

# Bringing balance to the tourism boom: Equitable tourism development in Sa Pa, Vietnam

Vietnam



Tourists

connected with

Homestays

Vietnam's northern district of Sa Pa has been developing rapidly as a major tourism destination since the early 1990s. Though most of the tourist activities have been taking place in the rural villages, the villagers initially saw few benefits. Most of the profits were going to tour operators in urban Sa Pa. Thus, the Trade and Tourism Department of the Sa Pa District People's Committee<sup>1</sup> entered into a strategic partnership with SNV to help build the department's capacity to support the development of tourism practices and government policies that encourage the equitable distribution of profits, provide sustainable income for the district's ethnic minority groups, and contribute to poverty alleviation in the district.

### Tourism development in Sa Pa

The northern district of Sa Pa in Vietnam is known for its breathtaking mountainous landscapes and remote villages of ethnic tribes. Since the launch of Vietnam's market economic policy in the early 1990's, these attractions have drawn increasing numbers of visitors. In the period from 1992 to 2004, the number of tourists jumped from 17,000 to over 140,000- substantial numbers for a district with only 41,000 residents.

Prior to SNV's support, the tourism boom had undoubtedly improved the standard of living for some Sa Pa residents, but the benefits were concentrated among tourism businesses in urban Sa Pa. Though the businesses relied heavily on the villages of local ethnic tribes as a main attraction, profits were rarely shared with the villagers.

<sup>1</sup> Prior to reorganisation of the local government in 2002, the client was the Centre for Culture, Information, Sport and Tourism of the Sa Pa District People's Committee.



*A moderated community meeting to formulate a tourism development plan in Sin Chai Village, San Sa Ho Commune, Sa Pa, June 2004.*

Most ethnic villagers had little understanding of the tourism industry and lacked the capacity for generating sustainable profits. Only a few villagers had directly benefited from tourism and usually did so by selling tourist products or services at extremely low prices. Some tourism businesses employed members of local ethnic groups as seasonal labourers, but usually without contracts or training.

Regulation of the tourism industry was basic due to the local government's lack of knowledge and experience. The policies they had put in place were not designed to develop tourism as a sustainable industry that benefited as many people as possible.

### **Partnering to build sustainable tourism**

In 2001, the Sa Pa District People's Committee asked SNV and the IUCN (World Conservation Union) for support in implementing a pilot project in sustainable tourism. The two organisations entered into an advisory relationship with the district to build its capacity to promote the development of the tourism industry in a sustainable fashion and to equalise the distribution of profits between urban Sa Pa and the rural villages.

The collaborative SNV/IUCN project was called the Support to Sustainable Tourism Project (SST). Both organisations provided technical assistance and advisory services to the client. Between January 2001 and June 2003, one IUCN advisor and one SNV advisor worked a

total of 55 advisory-months on the project. The IUCN phased out their involvement in June 2003, but SNV continued its support. In January 2004, SNV stationed a national advisor in the project office in Sa Pa, who had provided 85 advisory days as of March 2005.

### **Tourism development fee system**

The SST project has helped the district in introducing a tourism fee for visitors to Sa Pa. The money collected from the fees is invested in tourism development for the district, particularly in the ethnic villages.

In 2001, SNV conducted a survey to establish how much tourists were willing to pay for goods and services when they knew that a percentage of the money would be used to help local communities with tourism development.

Later that year, it was decided to introduce the fee through sightseeing tickets collected by local authorities from ticket counters along trekking routes. The fee collection system has generated, on average, \$30,200 USD per year. However, this system fails to draw any revenue from the tourists who do not go trekking and has been subject to leakage and corruption.

### **Estimated revenue from the tourism fees collected through accommodation**

#### **Domestic tourists**

\$0.67 USD collected from domestic tourists

110,000 tourists x \$0.67 USD / person = \$73,700 USD / year

#### **International tourists**

\$2 USD collected from international tourists

40,000 tourists x \$2 USD/ person = \$80,000 USD / year

#### **Total estimated revenue per year:**

**\$153,700 USD**

#### **Where does the money go?**

- 55%: tourism development in rural areas
- 30%: development of tourism infrastructure and public facilities in urban Sa Pa
- 5%: tourism training and awareness raising
- 5%: promotion of Sa Pa as a tourist destination
- 5%: fee collection expenses





*A responsible trekking trail from Ban Ho Village to nearby Ca Nhay Waterfall, constructed by the local villagers with support from IUCN/SNV sustainable tourism project in Sa Pa.*

To counter these problems, advisors recommended in 2004 that the fee instead be included in the price of accommodation, which is projected to raise the yearly revenue to \$153,700 USD, most of which will go to tourism development in rural areas.

### **Tourism Information and Promotion Centre**

With advice from the SST project, the Sa Pa District People's Committee established a Tourism Information and Promotion Centre in May 2003. SNV advised the Centre on formulating a project proposal and approaching donors; designing the Centre's organisational structure, charter and regulations; developing personnel policies; and formulating strategic directions and action plans.

The three-fold purpose of the Centre is to provide tourist information and promote Sa Pa as a tourist destination, coordinate training for local organisations and businesses, and support the development and implementation of tourism practices that help alleviate poverty.



*Tourists at the Ban Ho CBT Management Board office, May 2005.*

### **Tourism Information and Promotion Centre: Work in Sin Chai and Ban Den villages**

The Centre has helped the Sin Chai and Ban Den villages to develop a number of community-based tourist products, including homestays and trekking trails operated under a community self-management system. Under this system, villagers place 20 to 30 percent of the village's total tourism revenue into a fund that is used for community services like education and clean water supplies, and investing in tourism through marketing, training, and improved infrastructure.

The Centre has become an intermediary between tourists and local service suppliers in the rural villages surrounding Sa Pa. It has also supported the villagers in developing, marketing and selling community-based tourist products.

### **Increasing incomes with tourist products and services**

The SST project has also worked with individual villages to develop tourist products and services that generate additional income. Such work began with San Sa Ho and Ban Ho communes in 2002 and 2003. Both villages belonged to ethnic groups that had not been able to benefit directly from tourism in the past.

Advisors facilitated community meetings to identify each village's tourism assets and to design products and services. With advisory support, the villagers then formulated action plans and mobilised resources to construct communal tourist facilities such as trekking trails in both communities, and a cultural house and homestay equipment in San Sa Ho commune.

Several training activities were organised to develop the villagers' skills in tour guiding, food preparation, house keeping and accounting. Following this training, the quality and selection of tourist services offered by local villages increased, which meant that prices could be increased.

For example, tourists now pay \$4 USD per night for homestays – double what they paid previously. During the last two months of 2004, the villagers in Ban Ho commune earned a total of \$2,000 USD from providing



*Mr. Son family – owner of a homestay house in Ban Ho.*

**In villages with a community agreement, all tourists staying in the village are shared between the available service providers. This prevents community members from needing to compete against each other.**

"I support the community agreement on tourism management in my village and agree to follow the instructions of the village CBT Management Board. I think everyone in my village should benefit from tourism and I am willing to share my guests with other homestay houses."

**Mr. Dao A Son – owner of a 'homestay' house in Ban Den village**



*Some local H'mong tour guides supported by IUCN/SNV sustainable tourism project in Sa Pa.*

homestays – nearly triple the earnings from the same period the previous year. The income of the 10 households providing homestays was raised to \$100 per household per month. This is significantly higher than the income of most villagers, whose earnings are far below the national poverty line of \$13 USD per head, per month. This additional income is being used by some of the families to send their children to district and provincial schools, which they could not have afforded previously.

The project also provided employment for ten local H'mong villagers as part-time tour guides. In 2003 and 2004, these guides had an average monthly income of \$50 USD during the high season.

### **Community agreements: Ban Ho commune tourism management board**

To assure that tourism profits are shared among the villagers, SNV advisors and the client have assisted several villages with formulating community agreements on tourism. These contain clear stipulations on prices, the distribution of revenue and rotating tourists among service providers. By making community tourism something that involves and benefits everyone, these agreements have boosted community spirit.

SNV helped Ban Ho commune to establish a community-based tourism management board in October 2004. Several village community meetings were held during which the villagers chose to establish a community business association that was to be run by



a management board that would plan, operate and monitor all tourist activities in the village. A commune agreement was written to regulate accommodation and prices and to establish a percentage of revenues to be set aside in a community fund that would be used for community and welfare services as well as further investment in tourism.

The board members were trained on tourist product and services development, tourism management and practical skills such as accounting. As a result, the board became capable of managing the village's tourism activities in a planned and sustainable way – by processing requests, making reservations, organising payments from local tour operators, allocating tourists to host families, monitoring impacts and making reports to the district authorities and project staff.



*Local villagers at a food preparation and housekeeping training course in Ban Ho, delivered by SNV sustainable tourism project in Sa Pa, April 2005.*



*Trekking to local villages in Sa Pa, escorted by a H'mong ethnic minority tour guide. SNV supported to provide the local ethnic tour guides with training in English and tour guiding skills. SNV also supports TIPC to find jobs for these local ethnic tour guides.*

### **Developing government policies that reduce poverty**

As part of its organisational mandate, SNV worked to influence local tourism policy by linking Sa Pa's tourism practices with poverty alleviation. In 2004, SNV advised the district to draft a regulation on 'Visitor management in the rural areas'. SNV advised the district during the drafting process and coordinated stakeholders' inputs.

The regulation provides guidelines for tour operators and tourists that are designed to help preserve the cultural integrity and autonomy of the ethnic villagers while at the same time allowing tourism to flourish. For instance, the regulation stipulates that all tourist groups must be accompanied by a tour guide, and that all overnight visitors must sleep in accommodation provided by the village. By giving the villagers legal control over the tourism practices in their villages, opportunities for employment and the provision of services by the villagers are increased and exploitation is kept to a minimum.

The regulation also requires tour operators to register their clients with local officials and obtain a 'touring card' before visiting any villages. The local authority is therefore able to collect information on tourist activity and collect appropriate taxes from each tour operator that will go toward developing tourism in the local villages.

**Improved capacity for sustainable tourism development.**

With the assistance of SNV and the SST project, the local government and residents of Sa Pa are better able to work together to design and implement tourism practices and policies that benefit the entire district.

The community of Sa Pa now has experience with raising funds for further development through the fee system, establishing a tourist centre that works to bring in additional tourists and train Sa Pa residents to serve those tourists, building tourist facilities such as trekking routes and cultural centres, forming community agreements within the villages to govern tourist and community service activities, and implementing government policies that facilitate the equitable distribution of profits and protect the villagers from exploitation.

The community has not only learned how to develop a solid infrastructure to ensure the sustainable development of tourism, but has also gained the confidence and community spirit to make things happen.

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SNV is dedicated to a society where all people enjoy the freedom to pursue their own sustainable development. Our advisors contribute to this by strengthening the capacity of local organisations.

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