



# INCLUSIVE TOURISM IN LAO:

## ENHANCING SUSTAINABLE TOURISM, CLEAN PRODUCTION AND EXPORT CAPACITY



### PROJECT OBJECTIVE

The project, implemented from 2011 to 2013, was funded by the Swiss State Secretariat for Economic Affairs (SECO). Fully embedded within Lao PDR's National Integrated Framework Governance Structure, the project addressed four main technical cooperation areas:

- Developing a competitive and sustainable tourism industry
- Strengthening the linkages of handicraft (especially silk) and organic/clean agriculture to the tourism industry
- Facilitating exports to regional markets and meeting international requirements for target sectors
- Addressing cross-cutting issues concerning cleaner production, strengthening the local trade related forums and task forces (NIFGS) and supporting the government in the DTIS update process

The project was delivered by a cluster of UN agencies (UNCTAD, UNIDO, ITC, ILO, and UNOPS) according to their core competencies. ITC and UNCTAD shared the responsibility of building backward linkages from the tourism sector to local silk and organic agriculture producers and strengthening the capacities of the Government of Laos in the areas of trade policy and Non-Tariff Measures.

### THE CONTEXT

Tourism is one of the key socio-economic development sectors and contributes to the Government of Lao PDR's efforts to reduce poverty and improve the living standards of Lao People. In Lao PDR, tourism industry expanded with an average growth rate of more than 20% during the period 1990-2012 and provides opportunities for business linkages with the broader economy. It is an important contributor to job creation directly supporting 119,500 jobs (4.0% of total employment) and indirectly providing an estimated 374,000 jobs (14.2% of total employment) in 2013.

### ACTIVITIES

The activities were implemented in Luang Prabang Province and aimed at:

- Increasing local production of clean agricultural products (cultivated under GAP – Good Agricultural Practice), and sales to establishments' catering to tourists in Luang Prabang.



- Increasing the sales value of silk and cotton craft items sold to tourists by members of the Luang Prabang Handicraft Association (LPHA) and other enterprises.

## RESULTS ACHIEVED

### Clean agricultural sector:

- **Baseline analysis** identifying supply/demand and technical assistance gaps.
- **109 farmers from 8 village groups attended the new clean agriculture field school curriculum and** produced new varieties for supply to the catering trade and local wholesalers. **Field visit** organised to the organic farm brought together chefs, restaurant owners and farmers generating interest in the clean-produced products. **Sales** of USD 193,000 during the period July 2012-January 2013 for thirty varieties of vegetables totalling 450 tonnes.
- **A market and monitoring body, the “Luang Prabang Organic Agriculture”** was set up as the show window and focal organization for monitoring quality of products and supporting expansion in the province.

### Silk and cotton craft sector

- **Baseline analysis** identifying supply/demand and technical assistance gaps.
- **A Handicraft “Label of Origin”** was developed by LPHA to provide locally produced craft with a Unique Identity. The label was launched in December 2012 during the first Luang Prabang Handicraft Festival and included Ban Phanom Trading Centre (**BPTC**) members – in the first two months since launch over 120 entities (producers, traders, etc) have adopted the label.
- **On-site weaving demonstrations’** took place in six locations– four luxury hotels, the Traditional Art and Ethnicity Museum, and the Night Market –to sensitize tourists to the heritage and meaning of handicraft in the province.
- Advisory services were provided by a designer from Thailand to LPHA and BPTC members to enhance the design and quality of their products.
- Twelve companies participated in LifeStyle Vietnam 2013 trade fair, they were able to sell 9,000 products and guarantee US\$ 17,000 worth of orders, further promoting the label and opening new export markets.
- A Master plan to **re-organise and renovate BPTC** was implemented.

**An opportunity study** on the potential for inclusive tourism development and linkages with organic agriculture and handicraft was realized for Champassak province, the findings discussed in a stakeholder validation roundtable and a project plan formulated.

## IMPACT ON THE POOR

Sales to tourism market through different channels (markets, shops, hotels, etc.) of agricultural and silk products were increased as a result of business contacts developed under the project, the participation in LifeStyle Vietnam 2013 and the development of the Luang Prabang Label of Origin. More than 1,000 producer families across the province saw a substantial increase in their income up to 80% thanks to the labelling initiative.

‘I used to earn around US\$ 1,000 per year. After [joining] the [labelling] programme, I have been able to earn up to US\$ 8,700 in 2013. I have become the role model for the other weavers in my village’ says Singthong Keovilayphet, one of 3,000 weavers living in the province and leader of the village weaving group.

The higher product quality achieved, thanks to training and advisory support, assured higher tourists’ satisfaction and sales. Two out of three randomly interviewed tourists at the night market stopped at booths displaying the label, and 26% bought a labelled product. Within just 12 months the label made an impact. Night market traders and Ban Phanom Trading Centre members report a 30% increase in income. By purchasing the label for US\$ 0.10, the traders cover LPHA’s administrative costs, reinforcing the sustainability of the project.

## FUTURE DEVELOPMENTS AND SUSTAINABILITY OF THE INTERVENTION

ITC was chosen by SECO to implement a second phase of the project (April 2014 to December 2014) which, building on the achievements of the first phase, aims to further enhance backward linkages between clean agricultural and handicraft producers, and the tourism industry in Luang Prabang Province. It will provide assistance in production, processing and marketing of products with the ultimate objective of contributing to poverty reduction.

### FOR FURTHER INFORMATION, PLEASE CONTACT



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