooperative and are actively participating in the project. Market linkages have been established with five tour operators and two hotels in Hoi An. In addition, Kim Bong Village has been included into festivals and promotional campaigns by local and provincial tourism authorities.

The additional revenue for the tourism cooperative generated from entrance fees and different walks and trails is estimated to be around US\$ 15,000 in the first year. Part of this income is distributed through a «Community Fund» that benefits all 400 inhabitants of Kim Bong. In addition, the new sustainable tourism flows will also trigger more sales of local products and generate new employment opportunities for guides and hospitality service providers in the village.

Impact measurement are based on household surveys that have been undertaken at the beginning of the project and will be repeated after final project completion. These surveys are helped by a standardized impact measurement questionnaire which measures the labor and income situation, but also additional livelihood indicators, e.g. possession of bikes, cars, livestock, access to water, electricity, health care etc.

7. KEY LESSONS LEARNED

One of the primary lessons drawn from the CBT project in Kim Bong is that **local communities and their leaders must be the centrepieces for any successful and sustainable project**. Local government leaders need to be committed to the project and support the actions of the benefiting community by setting a facilitating policy framework and investing in infrastructure. As for the local community, a strong and enthusiastic team should be built. It is imperative that the momentum for change comes from the people who are to be impacted by the project.

A second lesson relates to the nature of quality tourism offers: **Key emphasis must be put on the development of local capacities and skills** in hospitality, languages, interpretation and business

management. One has to go a long way to make the alternative concept of community-based tourism understood with government authorities and project beneficiaries. In the context, it has to be mentioned that tourism product development is often equated with tourism infrastructure development which is misleading.

A third lesson is that **public-private partnership is not an option, but absolutely necessary**. Profitability and social responsibility are not exclusive. A higher involvement of local service providers can add to the attractiveness of the place and lower sourcing costs for the tourism industry. While government is in the position to set the right policy incentives for tourism development, the private sector is key to market the tourism product.

8. THE WIDER PICTURE

One more indirect project benefit is that it helps to diversify and distribute tourism flows to Hoi An. Therefore, an immediate potential for replication exists in three other craft villages around Hoi An, which are currently developed by the tourism authorities. Also on the national level, there is still ample potential for all forms of more sustainable tourism, be it agro, nature, eco, cultural or community-based tourism.

VNAT is now considering the project as a model case in the framework of the APEC Working Group on Tourism which is chaired in 2006 by Viet Nam. The project will be promoted as a good practice in sustainable tourism at the APEC Tourism Working Group Ministerial Meeting in October 2006 which will be held in Hoi An.